Public Holdings (Australia) Limited

A.B.N. 65 000 332 918

And Controlled Entities

Interim Financial Report

For the Half-Year Ended 30 June 2008

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 2007.

Appendix 4D
For the Half-Year Ended 30 June 2008

1 Reporting period: six months ended 30 June 2008
Previous corresponding period: six months ended 30 June 2007

2 Results for announcement to the market:

	$A,000
2.1 Revenue from ordinary activities down 61% to	282
2.2 Loss from ordinary activities after tax attributable to members down 20% to	275
2.3 Net loss for the period attributable to members down 20% to	275

2.4 It is proposed not to pay dividends for the period ended 30 June 2008

2.5 Not applicable

2.6 Revenue for the period under review decreased 61% to $281,966 (2007: $724,652). This was mainly due to the decrease in wine sales in China as the market competition was very keen and the Company's China subsidiary focused its efforts on the disposal of slow moving stocks.

The consolidated loss after tax attributed to members decreased 20% to $275,431 (2007: loss $342,896) due to the reduction of operating costs in China.

3 Net tangible assets per security:

	Current Period	**Previous Corresponding**
Net tangible assets per share:	$0.22	$0.31

Compliance Statement

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

David W McBain – Company Secretary

Dated: 27 August 2008

Company Particulars

Directors:

Yuan Yi LAO (Chairman) (executive)
Shu-Lin (Steve) XIN (executive)
Wai-Kin (Rankine) YEUNG (Deputy Chairman)
Oreste Anthony BIZIAK (non-executive)
Ying Fang (Marian) MEI (executive)
Ying (Lucy) LU (executive)

Company Secretary:

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

Auditors:

MDHC Audit Assurance Pty Ltd
Level 3, 302 Burwood Road, Hawthorn, Victoria, 3122

External Accountants and Business Advisors:

Grant Thornton Australia Ltd
Mr John D'Arcy-Evans
Level 2, 215 Spring Street, Melbourne, Victoria, 3000
jdarcyevans@grantthorntonvic.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 (ASX).

Registered Office:

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

Telephone:	(03) 9817 0700
Fax:	(03) 9817 0799
Email:	dmcbain@mcbainmccartin.com.au

Principal Place of Business:

Level 2, 215 Spring Street, Melbourne, Victoria, 3000

Telephone:	(03) 8663 6000
Fax:	(03) 8663 6333

jdarcyevans@grantthorntonvic.com.au

Directors' Report

The Directors hereby present their Report of Public Holdings (Australia) Limited and of the consolidated entity being the Company and its controlled entities (Consolidated Entity) for the half-year ended 30 June 2008.

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)	Ying (Lucy) LU
Shu-Lin (Steve) XIN	Oreste Anthony BIZIAK
Wai-Kin (Rankine) YEUNG	Ying Fang (Marian) MEI

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 2008.

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 2008 was $275,431 This amount was arrived at after providing $565 for income tax expense.

Dividends

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

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., Germany, Chile and Italy, and distribution of these wines in China.

The potential of wine market in China attracts many investors, both local and overseas. However it will take years to have this market become regulated and mature. PHA SC has taken measures to control its stock level, adjust its product mix and modify its marketing strategy according to the market conditions. It has sold some slow moving stocks and decreased its operating costs during the period under review.

The Company has sold approximately half of its listed share portfolio in 2007 and accordingly the return from investment in listed securities has decreased this year.

High inflation rate, intensive competition in the market and deep downturn of capital market will have negative impact on the existing business of the Company and its subsidiaries. The Company will remain responsive to market changes and adopt a conservative approach in operating its business. The directors of the Company will also continue to look at other opportunities that will complement its current operations.

Financial Position

The net assets of the economic entity have decreased from $3,831,863 at 31 December 2007 to $3,310,475 at 30 June 2008.

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 2008 has been received and can be found on page 5.

