OLDFIELDS HOLDINGS LIMITED
AND CONTROLLED ENTITIES

ABN: 02 000 307 988

Annual Financial Report For The Year Ended
30 June 2006

OLDFIELDS HOLDINGS LIMITED
AND CONTROLLED ENTITIES

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OLDFIELDS HOLDINGS LIMITED
ABN: 02 000 307 988

Directors' Report

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2006.

The names of directors in office at any time during or since the end of the year are:

John R Westwood
Anthony Mankarios
Thomas D J Love
Christopher C Hext
Hugh B Oldfield (Resigned on 13 June 2006)
James W Toland
Douglas H Oldfield (Appointed on 13 June 2006)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of company secretary at the end of the financial year: Gary J Guild.

Mr. Guild is a Member of the Australian Institute of Management, Professional Fellow National Institute of Accountants and Fellow of the Taxation Institute of Australia.

Mr. Guild held a Senior Accounting and Management position with a top tier Chartered Accountant firm for 18 years and has extensive experiences with various public companies as senior executive.

Principal Activities

The principal activities of the economic entity during the financial year were:

- manufacturing, importing and marketing of paint brushes, paint rollers, painters' tools and spray guns;
- manufacture, marketing and exporting of outdoor storage systems, aviaries and pet homes;
- manufacture and marketing of scaffolding and related equipment, and
- operation of a hire division, hiring scaffolding and related products to the building and construction industry.

There were no other significant changes in the nature of the economic entity's principal activities during the financial year.

Operating Results

The consolidated profit of the economic entity after providing for income tax and eliminating minority equity interests amounted to $1,261,528.

Dividends Paid or Recommended

Dividends paid or declared for payment are as follows:
Ordinary dividend paid on 18 November 2005, as recommended in last year's report $409,751.
Interim ordinary dividend of 2.5 cents per share paid on 13 April 2006 2006 $292,680
Final ordinary dividend of 3.5 cents per share recommended by the Directors $410,141

Review of Operations

The Directors are pleased to announce for the full year ending 30 June 2006, the company made a net profit attributable to members of $1,261,528. This compares to a net profit in the same period last year of $1,189,216, an increase of 6.08%.

The actual revenues earned from ordinary operations, being sales from Paint Applications, Treco Sheds, and sale of Scaffolding Equipment increased in the 2006 year by 9.65% to $31,103,369, whilst operational EBITDA increased by 19.05% to $3.65 million from $3.07 million from the corresponding 2005 year.

In order to adequately reflect the fair value of the Scaffold Division's Fixed Assets on transition to AIFRS, it was decided by the Audit Committee that an impairment loss of $92,251 to the fixed asset value of the Hire Fleet Fixed Assets on transition to AIFRS was neccessary. The impairment loss recognised in the income statement during the prior period amounted to $73,062 and the impairment loss recognised in the income statement during the current period amounted to $19,189.

Debt Structure and Gearing

The Company's long term and short term debt structure (including all lease liabilities) is $7.1 million as at June 2006. The Company's total assets are $26.04 million as at 30 June 2006. There are 11.718 million shares on issue as at 30 June 2006. We anticipate that the Group's total debt will increase slightly next year in the corresponding period but remain in proportion to its total assets as a result of any future planned acquisitions.

Dividends

The Company plans to pay a 3.5 cent unfranked final dividend on 22 December 2006 with record date being the 4th December. Our Company policy is to pay a dividend on an ongoing basis, subject to cash flow restraints. For the last three years the Company has regularly improved its payment of annual unfranked dividends. Fully franked dividends will only be declared and paid when accumulative previous years. tax losses have been fully utilised.

Group Operations are reviewed by Division as under:

Business Structure

The Company has been organised into the following divisions

Paint Applications
PT Ace Oldfields
Oldfields Access Hire
Treco Garden Sheds
Tangshan Ace Oldfields Painting Accessories Co, Ltd

Paint Application Products

Despite fewer new contracts in this division becoming available and a worsening building and construction outlook for the Eastern States, the division performed to expectations.

The revenue for this division was down on last year, however the overall profit contribution rose modestly due to cost restraint and management's cost minimisation strategies.

Whilst the division's distribution network is not easily duplicated and would serve as a barrier to entry, the Company is proud of it's long-standing 90 year history, it's quality, brand name and reputation. The industry in Australia is now saturated with many suppliers also opting to import products from low cost countries.

Oldfields has become more competitive during the last four years and expects that it's China based associate Joint Venture Company, Tangshan Ace Oldfields Painting Accessories Co Ltd's strategies, moving into the future, will assist in maintaining a prominent market position and in consolidation of our import requirements. We expect modest improved results in 2007.

PT Ace Oldfields

This division is an associated entity that manufactures paint brushes and rollers in Indonesia. It experienced increased revenue growth during the year and currently, revenue is in line with management budget. This division produces a high quality product made in South East Asia.

As announced in May 2006, this division's major US customer has given us notice it plans to re-source locally as of the end of October 2006. This will have an impact on the revenue for this division in the short term and is likely to effect the division's 2007 outlook.

Management is looking to fill the latent capacity resulting from the above situation with a multitude of various supply options using our premium product lines. Whilst discussions are continuing and we have requested to tender new business, there is nothing certain to report as yet, and the directors will keep the market informed. There is an opportunity to replace this latent capacity with an improved situation all round and management is currently looking at this as an opportunity to review our mix of overseas customers and our product mix.

Oldfields Access Hire

This business has maintained it's increased revenue over last year despite worsening construction cycle outlook and forecasts. The division undertook to expand with the integration of it's new network of branches in North East Queensland (Qld), South Australia (SA) and Newcastle. These new branches exceeded revenue budgeted forecasts for the year.

The team was also successful in winning prestigious work during the year. The team is very much performance driven with focus on OH&S related issues within it's market and providing access solutions through design and innovation to a variety of leading construction and hire clientele. The division currently has millions of dollars worth of current tenders awaiting decision in late 2006 / early 2007.

The business management was re-structured during early 2006, providing a more steamline reporting structure. The factory was re-located to our present site at 8 Farrow Road, Campbelltown in January 2006 and the manufacturing process has improved significantly in the past few months.

The Company undertook a significant Hire Fleet evaluation exercise as a result of March 2006 stock take, as previouly announced. The findings illustrated some variances in it's data integrity with the Hire Fleet data within our ERP system. The Company employed an independent consultant to verify it's costing and Bills of Materials in manufacturing. This assisted management in determining a more accurate valuation on it's fixed assets within this division and resulted in an impairment loss of $92,251 to fixed assets on transition to AIFRS. The impairment loss recognised in the Income Statement during the prior period amounted to $73,062, and the impairment loss recognised in the Income Statement during the current period amounted to $19,189.

Growth in this division is being maintained with it's 75% owned subsidiary Adelaide Scaffolding Solutions Pty Ltd latest acquisition of a small scaffolding business known as ABC Mobile Scaffolds' business on 1 July 2005 in Adelaide. This business has integrated seamlessly into our current operations and as such, has well exceeded sales targets set by management. The business has purchased a WA scaffold business known as Aluminium Scaffolding Services. This business is located south of Perth and is experiencing solid growth with a positive earnings per share outlook. We expect to integrate this business as soon as possible.

The division will continue to look for appropriate growth opportunities.

The Company will seek further expansion of this nature by way of acquisitions of by way of exclusive distributor license arrangements to take full advantage of emerging technology. The Company is looking at cost effective options in this area.

The company is expected to be a major contributor to the group's earnings growth in the next few years. The groundwork has been set for a market leader category in it's particular niche in the growing Scaffold Market.

Treco Garden Sheds

This division's revenue increased significantly during the last twelve months. However it's operating margin dropped as a result of world commodity pressures that have not been fully passed on to it's customers. The division is feeling the pressure from escalating steel prices and managing this cycle remains it's single largest challenge.

This division's overall net contribution worsened during the year. A management change was effected late in the financial year. Currently, management is reviewing it's cost base and it's pricing in light of the world commodity changes.

The division is budgeting for an improved performance in 2006 - 07. Management remains confident that given an improving commodities market and a better mix of local to export customers that a better result can be achieved.

This division's manufacturing base occupies most of our current location at No 8 Farrow Road, Campbelltown, NSW 2560.

Tangshan Ace Oldfields Painting Accessories Co Ltd

Oldfields International Pty Ltd has invested in a Joint Venture Company (JVC) with associates from our Indonesian manufacturing business and with long standing industry participants known to the Company in China. The aim of the JVC is to produce Paint Accessory items not currently produced in Jakarta in the new factory in China. The JVC is currently building a factory in Tangshan and plans to commence manufacturing certain selected items as soon as possible.

The Company is pleased to report that the first stages of the construction process are now completed at it's new premises. A very impressive, functional world-class operation has been established for the JV Company in China. We anticipate that a fit-out of machinery and a training and operational review will be conducted between August and October 2006. We anticipate that pre-production will occur during this process and a move into full swing production will result in late 2006 calendar year.

The Company has already received invitations to quote export contracts and will consider emerging markets as well as the large local Chinese market. This JVC will provide our Australian shareholders an opportunity in the fast growing Chinese market within a disciplined and controlled environment.

Future Outlook

Our Company will consolidate it's operations in the next few months with a focus on further cost reduction and efficiency gains. The Company is budgeting for increased revenue and profits for the next twelve months. The first few months trading of the new 2007 financial year is showing strong steady improvements. The Company will continue to look for acquisition opportunities in it's current operations and will attempt to finalise some major contracts with products it has been developing with major construction companies.

The Directors believe that given the continual improvement in trading performance, shareholders value will also continue to improve. Currently the Company has committed funds to the Joint Venture in China. The Company anticipates a return of these funds from 2008. This is anticipated to enhance shareholder earnings.

Despite our good operational performance, the majority of Directors feel that the net earnings would improve significantly if the Company were able to merge or acquire another suitable small publicly listed company or other suitable entities, effectively marginalising the effect of it's Head Office and Administration associated with a listed Public Company on it's business units.

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. These may involve activities that are diversified to the current operations resulting in certain synergies or different sector gains. The Company recognises it has strong synergy possibilities with other key groups and will encourage discussion with interested parties in light of it's sustained strong earnings and dividends history. In achieving this goal, the Board also recognises the potential to improve share liquidity issues associated with the current tightly held Share Register.

The Directors are keen to maintain good Corporate Governance. Recent updates have been posted to our new corporate website www.oldfields.com.au and the Board undertakes to keep the market regularly informed of the Company progress. It is our goal to continue to improve shareholder value over the next 12 months.

Adoption of Australian Equivalents to IFRS

As a result of the introduction of Australian equivalents to International Financial Reporting Standards (AIFRS), the company's financial report has been prepared in accordance with those Standards. A reconciliation of adjustments arising on the transition to AIFRS is included in Note 2 to this report.

After Balance Date Events

The Company's 75% owned subsidiary Adelaide Scaffolding Solutions Pty Ltd in July 2006 has purchased the business and assets of a WA based Aluminium scaffolding business known as Aluminium Scaffolding Services. The purchase will be entirely debt funded and will be integrated as soon as possible. There remains $70,000 delayed payment to the vendor Stathairlie Investments Pty Ltd due in it's entirety by 1st September 2007.

Environmental Issues

The economic entity's manufacturing operations are not subject to significant environmental regulations under the law of the Commonwealth and State. The economic entity has established a process wherby compliance with existing environmental regulations and new regulations is monitored continually. This process includes procedures to be followed should an incident occur which adversely impacts the environment. The directors are not aware of any significant breaches during the period covered by this report.

