Public Holdings (Australia) Limited

A.B.N. 65 000 332 918

And Controlled Entities

52nd Annual Report

For the Year Ended 31 December 2011

Company Particulars

Directors:

Yuan-Yi LAO (Chairman)
Wai-Kin YEUNG (Deputy Chairman)
Shu-Lin XIN
Oreste Anthony BIZIAK
Ying Fang MEI

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:

ShineWing Hall Chadwick Pty Ltd
David Chu
Level 9, 552 Lonsdale Street, Melbourne, Victoria, 3000
Email: david.chu@shinewing.com.au

Share Registry:

Link Market Services Limited
Level 1, 333 Collins Street, Melbourne, Victoria, 3000
Telephone: (03) 9615 9800
Fax: (03) 8614 2903
Free call: 1300 554 474

Stock Exchange:

Listed on the Australian Securities Exchange

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 9, 552 Lonsdale Street, Melbourne, Victoria, 3000
Telephone: (03) 8602 7300
Fax: (03) 9600 1930
Email: david.chu@shinewing.com.au

Directors' Report

The Directors hereby present their report of Public Holdings (Australia) Limited and together with the financial statements of the Consolidated Group, being the company and controlled entities, for the year ended 31 December 2011.

Directors

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

Yuan-Yi LAO
Shu-Lin XIN
Wai-Kin YEUNG
Oreste Anthony BIZIAK
Ying Fang MEI

Company Secretary

Mr David McBain has held the position of Company Secretary of Public Holdings (Australia) Limited since September 2006. He has over 30 years of professional experience in the areas of company secretarial, audit and taxation services. David is a member of the following professional bodies: Fellow - The Institute of Chartered Accountants in Australia (FCA), member of Chartered Secretaries Australia (ACIS), and Fellow - Australian Institute of Company Directors (FAICD).

Principal Activities

The principal activities of the entities in the Consolidated Group are as follows:

Public Holdings (Australia) Limited
- The investment of funds in the medium and short-term money markets and listed securities.

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 year ended 31 December 2011.

There were no other significant changes in the nature of the activities of the Consolidated Group.

Operating Results

The consolidated net loss for the year ended 31 December 2011 was $262,955 (2010: Loss of $447,065). This amount was arrived at after providing $1,762 (2010: $1,108) for income tax expense.

Dividends

No dividend has been recommended in respect of the year ended 31 December 2011 (2010: Nil).

Directors' Report (Continued)

Review of Operations

The Company continues to invest in interest-bearing deposits and listed securities. During calendar year 2011, the Australian All Ordinary Index has dropped from 4,847 to 4,111. The Directors have taken a conservative approach in securities investment. The market value of the share portfolio has slightly decreased from $1,252,906 to $1,245,927. The realized profit from securities investment has decreased from $219,242 for the year of 2010 to $6,823 for the year of 2011.

Besides the continuous strategy of tight cost control during this unforeseeable market environment, the Directors of the Company will continue to seek other opportunities that will enhance the value of its assets.

Financial Position

The net assets of the Consolidated Group have decreased from $1,982,225 at 31 December 2010 to $1,609,869 at 31 December 2011.

Significant Changes in State of Affairs

There has not been any matter or circumstances that has arisen that significantly changed the Consolidated Group's state of affairs.

After Balance Date Events

There has not been any matter or circumstance that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Consolidated Group in financial years subsequent to this financial year, except that the capital value of the investment portfolio continues to be subject to market volatility.

Future Developments, Prospects and Business Strategies

Likely developments, future prospects and business strategies of the operations of the Consolidated Group and expected results of those operations have not been included in the report as the Directors believe on reasonable grounds that the inclusion of such information would be likely to result in unreasonable prejudice to the Consolidated Group.

Environmental Issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Directors' Report (Continued)

Information on Directors

Mr. Yuan-Yi LAO
Mr. Lao has a bachelor degree from Shanghai Fudan University and a master degree from Harvard University. Mr. Lao is Chairman of First Shanghai Investments Limited, the ultimate holding company of the Company.

Special Responsibilities: Chairman of the Board.
Other Directorships in Listed Entities: First Shanghai Investments Ltd. and China Assets (Holdings) Ltd.

Mr. Wai-Kin YEUNG
Mr. Yeung joined First Shanghai Investments Limited in 1993 as its financial controller. He was then promoted to Chief Financial Officer in 1997. Mr. Yeung also serves First Shanghai Investments Limited as its Company Secretary. Mr. Yeung has over 25 years experience in the field of accountancy and management. He obtained his professional diploma in Accountancy from the Hong Kong Polytechnic. Mr. Yeung has a bachelor degree in law from Peking University. He possesses professional membership of the Association of Chartered Certified Accountants (U.K), the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong.

Special Responsibilities:Deputy Chairman of the Board, approval of all expenditures and responsible for the accounting process.

Other Directorships in Listed Entities: First Shanghai Investments Ltd. and China Assets (Holdings) Ltd.

Mr. Shu-Lin XIN
Mr. Xin is the Vice-President of the Property Development Division of First Shanghai Group. Prior to joining First Shanghai Group, he was the senior financial analyst and partner of a U.S. securities company and a registered financial planner of Merrill Lynch, Denver, Colorado. He has a bachelor degree from the Lanzhou University, Lanzhou, China and a MBA degree from the University of Denver, Colorado, United States.

Special Responsibilities: Advises on strategic policies.
Other Directorships in Listed Entities: First Shanghai Investments Ltd

Mr. Oreste Anthony BIZIAK
Mr. Biziak has been a resident of Canberra since 1951 and employed in various positions in a number of Australian Government Departments between 1966 and 2001. In November 2001, he resigned from the Department of Immigration and Multicultural and Indigenous Affairs and established a consultancy company in Canberra with interests in Hong Kong and China. He has a Bachelor of Applied Science from the University of Canberra. In July 2002, Mr. Biziak was appointed as Director, Secretary and Public Officer of Florens Container Services (Australia) Pty Limited, a subsidiary of COSCO Pacific which is listed on the Hong Kong Stock Exchange.

