Public Holdings (Australia) Limited

A.B.N. 65 000 332 918

And Controlled Entities

Appendix 4E
Preliminary Final Report for the year ended
31 December 2007

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

Appendix 4E
For the Year Ended 31 December 2007

1. Reporting period: twelve months ended 31 December 2007
Previous corresponding period: twelve months ended 31 December 2006

2. Results for announcement to the market:

		$'000
2.1	Revenue from ordinary activities up 86.78% to	2,957
2.1	Profit from ordinary activities after tax attributable to members up 133% to	256
2.3	Net profit for the period attributable to members up 133% to	256

2.4 It is proposed not to pay dividends for the year ended 31 December 2007

2.6 No additional explanation is considered necessary other than as provided in this report.

3-8 Attached as part of this preliminary report.

9. Net tangible assets per security:

	2007 Cents	2006 Cents
Net tangible assets per share:	25.56	30.83

10. Public Holdings (Australia) Limited has not gained or lost control of any entities during the year ended 31 December 2007.

11. Public Holdings (Australia) Ltd does not have an interest in associates or joint ventures.

12. No additional significant information is considered necessary for an investor to make an informed assessment of the entity's financial performance and financial position other than as provided in this report.

13. Public Holdings (Australia) Ltd is not a foreign entity.

14. The stock market weakened in the latter part of 2007, as concerns over the impact of the US sub-prime crisis curtailed lending and dampened business investment. The Company managed to sell a major portion of its listed share investment in the second half of the year and realised a profit of approximately $1.7 million (2006: nil).
As a result of the recent strategic review and taking into account the performance of the Company's subsidiary PHA Shanghai Classic Wine and Food Co. Ltd (PSC) the second half consolidated result has seen a one-off $0.5 million (2006: nil) and $0.17 million (2006: nil) provision for slow moving inventories and doubtful debts respectively. PSC has restructured its management team and taken steps to improve its internal control system. Starting from 2008, PSC will focus on importing wines to China from some new suppliers in France and Australia.

15. This report is based on financial accounts that are in the process of being audited.

Compliance Statement

David W McBain – Company Secretary

Dated: 29 February 2008

Public Holdings (Australia) Limited and Controlled Entities

A.B.N 65 000 332 918

Consolidated Income Statement

For the Year Ended 31 December 2007

	Note	Economic Entity		Parent Entity	
		31 Dec 2007 $	31 Dec 2006 $	31 Dec 2007 $	31 Dec 2006 $
Revenues	**2**	2,957,734	1,583,550	1,823,366	777,705
Cost of sales		(577,203)	(783,094)	-	(650,459)
Write down of inventories to net realisable value		(497,272)	-	-	-
Employee benefits expense		(379,733)	(345,821)	(174,806)	(209,941)
Depreciation and amortisation expense		(19,762)	(22,729)	(999)	(1,951)
Impairment of investment		-	-	(822,697)	-
Impairment of subsidiary loan		-	-	(1,213,732)	-
Wine selling expenses		(555,956)	(541,671)	-	-
Professional fees		(201,716)	(202,738)	(198,895)	(200,069)
Net foreign currency exchange loss		(73,138)	(65,631)	(35,651)	(32,418)
Bad and doubtful debts		(173,128)	(4,692)	-	-
Rental Expenses		(100,299)	(98,681)	953	(11,117)
Administration and other expenses		(121,845)	(282,407)	(113,254)	(211,289)
Profit/ (loss) before income tax		257,682	(763,914)	(735,715)	(539,539)
Income tax expense	**3**	(1,521)	(1,847)	-	-
Net profit/ (loss) for the year		256,161	(765,761)	(735,715)	(539,539)
Basic earnings per share (cents per share)	**22**	1.71	(5.11)		

The accompanying notes form part of these financial statements.