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

Yuan Yi LAO
Director

Date Dated: 27 August 2008

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LEAD 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 my knowledge and belief, during the half-year ended 30 June 2008, there have been:

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

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

MDHC Audit Assurance Pty Ltd

Kevin P Adams
Director

Melbourne
27 August 2008

Consolidated Income Statement
For the Half-Year Ended 30 June 2008

	Note	Economic Entity 30 June 2008 $	Economic Entity 30 June 2007 $
Revenues	**2**	281,966	724,652
Administration expenses		(304,684)	(355,997)
Distribution expenses		(81,188)	(217,351)
Occupancy expenses		(33,235)	(56,477)
Other expenses		(58,823)	(361,185)
Net foreign currency exchange loss		(78,902)	(76,338)
Loss before income tax		(274,866)	(342,696)
Income tax expense	**3**	(565)	(200)
Net loss for the period		(275,431)	(342,896)
Basic earnings per share (cents per share)	**8**	(1.84)	(2.29)

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the 31 December 2007 annual report.

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

Consolidated Balance Sheet
As at 30 June 2008

	Note	Economic Entity 30 June 2008 $	Economic Entity 31 Dec 2007 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,511,278	1,899,910
Trade and other receivables		214,791	559,781
Inventories		367,478	216,084
TOTAL CURRENT ASSETS		2,093,547	2,675,775
NON-CURRENT ASSETS			
Trade and other receivables		-	1,634
Financial assets	**4**	2,014,087	2,101,883
Plant and equipment		33,191	32,306
Intangible assets		1,796	2,772
TOTAL NON-CURRENT ASSETS		2,049,074	2,138,595
TOTAL ASSETS		4,142,621	4,814,370
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		660,606	489,036
Current tax liabilities		222	(1,303)
TOTAL CURRENT LIABILITIES		660,828	487,733
NON-CURRENT LIABILITIES			
Non-interest bearing liabilities		171,318	494,774
TOTAL NON-CURRENT LIABILITIES		171,318	494,774
TOTAL LIABILITIES		832,146	982,507
NET ASSETS		3,310,475	3,831,863
EQUITY			
Issued capital		1,872,375	1,872,375
Reserves	**9**	246,571	492,528
Retained earnings		1,191,529	1,466,960
TOTAL EQUITY		3,310,475	3,831,863

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the 31 December 2007 annual report.

Consolidated Statement of Changes in Equity
For the Half-Year Ended 30 June 2008

Economic Entity

	Note	Share Capital	Reserves	Retained Earnings	Total
		$	$	$	$
Balance at 1 January 2007		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)
Adjustment from translation of foreign controlled entity		-	(39,022)	37,515	(1,507)
Revaluation of non-current financial assets		-	367,607	-	367,607
Balance at 30 June 2007		1,872,375	1,868,526	905,418	4,646,319
Balance at 1 January 2008		1,872,375	492,528	1,466,960	3,831,863
Net loss attributable to the members of parent entity		-	-	(275,431)	(275,431)
Revaluation of non-current financial assets	**9**	-	(284,398)	-	(284,398)
Adjustment from translation of foreign controlled entities		-	38,441	-	38,441
Balance at 30 June 2008		1,872,375	246,571	1,191,529	3,310,475

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the 31 December 2007 annual report.

Consolidated Cash Flow Statement
For the Half-Year Ended 30 June 2008

	Economic Entity	
	30 June 2008 $	**30 June 2007 $**
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(559,415)	(1,246,122)
Receipts from customers	302,370	756,127
Dividends received	8,529	35,067
Interest received	45,470	8,890
Income taxes refunded	2,203	-
Net cash used in operating activities	(200,843)	(446,038)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(21,274)	-
Proceeds from sale of plant and equipment	695	-
Sale of investments	120,531	304,868
Net cash provided by investing activities	99,952	304,868
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings to related parties	(302,752)	(27,512)
Proceeds from borrowings	-	150,000
Other cash paid relating to finance activities	-	(5,868)
Net cash (used in) / provided by financing activities	(302,752)	116,620
Net decrease in cash held	(403,643)	(24,550)
Cash and cash equivalents at 1 January	1,899,910	635,891
Effect of exchange rates on cash holdings in foreign currencies	15,011	(16,342)
Cash and cash equivalents at 30 June	1,511,278	594,999

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the 31 December 2007 annual report.

