

**Public Holdings (Australia) Limited**  
A.B.N. 65 000 332 918  
**And Controlled Entities**

**Interim Financial Report**  
**For the Half-Year Ended 30 June 2007**

The interim financial report does not include all the notes of the type normally included in an annual financial report. This report is to be read in conjunction with the annual report for the year ended 31 December 2006.

# Public Holdings (Australia) Limited and Controlled Entities

A.B.N 65 000 332 918

## Appendix 4D

For the Half-Year Ended 30 June 2007

1 Reporting period: six months ended 30 June 2007  
Previous corresponding period: six months ended 30 June 2006

### 2 Results for announcement to the market:

	<b>\$A,000</b>
2.1 Revenue from ordinary activities down 6% to	725
2.2 Loss from ordinary activities after tax attributable to members up 57% to	343
2.3 Net loss for the period attributable to members up 57% to	343
2.4 It is proposed not to pay dividends for the period ended 30 June 2007	

2.6 The Company's revenue for the period under review decreased 6% to \$724,652 (2006: \$773,998). This was mainly due to the decrease of wine sales in China as the market competition was very keen. The higher operating costs reflect the exchange loss incurred due to the appreciation of the Australian dollar during the period and the increase in consultancy and legal fees. Loss after tax attributable to members increased 57% to \$342,896 (2006: loss \$218,554) due to the decrease in revenue and increase in operating costs referred to above.

### 3 Net tangible assets per security:

	<b>Current Period</b>	<b>Previous Corresponding Period</b>
Net tangible assets per share:	\$0.31	\$0.31

### Compliance Statement

This report is based on financial accounts that have been reviewed by our external auditors.



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David W McBain – Company Secretary

Dated: 31 August 2007

# Public Holdings (Australia) Limited and Controlled Entities

A.B.N 65 000 332 918

## Company Particulars

### Directors:

Yuan Yi LAO (Chairman)  
Yi-Ming (Jim) HU (Deputy Chairman)  
Shu-Lin (Steve) XIN  
Wai-Kin (Rankine) YEUNG  
Oreste Anthony BIZIAK  
Ying Fang (Marian) MEI (Appointed 3 July 2007)  
Ying (Lucy) LU (Appointed 28 August 2007)

### Company Secretary:

David McBain  
Level 1, 123 Whitehorse Road, Balwyn, Victoria, 3103

### Auditors:

Hall Chadwick  
Level 12, 459 Collins Street, Melbourne, Victoria, 3000

### External Accountants and Business Advisors:

William Buck (Vic) Pty Ltd  
Mr David Chu  
Level 2, 215 Spring Street, Melbourne, Victoria, 3000  
David.Chu@williambuckvic.com.au

### Share Registry:

Link Market Services Limited  
Level 4, 333 Collins Street, Melbourne, Victoria, 3000  
Telephone: (03) 9615 9800  
Fax: (03) 9615 9900  
Free call: 1800 331 721

### Stock Exchange:

Listed on the Australian Stock Exchange Limited.

### Registered Office:

Level 1, 123 Whitehorse Road, Balwyn, Victoria, 3103  
Telephone: (03) 9817 0700  
Fax: (03) 9817 0799  
Email: dmcbain@mcbain.com.au

### Principal Place of Business:

Level 2, 215 Spring Street, Melbourne, Victoria, 3000  
Telephone: (03) 8663 6000  
Fax: (03) 8663 6333  
David.Chu@williambuckvic.com.au

# Public Holdings (Australia) Limited and Controlled Entities

A.B.N 65 000 332 918

## Directors' Report

The Directors hereby present their Report of Public Holdings (Australia) Limited and of the consolidated entity [being Public Holdings (Australia) Limited and controlled entities] for the half-year ended 30 June 2007.

### Directors

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

Yuan Yi LAO (Chairman)	Yi-Ming (Jim) HU (Deputy Chairman)
Shu-Lin (Steve) XIN	Oreste Anthony BIZIAK
Wai-Kin (Rankine) YEUNG	Ying Fang (Marian) MEI (Appointed 3 July 2007)
Ying (Lucy) LU (Appointed 28 August 2007)	

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

### Principal Activities

The principal activities of the entities in the consolidated entity are as follows:

Public Holdings (Australia) Limited

- The investment of funds in the medium and short-term money markets and listed securities.
- Export of Australian and other international wines to China.

PHA Trading Pty Ltd

- The investment of funds in the medium and short-term money markets.

PHA Investments Pty Ltd

- There was no business activity carried on for the half-year ended 30 June 2007.

PHA Shanghai Classic Wine & Food Co, Ltd

- Import of Australian and other international wines and distribution in China.