Information on Directors

John R Westwood	—	Chairman (Non Executive), Age 55.
Qualifications	—	Accountant

Experience	—	Appointed Chairman 12 August 2002. Board member since 2001. Mr. Westwood has 27 years experience in the Building Materials Industry holding many senior accounting positions and is an experienced administrator of both small and medium sized companies.
Interest in Shares and Options	—	Refer ASX additional information
Special Responsibilities	—	Mr. Westwood is a Member of the Remuneration Committee.
Directorships held in other listed entities	—	Nil.
Anthony Mankarios	—	Managing Director, Age 39.
Qualifications	—	Fellow of the Australian Institute of Company Directors, Master of Business Administration (SGSM), Certified Finance and Treasury Professional.
Experience	—	Appointed Managing Director 10 October 2002. Board member since 2001. Mr. Mankarios was previously involved for 13 years in all aspects of the running and administration of a group of companies in the paint industry.
Interest in Shares and Options	—	Refer Options and ASX additional information
Special Responsibilities	—	Mr. Mankarios is a Member of the Remuneration Committee.
Directorships held in other listed entities	—	Nil.
Thomas D J Love	—	Director (Non Executive), Age 75.
Qualifications	—	Fellow of the Institute of Chartered Accountants
Experience	—	Mr. Love was a partner in firms of Chartered Accountants for 40 years and has been a director since 1964. Mr. Love has also been a director of a number of Australian and overseas publicly listed and private companies.
Interest in Shares and Options	—	Refer ASX additional information
Special Responsibilities	—	Mr. Love is a Member of the Audit Committee.
Directorships held in other listed entities	—	Nil.
Christopher C Hext	—	Director (Non Executive), Age 54.
Qualifications	—	Batchelor of Business (Accounting), Registered Tax Agent, Justice of Peace
Experience	—	Board member since 2001. Mr. Hext was a Certified Practicing Accountant and has held senior accounting and management positions in companies of al sizes.
Interest in Shares and Options	—	Refer Options and ASX additional information
Special Responsibilities	—	Mr. Hext is a Chairman of the Audit Committee.
Directorships held in other listed entities	—	Nil.
Hugh B Oldfield	—	Director (Executive) - Resigned 13 June 2006.
James W Toland	—	Director (Non Executive), Age 55.
Qualifications	—	Industrial Chemist
Experience	—	Board member since 2001. Mr. Toland has extensive experience in the paint and chemical industry. Mr. Toland is also a real estate developer with extensive commercial experience.
Interest in Shares and Options	—	Refer ASX additional information
Special Responsibilities	—	Mr. Toland the Chairman of the Remuneration Committee and member of the Audit Committee.
Directorships held in other listed entities	—	Nil.
Douglas H Oldfield	—	Director (Non Executive), Age 28 - Appointed 13 June 2006.
Qualifications	—	Bachelor of Business Degree
Experience	—	Have broad knowledge of Paint Applications business after working at Oldfields previously for many years.
Interest in Shares and Options	—	Refer ASX additional information
Directorships held in other listed entities	—	Nil.

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of Oldfields Holdings Limited, and for the executives receiving the highest remuneration.

Remuneration policy

The remuneration policy of Oldfields Holdings Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the economic entity's financial results. The board of Oldfields Holdings Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the economic entity, as well as create goal congruence between directors, executives and shareholders.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the economic entity is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the remuneration committee and approved by the board after seeking professional advice from independent external consultants.
- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.
- The remuneration committee reviews executive packages annually by reference to the economic entity's performance, executive performance and comparable information from industry sectors.

The performance of executives is measured against criteria agreed biannually with each executive and is based predominantly on the forecast growth of the economic entity's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the economic entity. However, to align directors interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in the employee option plan.

Performance based remuneration

As part of each executive director and executives remuneration package there is a performance-based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between directors/executives with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with directors/executives to ensure buy-in. The measures are specifically tailored to the areas each director/executive is involved in and has a level of control over. The KPIs target areas the board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short- and long-term goals. The level set for each KPI is based on budgeted figures for the group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the groups goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, Oldfields Holdings Limited bases the assessment on audited figures, however, where the KPI involves comparison of the group or a division within the group to the market, independent reports are obtained from organisations such as Standard & Poors.

Company performance, shareholder wealth and director and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. There have been two methods applied in achieving this aim, the first being a performance based bonus based on key performance indicators, and the second being the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The company believes this policy to have been effective in increasing shareholder wealth over the past four years.

The following table shows the gross revenue, profits and dividends for the last five years for the listed entity, as well as the share price at the end of the respective financial years. Analysis of the actual figures shows an increase in profits each year as well as an increase or maintenance of dividends paid to shareholders. The improvement in the company's performance over the last five years has been reflected in the company's share price with an increase each year, with the exception of [insert year], when the share price fell slightly. The board is of the opinion that these results can be attributed in part to the previously described remuneration policy and is satisfied that this continued improvement has lead to increased shareholder wealth over the past four years.

Remuneration Report

	2002	2003	2004	2005	2006
Revenue	43,668,512	36,691,964	24,409,710	28,364,084	31,103,369
Net Profit	(4,302,969)	1,788,793	900,067	1,189,631	1,261,528
Share Price at Year-end	0.50	0.86	1.00	0.90	1.00
Dividends Paid	315,000	315,000	564,344	515;234	702,431

* From 1 January 2003, the Group's interest in PT Ace Oldfields was reduced to 49% and it has been accounted for as an Associated Entity from that date.

Details of remuneration for year ended 30 June 2006

The remuneration for each director and each of the five executive officers of the consolidated entity receiving the highest remuneration during the year was as follows:

	Salary, Fees and Commissions $	Superannuation Contribution $	Non-cash Benefits $	Options $	Total $
Directors					
John R Westwood	41,600	3,744	9,697	-	55,041
Anthony Mankarios	198,999	17,910	27,108	187	244,204
Thomas D J Love	26,000	-	1,546	-	27,546
Christopher C Hext	27,667	2,490	-	37	30,194
Hugh B Oldfield	97,888	8,810	17,313	-	124,011

James W Toland	26,000	2,340	-	-	28,340
	418,154	35,294	55,664	224	509,336
Specified Executives					
Gary J Guild	100,750	9,067	2,261	-	112,078
Raymond J Titman	81,000	7,290	32,565	32	120,887
Kenneth E Holloway	44,027	-	24,789	32	68,848
	225,777	16,357	59,615	64	301,813

Performance income as a proportion of total remuneration

Executive directors and executives are paid performance based bonuses based on set monetary figures, rather than proportions of their salary. This has led to the proportions of remuneration related to performance varying between individuals. The remuneration committee has set these bonuses to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth and profitability of the economic entity. The remuneration committee will review the performance bonuses to gauge their effectiveness against achievement of the set goals, and adjust future years incentives as they see fit, to ensure use of the most cost effective and efficient methods.

Options issued as part of remuneration for the year ended 30 June 2006

No options were issued to directors and executives as part ot their renumeration in the year ended 30 June 2006.

Employment contracts of directors and senior executives

The employment conditions of the managing director, the executive director and specified executives are formalised in contracts of employment. Other than the managing director, all executives are permanent employees of The Oldfields Group.

The employment contracts stipulate a range of one to three month resignation periods. The company may terminate an employment contract without cause by providing 12 months written notice or making payment in lieu of notice, based on the individual's annual salary component, together with a redundancy payment of between 5% and 10% of the individual's fixed salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct, the company can terminate employment at any time, Any options not excercised before or on the date of termination will lapse.

Meetings of Directors

During the financial year, 10 meetings of directors (not including committees of directors) were held.
Attendances by each director during the year were as follows:

	Directors' Meetings		Committee Meetings			
			Audit Committee		Renumeration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
John R Westwood	10	10	-	-	3	3
Anthony Mankarios	10	10	-	-	3	3
Thomas D J Love	10	9	5	5	-	-
Christopher C Hext	10	10	5	5	-	-
Hugh B Oldfield	9	9	-	-	-	-
James W Toland	10	10	5	4	3	3
Douglas H Oldfield	-	-	-	-	-	-

Indemnifying Officers or Auditor

During or since the end of the financial year the company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The company has paid premiums to insure each of the following directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The Insurance Policy prohobits disclosure of the amount of the premium.

John R Westwood
Anthony Mankarios
Thomas D J Love
Christopher C Hext
Hugh B Oldfield
James W Toland
Douglas H Oldfield

Options

At the date of this report, the unissued ordinary shares of Oldfields Holdings Limited under option are as follows

Grant Date	Date of expiry	Exercise price	Number under option

03. 11. 03	02. 11. 06	$1.20	137,500
19. 11. 03	18. 11. 06	$1.20	300,000
			437,500

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Non-audit Services

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2006:

	$
Taxation services	11,250
Due diligence investigations	29,250
	40,500

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2006 has been received and can be found on page 8 of the directors' report.

Signed in accordance with a resolution of thr Board of Directors.

Director ....

Anthony Mankarios

Dated this 28TH day of September 2006

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Partners
Robert Elliott
Geoffrey McDonald
Drew Townsend
David Kenney
Richard Albarran
Gino Malocco
Paul Leroy

Associates
Steven Gladman
Mitchell Ball
Blair Pleash

National Association
Hall Chadwick

Other independent firms in:
Melbourne
Brisbane
Adelaide
Gold Coast
Perth

OLDFIELDS HOLDINGS LIMITED
ABN 02 000 307 988
AND CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF OLDFIELDS HOLDINGS LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2006 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Hall Chadwick
Level 29, 31 Market Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Date: 28 September 2006

OLDFIELDS HOLDINGS LIMITED
ABN: 02 000 307 988
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	Note	Economic Entity 2006 $	Economic Entity 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
Sales Revenue	3	20,632,483	20,183,112	-	-
Cost of Sales	4	(15,933,451)	(14,727,958)	-	-
Gross Profit		4,699,032	5,455,154	-	-
Other income	3	10,470,886	8,180,972	-	377,736
Distribution expenses		(8,767,085)	(7,547,110)	-	-
Marketing expenses		(1,031,034)	(843,363)	-	-
Occupancy expenses		(912,371)	(1,010,510)	-	-
Administrative expenses		(2,279,132)	(2,304,393)	(313)	(619)
Finance costs	4	(792,635)	(658,599)	-	-
Share of net profits of associates and joint ventures		334,229	276,249	-	-
Profit / (Loss) before income tax		1,721,890	1,548,400	(313)	377,117
Income tax expense	5	(401,434)	(364,652)	-	-
Profit / (Loss) for the year		1,320,456	1,183,748	(313)	377,117
(Profit) / Loss attributable to minority equity interest		(58,928)	5,468	-	-
Profit / (Loss) attributable to members of the parent entity		1,261,528	1,189,216	(313)	377,117
Overall Operations					
Basic earnings per share (cents per share)	9	10.77	11.43		
Diluted earnings per share (cents per share)	9	10.38	10.92		
Dividends per share (cents)		6.00	5.00		

The accompanying notes form part of these financial statements.