Notes to the Financial Statements
For the Half-Year Ended 30 June 2008

1. Statement of Significant Accounting Policies

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 2007 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 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.

The accounting policies adopted are consistent with those disclosed in the annual report for the year ended 31 December 2007 which are in accordance with accounting standards in place at that date. The adoption of the new and amending standards and interpretations mandatory for annual periods beginning on or after 1 January 2008 did not result in any significant changes to the accounting policies that were in place at 31 December 2007.

Notes to the Financial Statements
For the Half-Year Ended 30 June 2008

		Economic Entity	
		30 June 2008	30 June 2007
2	**Revenue**	**$**	**$**
	Operating activities:		
	Interest received		
	- other persons and corporations	47,108	10,214
	Profit on sale of investments	1,539	123,037
	Dividends received		
	- other corporations	23,610	35,517
	Wine sales	198,911	548,617
	Commissions and other income	10,798	7,267
	Total Revenue	281,966	724,652

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.

		Economic Entity	
4	**Other Financial Assets - Non-Current**	30 June 2008	31 Dec 2007
		$	**$**
	Available for sale financial assets	2,014,087	2,101,883

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

5 Dividend

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

6 Contingent Liabilities

The consolidated entity has no material contingent liabilities.

Notes to the Financial Statements
For the Half-Year Ended 30 June 2008

7 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, other financial assets, 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.

Primary reporting – Business segments

2008	Wine Distribution	Investment	Economic Entity
Revenue	$	$	$
External sales	211,675	70,291	281,966
Result			
Segment Result	(84,877)	(16,360)	(101,237)
Unallocated expenses			(173,629)
Loss before income tax			(274,866)
Income tax expense			(565)
Net loss after income tax			(275,431)

Notes to the Financial Statements
For the Half-Year Ended 30 June 2008

7 Segment Reporting (Continued)

Primary reporting – Business segments

2007	Wine Distribution	Investment	Economic Entity
Revenue	$	$	$
External sales	557,072	167,580	724,652
Result			
Segment Result	(228,340)	(15,423)	(243,763)
Unallocated expenses			(98,933)
Loss before income tax			(342,696)
Income tax expense			(200)
Net loss after income tax			(342,896)

8 Earnings per Share

	Economic Entity 30 June 2008	Economic Entity 30 June 2007
Basic earnings per share (cents per share)	(1.84)	(2.29)
Weighted average number of ordinary shares outstanding during the half-year used in calculation of basic EPS	14,979,000	14,979,000

There are no potential ordinary and dilutive shares as at 30 June 2008. Therefore diluted earnings per share is not applicable.

9 Reserves

	Economic Entity 30 June 2008 $	Economic Entity 31 Dec 2007 $
Financial assets reserve	204,126	488,524
Foreign currency translation reserve	42,445	4,004
Total reserves	246,571	492,528

(a) Financial assets reserve

Opening balance	488,524	1,545,793
Market value movement in non-current financial assets	(284,398)	140,729
Revalued assets realised	-	(1,197,998)
Closing balance	204,126	488,524

(b) Foreign currency translation reserve

Opening balance	4,004	(5,852)
Adjustment arising from the translation of foreign controlled entity financial statements	38,441	9,856
Closing balance	42,445	4,004

Notes to the Financial Statements
For the Half-Year Ended 30 June 2008

10 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, Victoria, 3000

11 Events Subsequent to Reporting Date

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

Directors' Declaration

The Directors of the Company declare that:

1. The financial statements and notes set out on pages 6 to 14, 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 2008 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.

Yuan Yi LAO
Director

Dated: 27 August 2008

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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 ("the company") and Controlled Entities ("the consolidated entity") which comprises the balance sheet as at 30 June 2008, 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 consolidated 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 control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud and 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 of 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 consolidated entity's financial position as at 30 June 2008 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.

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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:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2008 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

MDHC Audit Assurance Pty Ltd

Kevin P Adams
Director

Melbourne
27 August 2008