There were no other significant changes in the nature of the activities of the consolidated entity.

### Operating Results

The consolidated net loss for the half-year ended 30 June 2007 after providing for income tax expense was \$342,896.

Unrealised capital gains in the economic entity as at 30 June 2007 amounted to \$1,913,400 on investments in publicly listed shares which was recognised in the financial assets reserve account in the balance sheet.

The economic entity had incurred an exchange loss of \$76,338 for the half-year ended 30 June 2007 due to the appreciation of Australian dollar during the period.

### Dividends

No dividends have been paid or declared since the start of the financial year.

# Public Holdings (Australia) Limited and Controlled Entities

A.B.N 65 000 332 918

## Directors' Report (Continued)

### Review on Operations

The Company continued to invest in interest-bearing deposits and listed securities.

PHA Shanghai Classic Wine & Food Co., Ltd (PHA SC) has continued with the purchase of wines from Australia, France, U.S., German, Chile and Italy, and distribution of these wines in China.

PHA SC will continue to promote Australian and other wines in China by participating in wine shows, and by promotion and marketing activities. Market competition is still very keen and it is difficult to generate profit from the wine business in China this year. The Board will closely monitor the wine business and will take steps in the second half-year to cut down the operating costs and lower the stock levels.

The directors of the Company will continue to look at other opportunities that will complement its current operations.

### Financial Position

The net assets of the economic entity have increased from \$4,623,115 at 31 December 2006 to \$4,646,319 at 30 June 2007.

### Other Matters

The results of the operations of the Company and of the consolidated entity were, in the opinion of the Directors of the parent entity, not substantially affected by any item, transaction or event of a material and unusual nature during the half-year.

### Auditor's Independence Declaration

The lead auditor's independence declaration for the half-year ended 30 June 2007 has been received and can be found on page 5.

This report is made in accordance with a Resolution of the Board of Directors.



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Yi-Ming (Jim) HU  
Deputy Chairman

Dated: 31 August 2007

**Public Holdings (Australia) Limited and Controlled Entities**

A.B.N 65 000 332 918

**Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Public Holdings (Australia) Limited**

I declare that, to the best of our knowledge and belief, during the half-year ended 30 June 2007 there have been:

- a. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review, and
- b. no contraventions of any applicable code of professional conduct in relation to the review.

HALL CHADWICK  
Chartered Accountants



**Kevin P. Adams**  
Partner

Melbourne  
31 August 2007

# Public Holdings (Australia) Limited and Controlled Entities

A.B.N 65 000 332 918

## Consolidated Income Statement For the Half-Year Ended 30 June 2007

		Economic Entity	
	Note	30 June 2007 \$	30 June 2006 \$
Revenues	2	724,652	773,998
Accounting and audit fees		(78,346)	(78,587)
Consultancy and legal fees		(37,690)	(4,894)
Cost of sales - wine		(277,528)	(307,639)
Depreciation and amortisation expense		(10,570)	(10,738)
Directors fees		(17,500)	(17,500)
Employee benefits expense		(160,124)	(153,085)
Wine Selling Expenses		(217,351)	(260,189)
Management fees		(50,000)	(50,000)
Rental expense		(56,477)	(52,811)
Share registry expenses		(12,337)	(15,842)
Travel and entertainment		(23,288)	(18,681)
Net foreign currency exchange loss		(76,338)	-
Other expenses		(49,799)	(21,512)
Loss before income tax		<u>(342,696)</u>	<u>(217,480)</u>
Income tax expense	3	(200)	(1,074)
Net loss for the period		<u>(342,896)</u>	<u>(218,554)</u>
Basic earnings per share (cents per share)	9	(2.29)	(1.46)

The accompanying notes form part of these financial statements.