OLDFIELDS HOLDINGS LIMITED
ABN: 02 000 307 988
BALANCE SHEET
AS AT 30 JUNE 2006

	Note	Economic Entity 2006 $	Economic Entity 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	10	809,412	309,539	24,955	28,120
Trade and other receivables	11	4,451,987	3,519,920	3,053,499	2,402,310
Inventories	12	4,328,909	4,609,943	-	-
Other current assets	20	1,029,892	719,247	-	-
TOTAL CURRENT ASSETS		10,620,200	9,158,649	3,078,454	2,430,430
NON-CURRENT ASSETS					
Trade and other receivables	11	1,090	1,140	-	-
Investments accounted for using the equity method	13	1,447,410	1,383,183	-	-
Financial assets	16	815,589	210,620	7,209,076	7,209,076
Property, plant and equipment	18	10,698,228	9,320,073	-	-
Deferred tax assets	23	1,102,894	1,515,291	585,358	886,488
Intangible assets	19	1,314,085	1,007,396	-	-
TOTAL NON-CURRENT ASSETS		15,379,296	13,437,703	7,794,434	8,095,564
TOTAL ASSETS		25,999,496	22,596,352	10,872,888	10,525,994
CURRENT LIABILITIES					
Trade and other payables	21	4,811,659	3,387,040	938,280	877,546
Short-term borrowings	22	2,939,305	2,715,164	-	-
Current tax liabilities	23	110,845	5,015	5,015	5,015
Short-term provisions	24	911,452	826,903	-	-
TOTAL CURRENT LIABILITIES		8,773,261	6,934,122	943,295	882,561
NON-CURRENT LIABILITIES					
Long-term borrowings	22	4,186,393	3,509,088	-	-
Deferred tax liabilities	23	-	94,873	-	-
Other long-term provisions	24	112,149	114,405	-	-
TOTAL NON-CURRENT LIABILITIES		4,298,542	3,718,366	-	-
TOTAL LIABILITIES		13,071,803	10,652,488	943,295	882,561
NET ASSETS		12,927,693	11,943,864	9,929,593	9,643,433
EQUITY					
Issued capital	25	9,714,143	8,725,550	9,714,143	8,725,550
Reserves		(561,709)	39,162	1,319	1,007
Retained earnings		3,421,799	2,884,621	214,131	916,876
Parent interest		12,574,233	11,649,333	9,929,593	9,643,433
Minority equity interest		353,460	294,531	-	-
TOTAL EQUITY		12,927,693	11,943,864	9,929,593	9,643,433

The accompanying notes form part of these financial statements.

OLDFIELDS HOLDINGS LIMITED
ABN: 02 000 307 988
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006

	Note	Ordinary	Retained Earnings	Foreign Currency Translation Reserve	Option Reserve	Minority Equity Interests	Total
Economic Entity		$	$	$	$	$	$
Balance at 1 July 2004		8,525,550	2,210,639		388		10,736,577
Shares issued during the year		200,000				300,000	500,000
Profit attributable to members of parent entity			1,189,216				1,189,216
Profit attributable to minority shareholders						(5,469)	(5,469)
Adjustments from translation of foreign controlled entities				38,155			38,155
Revaluation increment					619		619
Sub-total		8,725,550	3,399,855	38,155	1,007	294,531	12,459,098
Dividends paid or provided for	8		(515,234)				(515,234)
Balance at 30 June 2005		8,725,550	2,884,621	38,155	1,007	294,531	11,943,864
Shares issued during the year		988,593					988,593
Profit attributable to members of parent entity			1,261,527				1,261,527
Profit attributable to minority shareholders						58,929	58,929
Others			(21,918)				(21,918)
Revaluation increment					312		312
Adjustments from translation of foreign controlled entities				(601,183)			(601,183)
Sub-total		9,714,143	4,124,230	(563,028)	1,319	353,460	13,630,124
Dividends paid or provided for	8		(702,431)				(702,431)
Balance at 30 June 2006		9,714,143	3,421,799	(563,028)	1,319	353,460	12,927,693

The accompanying notes form part of these financial statements.

	Note	Ordinary	Retained Earnings	Foreign Currency Translation	Option Reserve	Total
Parent Entity		$	$	$	$	$
Balance at 1 July 2004		8,525,550	1,054,993		388	9,580,931
Shares issued during the year		200,000				200,000
Profit attributable to members of parent entity			377,117			377,117
Revaluation increment					619	619
Sub-total		8,725,550	1,432,110	-	1,007	10,158,667
Dividends paid or provided for	8		(515,234)			(515,234)
Balance at 30 June 2005		8,725,550	916,876	-	1,007	9,643,433
Shares issued during the year		988,593				988,593
Profit attributable to members of parent entity			(313)			(313)
Revaluation increment					312	312
Sub-total		9,714,143	916,563	-	1,319	10,632,025
Dividends paid or provided for	8		(702,431)			(702,431)
Balance at 30 June 2006		9,714,143	214,132	-	1,319	9,929,594

OLDFIELDS HOLDINGS LIMITED
ABN: 02 000 307 988
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	Note	Economic Entity 2006 $	Economic Entity 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		32,923,714	26,668,063	-	-
Interest received		4,271	2,154	453	165
Payments to suppliers and employees		(30,522,015)	(23,884,989)	(997)	(1,204)
Finance costs		(615,873)	(555,760)	-	-
Net cash provided by (used in) operating activities	30a	1,790,097	2,229,468	(544)	(1,039)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		158,327	33,000	-	-
Purchase of property, plant and equipment		(1,717,049)	(1,729,390)	-	-
Purchase of investments		(1,167,745)	(800,000)	-	-
Net cash provided by (used in) investing activities		(2,726,467)	(2,496,390)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		1,040,637	-	1,040,637	-
Proceeds from borrowings		915,000	1,010,000	-	-
Advances - Related Parties		-	-		515,234
Repayment of borrowings		(364,525)	(228,422)	-	-
Dividends paid by parent entity		(682,229)	(517,706)	(682,229)	(517,706)
Payments - Related Parties		-	-	(361,029)	-
Net cash provided by (used in) financing activities		908,883	263,872	(2,621)	(2,472)
Net increase in cash held		(27,487)	(3,050)	(3,165)	(3,511)
Cash at beginning of financial year		(802,953)	(799,903)	28,120	31,631
Cash at end of financial year	10	(830,440)	(802,953)	24,955	28,120

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 Australian Accounting Standards, Urgent Issues Group Interpretations, 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 of Oldfields Holdings Limited and controlled entities, and Oldfields Holdings Limited as an individual parent entity comply with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

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.

Basis of Preparation

First-time Adoption of Australian Equivalents to International Financial Reporting Standards

Oldfields Holdings Limited and controlled entities, and Oldfields Holdings Limited as an individual parent entity have prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005

In accordance with the requirements of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the parent entity and consolidated entity accounts resulting from the introduction of AIFRS have been applied retrospectively to 2006 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These consolidated accounts are the first financial statements of Oldfields Holdings Limited to be prepared in accordance with Australian equivalents to IFRS.

The accounting policies set out below have been consistently applied to all years presented.

Reconciliations of the transition from previous Australian GAAP to AIFRS have been included in Note 2 to this report.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

(a) Principles of Consolidation

A controlled entity is any entity Oldfields Holdings Limited has the power to control the financial and operating policies so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 17 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

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

Minority equity 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 charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

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 have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the Australian Taxation Office that it had formed an income tax consolidated group to apply from 1 July 2003. The tax consolidated group has entered 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. Costs are assigned on the basis of weighted average costs or standard cost.

(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 and impairment losses.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arms length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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 that will be received from the assets employment and subsequent disposal. The expected net cash flows have 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. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the assets original cost is transferred from the revaluation reserve to retained earnings.

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. 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	18-20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(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 that are transferred to entities in the economic entity are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. 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 and amortised on a straight-line basis over the life of the lease term.

(f) Financial Instruments

Recognition
Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments
These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets
Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Impairment
At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(g) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(h) Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognised group's share of post acquisition reserves of its associates.

(i) 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 financial statements. Details of the economic entity's interests are shown in Note 15.

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.

(j) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life ranging from 10 to 20 years.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(k) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the yearend exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

— assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
— income and expenses are translated at average exchange rates for the period; and
— retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the groups foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(l) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

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.

(m) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(n) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(o) 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).

(p) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(q) 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 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 balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(r) Share Based Payments

Equity-settled share-based payments granted after 7 November 2002, that were not exercised as of 30 June 2006, are measured at fair value at the date of grant. Fair value is measured by use of the Black Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

(s) Comparative Figures

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

Note 2 First-time Adoption of Australian Equivalents to International Financial Reporting Standards

	Note	Previous GAAP at 1 July 2004 $	Effect of Transition to Australian Equivalents to IFRS $	Australian Equivalents to IFRS at 1 July 2004 $
Economic Entity				
Reconciliation of Equity at 1 July 2004				
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents		235,687	-	235,687
Trade and other receivables		4,891,030	-	4,891,030
Inventories		4,759,700	-	4,759,700
Other current assets		477,366	-	477,366
TOTAL CURRENT ASSETS		10,363,783	-	10,363,783
NON-CURRENT ASSETS				
Investments accounted for using the equity method		1,227,529	-	1,227,529
Financial assets		1,430	-	1,430
Property, plant and equipment	2(f)	7,366,426	(41,430)	7,324,996
Deferred tax assets	2(a)	2,684,606	(312,593)	2,372,013
Intangible assets	2(b)	58,890	(16,631)	42,259
TOTAL NON-CURRENT ASSETS		11,338,881	(370,654)	10,968,227
TOTAL ASSETS		21,702,664	(370,654)	21,332,010
CURRENT LIABILITIES				
Trade and other payables		4,126,493	-	4,126,493
Short-term borrowings		2,606,020	-	2,606,020
Short-term provisions		663,089	-	663,089
TOTAL CURRENT LIABILITIES		7,395,602	-	7,395,602

NON-CURRENT LIABILITIES				
Long-term borrowings		2,554,195	-	2,554,195
Deferred tax liabilities		563,294	-	563,294
Long-term provisions		82,342	-	82,342
TOTAL NON-CURRENT LIABILITIES		3,199,831	-	3,199,831
TOTAL LIABILITIES		10,595,433	-	10,595,433
NET ASSETS		11,107,231	(370,654)	10,736,577
EQUITY				
Issued capital		8,525,550	-	8,525,550
Reserves	2(d)	643,969	(643,581)	388
Retained earnings	2(e)	1,937,712	272,927	2,210,639
Parent interest		11,107,231	(370,654)	10,736,577
Minority equity interest		-		-
TOTAL EQUITY		11,107,231	(370,654)	10,736,577

Economic Entity

Reconciliation of Equity at 30 June 2005

	Note	Previous GAAP at 30 June 2005 $	Effect of Transition to Australian Equivalents to IFRS $	Australian Equivalents to IFRS at 30 June 2005 $
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents		309,539	-	309,539
Trade and other receivables		3,519,920	-	3,519,920
Inventories		4,609,943	-	4,609,943
Other current assets		744,058	(24,811)	719,247
TOTAL CURRENT ASSETS		9,183,460	(24,811)	9,158,649
NON-CURRENT ASSETS				
Trade and other receivables		1,140	-	1,140
Investments accounted for using the equity method		1,383,183	-	1,383,183
Financial assets		210,620	-	210,620
Property, plant and equipment	2(f)	9,408,123	(88,050)	9,320,073
Deferred tax assets	2(a)	1,816,323	(301,032)	1,515,291
Intangible assets	2(b)	956,439	50,957	1,007,396
TOTAL NON-CURRENT ASSETS		13,775,828	(338,125)	13,437,703
TOTAL ASSETS		22,959,288	(362,936)	22,596,352
CURRENT LIABILITIES				
Trade and other payables		3,387,040	-	3,387,040
Short-term borrowings		2,715,164	-	2,715,164
Current tax liabilities		5,015	-	5,015
Short-term provisions		826,903	-	826,903
TOTAL CURRENT LIABILITIES		6,934,122	-	6,934,122
NON-CURRENT LIABILITIES				
Long-term borrowings		3,509,088	-	3,509,088
Deferred tax liabilities		94,873	-	94,873
Long-term provisions		114,405	-	114,405
TOTAL NON-CURRENT LIABILITIES		3,718,366	-	3,718,366
TOTAL LIABILITIES		10,652,488	-	10,652,488
NET ASSETS		12,306,800	(362,936)	11,943,864
EQUITY				
Issued capital		8,725,550	-	8,725,550
Reserves	2(d)	682,124	(642,962)	39,162
Retained earnings	2(e)	2,612,109	272,512	2,884,621
Parent interest		12,019,783	(370,450)	11,649,333
Minority equity interest		287,017	7,514	294,531
TOTAL EQUITY		12,306,800	(362,936)	11,943,864