Special Responsibilities: Chairman of the Audit Committee and non-executive Director on the Board.
Other Directorships in Listed Entities: Not Applicable

Ms. Ying Fang MEI
Ms. Mei joined First Shanghai Group in 2001 as financial controller of its Shanghai office. In October 2004 she immigrated to Australia with her family. Ms. Mei has worked in the field of accountancy and management for over 10 years. She obtained her bachelor degree in accounting/taxation from Central University of Finance and Economics (Beijing, China) in 1993 and later on achieved MBA degree from Shanghai Jiaotong University (Shanghai, China) in 2001. She possesses professional membership of the Association of Chartered Certified Accountants (U.K), the Chinese Institute of Certified Public Accountants and associate membership of CPA Australia.

Special Responsibilities: Executive responsible for reviewing and advising on share investments, approval of all expenditures and responsible for the accounting process.

Other Directorships in Listed Entities: Not Applicable

Directors' Report (Continued)

	Shares Directly or Indirectly Held as at the Date of this Report				
	Beneficially Owned Shares held in the Company via First Shanghai Investments Limited		Shares beneficially owned	Beneficially Owned Options held in the Company via First Shanghai Investments Limited	
Yuan-Yi LAO	169,357,636	Note	-	11,944,000	Note
Wai-Kin YEUNG	542,304	Note	248	19,842,000	Note
Shu-Lin XIN	-		-	8,032,000	Note
Oreste Anthony BIZIAK	-		2,000	-	
Ying Fang MEI	-		440	-	

Note: These shares and options are the shares/options of First Shanghai Investments Limited held by the above-mentioned directors.

Total number of issued shares of First Shanghai Investments Limited at the date of this report is 1,398,913,012.

First Shanghai Investments Limited holds all of the issued capital of Atlas Securities Pty Limited.

Atlas Securities Pty Limited holds 73.93% of the issued capital of Public Holdings (Australia) Limited.

Except as disclosed above, there were no shares in Public Holdings (Australia) Limited that were beneficially owned by the Directors.

Other Matters

The results of the operations of the Company and of the Consolidated Group 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 financial year.

Directors' Report (Continued)

Directors' Meetings

The following table sets out the number of meetings of the Company's Directors held during the year ended 31 December 2011 and the number of meetings attended by each Director.

	Directors' meetings		Audit	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Yuan-Yi LAO	7	5	2	2
Wai-Kin YEUNG	7	7	2	2
Shu-Lin XIN	7	7	1	1
Oreste Anthony BIZIAK	7	7	2	2
Ying Fang MEI	7	6	2	2

Indemnifying Officers or Auditor

The Company has not provided any indemnification or insurance of the present or former officers and auditor of the Company, or related body corporate.

Options

There were no options granted over unissued shares or interest during or since the financial year by the Company or controlled entities to Directors.

Proceedings on behalf of the Company

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

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

Non-audit Services

There are no non-audit services provided to the Company by the audit firm.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 December 2011 has been received and can be found on page 9.

Remuneration Report

Remuneration Policy

The Board of Directors reviews the remuneration packages of all directors on an annual basis. The remuneration policy of Public Holdings (Australia) Limited has been designed to provide a fixed remuneration component. The Board of Public Holdings (Australia) Limited has considered the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the Consolidated Group.

The Company has a relatively small Board and the full Board act as a Remuneration Committee and is responsible for determining and reviewing compensation arrangements for the directors and executives. The Board's remuneration policy is to ensure that the remuneration package properly reflects the employee/officer's duties and responsibilities, with the overall objective of ensuring maximum stakeholder benefit from the retention and motivation of experienced executives.

The Board does not link the nature and amount of executive officers' emoluments to the Company's financial and operation performance.

Employment agreements were entered into with executive director and other officers.

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive director and executives' remuneration is separate and distinct. Only Mr. Biziak, a non-executive Director, is paid a Directors fee.

Non-executive director remuneration policy:
The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive directors and regularly reviews the amount of remuneration paid, based on market practices, duties and accountability.

The maximum aggregate amount of fees that can be paid to non-executive Directors is sought to be approved by shareholders as required by the ASX listing rules.

Fees for non-executive Directors are not linked to the performance of the Consolidated Group.

Performance based remuneration

The Company does not pay performance based remuneration to any Director or key management personnel.

Company performance, shareholder wealth and directors' and executives' remuneration

Details of Company performance and shareholder wealth are contained in other sections of this financial report. Directors' and executives' remuneration are set out in the following section.

	2007	**2008**	**2009**	**2010**	**2011**
	$	$	$	$	$
Revenue	2,957,734	617,521	259,674	298,229	84,594
Net profit (loss)	256,161	(388,808)	(839,484)	(447,065)	(262,955)
Share price at year-end	0.305	0.100	0.050	0.050	0.050

Remuneration Report (Continued)

Details of Remuneration for Year Ended 31 December 2011

The remuneration for each Director and Executive of the Consolidated Group receiving the highest remuneration during the year was as follows:

	Short-term benefits	Post-employment benefits	
	Salary	Superannuation	Total
	$	$	$
Executive			
Ying Fang MEI			
2011	24,661	2,219	26,880
2010	30,826	2,774	33,600
Non-executive Director			
Oreste Anthony BIZIAK			
2011	-	35,000	35,000
2010	-	35,000	35,000
Total 2011	**24,661**	**37,219**	**61,880**
Total 2010	**30,826**	**37,774**	**68,600**

The above Director and Executive of the Consolidated Group do not receive any other form of remuneration apart from the amounts disclosed above.

