

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 2008**

Public Holdings (Australia) Limited and Controlled Entities

A.B.N 65 000 332 918

Appendix 4E

For the Year Ended 31 December 2008

1. Reporting period: twelve months ended 31 December 2008
Previous corresponding period: twelve months ended 31 December 2007

2. Results for announcement to the market:

\$'000

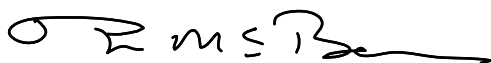
- 2.1 Revenue from ordinary activities down 79% to: 618
2.2 Ordinary activities after tax attributable to members down from
a profit of \$256,161 in 2007 to a loss of: (389)
2.3 Net profit (loss) for the year attributable to members down from a net profit
of \$256,161 in 2007 to a net loss of: (389)
2.4 It is proposed not to pay dividends for the year ended 31 December 2008
2.5 Not applicable
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:

	2008 Cents	2007 Cents
Net tangible assets per share:	19.37	25.56

10. Public Holdings (Australia) Limited has not gained or lost control of any entities during the year ended 31 December 2008.
11. Public Holdings (Australia) Limited 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) Limited is not a foreign entity.
14. The current difficult financial and economic conditions are having a negative impact on the Group's activities. Revenue for 2008 fell by 79% mainly due to the scale down of wine distribution operation in China. Market competition of the wine distribution business is very keen and the Company's China subsidiary has focused its efforts in clearing slow-moving stocks and strengthening of cost controls. The Group managed to sell a major portion of its securities portfolio at a relatively high price in 2007 and recognised a profit on sale of \$1.7 million. However, the performance of the remaining shares on hand was seriously affected by the financial tsunami and an unrealised loss of \$0.7 million was incurred during 2008.
15. This report is based on financial accounts that are in the process of being audited.

Compliance Statement



David W McBain – Company Secretary

Dated: 27 February 2009

Consolidated Income Statement
For the Year Ended 31 December 2008

	Note	Economic Entity		Parent Entity	
		31 Dec 2008 \$	31 Dec 2007 \$	31 Dec 2008 \$	31 Dec 2007 \$
Revenue	2	617,521	2,957,734	123,373	1,823,366
Administration expenses		(637,763)	(708,391)	(422,536)	(500,643)
Impairment of investment		-	-	-	(822,697)
Impairment of subsidiary loan		-	-	-	(1,213,732)
Distribution expenses		(118,123)	(555,956)	-	-
Net foreign currency exchange gain/(loss)		1,257	(73,138)	89,937	(35,651)
Occupancy expenses		(68,504)	(100,299)	-	953
Other expenses		(182,000)	(1,262,268)	(21,221)	12,689
Profit/ (loss) before income tax		(387,612)	257,682	(230,447)	(735,715)
Income tax expense	3	(1,196)	(1,521)	-	-
Net profit/ (loss) for the year		<u>(388,808)</u>	<u>256,161</u>	<u>(230,447)</u>	<u>(735,715)</u>
Basic earnings per share (cents per share)	22	(2.60)	1.71		

The accompanying notes form part of these financial statements.

Consolidated Balance Sheet
As at 31 December 2008

	Note	Economic Entity		Parent Entity	
		31 Dec 2008 \$	31 Dec 2007 \$	31 Dec 2008 \$	31 Dec 2007 \$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4	1,163,972	1,899,910	816,683	1,335,036
Trade and other receivables	5	127,819	561,084	1,198	263,943
Inventories	6	497,654	216,084	-	-
TOTAL CURRENT ASSETS		1,789,445	2,677,078	817,881	1,598,979
NON-CURRENT ASSETS					
Trade and other receivables	7	13,944	1,634	726,740	761,655
Financial assets	8	1,570,845	2,101,883	1,821,157	2,346,697
Plant and equipment	9	37,573	32,306	943	1,636
Intangible assets	10	1,261	2,772	-	-
TOTAL NON-CURRENT ASSETS		1,623,623	2,138,595	2,548,840	3,109,988
TOTAL ASSETS		3,413,068	4,815,673	3,366,721	4,708,967
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	11	337,663	489,036	109,390	173,188
Current tax liabilities	12	1,196	-	-	-
TOTAL CURRENT LIABILITIES		338,859	489,036	109,390	173,188
NON-CURRENT LIABILITIES					
Non-interest bearing liabilities	13	171,318	494,774	3,420,410	3,746,269
TOTAL NON-CURRENT LIABILITIES		171,318	494,774	3,420,410	3,746,269
TOTAL LIABILITIES		510,177	983,810	3,529,800	3,919,457
NET ASSETS (LIABILITIES)		2,902,891	3,831,863	(163,079)	789,510
EQUITY					
Issued capital	14	1,872,375	1,872,375	1,872,375	1,872,375
Reserves	15	(47,636)	492,528	(240,818)	481,324
Retained earnings		1,078,152	1,466,960	(1,794,636)	(1,564,189)
TOTAL EQUITY (DEFICIENCY OF EQUITY)		2,902,891	3,831,863	(163,079)	789,510