	Note	Previous GAAP at 1 July 2004 $	Effect of Transition to Australian Equivalents to IFRS $	Australian Equivalents to IFRS at 1 July 2004 $
Parent Entity				
Reconciliation of Equity at 1 July 2004				
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents		31,631	-	31,631
Trade and other receivables		1,609,021	-	1,609,021
TOTAL CURRENT ASSETS		1,640,652	-	1,640,652
NON-CURRENT ASSETS				
Other financial assets		7,209,076	-	7,209,076
Deferred tax assets		2,343,349	-	2,343,349
TOTAL NON-CURRENT ASSETS		9,552,425	-	9,552,425
TOTAL ASSETS		11,193,077	-	11,193,077
CURRENT LIABILITIES				
Trade and other payables		1,048,852	-	1,048,852
TOTAL CURRENT LIABILITIES		1,048,852	-	1,048,852
NON-CURRENT LIABILITIES				
Deferred tax liabilities		563,294	-	563,294
TOTAL NON-CURRENT LIABILITIES		563,294	-	563,294
TOTAL LIABILITIES		1,612,146	-	1,612,146
NET ASSETS		9,580,931	-	9,580,931
EQUITY				
Issued capital		8,525,550	-	8,525,550
Reserves	2(h)	901,620	(901,232)	388
Retained earnings	2(i)	153,761	901,232	1,054,993
TOTAL EQUITY		9,580,931	-	9,580,931

	Note	Previous GAAP at 30 June 2005 $	Effect of Transition to Australian Equivalents to IFRS $	Australian Equivalents to IFRS at 30 June 2005 $
Parent Entity				
Reconciliation of Equity at 30 June 2005				
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents		28,120	-	28,120
Trade and other receivables		1,908,605	493,705	2,402,310
TOTAL CURRENT ASSETS		1,936,725	493,705	2,430,430
Financial assets		7,209,076	-	7,209,076
Deferred tax assets		1,475,066	(588,578)	886,488
TOTAL NON-CURRENT ASSETS		8,684,142	(588,578)	8,095,564
TOTAL ASSETS		10,620,867	(94,873)	10,525,994
CURRENT LIABILITIES				
Trade and other payables		877,546	-	877,546
Current tax liabilities		5,015	-	5,015
TOTAL CURRENT LIABILITIES		882,561	-	882,561
NON-CURRENT LIABILITIES				
Deferred tax liabilities		94,873	(94,873)	-
TOTAL NON-CURRENT LIABILITIES		94,873	(94,873)	-
TOTAL LIABILITIES		977,434	(94,873)	882,561
NET ASSETS		9,643,433	-	9,643,433
EQUITY				
Issued capital		8,725,550	-	8,725,550

Reserves	2(h)	901,620	(900,613)	1,007
Retained earnings	2(i)	16,263	900,613	916,876
TOTAL EQUITY		9,643,433	-	9,643,433

	Note	Previous GAAP 2005 $	Effect of Transition to Australian Equivalents to IFRS 2005 $	Australian Equivalents to IFRS 2005 $
Economic Entity				
Reconciliation of Profit or Loss for 2005				
Sales Revenue		20,183,112	-	20,183,112
Cost of Sales		(14,727,958)	-	(14,727,958)
Gross Profit		5,455,154	-	5,455,154
Other income		8,180,972	-	8,180,972
Distribution expenses		(7,514,603)	(32,507)	(7,547,110)
Marketing expenses		(843,363)	-	(843,363)
Occupancy expenses		(1,010,510)	-	(1,010,510)
Administrative expenses	2(c)	(2,303,774)	(619)	(2,304,393)
Finance costs		(658,599)	-	(658,599)
Share of net profits of associates and joint ventures		276,249	-	276,249
Profit before income tax expense		1,581,526	(33,126)	1,548,400
Income tax expense		(404,877)	40,225	(364,652)
Profit for the year		1,176,649	7,099	1,183,748
Profit attributable to minority equity interest	2(e)	12,982	(7,514)	5,468
Profit attributable to members of the parent entity		1,189,631	(415)	1,189,216
Parent Entity				
Reconciliation of Profit or Loss for 2005				
Other income		377,736	-	377,736
Administrative expenses	2(g)	-	(619)	(619)
Profit before income tax expense		377,736	(619)	377,117
Income tax expense				-
Profit for the year		377,736	(619)	377,117
Profit attributable to minority equity interest				-
Profit attributable to members of the parent entity		377,736	(619)	377,117

Notes to the reconciliations of equity and profit and loss at 1 July 2004 and 30 June 2005

Economic Entity

	30 June 2005 $	1 July 2004 $
(a) Deferred tax asset adjustments comprise:		
Tax losses written back	(341,257)	(341,257)
Research & Development written off	16,083	15,433
Impairment of Plant, Property & Equipment	24,142	13,231
Total	(301,032)	(312,593)

(b)

Under AASB, goodwill is no longer amortised but subject to impairment testing.

All goodwill amortised under previous GAAP has been reversed. Goodwill amounting to $34,695 has been reversed to retained earnings at 30 June 2005.

	30 June 2005 $	1 July 2004 $
(c) Under AASB 2, share based payments associated with share options issued to directors and employees are expensed in the Income Statement	619	388
(d) Reserves Comprise:		
Share baesd payments	1,007	388
Transfer to Retained Earnings	(643,969)	(643,969)
Total	(642,962)	(643,581)
(e) Retained Earnings comprise:		
Share base payments	(1,007)	(388)

Restatement of prior year balances	37,485	37,485
Write-off of Research & Development	(53,610)	(51,441)
Tax losses written back	(341,257)	(341,257)
Income tax adjustments relating to AIFRS adjustments	40,225	28,664
Impairment loss on Plant, Property & Equipment	(80,474)	(44,105)
Reversal of Goodwill previously amortised	34,695	-
Transfer of Reserves	643,969	643,969
Goodwill amortisation on Minority Equity interest	(7,514)	-
Total	272,512	272,927

(f) An impairment loss amounting to $80,474 has been recognised under AIFRS relating to Plant & Machinery which has been written down to it's recoverable amount. This has been recognised in the income statement for the year ended 30 June 2005.

Parent Entity

(g) Under AASB 2, share based payments associated with share options issued to directors and employees are expensed in the income statement.	619	388
(h) Reserve Comprise:		
Share based payments	1,007	388
Transfer to Retained Earnings	(901,620)	(901,620)
Total	(900,613)	(901,232)
(i) Retained Earnings Comprise:		
Share based payments	(1,007)	(388)
Transfer to Reserve	901,620	901,620
Total	900,613	901,232

Note 3 Revenue

	Note	Economic Entity 2006 $	Economic Entity 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
Operating activities					
— sale of goods		20,632,483	20,183,112	-	-
— interest received	3(a)	165,732	76,044	-	-
— rental revenue for property investment		10,170,971	7,982,355	-	-
— Commission		7,430	3,413	-	-
Total Revenue		30,976,616	28,244,924	-	-
Non-operating activities					
— Proceeds on sale of property, plant and equipment		116,937	40,273	-	-
— Other revenue from non-operating activities		9,816	47,502	-	377,736
Other Income		126,753	87,775	-	377,736
(a) Interest revenue from:					
— wholly-owned controlled entities		162,000	74,628	-	-
— other persons		3,732	1,416	-	-
Total interest revenue		165,732	76,044	-	-

Note 4 Profit for the Year

	Economic Entity 2006 $	Economic Entity 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
(a) Expenses				
Cost of sales	15,933,451	14,727,958	-	-
Finance costs:				
— Wholly-owned subsidiaries	-	-	-	-
— Partly owned subsidiaries	162,000	74,628	-	-
— Other persons	630,635	583,971	-	-
Total finance costs	792,635	658,599	-	-
Bad and doubtful debts:				
— trade receivables	-	7,712	-	-
Total bad and doubtful debts	-	7,712	-	-

Note 5 Income Tax Expense

	Note	Economic Entity 2006 $	Economic Entity 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
(a) The components of tax expense comprise:					
Current tax		76,837	5,113		
Deferred tax		321,758	389,319	-	-
Recoupment of prior year tax losses					
Under provision in respect of prior years		2,840	(29,780)		
		401,435	364,652	-	-

(b) The prima facie tax on profit from ordinary activities before tax as follows

Prima facie tax payable on profit from ordinary activities before income tax at 30% (2005: 30%)				
— economic entity	516,567	464,520		
— parent entity			-	113,321
	516,567	464,520	-	113,321
Add:				
Tax effect of:				
— other non-allowable items	7,040	6,869	-	-
— under provision for income tax in prior year	2,840	-	-	-
	526,447	471,389	-	113,321
Less:				
Tax effect of:				
— share of net profits of associates and joint venture entities netted directly	125,013	76,957	-	-
— dividends received from Subsidiareis	-	-	-	113,321
— overprovision in prior year	-	29,780	-	-
	401,434	364,652	-	-

Note 6 Key Management Personnel Compensation

(a) Names and positions held of economic and parent entity key management personnel in office at any time during the financial year are:

Key Management Person	**Position**
John R Westwood	Chairman - Non Executive.
Anthony Mankarios	Managing Director - Executive.
Thomas D J Love	Director - Non Executive.
Christopher C Hext	Director - Non Executive.
Hugh B Oldfield	Director - Executive (Resigned 13 June 2006)
James W Toland	Director - Non Executive.
Douglas H Oldfield	Director - Non Executive (Appointed 13 June 2006)
Kenneth E Holloway	Marketing Director - Oldfields Paint Applications.
Raymond J Titman	Business Manager - Oldfields Paint Applications.
Gary J Guild	Group Financial Controller / Company Secretary.