Options issued as part of remuneration for the year ended 31 December 2011

No options have been issued as part of remuneration for the year ended 31 December 2011.

Employment Contracts of Directors

The employment conditions of Ying Fang MEI and Oreste Anthony BIZIAK are formalised in contracts of employment.

Terms of employment require that the relevant group entity provide an executive contracted person with a minimum of one month notice prior to termination of contract.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Yuan-Yi LAO
Chairman of the Board
Dated this 27th day of March 2012

MDHC
AUDIT
ASSURANCE
Statutory Audit, Internal Audit, Investigations & Due Diligence

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 year ended 31 December 2011, there have been:

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

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

MDHC Audit Assurance Pty Ltd

MDHC Audit Assurance Pty Ltd

Sally Ding
Registered Company Auditor

Hawthorn
27 March 2012

MDHC Audit Assurance Pty Ltd
Formerly McLean Delmo Hall
Chadwick Audit Assurance Pty Ltd
ABN 56 114 635 591

Level 3 302 Burwood Road PO Box 582 Hawthorn Victoria 3122
Tel 61 3 9018 4666 Fax 61 3 9018 4799
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Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2011

	Note	Consolidated Group 31 Dec 2011 $	31 Dec 2010 $
Continuing operations			
Revenue and other income	3	84,594	298,229
Employee benefits expense		(120,467)	(129,951)
Depreciation and amortisation expense		(126)	(216)
Professional fees		(112,550)	(124,596)
Net foreign currency exchange loss		(29)	(908)
Administration and other expenses		(112,615)	(325,268)
Loss before income tax	4	(261,193)	(282,710)
Income tax expense	5	(1,762)	(1,108)
Loss from continuing operations after income tax		(262,955)	(283,818)
Discontinued operations			
Loss from discontinued operations after tax	4 & 6	-	(163,247)
Net loss for the year		(262,955)	(447,065)
Other comprehensive loss			
Exchange differences arising on translation of foreign operations		-	(12,973)
Exchange reserves realised from disposal of subsidiary		-	(37,898)
Net loss on revaluation of available-for-sale financial assets		(109,401)	(266,283)
Other comprehensive loss for the year		(109,401)	(317,154)
Total comprehensive loss for the year attributable to owners of the company		(372,356)	(764,219)
Loss per share	22		
From continuing and discontinued operations:			
Basic loss per share (cents)		(1.76)	(2.98)
Diluted loss per share (cents)		(1.76)	(2.98)
From continuing operations:			
Basic loss per share (cents)		(1.76)	(1.89)
Diluted loss per share (cents)		(1.76)	(1.89)
From discontinued operations:			
Basic loss per share (cents)		-	(1.09)
Diluted loss per share (cents)		-	(1.09)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position
As at 31 December 2011

	Note	Consolidated Group 31 Dec 2011 $	Consolidated Group 31 Dec 2010 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	**7**	465,343	880,887
Trade and other receivables	**8**	3,459	2,548
TOTAL CURRENT ASSETS		468,802	883,435
NON-CURRENT ASSETS			
Financial assets	**9**	1,245,927	1,252,906
Plant and equipment	**10**	215	341
TOTAL NON-CURRENT ASSETS		1,246,142	1,253,247
TOTAL ASSETS		1,714,944	2,136,682
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	**11**	32,619	42,793
Current tax liabilities	**12**	1,762	1,312
TOTAL CURRENT LIABILITIES		34,381	44,105
NON-CURRENT LIABILITIES			
Non-interest bearing liabilities	**13**	70,694	110,352
TOTAL NON-CURRENT LIABILITIES		70,694	110,352
TOTAL LIABILITIES		105,075	154,457
NET ASSETS		1,609,869	1,982,225
EQUITY			
Issued capital	**14**	1,872,375	1,872,375
Reserves		208,846	318,247
Accumulated losses		(471,352)	(208,397)
TOTAL EQUITY		1,609,869	1,982,225

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2011

	Share Capital $	Financial Assets Revaluation Reserve $	Foreign Currency Translation Reserve $	Retained Earnings/ (Accumulated Losses) $	Total $
Consolidated Group					
Balance at 1 January 2010	1,872,375	584,530	50,871	238,668	2,746,444
Net loss attributable to the members of parent entity	-	-	-	(447,065)	(447,065)
Revaluation of available-for-sale financial assets	-	(67,115)	-	-	(67,115)
Financial assets revaluation reserve realised	-	(199,168)	-	-	(199,168)
Adjustment from translation of foreign controlled entities	-	-	(12,973)	-	(12,973)
Exchange reserves realised from disposal of subsidiary	-	-	(37,898)	-	(37,898)
Total comprehensive loss for the year	-	(266,283)	(50,871)	(447,065)	(764,219)
Balance at 31 December 2010	1,872,375	318,247	-	(208,397)	1,982,225
Balance at 1 January 2011	1,872,375	318,247	-	(208,397)	1,982,225
Net loss attributable to the members of parent entity	-	-	-	(262,955)	(262,955)
Revaluation of available-for-sale financial assets	-	(109,401)	-	-	(109,401)
Total comprehensive loss for the year	-	(109,401)	-	(262,955)	(372,356)
Balance at 31 December 2011	1,872,375	208,846	-	(471,352)	1,609,869

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
For the Year Ended 31 December 2011

	Note	Consolidated Group 31 Dec 2011 $	Consolidated Group 31 Dec 2010 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(370,036)	(512,036)
Receipts from customers		-	131,252
Dividends received		45,838	47,418
Other paid		-	(88,947)
Interest received		31,986	31,067
Tax refunded/(paid)		13,507	(1,150)
Net cash used in operating activities	**19a**	(278,705)	(392,396)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of financial instruments		(176,762)	(196,857)
Sale of financial instruments		81,163	510,512
Purchase of property, plant and equipment		-	(10,905)
Sale of property, plant and equipment		-	7,199
Net cash outflow from disposal of subsidiary	**19b**	-	(8,102)
Net cash (used in)/provided by investing activities		(95,599)	301,847
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings to related parties		(39,658)	(60,966)
Net cash used in financing activities		(39,658)	(60,966)
Net decrease in cash held		(413,962)	(151,515)
Cash and cash equivalents at 1 January		880,887	1,036,534
Effect of exchange rates on cash holdings in foreign currencies		(1,582)	(4,132)
Cash and cash equivalents at 31 December	**7**	465,343	880,887

The accompanying notes form part of these financial statements.