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2008

	Note	Share Capital \$	Reserves \$	Retained Earnings \$	Total \$
Economic Entity					
Balance at 1 January 2007		1,872,375	1,539,941	1,210,799	4,623,115
Net profit attributable to the members of parent entity		-	-	256,161	256,161
Transfers from reserves on realisation of revalued assets	15	-	(1,197,998)	-	(1,197,998)
Revaluation of non-current financial assets	15	-	140,729	-	140,729
Adjustment from translation of foreign controlled entities	15	-	9,856	-	9,856
Balance at 31 December 2007		<u>1,872,375</u>	<u>492,528</u>	<u>1,466,960</u>	<u>3,831,863</u>
Net loss attributable to the members of the parent entity		-	-	(388,808)	(388,808)
Revaluation of non-current financial assets	15	-	(727,640)	-	(727,640)
Adjustment from translation of foreign controlled entities	15	-	187,476	-	187,476
Balance at 31 December 2008		<u>1,872,375</u>	<u>(47,636)</u>	<u>1,078,152</u>	<u>2,902,891</u>
Parent Entity					
Balance at 1 January 2007		1,872,375	1,532,079	(828,474)	2,575,980
Net loss attributable to the members of parent entity		-	-	(735,715)	(735,715)
Transfers from reserves on realisation of revalued assets	15	-	(1,197,998)	-	(1,197,998)
Revaluation of non-current financial assets	15	-	147,243	-	147,243
Balance at 31 December 2007		<u>1,872,375</u>	<u>481,324</u>	<u>(1,564,189)</u>	<u>789,510</u>
Net loss attributable to the members of parent entity		-	-	(230,447)	(230,447)
Revaluation of non-current financial assets	15	-	(722,142)	-	(722,142)
Balance at 31 December 2008		<u>1,872,375</u>	<u>(240,818)</u>	<u>(1,794,636)</u>	<u>(163,079)</u>

The accompanying notes form part of these financial statements.

Consolidated Cash Flow Statement
For the Year Ended 31 December 2008

		Economic Entity		Parent Entity	
		31 Dec	31 Dec	31 Dec	31 Dec
		2008	2007	2008	2007
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers and employees		(1,691,252)	(2,013,031)	(508,032)	(732,081)
Receipts from customers		1,032,353	1,523,170	-	22,766
Dividends received		53,424	85,057	52,883	84,372
Other receipts		166,596	-	111,500	-
Interest received		73,567	31,090	76,131	24,418
Net cash used in operating activities	20	<u>(365,312)</u>	<u>(373,714)</u>	<u>(267,518)</u>	<u>(600,525)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments		(293,476)	-	(293,475)	-
Sale of investments		243,580	2,157,658	218,760	2,157,658
Purchase of plant and equipment		(19,285)	-	-	-
Net cash provided by (used in) investing activities		<u>(69,181)</u>	<u>2,157,658</u>	<u>(74,715)</u>	<u>2,157,658</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of borrowings to related parties		(324,602)	(669,430)	(299,236)	(669,430)
Borrowings from related parties		23,157	150,000	123,116	150,000
Net cash used in financing activities		<u>(301,445)</u>	<u>(519,430)</u>	<u>(176,120)</u>	<u>(519,430)</u>
Net increase (decrease) in cash held		(735,938)	1,264,514	(518,353)	1,037,703
Cash and cash equivalents at 1 January		1,899,910	635,891	1,335,036	297,333
Effect of exchange rates on cash holdings in foreign currencies		-	(495)	-	-
Cash and cash equivalents at 31 December	4	<u>1,163,972</u>	<u>1,899,910</u>	<u>816,683</u>	<u>1,335,036</u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2008

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 2008

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 2008

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.