(b) **Key Management Personnel Compensation**

	Short-term benefits				**Post Employment Benefits**
	Cash, salary & commissions	Cash profit share	Non-cash benefit	Other	Super-annuation
2006	$	$	$	$	$
Key Management Person					
John R Westwood	41,600	-	9,697	-	3,744
Anthony Mankarios	198,999	-	27,108	-	17,910
Thomas D J Love	26,000	-	1,546	-	-
Christopher C Hext	27,667	-	-	-	2,490
Hugh B Oldfield	97,888	-	17,313	-	8,810
James W Toland	26,000	-	-	-	2,340
Kenneth E Holloway	44,027	-	24,789	-	-
Raymond J Titman	81,000	-	32,565	-	7,290
Gary J Guild	100,750	-	2,261	-	9,067
	643,931	-	115,279	-	51,651

	Other long term benefits	**Share-based payment**		**Total**
	Other	Equity	Options	
2006 (cont.)	$	$	$	$
John R Westwood	-	-	-	55,041
Anthony Mankarios	-	-	187	244,204
Thomas D J Love	-	-	-	27,546
Christopher C Hext	-	-	37	30,194
Hugh B Oldfield	-	-	-	124,011
James W Toland	-	-	-	28,340
Kenneth E Holloway	-	-		68,816
Raymond J Titman	-	-	32	120,887
Gary J Guild	-	-	32	112,110
	-	-	288	811,149

	Short-term benefits				**Post Employment Benefits**
	Cash, salary & commissions	Cash profit share	Non-cash benefit	Other	Super-annuation
2005	$	$	$	$	$
John R Westwood	40,000	-	17,287	-	-

Anthony Mankarios	182,600	-	23,825	-	16,434
Thomas D J Love	25,000	-	911	-	-
Christopher C Hext	102,750	-	-	-	-
Hugh B Oldfield	72,200	-	3,665	-	6,498
James W Toland	25,000	-	-	-	-
Kenneth E Holloway	45,900	-	4,789	-	-
Raymond J Titman	80,987	-	16,308	-	7,289
Gary J Guild	45,102	-	9,394	-	4,569
	619,539	-	76,199	-	34,790

	Other long term benefits	Share-based payment		Total
	Other	Equity	Options	
2005 (cont.)	$	$	$	$
John R Westwood	-	-	-	57,287
Anthony Mankarios	-	-	212	223,071
Thomas D J Love	-	-	-	25,911
Christopher C Hext	-	-	42	102,792
Hugh B Oldfield	-	-	42	82,425
James W Toland	-	-	-	25,000
Kenneth E Holloway	-	-	42	50,731
Raymond J Titman	-	-	42	104,626
Gary J Guild	-	-	-	59,065
	-	-	380	730,908

(c) **Options and Rights Holdings**

Number of Options Held by Key Management Personnel

2006	Balance 1/7/05	Granted as Compensation	Options Exercised*	Net Change Other*	Balance 30/6/06	Total Vested 30/6/06	Total Exercisable 30/6/06	Total Unexercisable 30/6/06
A Mankarios	250,000	-	-	-	250,000		250,000	
C Hext	50,000	-	-	-	50,000		50,000	
Hugh B Oldfield	50,000	-	-	(50,000)	-		-	
K J Holloway	50,000	-	-	-	50,000		50,000	
Ray J Titman	50,000	-	-	-	50,000		50,000	
K Andrew-Jones	17,500				17,500		17,500	
G Debono	20,000				20,000		20,000	
	487,500	-	-	(50,000)	437,500	-	437,500	-

* No options were granted or exercised during the year.

The net change other column above includes those options that have been forfeited by holders as well as options issued during the year under review.

(d) **Shareholdings**

Number of Shares held by Key Management Personnel

2006	Balance 1/7/05	Received as Compensation	Options Exercised	Net Change Other*	Balance 30/6/06
Key Management Personnel					
John R Westwood	1,516,279	-	-	795,139	2,311,418
Anthony Mankarios	671,574	-	-	128,323	799,897
Thomas D J Love	70,840	-	-	(69,040)	1,800
Christopher C Hext	33,172	-	-	766,828	800,000
Hugh B Oldfield	2,735,000	-	-	91,001	2,826,001
James W Toland	969,421	-	-	124,955	1,094,376
Kenneth E Holloway	5,740	-	-	4,497	10,237
Raymond J Titman	5,000	-	-	1,125	6,125
	6,007,026	-	-	1,842,828	7,849,854

* Net change other refers to shares purchased or sold during the financial year.

Note 7 Auditors' Remuneration

	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
	$	$	$	$
Remuneration of the auditor of the parent entity for:				
— auditing or reviewing the financial report	61,750	58,600	-	-
— taxation services	11,250	-	-	-
— due deligence investigations	29,250	38,522	-	-

Note 8 Dividends

	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
	$	$	$	$

Distributions paid				
Interim unfranked ordinary dividend of 2.5 cents per share (2005: 2.0 cents per share	292,680	208,128	292,680	208,128
Final unfranked ordinary dividends 3.5 cents per share (2005: 3.0 cents per share)	409,751	307,106	409,751	307,106
	702,431	515,234	702,431	515,234

Note 9 Earnings per Share

	Economic Entity 2006 $	2005 $
(a) Reconciliation of earnings to profit or loss		
Profit	1,320,456	1,183,748
Profit attributable to minority equity interest	(58,928)	5,468
Earnings used to calculate basic EPS	1,261,528	1,189,216
Earnings used in the calculation of dilutive EPS	1,261,528	1,189,216
	No.	No.
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	11,718,313	10,406,374
Weighted average number of options outstanding	437,500	487,500
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	12,155,813	10,893,874

Note 10 Cash and Cash Equivalents

	Note	Economic Entity 2006 $	2005 $	Parent Entity 2006 $	2005 $
Cash at bank and in hand		809,412	309,539	24,955	28,120
		809,412	309,539	24,955	28,120
Reconciliation of cash					
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:					
Cash and cash equivalents		809,412	309,539	24,955	28,120
Bank overdrafts	22	(1,639,852)	(1,112,492)	-	-
		(830,440)	(802,953)	24,955	28,120

Note 11 Trade and Other Receivables

	Economic Entity 2006 $	2005 $	Parent Entity 2006 $	2005 $
CURRENT				
Trade receivables	4,177,986	3,209,371	-	-
Provision for impairment of receivables	(75,837)	(94,814)	-	-
	4,102,149	3,114,557	-	-
Other receivables	11,825	285,767	-	-
Amounts receivable from:				
— wholly-owned subsidiaries	-	-	3,053,499	2,402,310
— associated companies	338,013	119,596	-	-
	4,451,987	3,519,920	3,053,499	2,402,310
NON CURRENT				
Amounts receivable from:				
— associated companies	1,090	1,140	-	-
	1,090	1,140	-	-

Note 12 Inventories

	Economic Entity 2006 $	2005 $	Parent Entity 2006 $	2005 $
CURRENT				
At cost				
Raw materials and stores	1,064,834	720,928	-	-

Work in progress	710,364	744,492	-	-
Finished goods	2,649,614	3,144,523	-	-
Less Provisions	(95,903)	-		
	4,328,909	4,609,943	-	-

Note 13 Investments Accounted for Using the Equity Method

	Note	Economic Entity 2006 $	Economic Entity 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
Associated companies	14(a)	1,305,865	1,218,807	-	-
Interests in joint venture entities	15(a)	141,545	164,376	-	-
		1,447,410	1,383,183	-	-

Note 14 Associated Companies

Interests are held in the following associated companies

Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest 2006 %	Ownership Interest 2005 %	Carrying Amount of Investment 2006 $	Carrying Amount of Investment 2005 $
Unlisted:							
Tangshan Ace Oldfields F	Paint Brush Manufacturer	China	Ord	35		-	-
PT Ace Oldfields	Paint Brush Manufacturer	Indonesia	Ord	49	49	1,294,552	1,212,911
Brisbane Garden Sheds F	Garden Shed Supplier	Australia	Ord	50	50	8,646	4,611
Adelaide Garden Sheds F	Garden Shed Supplier	Australia	Ord	50	50	2,667	1,285
						1,305,865	1,218,807

(a) **Movements during the Year in Equity Accounted Investments in Associated Companies**

Balance at beginning of the financial year		1,218,807	1,212,911	-	-
Add: New investments during the year		-	-	-	-
Share of associated companies profit after income tax	14(b)	89,642	9,943	-	-
Share of associated companies reserve decrements arising during the year		(2,584)	(4,047)	-	-
Balance at end of the financial year		1,305,865	1,218,807	-	-

(b) Equity accounted profits of associates are broken down as follows:

Share of associate's profit before income tax expense	89,642	9,943	-	-
Share of associate's income tax expense	-	-	-	-
Share of associate's profit after income tax	89,642	9,943	-	-

(c) **Summarised Presentation of Aggregate Assets, Liabilities and Performance of Associates**

Current assets	2,723,089	2,480,138	-	-
Non-current assets	908,964	937,379	-	-
Total assets	3,632,053	3,417,517	-	-
Current liabilities	2,276,643	2,168,169	-	-
Non-current liabilities	49,545	30,541	-	-
Total liabilities	2,326,188	2,198,710	-	-
Net assets	1,305,865	1,218,807	-	-
Revenues	5,538,219	5,732,422	-	-
Profit after income tax of associates	89,642	9,943	-	-

Note 15 Joint Venture

(a) **Interests in Joint Venture Entities**

A controlled entity Oldfields (NZ) Limited has a 49% interest in the joint venture entity of Enduring Enterprises selling hardware products to the global
The voting power held by Oldfields International Pty Ltd is 49%

(i) Carrying amount of investment in joint venture entity:

Balance at the beginning of the financial year	164,376	135,477	-	-
share of joint venture's profit after income tax	56,011	266,306	-	-
distribution received	(78,842)	(237,407)	-	-
Balance at the end of the financial year	141,545	164,376	-	-

(ii) Share of joint venture entity's results and financial position:

	Economic Entity 2006 $	Economic Entity 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
Current Assets	1,687,095	1,362,510	-	-
Non-current Assets	-	-	-	-
Total Assets	1,687,095	1,362,510	-	-
Current Liabilities	1,374,707	1,215,868	-	-

Non-current Liabilities	-	-	-	-
Total Liabilities	1,374,707	1,215,868	-	-
Revenues	4,188,143	4,582,331	-	-
Expenses	(3,943,556)	(4,316,025)	-	-
Profit before income tax	244,587	266,306	-	-
Income tax expense	-	-	-	-
Profit after income tax	244,587	266,306	-	-

Note 16 Other Financial Assets

	Note	Economic Entity		Parent Entity	
NON CURRENT					
Available-for-sale financial assets	16(a)	815,589	210,620	7,209,076	7,209,076
		815,589	210,620	7,209,076	7,209,076

(a) **Available-for-sale financial assets Comprise:**

Unlisted investments, at cost				
— shares in controlled entities	-	-	7,209,076	7,209,076
— shares in associates	814,209	209,240	-	-
— shares in other corporation	1,380	1,380	-	-
	815,589	210,620	7,209,076	7,209,076

Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity date attached to these investments.

Note 17 Controlled Entities

(a) **Controlled Entities Consolidated**

	Country of Incorporation	Percentage Owned (%)* 2006	2005
Parent Entity:			
Oldfields Holdings Limited	Australia		
Subsidiaries of Oldfields Holdings Limited:			
Oldfields Pty Limited	Australia	100	100
Oldfields Access Pty Limited	Australia	100	100
Oldfields Administration Pty Limited	Australia	100	100
Oldfields International Pty Limited	Australia	100	100
Advantage Contracting Pty Limited	Australia	100	100
Advantage Scaffolding Pty Limited	Australia	100	100
Shed Holdings Pty Limited	Australia	100	100
Subsidiary of Oldfields Pty Limited:			
Midco Pty Limited	Australia	100	100
Subsidiary of Oldfields Access Pty Limited:			
Adelaide Scaffolding Solutions Pty Limited	Australia	75	75
Subsidiary of Oldfields Administration Pty Limited:			
National Office Service Trust	Australia		
Subsidiary of Oldfields International Pty Limited:			
Oldfields (NZ) Limited	New Zealand	100	100
Oldfields Paint Application (NZ) Limited	New Zealand	100	100
Oldfields USA Incorporated	United States of America	100	100
Subsidiary of Shed Holdings Pty Limited:			
Backyard Installations Pty Limited	Australia	100	100
Sheds Plus Pty Limited	Australia	100	100

* Percentage of voting power is in proportion to ownership

(b) A deed of cross-guarantee between Oldfields Holdings Limited and its wholly owned subsidiaries was enacted during the financial year ended June 2001. An assumption deed to include Advantage Scaffolding Pty Limited and Advantage Contracting Pty Limited was enacted during the financial year ended June 2004. An assumption deed to include Adelaide Scaffolding Solutions Pty Limited was enacted during the financial year ended June 2005. Relief has been obtained from preparing a financial report for Oldfields Pty Limited and Oldfields Access Pty Limited under ASIC Class Order (98/1418). Under the deed, Oldfields Holdings Limited guarantees to support the liabilities and obligations to Oldfields Pty Limited and other entities listed above being member of the closed group.