Consolidated Balance Sheet
As at 31 December 2007

	Note	Economic Entity 31 Dec 2007 $	Economic Entity 31 Dec 2006 $	Parent Entity 31 Dec 2007 $	Parent Entity 31 Dec 2006 $
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	**4**	1,899,910	635,891	1,335,036	297,333
Trade and other receivables	**5**	561,084	567,647	263,943	94,293
Inventories	**6**	216,084	1,071,307	-	-
TOTAL CURRENT ASSETS		2,677,078	2,274,845	1,598,979	391,626
NON-CURRENT ASSETS					
Trade and other receivables	**7**	1,634	-	761,655	1,873,031
Financial assets	**8**	2,101,883	3,720,843	2,346,697	4,781,839
Plant and equipment	**9**	32,306	51,956	1,636	2,635
Intangible assets	**10**	2,772	4,809	-	-
TOTAL NON-CURRENT ASSETS		2,138,595	3,777,608	3,109,988	6,657,505
TOTAL ASSETS		4,815,673	6,052,453	4,708,967	7,049,131
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	**11**	489,036	561,817	173,188	353,867
Current tax liabilities	**12**	-	1,398	-	-
TOTAL CURRENT LIABILITIES		489,036	563,215	173,188	353,867
NON-CURRENT LIABILITIES					
Non-interest bearing liabilities	**13**	494,774	866,123	3,746,269	4,119,284
TOTAL NON-CURRENT LIABILITIES		494,774	866,123	3,746,269	4,119,284
TOTAL LIABILITIES		983,810	1,429,338	3,919,457	4,473,151
NET ASSETS		3,831,863	4,623,115	789,510	2,575,980
EQUITY					
Issued capital	**14**	1,872,375	1,872,375	1,872,375	1,872,375
Reserves	**15**	492,528	1,539,941	481,324	1,532,079
Retained earnings		1,466,960	1,210,799	(1,564,189)	(828,474)
TOTAL EQUITY		3,831,863	4,623,115	789,510	2,575,980

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 Year Ended 31 December 2007

	Note	Share Capital $	Reserves $	Retained Earnings $	Total $
Economic Entity					
Balance at 1 January 2006		1,872,375	846,292	1,613,055	4,331,722
Net loss attributable to the members of parent entity		-	-	(765,761)	(765,761)
Adjustments on consolidation		-	-	2,790	2,790
Transfer from reserves		-	(360,715)	360,715	-
Asset revaluation increments	**15**	-	1,060,216	-	1,060,216
Adjustment from translation of foreign controlled entities	**15**	-	(5,852)	-	(5,852)
Balance at 31 December 2006		1,872,375	1,539,941	1,210,799	4,623,115
Net profit attributable to the members of the parent entity		-	-	256,161	256,161
Revalued assets realised	**15**	-	(1,197,998)	-	(1,197,998)
Asset revaluation increment	**15**	-	140,729	-	140,729
Adjustment from translation of foreign controlled entities		-	9,856	-	9,856
Balance at 31 December 2007		1,872,375	492,528	1,466,960	3,831,863
Parent Entity					
Balance at 1 January 2006		1,872,375	782,122	(585,477)	2,069,020
Net loss attributable to the members of parent entity		-	-	(539,539)	(539,539)
Transfers from reserves		-	(296,542)	296,542	-
Asset revaluation increments		-	1,046,499	-	1,046,499
Balance at 31 December 2006		1,872,375	1,532,079	(828,474)	2,575,980
Net loss attributable to the members of parent entity		-	-	(735,715)	(735,715)
Revalued assets realised	**15**	-	(1,197,998)	-	(1,197,998)
Asset revaluation increments	**15**	-	147,243	-	147,243
Balance at 31 December 2007		1,872,375	481,324	(1,564,189)	789,510

The accompanying notes form part of these financial statements.