Notes to the Financial Statements

For the Year Ended 31 December 2008

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 2008

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 2008

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).

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 2008

	Economic Entity		Parent Entity	
	31 Dec	31 Dec	31 Dec	31 Dec
	2008	2007	2008	2007
	\$	\$	\$	\$
2 Revenue				
<u>Operating activities:</u>				
Interest received				
- other persons and corporations	76,978	34,825	68,950	24,612
Profit on sale of investments	1,539	1,716,397	1,539	1,716,397
Dividends received				
- other corporations	53,424	73,682	52,883	72,997
Wine sales	430,484	1,122,792	-	-
Commissions and other income	55,096	10,038	-	9,360
Total Revenue	<u>617,521</u>	<u>2,957,734</u>	<u>123,373</u>	<u>1,823,366</u>
3 Income Tax Expense				
The prima facie tax on profit / (loss) is reconciled to the income tax as below:				
Prima facie income tax on profit /(loss) at 30%:	(116,284)	77,304	(69,134)	(220,715)
Tax effect of:				
Non-deductible items	313	3,807	557	4,202
Write down to recoverable amount	-	-	-	610,929
Non-taxable items	(1,138)	-	(28,236)	-
Rebateable dividends	6,465	8,870	6,465	8,782
(Gain)/loss from foreign subsidiary not subject to income tax	21,428	314,674	-	-
Recoupment of prior year losses	-	(403,198)	-	(403,198)
Tax losses not brought to account	90,411	64	90,348	-
Income tax attributable to economic entity	<u>1,196</u>	<u>1,521</u>	<u>-</u>	<u>-</u>

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 2008

	Economic Entity		Parent Entity	
	31 Dec	31 Dec	31 Dec	31 Dec
	2008	2007	2008	2007
	\$	\$	\$	\$
4 Cash and Cash Equivalents				
Cash at bank	1,052,255	1,749,436	807,005	1,282,809
Short-term deposits	111,717	150,474	9,678	52,227
	<u>1,163,972</u>	<u>1,899,910</u>	<u>816,683</u>	<u>1,335,036</u>
5 Trade and Other Receivables - Current				
Amounts receivable from:				
- controlling entities	-	20,704	-	20,704
Trade and sundry debtors	127,819	533,994	1,198	243,239
Prepaid/deferred expenses	-	6,386	-	-
	<u>127,819</u>	<u>561,084</u>	<u>1,198</u>	<u>263,943</u>
6 Inventories - Current				
Finished goods at net realisable value	<u>497,654</u>	<u>216,084</u>	<u>-</u>	<u>-</u>
7 Trade and Other Receivables - Non-Current				
Amounts receivable from:				
- wholly-owned subsidiaries	-	-	1,940,472	1,975,387
Less provision for impairment	-	-	(1,213,732)	(1,213,732)
	<u>-</u>	<u>-</u>	<u>726,740</u>	<u>761,655</u>
Prepaid/deferred expenses	<u>13,944</u>	<u>1,634</u>	<u>-</u>	<u>-</u>
	<u>13,944</u>	<u>1,634</u>	<u>726,740</u>	<u>761,655</u>

Notes to the Financial Statements
For the Year Ended 31 December 2008

	Economic Entity		Parent Entity	
	31 Dec	31 Dec	31 Dec	31 Dec
	2008	2007	2008	2007
	\$	\$	\$	\$
8 Financial Assets - Non-Current				
Available-for-sale financial assets	1,570,845	2,101,883	1,821,157	2,346,697
	<u>1,570,845</u>	<u>2,101,883</u>	<u>1,821,157</u>	<u>2,346,697</u>
Available-for-sale financial assets comprise:				
Listed investments, at fair value				
- Shares in listed corporations	1,570,845	2,101,883	1,567,340	2,092,880
Unlisted investments, at cost				
- Shares in controlled entities	-	-	1,076,514	1,076,514
Less provision for impairment	-	-	(822,697)	(822,697)
	<u>-</u>	<u>-</u>	<u>253,817</u>	<u>253,817</u>
Total available-for-sale financial assets	<u>1,570,845</u>	<u>2,101,883</u>	<u>1,821,157</u>	<u>2,346,697</u>

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.

No intention to dispose of any unlisted available-for-sale financial assets existed at year end.