Note 18 Property, Plant and Equipment

	Economic Entity 2006 $	2005 $	Parent Entity 2006 $	2005 $
LAND AND BUILDINGS				
Freehold land at:				
— at cost	200,000	200,000	-	-
Total Land	200,000	200,000	-	-

Buildings at:

— at cost	154,054	154,054	-	-
Less accumulated depreciation	(8,898)	(5,817)	-	-
Total Buildings	145,156	148,237	-	-
Total Land and Buildings	345,156	348,237	-	-
PLANT AND EQUIPMENT				
Plant and equipment:				
At cost	12,688,597	10,859,200	-	-
Accumulated amortisation	(3,622,413)	(3,192,918)	-	-
	9,066,184	7,666,282	-	-
Leasehold improvements				
At cost	232,696	23,037	-	-
Accumulated amortisation	(31,226)	(6,309)	-	-
Total Leasehold Improvements	201,470	16,728	-	-
Leased plant and equipment				
Capitalised leased assets	1,717,182	1,880,840	-	-
Accumulated depreciation	(631,764)	(592,014)	-	-
	1,085,418	1,288,826	-	-
Total plant and equipment	10,353,072	8,971,836	-	-
Total Property, Plant and Equipment	10,698,228	9,320,073	-	-

(a) **Movements in Carrying Amounts**

Movements in 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 Improvements $	Plant and Equipment $	Leased Plant and Equipment $	Total $
Economic Entity:						
Balance at the beginning of year	200,000	148,237	16,728	7,666,282	1,288,826	9,320,073
Additions			204,148	2,075,735	306,983	2,586,866
Disposals				(28,523)	(46,016)	(74,539)
Reclassify				155,995	(155,995)	-
Depreciation expense		(3,081)	(19,406)	(803,305)	(308,380)	(1,134,172)
Carrying amount at the end of year	200,000	145,156	201,470	9,066,184	1,085,418	10,698,228

Note 19 Intangible Assets

	Economic Entity 2006 $	Economic Entity 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
Software	241,711	86,128	-	-
Accumulated amortisation	(69,605)	(16,256)	-	-
Net carrying value	172,106	69,872	-	-
Goodwill				
Cost	952,228	929,475	-	-
Accumulated impairment losses	-	-	-	-
Net carrying value	952,228	929,475	-	-
Trademarks and licences				
Cost	204,891	8,049	-	-
Accumulated amortisation and impairment	(15,140)	-	-	-
Net carrying value	189,751	8,049	-	-
Total intangibles	1,314,085	1,007,396	-	-

Intangible assets, other than goodwill have finite useful lives. The current amortisation charges in respect of intangible assets are included under depreciation and amortisation expense per the income statement. Goodwill has an infinite life.

Note 20 Other Current Assets

	Economic Entity 2006 $	Economic Entity 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
CURRENT				
Prepayments and Other Debtors	1,029,892	719,247	-	-
	1,029,892	719,247	-	-

Note 21 Trade and Other Payables

	Economic Entity 2006 $	Economic Entity 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
CURRENT				
Unsecured liabilities				
Trade payables	2,861,707	1,794,859	-	-
Sundry payables and accrued expenses	1,593,416	1,576,684	23,987	28,943
Amounts payable to:				
— wholly-owned subsidiaries	-	-	914,293	839,228
— partly-owned subsidiaries	-	-	-	9,375
— other related parties	356,536	15,497	-	-
	4,811,659	3,387,040	938,280	877,546

Note 22 Borrowings

	Note	Economic Entity 2006 $	Economic Entity 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
CURRENT					
Directors loans		-	577,312	-	-
Other		-	100	-	-
		-	577,412	-	-
Secured liabilities					
Bank overdrafts	22(a),(c)	1,639,852	1,112,492	-	-
Bank loans	22(a),(d)	708,834	552,100	-	-
Lease liability	22(a). (e)	134,319	218,979	-	-
Hire Purchase liability	22(a). (e)	456,300	254,181	-	-
		2,939,305	2,137,752	-	-
		2,939,305	2,715,164	-	-
NON-CURRENT					
Bank loans	22(a),(d)	3,551,163	2,998,200	-	-
Lease liability	22(a). (e)	7,728	135,443	-	-
Hire Purchase liability	22(a). (e)	627,502	375,445	-	-
		4,186,393	3,509,088	-	-
		4,186,393	3,509,088	-	-

	Economic Entity 2006 $	Economic Entity 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
(a) Total current and non-current secured liabilities:				
Bank overdraft	1,639,852	1,112,492	-	-
Bank loan	4,259,997	3,550,300	-	-
Lease Liability	142,047	354,422	-	-
Hire Purchase Liability	1,083,802	629,626	-	-
	7,125,698	5,646,840	-	-
(b) The carrying amounts of non-current assets pledged as security are:				
Freehold land and buildings	345,156	348,237		
Floating charge over assets, including listed investments at market value	25,749,213	22,611,050		
	26,094,369	22,959,287	-	-

(c) The bank overdrafts of the parent entity and subsidiaries secured by floating charges over the assets of the parent entity and controlled entities

(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 assets are secured by a charge over the hire purchase assets.

Note 23 Tax

	Note	Economic Entity 2006 $	Economic Entity 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
(a) **Liabilities**					
CURRENT					
Income Tax		110,845	5,015	5,015	5,015

TOTAL	110,845	5,015	5,015	5,015
NON-CURRENT				
Deferred tax liability comprises:				
Tax allowances relating to property, plant and equipment	-	94,873	-	-
Total	-	94,873	-	-

(b) **Assets**

Deferred tax assets comprise:

Provisions	517,536	628,803	-	-
Transaction costs on equity issue	12,808	-	12,808	-
Losses	572,550	886,488	572,550	886,488
	1,102,894	1,515,291	585,358	886,488

Note 24 Provisions

	Economic Entity		Parent Entity	
CURRENT	2006	2005	2006	2005
Employee Entitlements				
Opening balance at beginning of year	826,903	663,089	-	-
Additional provisions raised during year	421,369	495,355	-	-
Amounts used	(336,820)	(331,541)	-	-
Balance at end of the year	911,452	826,903	-	-

	Economic Entity		Parent Entity	
NON CURRENT	2006	2005	2006	2005
	$	$	$	$
Employee Entitlements				
Opening balance at beginning of year	114,405	82,342	-	-
Additional provisions raised during year	76,153	47,728	-	-
Amounts used	(78,409)	(15,665)	-	-
Balance at end of the year	112,149	114,405	-	-

Analysis of Total Provisions	Economic Entity		Parent Entity	
	2006	2005	2006	2005
	$	$	$	$
Current	911,452	826,903	-	-
Non-current	112,149	114,405	-	-
	1,023,601	941,308	-	-

Provision for Employee Entitlements

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

Note 25 Issued Capital

	Economic Entity		Parent Entity	
	2006	2005	2006	2005
	$	$	$	$
11,718,313 (2005: 10,406,374) fully paid ordinary shares	9,714,143	8,725,550	9,714,143	8,725,550
	9,714,143	8,725,550	9,714,143	8,725,550

		Economic Entity		Parent Entity	
(a) **Ordinary Shares**		2006	2005	2006	2005
		No.	No.	No.	No.
At the beginning of reporting period		10,406,374	10,236,882	10,406,374	10,236,882
Shares issued during year					
—	1-Feb-05	-	169,492	-	169,492
—	11-Jul-05	1,300,797	-	1,300,797	-
—	31-May-06	11,142	-	11,142	-
At reporting date		11,718,313	10,406,374	11,718,313	10,406,374

On 11 July 2005 the company issued 1,300,797 ordinary shares at 80 cents each to shareholders on the basis of 1 new share for every 8 shares held. The shares rank for dividends paid after August 2005.

On 31 May 2006 the company issued 11,142 ordinary shares at $1.20 per share under the Dividend Re-Investment Plan.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held
At the 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.

Note 26 Reserves

(a) **Foreign Currency Translation Reserve**

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

(b) **Option Reserve**

The option reserve records items recognised as expenses on valuation of employee share options.

Note 27 Capital and Leasing Commitments

	Note	Economic Entity 2006 $	Economic Entity 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
(a) **Finance Lease Commitments**					
Payable — minimum lease payments					
— not later than 12 months		660,545	517,229	-	-
— between 12 months and 5 years		708,013	522,241	-	-
Minimum lease payments		1,368,558	1,039,470	-	-
Less future finance charges		(142,709)	(55,422)	-	-
Present value of minimum leave payments	22	1,225,849	984,048	-	-
(b) **Operating Lease Commitments**					
Non-cancellable operating leases contracted for but not capitalised in the financial statements					
Payable — minimum lease payments					
— not later than 12 months		825,095	784,690	-	-
— between 12 months and 5 years		536,596	1,253,302	-	-
		1,361,691	2,037,992	-	-

The Operating Lease Commitments relates to building leases including the Head Office in Campbelltown,which is a non-cancellable lease with a five-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by the lower of CPI. An option exists to renew the lease at the end of the five-year term for an additional term of five years. The lease can be terminated at any time on payment of an amount equal to six (6) months rent plus outgoings. The other building leases range between one (1) to five (5) years.

Note 28 Contingent Liabilities and Contingent Assets

There are no Contingent Liabilities at Balance Date.

Note 29 Segment Reporting

	Manufacturing		Wholesaling		Scaffolding		Other		Economic Entity	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	$	$	$	$	$	$	$	$	$	$
Primary Reporting — Business Segments										
REVENUE										
External Sales			18,093,882	17,604,247	12,709,572	10,529,420			30,803,454	28,133,667
Other segments			132,754	78,703	167,161	151,714			299,915	230,417
Total sales revenue	-	-	18,226,636	17,682,950	12,876,733	10,681,134	-	-	31,103,369	28,364,084
Unallocated revenue										
Segment result			683,944	587,649	703,717	684,502			1,387,661	1,272,151
Unallocated expenses net of unallocated revenue										
Share of net profits of associates and joint venture entities									334,229	276,249
Profit before income tax Income tax expense									1,721,890	1,548,400
Profit after income tax									1,320,455	1,183,748
Segment assets	1,294,552	1,212,911	10,402,753	9,639,125	14,397,064	11,744,316			26,094,369	22,596,352
Unallocated assets										
Discontinued operations assets										
Total assets										
LIABILITIES										
Segment liabilities			1,953,761	1,451,376	11,212,915	9,201,112			13,166,676	10,652,488
Investments accounted for using the equity method	1,294,552	1,212,912	152,858	170,272					1,447,410	1,383,184
Acquisitions of non-current segment assets			927,611	275,071	1,139,702	2,712,143			2,067,313	2,987,214
Depreciation and amortisation of segment assets			444,123	791,428	690,049	41,966			1,134,172	833,394
Other non-cash segment expenses			338,863	200,480	93,848	235,640			432,711	436,120

Secondary Reporting — Geographical Segments	Segment Revenues from External Customers		Carrying Amount of Segment Assets		Acquisitions of Non-current Segment Assets	
	2006	2005	2006	2005	2006	2005
	$	$	$	$	$	$
Geographical location:						
Australia	31,103,369	28,362,438	22,027,304	18,715,383	2,067,313	2,987,214
New Zealand		1,646	2,460,125	2,521,415		
South East Asia			1,606,940	1,359,554		
	31,103,369	28,364,084	26,094,369	22,596,352	2,067,313	2,987,214

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 payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

Intersegment Transfers

Segment revenues, expenses and results 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:

— Manufacturing division manufactures paint application used in the building and general hardware business.