1. Summary of significant accounting policies

Corporate Information

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

These consolidated financial statements and notes represent those of Public Holdings (Australia) Limited and controlled entities ('Consolidated Group'). The separate financial statements of Public Holdings (Australia) Limited have not been presented within this financial report as permitted by amendments made to the Corporations Act 2001.

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 (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the consolidated financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

Except for cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The financial report is presented in Australian dollars.

a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Public Holdings (Australia) Limited at the end of the reporting period. A controlled entity is any entity over which Public Holdings (Australia) Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Consolidated Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 15 to the consolidated financial statements.

In preparing the consolidated financial statements, all inter-company balances and transactions between entities in the Consolidated Group, 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.

b) Income Tax

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities are therefore measured at the amounts expected to be paid to the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

1. Summary of significant accounting policies (Continued)

b) Income Tax (Continued)

Current and deferred income tax expense is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. 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 assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rate enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective assets and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c) Trade and Other Receivables

Trade receivables, which generally have 30-90 days 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 Consolidated Group will not be able to collect the debts. Bad debts are written off when identified.

d) 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 asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation

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

1. Summary of significant accounting policies (Continued)

d) Plant and Equipment (Continued)

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 the end of each reporting period.

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 consolidated statement of comprehensive income.

e) Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Consolidated Group commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

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.

The Consolidated Group does not designate any interests in subsidiaries as being subject to the requirements of accounting standards specifically applicable to financial instruments.

1. Summary of significant accounting policies (Continued)

e) 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 subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Financial liabilities

Non-derivative financial liabilities are subsequently measured at amortised cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments.

Impairment

At the end of each reporting period, the Consolidated 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 consolidated statement of comprehensive income.

f) Impairment of Assets

At each reporting date, the Consolidated Group reviews the carrying values of its tangible 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 consolidated statement of comprehensive income.

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

g) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Consolidated 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.

1. Summary of significant accounting policies (Continued)

g) Foreign Currency Transactions and Balances (Continued)

Transactions 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 consolidated statement of comprehensive income, 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 consolidated statement of comprehensive income.

Group companies

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

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

Exchange differences arising on translation of foreign operations are transferred directly to the Consolidated Group's foreign currency translation reserve in the consolidated statement of financial position. These differences are recognised in the consolidated statement of comprehensive income in the period in which the operation is disposed.

h) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Consolidated Group during the reporting period which remains unpaid. The balance is recognised as a current liability, except for those which are not expected to settle within 12 months after the end of the reporting period.

i) Employee Benefits

Provision for annual leave and long service leave has not been made as the Consolidated Group has no obligation to pay at the end of the reporting period.

j) 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 consolidated statement of financial position.

1. Summary of significant accounting policies (Continued)

k) Revenue and Other Income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Group and the revenue can be reliably measured.

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

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).

l) 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 consolidated statement of financial position are shown inclusive of GST.

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

m) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report 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 Consolidated Group.

Key estimates

Impairment

The Consolidated Group assesses impairment at each reporting date by evaluation of conditions and events specific to the Consolidated Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations, which incorporate various key assumptions.

Impairment – carbon price

There is present uncertainty in relation to the impacts of the carbon pricing mechanism recently introduced by the Australian Government. This carbon pricing system could potentially affect the assumptions underlying value-in-use calculations used for asset impairment testing purposes. The Consolidated Group has not incorporated the effect of any carbon price implementation in its impairment testing at 31 December 2011.

1. Summary of significant accounting policies (Continued)

m) Critical Accounting Estimates and Judgments (Continued)

Key judgments

Impairment of available-for-sale financial assets

The Consolidated Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, change in technology and operational and financing cash flow. This evaluation requires significant judgment.

Impairment of trade receivables

The Consolidated Group makes impairment based on an assessment of the recoverability of trade receivables. Impairment is made when there are events or changes in circumstances which indicate that the balances may not be collectible. The identification of doubtful receivables requires the use of judgments and estimates. Where the expectation on the recoverability of trade receivables is different from the original estimate, such difference will impact the carrying value of trade receivables and impairment expenses in the year in which such estimate has been changed.

n) Adoption of New and Revised Accounting Standards

During the current year the Consolidated Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

o) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Consolidated Group. The Consolidated Group has decided not to early adopt any of the new and amended pronouncements. The Consolidated Group's assessment of the new and amended pronouncements that are relevant to the Consolidated Group but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013).

  These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

  The key changes made to accounting requirements include:

  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
  - simplifying the requirements for embedded derivatives;
  - removing the tainting rules associated with held-to-maturity assets;
  - removing the requirements to separate fair value embedded derivatives for financial assets carried at amortised cost;

1. Summary of significant accounting policies (Continued)

o) New Accounting Standards for Application in Future Periods (Continued)

- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;

- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and

- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Consolidated Group has not yet been able to reasonably estimate the impact of these pronouncements on its consolidated financial statements.

- AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).

  This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

  This Standard will only affect certain disclosures relating to financial instruments and is not expected to significantly impact the Consolidated Group.

- AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

  This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121 into AASB 112.

  Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

  The amendments are not expected to significantly impact the Consolidated Group.

- AASB 1054: Australian Additional Disclosures and AASB 2011–1: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113] (applicable for annual reporting periods commencing on or after 1 July 2011).

  AASB 1054 sets out the Australian-specific disclosures that are additional to IFRS disclosure requirements.

  The disclosure requirements in AASB 1054 were previously located in other Australian Accounting Standards.

  These Standards are not expected to significantly impact the Consolidated Group.

1. Summary of significant accounting policies (Continued)

o) New Accounting Standards for Application in Future Periods (Continued)

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009–11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).

  AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Consolidated Group has not yet been able to reasonably estimate the impact of this Standard on its consolidated financial statements.

  AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either “joint operations” (whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or “joint ventures” (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

  AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a “structured entity”, replacing the “special purpose entity” concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will only affect disclosures and is not expected to significantly impact the Consolidated Group.

  To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Consolidated Group.

- AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009–11, 2010–7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).

  AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurements.

  AASB 13 requires:

  - inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and

  - enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

  These Standards are not expected to significantly impact the Consolidated Group.

- AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

1. Summary of significant accounting policies (Continued)

o) New Accounting Standards for Application in Future Periods (Continued)

The main change arising from this Standard is the requirement for entities to consolidate group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is not expected to significantly impact the Consolidated Group.

- AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011–8 and Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2013).

  These Standards introduce a number of changes to the presentation and disclosure of defined benefit plans, including:

  - removal of the “corridor” approach from AASB 119, thereby requiring entities to recognise all changes in a net defined benefit liability (asset) when they occur;

  - disaggregation of changes in a net defined benefit liability (asset) into service cost (including past service cost and gains and losses on non-routine settlements and curtailments), net interest expense (interest based on the net defined benefit liability (asset) using the discount rate applicable to post-employment benefits) and remeasurements (comprising actuarial gains and losses, return on plan assets less the “revenue” component of the net interest expense, and any change in the limit on a defined benefit asset). In addition, AASB 119 (September 2011) requires recognition of:

    - service cost and net interest expense in profit or loss; and

    - remeasurements in OCI; and

  - introduction of enhanced disclosure requirements to facilitate the provision of more useful information in relation to an entity’s defined benefit plans.

  AASB 119 (September 2011) also includes changes to the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

  (i) for an offer that may be withdrawn – when the employee accepts;

  (ii) for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and

  (iii) where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

  The Consolidated Group has not yet been able to reasonably estimate the impact of these changes on its consolidated financial statements.

p) Comparative figures

Where required by accounting standards, comparative figures has been adjusted to conform with changes in presentation for the current financial year.

Where the Consolidated Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the consolidated financial statements or reclassified items in its consolidated financial statements, an additional consolidated statement of financial position as at the beginning of the earliest comparative period will be disclosed.

The financial report was authorised for issue on 27 March 2012 by the board of directors.

2. Parent Information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with the accounting standards.

Statement of Financial Position	31 Dec 2011 $	31 Dec 2010 $
Assets		
Current assets	345,088	765,914
Non-current assets	1,497,892	1,503,218
Total assets	1,842,980	2,269,132
Liabilities		
Current liabilities	32,619	42,793
Non-current liabilities	2,114,338	2,355,523
Total liabilities	2,146,957	2,398,316
Net liabilities	(303,977)	(129,184)
Equity		
Issued capital	1,872,375	1,872,375
Financial assets revaluation reserve	208,582	316,204
Accumulated losses	(2,384,934)	(2,317,763)
Deficiency of equity	(303,977)	(129,184)
Statement of comprehensive income		
(Loss)/profit for the year	(67,171)	498,149
Other comprehensive loss	(107,622)	(265,501)
Total comprehensive (loss)/income	(174,793)	232,648

Guarantees

Public Holdings (Australia) Limited has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

Contingent liabilities

At 31 December 2011, Public Holdings (Australia) Limited has no contingent liabilities (2010: Nil).

Contractual commitments

At 31 December 2011, Public Holdings (Australia) Limited has not entered into any contractual commitments for the acquisition of property, plant and equipment (2010: Nil).

	Consolidated Group	
3. Revenue and Other Income	**31 Dec 2011 $**	**31 Dec 2010 $**
(a) Revenue and other income from continuing operations:		
Net profit on disposal of financial instruments	6,823	219,242
Interest received		
- other persons and corporations	31,933	31,569
Dividends received		
- other corporations	45,838	47,418
Total Revenue and Other Income	84,594	298,229
(b) Total revenue and other income from continuing operations		
Attributable to members of the parent entity	84,594	298,229

		Note	Consolidated Group 31 Dec 2011 $	Consolidated Group 31 Dec 2010 $
3.	**Revenue and Other Income (Continued)**			
(c)	**Revenue and other income from discontinued operations**			
	Wine selling business:			
	Attributable to members of the parent entity	**6**	-	103,008
(d)	**Revenue and other income from continuing operations and discontinued operations**			
	Attributable to members of the parent entity		84,594	401,237

4. Loss for the year

(a) Revenue and expenses

The following revenue and expense items are relevant in explaining the financial performance:

	Note	31 Dec 2011 $	31 Dec 2010 $
Net profit on disposal of financial instruments		6,823	219,242
Employee benefits expenses		(120,467)	(129,951)

(b) Significant Revenue and Expenses

The following significant revenue and expense items are relevant in explaining the financial performance of the Consolidated Group:

	Note	31 Dec 2011 $	31 Dec 2010 $
Net loss on the disposal of PHA-Shanghai Classic Wine and Food Co. Ltd	**19b**	-	(171,088)
Net loss from discontinued operations after tax	**6**	-	(163,247)

5. Income Tax Expense

The components of tax expense comprise:

	31 Dec 2011 $	31 Dec 2010 $
Current tax	1,762	1,108
Deferred tax	-	-
	1,762	1,108

The prima facie tax on loss is reconciled to the income tax as follows:

	31 Dec 2011 $	31 Dec 2010 $
Prima facie income tax on loss at 30%:	(78,358)	(133,787)
Tax effect of:		
Non-taxable items	(1,255)	(2,104)
Foreign currency exchange difference not subject to income tax	(475)	(28,323)
Rebateable dividends	5,378	5,656
Loss from foreign subsidiary not subject to income tax	-	48,974
Tax losses not brought to account	76,472	110,692
Income tax attributable to entity	1,762	1,108

5. Income Tax Expense (Continued)

The tax rate used for the 2011 and 2010 reconciliation above is the corporate tax rate 30% payable by Australia Corporate entities on taxable profits under Australia tax law.