Public Holdings (Australia) Limited and Controlled Entities

A.B.N 65 000 332 918

Notes to the Financial Statements For the Year Ended 31 December 2008

	Economic Entity		Parent Entity	
	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
	\$	\$	\$	\$
9 Plant and Equipment				
Office equipment - at cost	149,946	129,334	15,464	15,464
Accumulated depreciation	(112,373)	(97,028)	(14,521)	(13,828)
Total Plant and Equipment	<u>37,573</u>	<u>32,306</u>	<u>943</u>	<u>1,636</u>

Movements in Carrying Amounts:

Balance at the beginning of the year	32,306	51,956	1,636	2,635
Additions	19,285	-	-	-
Foreign exchange movement on translation of foreign subsidiary	9,983	(43)	-	-
Disposals	(9,687)	(1,872)	-	-
Depreciation expense	(14,314)	(17,735)	(693)	(999)
Carrying amount at the end of the year	<u>37,573</u>	<u>32,306</u>	<u>943</u>	<u>1,636</u>

10 Intangible Assets

Software

At Cost	8,082	8,082	-	-
Accumulated amortisation	(6,821)	(5,310)	-	-
Total Intangible Assets	<u>1,261</u>	<u>2,772</u>	<u>-</u>	<u>-</u>

Movements in Carrying Amounts:

Balance at the beginning of the year	2,772	4,809	-	-
Foreign exchange movement on translation of foreign subsidiary	489	(10)	-	-
Amortisation expense	(2,000)	(2,027)	-	-
Carrying amount at the end of the year	<u>1,261</u>	<u>2,772</u>	<u>-</u>	<u>-</u>

Public Holdings (Australia) Limited and Controlled Entities

A.B.N 65 000 332 918

Notes to the Financial Statements For the Year Ended 31 December 2008

	Economic Entity		Parent Entity	
	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
	\$	\$	\$	\$
11 Trade and Other Payables - Current				
Unsecured liabilities				
Trade and other creditors and accruals	<u>337,663</u>	<u>489,036</u>	<u>109,390</u>	<u>173,188</u>
12 Current Tax Liabilities				
Provision for income tax	<u>1,196</u>	<u>-</u>	<u>-</u>	<u>-</u>
13 Non-Interest Bearing Liabilities				
Unsecured - no fixed term liabilities				
Amounts payable to:				
- wholly-owned subsidiaries	-	-	3,249,092	3,251,495
- controlling entities	<u>171,318</u>	<u>494,774</u>	<u>171,318</u>	<u>494,774</u>
	<u>171,318</u>	<u>494,774</u>	<u>3,420,410</u>	<u>3,746,269</u>
14 Issued Capital				
14,979,000 (2007: 14,979,000)				
fully paid ordinary shares	<u>1,872,375</u>	<u>1,872,375</u>	<u>1,872,375</u>	<u>1,872,375</u>

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 2008

	Economic Entity		Parent Entity	
	31 Dec	31 Dec	31 Dec	31 Dec
	2008	2007	2008	2007
	\$	\$	\$	\$
15 Reserves				
Financial assets reserve	(239,116)	488,524	(240,818)	481,324
Foreign currency translation reserve	191,480	4,004	-	-
	<u>(47,636)</u>	<u>492,528</u>	<u>(240,818)</u>	<u>481,324</u>

(a) Financial assets reserve

Movement during the year:

Opening balance	488,524	1,545,793	481,324	1,532,079
Asset revaluation (decrement)/increment	(727,640)	140,729	(722,142)	147,243
Revalued assets realised	-	(1,197,998)	-	(1,197,998)
	<u>(239,116)</u>	<u>488,524</u>	<u>(240,818)</u>	<u>481,324</u>

The financial assets reserve records revaluation of financial assets.

(b) Foreign currency translation reserve

Movement during the year:

Opening balance	4,004	(5,852)	-	-
Adjustment arising from the translation of foreign controlled entity financial statements	187,476	9,856	-	-
Closing balance	<u>191,480</u>	<u>4,004</u>	<u>-</u>	<u>-</u>

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

Notes to the Financial Statements
For the Year Ended 31 December 2008

16 Controlled Entities

	Country of incor- poration	Class of share	Carrying amount of investment	% Owned
PHA Trading Pty Ltd	Aust.	Ord.	\$ 150,817	100
PHA Investments Pty Ltd	Aust.	Ord.	103,000	100
PHA Shanghai Classic Wine and Food Co Ltd Less provision for impairment	China	Ord.	822,697 (822,697)	100
			<u>253,817</u>	

Public Holdings (Australia) Limited

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 2008.