— Wholesale division sells paint application products, painters tools, associated products and garden sheds to the hardware and paint industry.

*** Scaffolding construction and hire division manufactured scaffolding equipment for both sales and hire to the building and construction industry in NSW, Victoria, Queensland and South Australia.

Geographical segments

The economic entity's business segments are located in Australia, with the manufacturing and distribution division also having operations in New Zealand and South East Asia.

Impairment Losses

An impairment loss amounting to $19,187 relating to hire fleet within the manufacturing segment was recognised as an expense for the year ended 30 June 2006 and amounting to $37,479 for the year ended 30 June 2005.

Note 30 Cash Flow Information

	Economic Entity		Parent Entity	
	2006	2005	2006	2005
	$	$	$	$
(a) **Reconciliation of Cash Flow from Operations with Profit after Income Tax**				
Profit after income tax	1,320,456	1,183,746	(313)	377,117
Non-cash flows in profit				
Amortisation	4,680	41,966		
Depreciation	1,129,560	791,428		
Net gain on disposal of property, plant and equipment	18,826	(32,615)		
Share of associated companies net profit after income tax and dividends		(43,471)		
Share of joint venture entity net profit after income tax and dividends	(334,229)	(276,249)		
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries				
(Increase)/decrease in trade and term receivables	(932,067)	1,371,110	(1,144,894)	(793,289)
(Increase)/decrease in prepayments	(122,705)	(66,781)		
(Increase)/decrease in inventories	281,034	149,757		
Increase/(decrease) in trade payables and accruals	2,378,715	1,481,941	658,963	1,119,207
Increase/(decrease) in non-current assets	(1,941,593)	(2,098,822)	580,573	(478,434)
Increase/(decrease) in deferred taxes payable	(94,873)	(468,421)	(94,873)	(225,640)
Increase/(decrease) in provisions	82,293	195,877		
Cash flow from operations	1,790,097	2,229,468	(544)	(1,039)

Note 31 Related Party Transactions

	Economic Entity		Parent Entity	
	2006	2005	2006	2005
	$	$	$	$
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:				
(a) **Controlled Entities**				
Purchases From Enduring Enterprises comprising Paint Brushes and Rollers.	2,010,293	1,961,735	-	-
(b) **Associated Companies**				
Sales to Backyard Installations Pty Limited comprising Garden Sheds and Shed Components.	615,975	619,588	-	-
Sales to Sheds Plus Pty Limited comprising Garden Sheds and Shed Components.	443,885	455,008	-	-
Sales to Brisbane Garden Sheds Pty Limited comprising Garden Sheds and Shed Components.	578,073	403,148	-	-
Sales to Adelaide Garden Sheds Pty Limited comprising Garden Sheds and Shed Components.	31,031	38,052	-	-
Sales to Adelaide Scaffolding Solutions Pty Limited comprising Scaffolding Equipment.	204,478	128,216	-	-
Sales to Oldfields Trading S.A. comprising Garden Sheds and Shed Components.	108,807	-	-	-
Sales to PT Ace Oldfields Indonesia comprising Bush Ferrules and associated Raw Materials.	-	3,204	-	-
Loans outstanding under normal commercial terms and conditions by Concrete Pumping Systems Pty Limited.	11,825	285,399	-	-
Accounts Receivable outstanding from Oldfields Trading S.A.	36,581	-	-	-
(c) **Directors related Entities**				
Rent paid to 8 Farrow Road Pty Limited owned by John R Westwood.	432,566	422,595	-	-
(d) **Directors**				
Loans made from Directors to the economic entity under normal commercial terms and conditions and outstanding as at 30 June.				
John R Westwood	-	447,766	-	-
Hugh B Oldfield	-	109,737	-	-
Anthony Mankarios	-	73,984	-	-

Note 32 Financial Instruments

(a) **Financial Risk Management**

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries, bills, leases, and available for sale financial assets.

The main purpose of non-derivative financial instruments is to raise finance for group operations. Derivatives are used by the group for hedging purposes. Such instruments include forward exchange and currency option contracts and interest rate swap agreements. The group does not speculate in the trading of derivative instruments.

Financial Risks

The main risks the group is exposed to through its financial instruments are interest rate risk, liquidity risk and, credit risk.

Interest rate risk

Interest rate risk is reviewed by executives on a regular basis to determine whether the company has a material exposure. Under the current economic conditions, the executives view that there is no immediate need to establish a mixture of fixed and floating debt rate. The executives are committed to minimising any interest rate risk through continual assessment of the market volatility. For further details on inherent rate risk, refer to Note 32 b(i).

Liquidity risk

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The economic entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the economic entity.

(b) (i) **Interest Rate Risk**

The economic entity's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate $		Within Year $		1 to 5 years $		Non-interest Bearing $		Total $	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Financial Assets:												
Cash and cash equivalents			-	-	-	-	-	-	809,412	309,539	809,412	309,539
Receivables			-	-	-	-	-	-	4,102,149	3,114,557	4,102,149	3,114,557
Investments			-	-	-	-	-	-	1,380	1,380	1,380	1,380
Total Financial Assets			-	-	-	-	-	-	4,912,941	3,425,476	4,912,941	3,425,476
Financial Liabilities:												
Bank Overdrafts	9.49	9.49	1,639,852	1,112,492	-	-	-	-	-	-	1,639,852	1,112,492
Bank Loans	7.50	7.43	-	-	708,634	552,100	3,551,163	2,998,200	-	-	4,259,997	3,550,300
Hire Purchase liabilities	7.95	7.50	-	-	456,300	254,181	627,502	375,445	-	-	1,083,802	629,626
Lease liabilities	7.95	7.50	-	-	134,319	218,979	7,728	135,443	-	-	142,047	354,422
Total Financial Liabilities			1,639,852	1,112,492	1,289,453	1,025,260	4,186,393	3,509,088	-	-	7,125,698	5,646,840

(ii) **Net Fair Values**

The net fair values of:

— For unlisted investments where there is no organised financial market the net fair value has been based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment

— Other assets and other liabilities approximate their carrying value.

Financial assets where the carrying amount exceeds net fair values have not been written down as the economic entity intends to hold these assets to maturity.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date

	2006		2005	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	$	$	$	$
Cash and cash equivalent	809,412	809,412	309,539	309,539
Receivables	4,453,077	4,453,077	3,521,060	3,521,060
Available for sale financial assets	1,380	1,380	1,380	1,380
	5,263,869	5,263,869	3,831,979	3,831,979

	2006		2005	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	$	$	$	$
Financial liabilities				
Bank Overdrafts	1,639,852	1,639,852	1,112,492	1,112,492
Bank Loans	4,259,997	4,259,997	3,550,300	3,550,300
Trade and Sundry Creditors	4,811,659	4,811,659	3,387,040	3,387,040
Hire Purchase Liabilities	1,083,802	1,083,802	629,626	629,626
Finance Lease Liabilities	142,047	142,047	354,422	354,422
	11,937,357	11,937,357	9,033,880	9,033,880

Note 33 Events subsequent to Balance Sheet Date

The Company's subsidiary Adelaide Scaffolding Solutions Pty Ltd in July 2006 has purchased the business and assets of a WA based Aluminium Scaffolding business known as Aluminium Scaffolding Services. The purchase will be entirely debt funded and will be integrated as soon as possible. There remains a $70,000 delayed payment to the vendor, Stathairlie Investments Pty Ltd, due in it's entirety by 1st September 2007.

Note 34 Company Details

The registered office of the company is:
Oldfields Holdings Limited
8 Farrow Road
CAMPBELLTOWN NSW 2560

The principal places of business are:

Oldfields Pty Limited
8 Farrow Road
CAMPBELLTOWN NSW 2560

Oldfields Access Pty Limited
63 Fairford Road,
PADSTOW NSW 2211

Oldfields Access Pty Limited
24 Westside Drive,
LAVERTON VIC 3028.

OLDFIELDS HOLDINGS LIMITED
ABN: 02 000 307 988

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 9 to 36, are in accordance with the Corporations Act 2001 and:
   (a) comply with Accounting Standards and the Corporations Regulations 2001; and
   (b) give a true and fair view of the financial position as at 30 June 2006 and of the performance for the year ended on that date of the company and economic entity;

2. the Chief Executive Officer and Chief Finance Officer have each declared that:
   (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001;*
   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
   (c) the financial statements and notes for the financial year give a true and fair view.

3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The company and a wholly-owned subsidiaries, have entered into a deed of cross guarantee under which the company and its subsidiary guarantee the debts of each other.
At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become subject to, by virtue of the deed.

This declaration is made in accordance with a resolution of the Board of Directors.

Director ....

Anthony Mankarios

Dated this 28TH day of September, 2006

Hall Chadwick
Chartered Accountants & Business Advisers

OLDFIELDS HOLDINGS LIMITED
ABN 02 000 307 988
AND CONTROLLED ENTITIES
INDEPENDENT AUDIT REPORT TO THE MEMBERS OF OLDFIELDS HOLDINGS LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the income statement, balance sheet, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Oldfields Holdings Limited (the company) and Oldfields Holdings Limited (the consolidated entity), for the year ended 30 June 2006. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

— examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and

— assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration set out on page 8 of the financial report has not changed as at the date of providing our audit opinion.

Audit Opinion

In our opinion, the financial report of Oldfields Holdings Limited is in accordance with:

a. the Corporations Act 2001, including:

i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2006 and of their performance for the year ended on that date; and

ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

b. other mandatory professional reporting requirements in Australia.

Hall Chadwick

Level 29, 31 Market Street

Sydney, NSW 2000

DREW TOWNSEND
Partner
Date: 28 September 2006

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CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Oldfields Holdings Limited is committed to high standards of corporate governance and supports the principles of good corporate governance and best practice recommendations as published by the ASX Corporate Governance Council in March 2003.

Given the size and specific circumstances of Oldfields Holdings Limited the Board recognises that some best practice recommendations are more relevant to larger companies.

Unless disclosed below, all relevant best practice recommendations of the ASX Corporate Governance Council have been applied for the financial year ended 30 June 2006.

The company's website contains a clearly marked corporate governance section.

1. THE BOARD LAYS SOLID FOUNDATIONS FOR MANAGEMENT & OVERSIGHT

The Board of Directors is accountable to the shareholders for the performance of the company. The Board sets the company's strategic direction and delegates responsibility for the management of the company to the Managing Director.

A copy of the Board Charter, which promotes a culture within the company of accountability, integrity and transparency, is available from the company's website.