There is no tax effect relating to each component of other comprehensive income.

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;

- 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.

6. Discontinued Operations

The parent entity disposed of its 100% interest in its wine selling business in the previous year, thereby financial results of this business segment were reclassified as discontinued operations.

Financial information relating to the discontinued operations to the date of disposal is set out below.

	Consolidated Group	
	31 Dec 2011 $	31 Dec 2010 $
Revenue	-	103,008
Expenses	-	(266,255)
Loss before income tax	-	(163,247)
Income tax expense	-	-
Loss attributable to members of the parent entity	-	(163,247)

The net cash flows of the discontinued operations, which have been incorporated into the consolidated statement of cash flows, are as follows:

Net cash used in operating activities	-	(54,653)
Net cash used in investing activities	-	(3,706)
Net cash outflow from discontinued operations	-	(58,359)

Loss on disposal of the operations was included in other expenses in the consolidated statement of comprehensive income.

7. Cash and Cash Equivalents

Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to items in the consolidated statement of financial position as follows:

Cash at bank	348,301	770,018
Short-term deposits	117,042	110,869
	465,343	880,887

Reconciliation of cash

Cash and cash equivalents	465,343	880,887

	Consolidated Group 31 Dec 2011 $	Consolidated Group 31 Dec 2010 $
8. Trade and Other Receivables - Current		
Trade and sundry debtors	3,459	2,548

Credit risk

The Consolidated Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 8. The class of assets described as 'trade and other receivables' is considered to be the main source of credit risk related to the Consolidated Group.

All the trade and other receivables are within initial trade terms and considered to be of high credit quality.

Financial Assets Classified as Loans and Receivables

	2011	2010
Trade and other receivables:		
- total current	3,459	2,548
Financial assets	3,459	2,548

9. Financial Assets - Non-Current

	2011	2010
Available-for-sale financial assets	1,245,927	1,252,906
	1,245,927	1,252,906

Available-for-sale financial assets comprise:

	2011	2010
Listed investments, at fair value		
- Shares in listed corporations	1,245,927	1,252,906

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.

10. Plant and Equipment

	2011	2010
Office equipment - at cost	15,464	15,464
Accumulated depreciation	(15,249)	(15,123)
Total plant and equipment	215	341

Movements in Carrying Amounts:

	2011	2010
Balance at the beginning of year	341	21,994
Addition	-	10,905
Disposal	-	(10,904)
Foreign exchange movement on translation of foreign operations	-	(1,353)
Disposals on sale of subsidiary	-	(13,135)
Depreciation expense	(126)	(7,166)
Carrying amount at the end of year	215	341

Notes to the Financial Statements
For the Year Ended 31 December 2011

	Consolidated Group 31 Dec 2011 $	Consolidated Group 31 Dec 2010 $
11. Trade and Other Payables - Current		
Unsecured liabilities		
Trade and other creditors and accruals	32,619	42,793
12. Current Tax Liabilities		
Provision for income tax	1,762	1,312
13. Non-Interest Bearing Liabilities - Non-current		
Unsecured - no fixed term liabilities		
Amounts payable to controlling entities	70,694	110,352
14. Issued Capital		
14,979,000 (2010: 14,979,000) fully paid ordinary shares	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 parent 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.

(c) Capital Management
Management controls the capital of the Consolidated Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Consolidated Group can fund its operations and continue as a going concern.

The Consolidated Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Consolidated Group's capital by assessing the Consolidated Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Consolidated Group since the prior year. This strategy is to ensure that the Consolidated Group's gearing ratio (net debt/total capital) remains low. The analysis of net cash/debt and total capital position for the year ended 31 December 2011 and 31 December 2010 is as follows:

	Note	2011 $	2010 $
Total borrowings	**11 & 13**	103,313	153,145
Less cash and cash equivalents	**7**	(465,343)	(880,887)
Net cash		(362,030)	(727,742)
Total equity		1,609,869	1,982,225
Total capital		1,247,839	1,254,483

Notes to the Financial Statements
For the Year Ended 31 December 2011

15. Controlled Entities

(a) Controlled entities consolidated

	Country of incor-poration	Class of share	Carrying amount of investment	2011 % Owned	2010 % Owned
			$		
PHA Trading Pty Ltd	Aust.	Ord.	150,817	100	100
PHA Investments Pty Ltd	Aust.	Ord.	103,000	100	100
			253,817		

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

16. Dividends

The Directors have recommended no payment of dividends in respect of the year ended 31 December 2011.

	Consolidated Group 31 Dec 2011 $	31 Dec 2010 $
Balance of franking account at year end	1,201,801	1,182,749

There are no adjustments required to the franking account at 31 December 2011.

17. 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. Transactions between the parties consist of interest-free unsecured loans to and from the parties. The aggregate amount of these transactions were as follows:

Amounts due to:

Atlas Securities Pty Ltd	70,694	110,352

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 $70,000 in 2011 (2010: $100,000). Amounts owed to First Shanghai Management Services Limited was nil in 2011 (2010:Nil).