	Economic Entity		Parent Entity	
	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
	\$	\$	\$	\$
Balance of franking account at year end	<u>1,141,279</u>	<u>1,153,074</u>	<u>518,751</u>	<u>494,435</u>

Public Holdings (Australia) Limited and Controlled Entities

A.B.N 65 000 332 918

Notes to the Financial Statements For the Year Ended 31 December 2008

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 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
	\$	\$	\$	\$
<u>Amounts due from:</u>				
- PHA Shanghai Classic Wine and Food Co. Ltd for:				
Purchase of wine and commissions from Public Holdings (Australia) Limited	-	-	726,740	761,655
- 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	-	20,704
	<u>-</u>	<u>20,704</u>	<u>726,740</u>	<u>782,359</u>
<u>Amounts due to:</u>				
- PHA Investments Pty Ltd for:				
Interest free and unsecured loans made to parent entity	-	-	559,224	559,436
- PHA Trading Pty Ltd for:				
Interest free and unsecured loans made to parent entity	-	-	2,689,868	2,692,059
- Atlas Securities Pty Ltd for:				
Interest free and unsecured loans made	-	300,000	-	300,000
- Payments for purchases of wine and other services on behalf of Public Holdings (Australia) Limited	171,318	194,774	171,318	194,774
	<u>171,318</u>	<u>494,774</u>	<u>3,420,410</u>	<u>3,746,269</u>

Public Holdings (Australia) Limited and Controlled Entities

A.B.N 65 000 332 918

Notes to the Financial Statements For the Year Ended 31 December 2008

	Economic Entity		Parent Entity	
	31 Dec	31 Dec	31 Dec	31 Dec
	2008	2007	2008	2007
	\$	\$	\$	\$
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
- Atlas Securities Pty Ltd for:				
Repayment of interest free and unsecured loans	300,000	-	300,000	-

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 2008 (2007: \$100,000). Amounts owed to First Shanghai Management Services Limited was \$50,000 in 2008 (2007:\$50,000).

19 Remuneration of Auditors

Amounts received or due and receivable by the auditors:

- Auditing the financial statements

 Current year

Remuneration of other auditors for subsidiaries

19,750	25,000	19,750	25,000
3,557	5,500	-	-
<u>23,307</u>	<u>30,500</u>	<u>19,750</u>	<u>25,000</u>

Notes to the Financial Statements
For the Year Ended 31 December 2008

	Economic Entity		Parent Entity	
	31 Dec	31 Dec	31 Dec	31 Dec
	2008	2007	2008	2007
	\$	\$	\$	\$
20 Cash Flow Information				
Reconciliation of cash flow from operations with profit/ (loss) after income tax				
Profit / (loss) after income tax	(388,808)	256,161	(230,447)	(735,715)
Non-cash flows in profit / (loss) from ordinary activities				
Depreciation & amortisation	16,314	19,762	693	999
Write back and provision for impairment loss	-	-	-	2,036,429
Net profit on disposal of investments	(1,539)	(1,716,397)	(1,539)	(1,716,397)
Effect of exchange rate changes	(1,256)	15,544	(94,120)	35,380
(Gain)/loss on disposal - plant & equipment	2,825	1,872	-	-
Changes in assets and liabilities:				
Decrease /(increase) in trade and other receivables	284,816	132,576	118,679	(40,824)
Decrease / (increase) in inventories	(102,130)	811,315	-	-
Increase/(decrease) in trade and other payables	(175,534)	105,453	(60,784)	(180,397)
Net cash used in operating activities	<u>(365,312)</u>	<u>(373,714)</u>	<u>(267,518)</u>	<u>(600,525)</u>

21 Contingent Liabilities

The consolidated entity has no material contingent liabilities.

Notes to the Financial Statements
For the Year Ended 31 December 2008

Economic Entity	
31 Dec 2008	31 Dec 2007

22 Earnings per Share

Basic earnings per share (cents per share)	(2.60)	1.71
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 2008. 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 9
552 Lonsdale 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, except that the capital value of the investment portfolio continues to be subject to market volatility.