Consolidated Cash Flow Statement
For the Year Ended 31 December 2007

	Note	Economic Entity		Parent Entity	
		31 Dec 2007 $	31 Dec 2006 $	31 Dec 2007 $	31 Dec 2006 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers and employees		(2,013,031)	(1,762,660)	(732,081)	(453,560)
Receipts from customers		1,523,170	1,392,949	22,766	-
Dividends received		85,057	70,229	84,372	69,471
Interest received		31,090	17,113	24,418	11,515
Net cash used in operating activities	**20**	(373,714)	(282,369)	(600,525)	(372,574)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of plant and equipment		-	(15,564)	-	(3,005)
Sale of investments		2,157,658	-	2,157,658	-
Net cash provided by (used in) investing activities		2,157,658	(15,564)	2,157,658	(3,005)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of borrowings to related parties		(669,430)	(40,620)	(669,430)	(31,025)
Borrowings from related parties		150,000	433,432	150,000	300,000
Other cash paid relating to finance activities		-	(42,935)	-	-
Net cash provided by (used in) financing activities		(519,430)	349,877	(519,430)	268,975
Net increase (decrease) in cash held		1,264,514	51,944	1,037,703	(106,604)
Cash and cash equivalents at 1 January		635,891	591,305	297,333	403,937
Effect of exchange rates on cash holdings in foreign currencies		(495)	(7,358)	-	-
Cash and cash equivalents at 31 December	**4**	1,899,910	635,891	1,335,036	297,333

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 31 December 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.

The financial report of Public Holdings (Australia) Limited and controlled entities and Public Holdings (Australia) Limited as an individual entity complies with all International Financial Reporting Standards in their entirety.

Basis of Preparation

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

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, and financial assets and financial liabilities for which the fair value basis of accounting has been applied. The financial report is presented in Australian dollars.

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

a) 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.

Notes to the Financial Statements
For the Year Ended 31 December 2007

1. Statement of Significant Accounting Policies (Continued)

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.

A list of controlled entities is contained in Note 16 to the financial statements. All controlled entities have a December 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 consistency 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.

c) 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.

Notes to the Financial Statements
For the Year Ended 31 December 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:

Class of Fixed Asset	Depreciation Rate
Office Equipment	15-40%

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.

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 Year Ended 31 December 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 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 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 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 Year Ended 31 December 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 only recognises commission charged on wine sales as revenue. This policy replaces 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.

Notes to the Financial Statements
For the Year Ended 31 December 2007

		Note	Economic Entity 31 Dec 2007 $	Economic Entity 31 Dec 2006 $	Parent Entity 31 Dec 2007 $	Parent Entity 31 Dec 2006 $
2	**Revenue**					
	Operating activities:					
	Interest received					
	- other persons and corporations		34,825	18,098	24,612	11,532
	Profit on sale of investments		1,716,397	-	1,716,397	-
	Dividends received					
	- other corporations		73,682	83,935	72,997	83,178
	Wine sales	**1(m)**	1,122,792	1,434,912	-	682,995
	Commissions and other income	**1(m)**	10,038	46,605	9,360	-
	Total Revenue		2,957,734	1,583,550	1,823,366	777,705
3	**Income Tax Expense**					
	The prima facie tax on profit / (loss) is reconciled					
	Prima facie income tax on profit /(loss) at 30%:		77,304	(229,174)	(220,715)	(161,862)
	Tax effect of:					
	Non-deductible items		3,807	9,332	4,202	9,293
	Write down to recoverable amount		-	-	610,929	-
	Adjustment of prior years 'FITB		-	449	-	-
	Franking credit rebate		-	(31,327)	-	(31,003)
	Rebateable dividends		8,870	9,398	8,782	9,301
	Loss from foreign subsidiary not subject to income tax		314,674	68,835	-	-
	Recoupment of prior year losses		(403,198)	-	(403,198)	-
	Tax Losses not brought to account		64	174,334	-	174,271
	Income tax attributable to economic entity		1,521	1,847	-	-

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

The benefit for tax losses will only be obtained if:

- the company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised; and

- the company continues to comply with the conditions for deductibility imposed by tax legislation; and
- no changes in tax legislation adversely affect the company in realising the benefit from the deductions for the losses.

Notes to the Financial Statements
For the Year Ended 31 December 2007

	Economic Entity		Parent Entity	
	31 Dec 2007 $	31 Dec 2006 $	31 Dec 2007 $	31 Dec 2006 $
4 Cash and Cash Equivalents				
Cash at bank	1,749,436	420,325	1,282,809	173,343
Short-term deposits	150,474	215,566	52,227	123,990
	1,899,910	635,891	1,335,036	297,333
5 Trade and Other Receivables - Current				
Amounts receivable from:				
- controlling entities	20,704	5,714	20,704	5,714
Trade and sundry debtors	533,994	522,497	243,239	88,579
Prepaid/deferred expenses	6,386	39,436	-	-
	561,084	567,647	263,943	94,293
6 Inventories - Current				
Finished goods at net realisable value	216,084	1,071,307	-	-
7 Trade and Other Receivables - Non-Current				
Amounts receivable from:				
- wholly-owned subsidiaries	-	-	1,975,387	1,873,031
Less provision for impairment	-	-	(1,213,732)	-
	-	-	761,655	1,873,031
Prepaid/deferred expenses	1,634	-	-	-
	1,634	-	761,655	1,873,031