Each Board member must at all times act honestly, fairly and diligently in all respects in accordance with the Corporations Law as it applies to our company.

Key matters reserved to the Board include the following:

- Oversight of the company , including its control, accountability and compliance systems;
- Appointment, monitoring, managing the performance of and if necessary removal of the Chief Executive Officer, Chief Financial Officer and Company Secretary;
- Input, assessment, appraisal and final approval of management's development of corporate strategy and performance objectives;
- Monitoring risk management;
- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- Approval and monitoring financial and other reporting;
- Ensuring the market and shareholders are fully informed of material developments; and
- Recognising the legitimate interests of stakeholders.

The Board holds a minimum of six formal meetings a year. Additional meetings are held as required.

Details of current members of the Board are disclosed in the Directors' Report.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

2. STRUCTURE OF THE BOARD TO ADD VALUE

The Board currently has six directors, comprising four non-executive directors, including the chairperson and two executive directors.

The Board has adopted the following principles:

- The same individual should not exercise the roles of chairperson and chief executive officer;
- The Board should not comprise a majority of executive directors;
- The Board should comprise persons with a broad range of skills and experience appropriate to the needs of the Oldfields Group.

Under recommendation 2.1 of the ASX Corporate Governance Council Best Practice Recommendations the majority of the Board should be independent directors. Independent directors are those who are independent of management and free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgment.

In assessing the independence of directors, an independent director is a non-executive director and:

- Is not a substantial shareholder, as defined in section 9 of the Corporations Act, of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;
- Has not within the last three years been employed in an executive capacity by the company or another group member;
- Has not within the last three years been a principal of a material professional advisor or a material consultant to the company or another group member;
- Is not a material supplier or customer of the company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- Has no material contractual relationship with the company or another group member;
- Has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company; and
- Is free from any interest and any business or other relationship which could or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company.

In applying the best practice recommendations for independence the independent directors of the company at the date of this report are:

- Thomas Daniel John Love appointed 1964

The Board has recognised that the following non-executive directors do not comply with all of the independence criteria listed above.

- James William Toland appointed 2001
  - would be considered a substantial shareholder.

- John Roy Westwood appointed 2001
  - would be considered a substantial shareholder;
  - was employed as an executive by the company within the last three years;
  - has a material contractual relationship with the company as disclosed in note 31 of the financial statements.

- Christopher Charles Hext appointed 2001
  - would be considered a substantial shareholder;
  - was employed as an executive by the company within the last three years;

- Douglas Henry Oldfield appointed 2006
  - would be considered a substantial shareholder.

However, the Board considers that the current composition of the Board is structured in both size and commitment to adequately discharge its responsibilities and duties in addition;

1. Has a proper understanding of, and competence to deal with, the current and emerging issues of the business.
2. Can effectively review and challenge the performance of management and exercise independent judgment.

The Board has considered the following;

1. The size of the company and spread of shares amongst the substantial shareholders.
2. The appointment of additional independent directors would cause undue financial pressure.
3. The experience and personal qualities of the non-executive directors.
4. The skills of the non-executive directors are complimentary to other Board members
5. The non-executive directors are independent of management and other relationships that could materially interfere with the exercise of their unfettered and independent judgment.
6. The Board continues to review its governance structures, including the level of independent directors, as the company develops and changes to ensure that it continues to meet effective governance given the size and specific circumstances of the company.

Given the size and requirements of the company the Board has decided that a nomination committee is not required at this point in time. At present all members of the Board consider the composition of the Board and appointment of new directors.

The company acknowledges directors require high quality information and advice on which to base their decisions and considerations. All directors have the right to seek advice and clarification from the company auditors, financial and legal advisors on any matter relating to the company or Board performance.

Directors additionally have the right to seek independent professional advice to help them carry out their responsibilities. Expenses will need to be approved in advance by the chairperson. If the chairperson is unable or unwilling to give approval, then board approval will be sufficient. Any costs incurred will be borne by the company.

3. PROMOTION OF ETHICAL AND RESPONSIBLE DECISION – MAKING

Code of Conduct

The Board has developed a code of conduct for directors and company officers. The key elements of the code are:

- Conflicts of interest;
- Corporate opportunities;
- Confidentiality;
- Fair dealing;
- Protection of assets;
- Compliance with laws and regulations; and
- Promotion of ethical and lawful behaviour.

A copy of the Oldfields Code of Conduct can be obtained from the Corporate Governance section of the Oldfields website.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Share Trading Policy

The Board has developed and adopted a policy concerning trading in company securities by directors, officers and employees. The company and the Board encourage directors, officers and employees to own shares in the company thereby fostering a further link between their interests and the interests of all shareholders.

The key elements of the policy are:

- Insider trading;
- Continuous disclosure;
- When a designated officer must not deal in securities;
- When a designated officer may deal;
- Exceptional circumstances – permission to deal;
- When employees (other than designated officers) may deal;
- When employees (other than designated officers) must not deal;
- Notification of directors' dealing in securities;
- Breach of policy; and
- Speculative dealing.

A copy of the share trading policy can be obtained from the Corporate Governance section of the Oldfields website.

4. THE BOARD SAFEGUARDS THE INTEGRITY OF FINANCIAL REPORTING

The Chief Executive Officer and the Chief Financial Officer state in writing to the Board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.

Audit Committee

The Board has an Audit Committee which:

- Has three members who are non-executive directors;
- Details of the members of the Audit Committee can be obtained from the Annual Report;
- Has a written charter which can be obtained from the Corporate Governance section of the Oldfields website;
- Includes members who are all financially literate; and
- Details of the members are disclosed in the Director's Report.

The key elements of the Audit Committee Charter are:

- Role of the Committee;
- Membership;
- Meetings;
- Responsibilities;
- Authority;
- Independence and
- Non-audit work.

The Board and Audit Committee closely monitor the independence of the external auditor. The Audit Committee meets a minimum of twice a year in private, with management without the external auditor and with the external auditor without management.

5. THE BOARD MAKES TIMELY AND BALANCED DISCLOSURE

The company has established procedures to ensure compliance with ASX Listing Rules 3.1 which requires that when en entity becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, the entity must immediately tell ASX that information.

A Continuous Disclosure Policy and Procedure has been prepared and is available from the Corporate Governance section of the Company's website.

6. THE BOARD RESPECTS THE RIGHTS OF SHAREHOLDERS

The company has an effective shareholder communication procedure. The company promotes effective communication with shareholders and encourages effective participation at the company's general meetings.

Shareholders and other parties will be able to access the following information from the company's website:

- Copies of all announcements given to the ASX;
- Press releases and copies of letters to shareholders;
- Copies of annual and half year financial reports;
- Details of notices of shareholders meetings including information on general meetings.

The requirements of continuous disclosure ensure that the company discloses relevant information to the shareholders and the market in a timely and full manner.

7. THE BOARD RECOGNISES AND MANAGES RISK

The Board recognises that there are a number of complex operational, commercial, financial and legal risks and has in place procedures to safeguard the company's assets and interests.

An Occupational Health and Safety Committee has been established to monitor and recommend changes to safe working practices and a safe working environment. The chairperson is not a director, and the committee comprises the managing director, senior executive officers and employee representatives.

The Board is in the process of developing a risk management statement the purpose of which is:

- Identify, access, monitor and manage risk;
- Inform investors of material changes to the company's risk profile; and
- Enhance the environment for capitalizing on value creation opportunities.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

A compliance plan will also be developed to set out key processes, systems and measures that the company will apply to ensure compliance with:

- The Corporations Act; and
- The internal organisational standards and culture.

The compliance plan is an explanatory document, providing details on:

- The measures and procedures in place to comply with these regulations; and
- How compliance with those measures and procedures will be monitored.

The Board intends to establish a Risk Management Committee which will meet regularly to identify all major risks, ensure appropriate risk management plans are in place and to monitor the effectiveness of the implementation of the risk management plans.

The Chief Executive Officer and the Chief Financial Officer will be required to state in writing to the board that the company's risk management and internal compliance and control system is operating effectively and efficiently in all material aspects.

8. THE BOARD ENCOURAGES ENHANCED PERFORMANCE

Given the size of the company, the Board believes that the shareholders of the company ultimately assess the performance of the Board. The Board continually monitors performance of key executives by measuring performance against key performance indicators.

The Chairman discusses performance with individual directors during the year.

The directors have open access to all relevant information and may meet independently with management at any time to discuss any matters of concern.

The Board will be considering proposed performance evaluation techniques in the coming year.

9. THE BOARD REMUNERATES FAIRLY AND RESPONSIBLY

The Board has a Remuneration Committee which has a documented charter. The members and qualification of the Remuneration Committee are disclosed in the Directors' Report.

The Remuneration Committee is responsible for developing and recommending to the Board:

- Remuneration policies for Non-Executive Directors;
- Remuneration policies for the Chief Executive Officer and Chief Financial Officer;
- Remuneration policies for executive management;
- All aspects of any executive share option or acquisition scheme;
- Superannuation policies;

A copy of the Remuneration Committee Charter can be obtained from the company's web site under the Corporate Governance section.

10. THE BOARD RECOGNISES THE LEGITIMATE INTERESTS OF STAKEHOLDERS

A code of conduct for company stakeholders has been established. The key items of the code are:

- Commitment by the Board and management to the code of conduct;
- Responsibilities to shareholders and the financial community;
- Responsibilities to clients, customers and consumers;
- Employment practices;
- How the company complies with legislation affecting its operations; and
- How the company monitors and ensures compliance with its code.

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this Report is as follows :

TOP 20 SHAREHOLDERS of ORDINARY SHARES

This information is made up to 31 August, 2006.

HOLDING RANGE	TOP 20 SHAREHOLDERS of FULLY PAID ORDINARY SHARES	RANK	SUBSTANTIAL SHAREHOLDER	ORDINARY SHARES FULLY PAID BALANCE HELD 31-August-2006	% Held
100,001 or MORE	Oldfields Family Superannuation Pty Limited	1	#	1,354,500	11.559
	Coogarah Investments Pty Limited	2	#	1,203,188	10.268
	Divpass Pty Limited	3	#	1,125,001	9.600
	Wingroad Pty Limited	4	#	945,494	8.069
	Marilyn Anne Hext/Christopher Charles Hext	5	#	800,000	6.827
	Starball Pty Limited	6	#	633,460	5.406
	John Roy Westwood	7	#	607,166	5.181
	UFBA Pty Limited	8	#	579,251	4.943
	Carryoak Pty Limited	9		470,000	4.011
	Milton Corporation Pty Limited	10		363,900	3.105
	Raymond John Murphy/KAP Investments	11		359,887	3.071
	D H & H B Oldfield	12	#	294,750	2.515
	Robert L Denison/Mary Edith Denison	13		190,000	1.621
	Anthony Mankarios	14	#	166,437	1.420
	James William Toland	15	#	148,882	1.271
	Brian Benger	16		135,042	1.152
	MFM Properties Pty Limited/Harris Timber & Hardware (Cronulla) Pty Limited	17		134,791	1.150
	Hugh Brian Oldfield	18	#	120,938	1.032
	Eileen Booth/William Booth	19		120,154	1.025
	Hylec Controls/Hylec Investments	20		105,000	0.896
	TOTAL TOP 20			9,857,841	84.123
	TOTAL ISSUED CAPITAL : ORDINARY SHARES FULLY PAID			11,718,313	100.00

Substantial Shareholder as defined by Section 671B of the Corporations Act