# Public Holdings (Australia) Limited and Controlled Entities

A.B.N 65 000 332 918

## Consolidated Balance Sheet

As at 30 June 2007

		Economic Entity	
	Note	30 June 2007 \$	31 Dec 2006 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		594,999	635,891
Trade and other receivables		525,978	567,647
Inventories		884,919	1,071,307
<b>TOTAL CURRENT ASSETS</b>		<u>2,005,896</u>	<u>2,274,845</u>
<b>NON-CURRENT ASSETS</b>			
Financial assets	4	3,906,618	3,720,843
Plant and equipment		40,253	51,956
Intangible assets		3,662	4,809
<b>TOTAL NON-CURRENT ASSETS</b>		<u>3,950,533</u>	<u>3,777,608</u>
<b>TOTAL ASSETS</b>		<u>5,956,429</u>	<u>6,052,453</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		307,143	561,817
Current tax liabilities		356	1,398
<b>TOTAL CURRENT LIABILITIES</b>		<u>307,499</u>	<u>563,215</u>
<b>NON-CURRENT LIABILITIES</b>			
Non-interest bearing liabilities		1,002,611	866,123
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>1,002,611</u>	<u>866,123</u>
<b>TOTAL LIABILITIES</b>		<u>1,310,110</u>	<u>1,429,338</u>
<b>NET ASSETS</b>		<u>4,646,319</u>	<u>4,623,115</u>
<b>EQUITY</b>			
Issued capital		1,872,375	1,872,375
Reserves	10	1,868,526	1,539,941
Retained earnings	11	905,418	1,210,799
<b>TOTAL EQUITY</b>		<u>4,646,319</u>	<u>4,623,115</u>

The accompanying notes form part of these financial statements.

## Public Holdings (Australia) Limited and Controlled Entities

A.B.N 65 000 332 918

### Consolidated Statement of Changes in Equity For the Half-Year Ended 30 June 2007

#### Economic Entity

	Note	Share Capital \$	Reserves \$	Retained Earnings \$	Total \$
<b>Balance at 1 January 2006</b>	11	1,872,375	846,292	1,793,107	4,511,774
Net loss attributable to the members of parent entity		-	-	(218,554)	(218,554)
Adjustment from translation of foreign controlled entity		-	(3,271)	-	(3,271)
Revaluation of non-current financial assets		-	797,271	-	797,271
<b>Balance at 30 June 2006</b>		<u>1,872,375</u>	<u>1,640,292</u>	<u>1,574,553</u>	<u>5,087,220</u>
<b>Balance at 1 January 2007</b>	11	1,872,375	1,539,941	1,210,799	4,623,115
Net loss attributable to the members of parent entity		-	-	(342,896)	(342,896)
Revaluation of non-current financial assets	10	-	367,607	-	367,607
Adjustment from translation of foreign controlled entities		-	(39,022)	37,515	(1,507)
<b>Balance at 30 June 2007</b>		<u>1,872,375</u>	<u>1,868,526</u>	<u>905,418</u>	<u>4,646,319</u>

The accompanying notes form part of these financial statements.

# Public Holdings (Australia) Limited and Controlled Entities

A.B.N 65 000 332 918

## Consolidated Cash Flow Statement For the Half-Year Ended 30 June 2007

	Economic Entity	
	30 June 2007	30 June 2006
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(1,246,122)	(1,004,044)
Receipts from customers	756,127	686,425
Dividends received	35,067	21,596
Interest received	8,890	7,321
Net cash used in operating activities	<u>(446,038)</u>	<u>(288,702)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of plant and equipment	-	(10,805)
Proceeds from sale of investments	304,868	-
Net cash provided by (used in) investing activities	<u>304,868</u>	<u>(10,805)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings to related parties	(27,512)	-
Proceeds from borrowings	150,000	150,000
Other cash paid relating to finance activities	(5,868)	-
Net cash provided by financing activities	<u>116,620</u>	<u>150,000</u>
Net decrease in cash held	(24,550)	(149,507)
Cash and cash equivalents at 1 January 2007	635,891	591,305
Effect of exchange rates on cash holdings in foreign currencies	(16,342)	(352)
Cash and cash equivalents at 30 June 2007	<u>594,999</u>	<u>441,446</u>

The accompanying notes form part of these financial statements.

# Public Holdings (Australia) Limited and Controlled Entities

A.B.N 65 000 332 918

## Notes to the Financial Statements For the Half-Year Ended 30 June 2007

### 1. Statement of Significant Accounting Policies

#### **Corporate Information**

Public Holdings (Australia) Limited is a listed public company, incorporated and domiciled in Australia.

The financial report covers the economic entity of Public Holdings (Australia) Limited and controlled entities, and Public Holdings (Australia) Limited as an individual parent entity.

#### **Basis of Preparation**

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 31 December 2006 and any public announcements made by Public Holdings (Australia) Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the December 2006 financial report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

#### ***Reporting Basis and Conventions***

The half-year 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. The financial report is presented in Australian dollars.

#### **Statement of Compliance**

The financial report complies with all Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS") in their entirety. Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards.

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.

## **Notes to the Financial Statements**

### **For the Half-Year Ended 30 June 2007**

#### **1. Statement of Significant Accounting Policies (Continued)**

##### **a) Critical accounting estimates and judgments**

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make estimates, judgments and assumptions based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group. Actual results may differ from these estimates.

##### **b) Principles of Consolidation**

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

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 consistency with those policies applied by the parent entity.