17. Related Party Transactions (Continued)

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 $70,000 in 2011(2010: $100,000). Amounts owed to First Shanghai Management Services Limited was nil in 2011 (2010: Nil).

	Consolidated Group	
The total of remuneration paid to Key Management Personnel	**31 Dec 2011 $**	**31 Dec 2010 $**
Short-term employee benefits	24,661	30,826
Post-employment benefits	37,219	37,774
	61,880	68,600

Key Management Personnel Shareholdings	**31 Dec 2011 No. of shares**	**31 Dec 2010 No. of shares**
Shares beneficially owned by Wai-Kin YEUNG	248	248
Shares beneficially owned by Oreste Anthony BIZIAK	2,200	2,200
Shares beneficially owned by Ying Fang MEI	440	440

18. Remuneration of Auditors

Amounts received or due and receivable by the auditors:		
- Auditing and reviewing the financial statements	20,000	22,500
Remuneration of other auditors of subsidiaries for:		
- Auditing and reviewing the financial report of subsidiaries	-	1,528
	20,000	24,028

19. Cash Flow Information

	Consolidated Group	
	31 Dec 2011	**31 Dec 2010**
(a) Reconciliation of cash flows from operations with net loss for the year	**$**	**$**
Net loss for the year	(262,955)	(447,065)
Non-cash flows in loss from ordinary activities:		
Depreciation & amortisation	126	7,166
Provision for bad debt	-	5,085
Net loss on disposal of subsidiary	-	171,088
Net profit on disposal of financial instruments	(6,823)	(219,242)
Effect of exchange differences	1,582	(3,522)
Reversal of provision of obsolete inventory	-	(44,843)
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(911)	64,310
Decrease in inventories	-	86,824
Decrease in trade and other payables	(9,724)	(12,197)
Net cash used in operating activities	(278,705)	(392,396)

(b) Disposal of entities

The controlled entity PHA - Shanghai Classic Wine and Food Co., Ltd was sold in the previous year. Aggregate details of this transaction are:

Cash consideration	-	2
Assets and liabilities held at disposal date:		
Cash	-	8,104
Receivables	-	25,504
Inventories	-	221,579
Property, plant and equipment	-	13,135
Payables	-	(59,334)
	-	208,988
Exchange translation reserve	-	(37,898)
	-	171,090
Loss on disposal	-	171,088
Net cash outflow	-	(8,102)

20. Contingent Liabilities

The Consolidated Group has no material contingent liabilities.

21. Operating Segments

Segment Information

The Consolidated Group operates in one business and geographical segment since the wine distribution business has been disposed in the previous year, carrying out investing only in Australia.

22. Loss per Share	**Consolidated Group 31 Dec 2011 $**	**31 Dec 2010 $**
(a) From continuing and discontinued operations:		
Basic loss per share (cents per share)	(1.76)	(2.98)
Diluted loss per share (cents per share)	(1.76)	(2.98)
(b) From continuing operations:		
Basic loss per share (cents per share)	(1.76)	(1.89)
Diluted loss per share (cents per share)	(1.76)	(1.89)
(c) From discontinued operations:		
Basic loss per share (cents per share)	-	(1.09)
Diluted loss per share (cents per share)	-	(1.09)
(d) Reconciliation of earnings to loss		
The earnings used in the calculation of basic earnings per share are as follows.		
Loss for the year used in the calculation of basic earnings per share	(262,955)	(447,065)
Loss for the year from continuing operations used in the calculation of basic earnings per share from continuing operations	(262,955)	(283,818)
Loss for the year from discontinued operations used in the calculation of basic earnings per share from discontinued operations	-	(163,247)
(e) Weighted average number of ordinary shares outstanding during the year used in calculation of basic and dilutive EPS	14,979,000	14,979,000

23. Financial Risk Management

Financial instruments consist mainly of deposits with banks, available-for-sale financial assets, trade and other receivables, trade and other payables, and loans to and from related entities.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these consolidated financial statements, are as follows:

23. Financial Risk Management (Continued)

	Note	Consolidated Group 31 Dec 2011 $	Consolidated Group 31 Dec 2010 $
Financial Assets			
Cash and cash equivalents	7	465,343	880,887
Loans and receivables	8	3,459	2,548
Available-for-sale financial assets			
- Equity investments at fair value	9	1,245,927	1,252,906
		1,714,729	2,136,341
Financial Liabilities			
Financial liabilities at amortised cost			
- Other loans and payables	11 & 13	103,313	153,145

Financial Risk Management Policies

The Consolidated Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial instruments is governed by the Consolidated Group policies approved by the Board of Directors. The Directors are responsible for managing the Consolidated Group treasury requirements in accordance with this policy.

Special Financial Risk Exposures and Management

The main risks the Consolidated Group is exposed to through its financial instruments are interest rate risks, liquidity risk, foreign currency risk, price risk and credit risk.

a. Interest rate risk

Interest rate risk is managed with a mixture of cash at bank, short term deposits and financial assets. At 31 December 2011 approximately 99.8% (2010: 99.9%) of total assets of the Consolidated Group is in fixed and floating cash investments and available-for-sale financial assets. The interest receivable on bank deposits can vary depending upon interest rates from time to time. The Consolidated Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

The Consolidated Group borrowings are carried at amortised cost. They are therefore not subject to fair value interest rate risk.

The effective interest rates of financial assets and financial liabilities of the Consolidated Group at the reporting date are set out below.