Notes to the Financial Statements
For the Year Ended 31 December 2007

	Economic Entity		Parent Entity	
	31 Dec 2007 $	**31 Dec 2006 $**	**31 Dec 2007 $**	**31 Dec 2006 $**
8 Financial Assets - Non-Current				
Available-for-sale financial assets	2,101,883	3,720,843	2,346,697	4,781,839
	2,101,883	3,720,843	2,346,697	4,781,839
Available-for-sale financial assets comprise:				
Listed investments, at fair value				
- Shares in listed corporations	2,101,883	3,720,843	2,092,880	3,705,325
Unlisted investments, at cost				
- Shares in controlled entities	-	-	1,076,514	1,076,514
Less provision for impairment	-	-	(822,697)	-
	-	-	253,817	1,076,514
Total available-for-sale financial assets	2,101,883	3,720,843	2,346,697	4,781,839

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 less any provision for impairment.

Notes to the Financial Statements
For the Year Ended 31 December 2007

	Economic Entity		Parent Entity	
	31 Dec 2007 $	31 Dec 2006 $	31 Dec 2007 $	31 Dec 2006 $
9 Plant and Equipment				
Office equipment - at cost	129,334	134,277	15,464	15,464
Accumulated depreciation	(97,028)	(82,321)	(13,828)	(12,829)
Total Plant and Equipment	32,306	51,956	1,636	2,635
Movements in Carrying Amounts:				
Balance at the beginning of year	51,956	58,649	2,635	1,854
Additions	-	9,927	-	2,732
Foreign exchange movement on translation of foreign subsidiary	(43)	3,798	-	-
Disposals	(1,872)	(251)	-	-
Depreciation expense	(17,735)	(20,167)	(999)	(1,951)
Carrying amount at the end of year	32,306	51,956	1,636	2,635
10 Intangible Assets				
Software				
At Cost	8,082	8,082	-	-
Accumulated amortisation	(5,310)	(3,273)	-	-
Total Intangible Assets	2,772	4,809	-	-
Movements in Carrying Amounts:				
Balance at the beginning of year	4,809	6,982	-	-
Foreign exchange movement on translation of foreign subsidiary	(10)	(554)	-	-
Amortisation expense	(2,027)	(1,619)	-	-
Carrying amount at the end of year	2,772	4,809	-	-

Notes to the Financial Statements
For the Year Ended 31 December 2007

	Economic Entity		Parent Entity	
	31 Dec 2007 $	31 Dec 2006 $	31 Dec 2007 $	31 Dec 2006 $
11 Trade and Other Payables - Current				
Unsecured liabilities				
Trade and other creditors and accruals	489,036	561,817	173,188	353,867
12 Current Tax Liabilities				
Provision for income tax	-	1,398	-	-
13 Non-Interest Bearing Liabilities				
Unsecured - no fixed term liabilities				
Amounts payable to:				
- wholly-owned subsidiaries	-	-	3,251,495	3,253,161
- controlling entities	494,774	866,123	494,774	866,123
	494,774	866,123	3,746,269	4,119,284
14 Issued Capital				
14,979,000 (2006: 14,979,000) fully paid ordinary shares	1,872,375	1,872,375	1,872,375	1,872,375

There has been no movement in share capital during the year.

(a) Ordinary shares participate in dividends and the proceeds on winding up of the entity in proportion to the number of shares held.