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

##### **c) Income Tax**

The charge for current income tax expense is based on the profit for the half-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.

## **Notes to the Financial Statements**

### **For the Half-Year Ended 30 June 2007**

#### **1. Statement of Significant Accounting Policies (Continued)**

##### **d) Trade and Other Receivables**

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

##### **e) Inventories**

Inventories are measured at the lower of cost and net realisable value.

##### **f) Plant and Equipment**

Plant and equipment are measured on the cost basis less accumulated depreciation and any accumulated impairment losses.

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.

##### **Depreciation**

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

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

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Office Equipment	15-40%
Motor Vehicle	18%

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.

##### **g) 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.

## **Notes to the Financial Statements**

### **For the Half-Year Ended 30 June 2007**

#### **1. Statement of Significant Accounting Policies (Continued)**

##### **g) Financial Instruments (Continued)**

###### **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.

###### **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, until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the income statement.

###### **Financial liabilities**

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

###### **Fair value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

###### **Impairment**

At each reporting date, the group assesses 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.

##### **h) 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 asset's carrying value. Any excess of the asset's 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 economic entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**Notes to the Financial Statements  
For the Half-Year Ended 30 June 2007**

**1. Statement of Significant Accounting Policies (Continued)**

**i) 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 half-year-end 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 were determined.

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 half-year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained profits 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 group's 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.

**j) Trade and Other Payables**

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the half-year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

**k) Employee Benefits**

Provision for annual leave and long service leave has not been made as the economic entity has no obligation to pay at balance date.

## **Notes to the Financial Statements**

### **For the Half-Year Ended 30 June 2007**

#### **1. Statement of Significant Accounting Policies (Continued)**

##### **l) Cash and Cash Equivalents**

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

##### **m) Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

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.

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

From 1 January 2007, the parent entity will only recognise commission charged on wine sales as revenue. This policy is replacing the previous treatment where the total wine sales (inclusive of mark-up) and cost of wine sold were recognised in the books of the parent entity.

##### **n) 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.

##### **o) Comparative Figures**

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

# Public Holdings (Australia) Limited and Controlled Entities

A.B.N 65 000 332 918

## Notes to the Financial Statements For the Half-Year Ended 30 June 2007

	Economic Entity	
	30 June 2007	30 June 2006
	\$	\$
<b>2 Revenue</b>		
<u>Operating activities:</u>		
Interest received		
- other persons and corporations	10,214	7,698
Dividends received		
- other corporations	35,517	21,596
Wine sales	548,617	698,067
Net foreign currency exchange gain	-	3,708
Other income	7,267	42,929
	<u>601,615</u>	<u>773,998</u>
<u>Non-operating activities:</u>		
Gain on sale of investments	123,037	-
Total Revenue	<u>724,652</u>	<u>773,998</u>

### 3 Income Tax Expense

A deferred tax asset has not been recognised in respect of the carry forward of unused tax losses.

Deferred tax assets relating to unused tax losses will not be recognised in the future until such time as taxable profits are available.

### 4 Other Financial Assets - Non-Current

	Economic Entity	
	30 June 2007	31 Dec 2006
	\$	\$
Available for sale financial assets	3,906,618	3,720,843

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

The fair value of unlisted available-for-sale financial assets cannot be reliably measured as variability in the range of reasonable fair value estimates is significant. As a result, all unlisted investments are reflected at cost.

### 5 Dividend

No dividends have been paid or declared since the start of the financial year.

## **Notes to the Financial Statements**

### **For the Half-Year Ended 30 June 2007**

#### **6 Related Party Transactions**

a) The ultimate parent entity of Public Holdings (Australia) Limited is First Shanghai Investments Limited, a company incorporated in Hong Kong, China. Management fees paid to First Shanghai Investments Limited's subsidiary, First Shanghai Management Services Limited, amounted to \$50,000. Other amounts owed to First Shanghai Management Services Limited amounted to \$11,495.

b) Atlas Securities Pty Ltd owns 73.93% of Public Holdings (Australia) Limited. \$150,000 cash was provided from Atlas Securities Pty Ltd as part of an interest-free unsecured loan for half-year 30 June 2007 (\$150,000 for half-year 30 June 2006).

#### **7 Contingent Liabilities**

The consolidated entity has no material contingent liabilities.

#### **8 Segment Reporting**

##### **Accounting Policy**

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, plant and equipment, net of allowances and accumulated depreciation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by the two segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of accounts payable, accrued expenses, provisions and borrowings.

##### **Business and Geographical Segments**

###### *Business Segments*

The economic entity has the following two business segments:

- The investment of funds in the medium and short-term money markets and listed securities.
- Distribution of Australian and other wines from around the world in China.

###### *Geographical Segments*

The economic entity's business segments are located in Australia with the investment division and China with the wine distribution.

# Public Holdings (Australia) Limited and Controlled Entities

A.B.N 65 000 332 918

## Notes to the Financial Statements For the Half-Year Ended 30 June 2007

### 8 Segment Reporting (Continued)

#### Primary reporting – Business segments

	2006	Wine Distribution	Investment	Economic Entity
Revenue		\$	\$	\$
External sales		744,891	29,107	773,998
<b>Result</b>				
Segment Result		(62,477)	28,676	(33,801)
Unallocated expenses				(183,679)
Loss before income tax				(217,480)
Income tax expense				(1,074)
<b>Net Loss after income tax</b>				<b>(218,554)</b>

#### Primary reporting – Business segments

	2007	Wine Distribution	Investment	Economic Entity
Revenue		\$	\$	\$
External sales		557,072	167,580	724,652
<b>Result</b>				
Segment Result		(262,053)	166,827	(95,226)
Unallocated expenses				(247,470)
Loss before income tax				(342,696)
Income tax expense				(200)
<b>Net Loss after income tax</b>				<b>(342,896)</b>

### 9 Earnings per Share

Basic earnings per share  
(cents per share) (2.29)

Weighted average number of ordinary shares outstanding during the half-year used in calculation of basic EPS 14,979,000

There are no potential ordinary and dilutive shares as at 30 June 2007.  
Therefore diluted earnings per share is not applicable.

# Public Holdings (Australia) Limited and Controlled Entities

A.B.N 65 000 332 918

## Notes to the Financial Statements For the Half-Year Ended 30 June 2007

### 10 Reserves

	Economic Entity	
	30 June 2007	31 Dec 2006
	\$	\$
Financial assets reserve	1,913,400	1,545,793
Foreign currency translation reserve	(44,874)	(5,852)
	<u>1,868,526</u>	<u>1,539,941</u>
<u>Financial asset reserve</u>		
Opening balance	1,545,793	685,129
Transfer to opening retained earnings	-	(199,552)
Market value movement in financial assets	367,607	1,060,216
	<u>1,913,400</u>	<u>1,545,793</u>

### 11 Adjustments to Retained Earnings

The Annual Financial Report for 31 December 2006 showed a retrospective adjustment to retained earnings which related to an error in the reconciliation of inter-entity loan amounts between Public Holdings (Australia) Limited and PHA Shanghai Classic Wine & Food Co. Ltd. The majority of this amount was attributable to purchases unaccounted for by PHA Shanghai Classic Wine & Food Co. Ltd.

It was impracticable to determine the period-specific effects of the error on comparative information presented, therefore the amount was adjusted to the opening balance of retained earnings of the previous reporting period.

Following the abovementioned retrospective adjustment in the 2006 financial report, the issue was finally resolved during the half-year ended 30 June 2007, and the comparatives for the previous corresponding period have been restated accordingly.

### 12 Company Information

The registered office of the Company is:

Level 1  
123 Whitehorse Road  
Balwyn, Victoria, 3103

The principal place of business of the Company is at:

Level 2  
215 Spring Street  
Melbourne Vic 3000

### 13 Events Subsequent to Reporting Date

There have been no material matters arising since year end which have not been adequately disclosed in the financial report.

## Public Holdings (Australia) Limited and Controlled Entities

A.B.N 65 000 332 918

### Directors' Declaration

The Directors of the Company declare that:

1. The financial statements and notes set out on pages 6 to 19, are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the economic entity's financial position as at 30 June 2007 and of its performance for the half-year ended on that date.
2. 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.

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



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Yi-Ming (Jim) HU  
Deputy Chairman

Dated: 31 August 2007

## **Independent Auditor's Review Report**

To the members of Public Holdings (Australia) Limited

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Public Holdings (Australia) Limited and controlled entities, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

### **Directors' Responsibility for the Half-Year Financial Report**

The directors of the economic entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the economic entity's financial position as at 30 June 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Public Holdings (Australia) Limited and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Independence**

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

## **Independent Auditor's Review Report**

To the members of Public Holdings (Australia) Limited

### **Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Public Holdings (Australia) Limited and controlled entities is not in accordance with the Corporations Act 2001 including:

- (a) give a true and fair view of the economic entity's financial position as at 30 June 2007 and of its performance for the half-year ended on that date; and
- (b) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

HALL CHADWICK  
Chartered Accountants



**Kevin P. Adams**  
Partner

Melbourne  
31 August 2007