(b) At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Notes to the Financial Statements
For the Year Ended 31 December 2007

	Economic Entity 31 Dec 2007 $	Economic Entity 31 Dec 2006 $	Parent Entity 31 Dec 2007 $	Parent Entity 31 Dec 2006 $
15 Reserves (Continued)				
Financial assets reserve	488,524	1,545,793	481,324	1,532,079
Foreign currency translation reserve	4,004	(5,852)	-	-
	492,528	1,539,941	481,324	1,532,079

(a) Financial assets reserve

Movement during the year:				
Opening balance	1,545,793	685,129	1,532,079	685,579
Transfer to opening retained earnings	-	(199,552)	-	(199,999)
Asset revaluation increment	140,729	1,060,216	147,243	1,046,499
Revalued assets realised	(1,197,998)	-	(1,197,998)	-
	488,524	1,545,793	481,324	1,532,079

The financial assets reserve records revaluation of financial assets.

(b) Foreign currency translation reserve

Movement during the year:				
Opening balance	(5,852)	48,606	-	-
Adjustment of reserve created on consolidation in previous year	-	(48,606)	-	-
Adjustment arising from the translation of foreign controlled entity financial statements	9,856	(5,852)	-	-
Closing balance	4,004	(5,852)	-	-

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

(c) Capital profits reserve

Movement during the year:				
Opening balance	-	76,066	-	-
Transfer to retained earnings	-	(76,066)	-	-
Closing balance	-	-	-	-

(d) Asset revaluation reserve

Movement during the year:				
Opening balance	-	34,571	-	-
Transfer to retained earnings	-	(34,571)	-	-
Closing balance	-	-	-	-

Notes to the Financial Statements
For the Year Ended 31 December 2007

	Economic Entity 31 Dec 2007 $	Economic Entity 31 Dec 2006 $	Parent Entity 31 Dec 2007 $	Parent Entity 31 Dec 2006 $
15 Reserves (Continued)				
(e) Surplus on consolidation				
Movement during the year:				
Opening balance	-	1,920	-	-
Transfer to retained earnings	-	(1,920)	-	-
Closing balance	-	-	-	-

16 Controlled Entities

	Country of incorporation	Class of share	Carrying amount of Investment $	% Owned	Contribution to consolidated result (after tax) 31 Dec 2007 $	Contribution to consolidated result (after tax) 31 Dec 2006 $
PHA Trading Pty Ltd	Aust.	Ord.	150,817	100	4,571	3,954
PHA Investments Pty Ltd	Aust.	Ord.	103,000	100	(212)	(726)
PHA Shanghai Classic Wine and Food Co Ltd.	China	Ord.	822,697	100	(1,042,318)	(229,450)
Less provision for impairment			(822,697)			
			253,817		(1,037,959)	(226,222)
Public Holdings (Australia) Limited					1,294,120	(539,539)
					256,161	(765,761)

The amount of investment and percentage holding in the controlled entities has remained unchanged during the financial year.

17 Dividend

The Directors have recommended no payment of dividends in respect of the year ended 31 December 2007.

	Economic Entity 31 Dec 2007 $	Economic Entity 31 Dec 2006 $	Parent Entity 31 Dec 2007 $	Parent Entity 31 Dec 2006 $
Balance of franking account at year end	1,153,074	1,088,533	494,435	467,927

There are no adjustments required to the franking account at 31 December 2007.

18 Related Party Transactions

Parent Entity

Atlas Securities Pty Ltd owns 73.93% of Public Holdings (Australia) Limited. P I Investments Australia Pty. Ltd. owns 100% of Atlas Securities Pty Ltd. PHA Investments Pty Ltd, PHA Trading Pty Ltd and PHA Shanghai Classic Wine and Food Co Ltd are controlled entities of Public Holdings (Australia) Limited. Transactions between the parties consist of interest-free unsecured loans to and from the parties. The aggregate amount of these transactions were as follows:

	Economic Entity		Parent Entity	
	31 Dec 2007 $	31 Dec 2006 $	31 Dec 2007 $	31 Dec 2006 $
Amounts due from:				
- PHA Shanghai Classic Wine and Food Co. Ltd for:				
Purchase of wine and commissions from Public Holdings (Australia) Limited	-	-	761,655	1,873,031
- P.I. Investments Australia Pty Ltd for:				
Payments of income tax expense and other services on behalf of P.I Investments Australia Pty Ltd	20,704	5,714	20,704	5,714
	20,704	5,714	782,359	1,878,745
Amounts due to:				
- PHA Investments Pty Ltd for:				
Interest free and unsecured loans made to parent entity	-	-	559,436	559,648
- PHA Trading Pty Ltd for:				
Interest free and unsecured loans made to parent entity	-	-	2,692,059	2,693,513
- Atlas Securities Pty Ltd for:				
Interest free and unsecured loans made	300,000	300,000	300,000	300,000
Payments for purchases of wine and other services on behalf of Public Holdings (Australia) Limited	194,774	566,123	194,774	566,123
	494,774	866,123	3,746,269	4,119,284

Notes to the Financial Statements
For the Year Ended 31 December 2007

	Economic Entity		Parent Entity	
	31 Dec 2007 $	31 Dec 2006 $	31 Dec 2007 $	31 Dec 2006 $
18 Related Party Transactions (Continued)				
Transactions with:				
PHA Shanghai Classic Wine and Food Co. Ltd for:				
Sale of Wine to and/or Commission from PHA Shanghai Classic Wine and Food Co. Ltd	-	-	6,594	682,995

Ultimate Parent Entity

The ultimate parent entity of Public Holdings (Australia) Limited is First Shanghai Investments Limited, a company incorporated in Hong Kong, China. Management fees paid/payable to First Shanghai Investments Limited's subsidiary, First Shanghai Management Services Limited, amounted to $100,000 in 2007 (2006: $100,000). Other amounts owed to First Shanghai Management Services Limited amounted to $50,000 in 2007 (2006: $56,119).

19 Remuneration of Auditors

Amounts received or due and receivable by the auditors:				
- Auditing the financial statements	25,000	22,000	25,000	22,000
- Other audit related services	12,625	18,250	12,625	18,250
Remuneration of other auditors for subsidiaries	5,500	2,669	-	-
	43,125	42,919	37,625	40,250

Notes to the Financial Statements
For the Year Ended 31 December 2007

	Economic Entity		Parent Entity	
	31 Dec 2007 $	31 Dec 2006 $	31 Dec 2007 $	31 Dec 2006 $
20 Cash Flow Information				
Reconciliation of cash flow from operations with profit/ (loss) after income tax				
Profit / (loss) after income tax	256,161	(765,761)	(735,715)	(539,539)
Non-cash flows in profit / (loss) from ordinary activities				
Depreciation & amortisation	19,762	22,729	999	1,951
Provision for impairment loss	-	-	2,036,429	-
Net (profit)/loss on disposal of investments	(1,716,397)	251	(1,716,397)	-
Effect of exchange rate changes	15,544	30,263	35,380	30,263
Loss on disposal - plant & equipment	1,872	-	-	-
Changes in assets and liabilities:				
Decrease /(increase) in trade and other receivables	132,576	(181,926)	(40,824)	(738,862)
Decrease / (increase) in inventories	811,315	(288,318)	-	-
Increase/(decrease) in trade and other payables	105,453	900,393	(180,397)	873,613
Net cash used in operating activities	(373,714)	(282,369)	(600,525)	(372,574)

21 Contingent Liabilities

The consolidated entity has no material contingent liabilities.

Notes to the Financial Statements
For the Year Ended 31 December 2007

	Economic Entity 31 Dec 2007	31 Dec 2006
22 Earnings per Share		
Basic earnings per share (cents per share)	1.710	(5.112)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	14,979,000	14,979,000

There are no potential ordinary and dilutive shares as at 31 December 2007. Therefore diluted earnings per share is not applicable.

23 Company Details

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

24 Events after balance sheet date

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

25 New Accounting Standards

The following Australian Accounting standards have been issued or amended and are applicable to the parent and consolidated group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

AASB 8 Operating Segments	Supersedes AASB 114 Segment Reporting	Beginning 1 Jan 2009	Impact expected to be not significant
AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 and AASB 1038]	An Accompanying amending standard, also introduced consequential amendments into other Standards.	Beginning 1 Jan 2009	Impact expected to be not significant
AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101	Editorial amendments to Australian Accounting Standards to align with IFRS terminology	Beginning 1 Jan 2009	Impact expected to be not significant