Consolidated Group 31 Dec 2011	Note	Floating interest rate $	Fixed interest rate maturing in 6 months or less $	Non-interest bearing $	Total $
Financial assets:					
Cash and cash equivalents	7	348,301	117,042	-	465,343
Trade and other receivables	8	-	-	3,459	3,459
Available-for-sale financial assets	9	-	-	1,245,927	1,245,927
		348,301	117,042	1,249,386	1,714,729
Weighted average effective interest rate		4.35%	5.37%		
Financial liabilities:					
Trade and other payables	11	-	-	32,619	32,619
Non-interest bearing liabilities	13	-	-	70,694	70,694
		-	-	103,313	103,313

23. Financial Risk Management (Continued)

a. Interest rate risk (Continued)

Consolidated Group 31 Dec 2010	**Note**	**Floating interest rate $**	**Fixed interest rate maturing in 6 months or less $**	**Non-interest bearing $**	**Total $**
Financial assets:					
Cash and cash equivalents	**7**	770,018	110,869	-	880,887
Trade and other receivables	**8**	-	-	2,548	2,548
Available-for-sale financial assets	**9**	-	-	1,252,906	1,252,906
		770,018	110,869	1,255,454	2,136,341
Weighted average effective interest rate		2.98%	4.75%		
Financial liabilities:					
Trade and other payables	**11**	-	-	42,793	42,793
Non-interest bearing liabilities	**13**	-	-	110,352	110,352
		-	-	153,145	153,145

b. Foreign currency risk

The Consolidated Group is exposed to fluctuations in foreign currencies arising from the sales of goods in currencies other than the Consolidated Group's measurement currency which is Australian dollars. The Consolidated Group is also exposed to fluctuations in relation to inter-company accounts where those inter-company accounts are between the parent entity and the subsidiary company in China. The Consolidated Group does not use any derivative financial instruments to hedge its foreign exchange risk. As a result of the disposal of the subsidiary in China in 2010, the foreign currency risk is minimal.

c. Liquidity risk

The Board manages liquidity risk by monitoring cash flows and maintaining sufficient cash and marketable securities.

Financial liability maturity analysis

The following tables analyse the Consolidated Group's financial liabilities into maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts presented represent the future undiscounted principal and interest cash flows and therefore do not necessarily equate to the carrying amounts.

	Consolidated Group 31 Dec 2011 $	31 Dec 2010 $
Other loans and payables are expected to be paid as follows:		
- Less than 6 months	32,619	42,793
- 6 months to 1 year	-	-
- 1 year to 5 years	70,694	110,352
Total other loans and payables	103,313	153,145

d. Credit risk

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

No collateral has been given in the form of a guarantee by the Consolidated Group.

23. Financial Risk Management (Continued)

d. Credit risk (Continued)

Credit risk is managed on a group basis and reviewed regularly by the Board. It arises from exposures to customers as well as through deposits with financial institutions.

The Board monitors credit risk by actively assessing the rating quality and liquidity of counterparties. The Consolidated Group's cash at bank and bank deposits are placed with reputable banks with good credit ratings. The Consolidated Group diversifies its listed shares investment in managing the risk. The Consolidated Group will only invest in those listed companies with good credit standing.

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

e. Price risk

There is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market, largely due to demand and supply factors for commodities.

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the consolidated statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Consolidated Group	Carrying Amount 31 Dec 2011 $	Net Fair Value 31 Dec 2011 $	Carrying Amount 31 Dec 2010 $	Net Fair Value 31 Dec 2010 $
Financial Assets				
Cash and cash equivalents	465,343	465,343	880,887	880,887
Trade and other receivables	3,459	3,459	2,548	2,548
Available-for-sale financial assets	1,245,927	1,245,927	1,252,906	1,252,906
	1,714,729	1,714,729	2,136,341	2,136,341
Financial Liabilities				
Other loans and payables	103,313	99,947	153,145	147,890

The fair values disclosed in the above table have been determined based on the following methodologies:

- cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value;
- for listed available-for-sale financial assets, closing quoted bid prices at the end of the reporting period are used;

23. Financial Risk Management (Continued)

e. Price risk (Continued)

Consolidated Group (Continued)

- discounted rate of 5% (2010: 5%) is used to determine the fair values of all non-current borrowings. Discount rates used in the calculations are based on interest rates existing at reporting date for similar types of borrowings. The fair values of non-interest bearing borrowings will differ to the carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the consolidated statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Consolidated Group	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
2011				
Financial Assets:				
Available-for-sale financial assets				
Listed investments	1,245,927	-	-	1,245,927
2010				
Financial Assets:				
Available-for-sale financial assets				
Listed investments	1,252,906	-	-	1,252,906

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on the closing quoted bid prices at the end of the reporting period, excluding transaction costs.

Sensitivity Analysis

The following table illustrates sensitivities to the Consolidated Group's exposures to interest rate risk and equity price risk. This sensitivity analysis demonstrates the impact on how profit and equity values report at the reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Consolidated Group	
	31 Dec 2011 $	**31 Dec 2010 $**
Interest Rate Risk Sensitivity Analysis:		
At 31 December 2011, the effect on profit (loss) and equity as a result of changes in interest rates, with all other variables remaining constant, would be as follows:		
Change in profit and equity - Increase / (Decrease)		
- increase in interest rate by 2% points	9,307	17,618
- decrease in interest rate by 2% points	(9,307)	(17,618)

		Consolidated Group	
		31 Dec 2011	31 Dec 2010
23.	**Financial Risk Management (continued)**	$	$

e. Price risk (Continued)

Financial Assets Sensitivity Analysis:

At 31 December 2011, the effect on equity as a result of changes in the market value of listed investments, with all other variables remaining constant, would be as follows:

	2011 $	2010 $
Change in equity (financial assets revaluation reserve) - Increase / (Decrease)		
- increase in market value by 2%	24,919	25,058
- decrease in market value by 2%	(24,919)	(25,058)

24. Company Details

The registered office of the Company is at:

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

25. Events after the reporting date

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

26. Reserves

a. Financial Assets Revaluation Reserve
The financial assets revaluation reserve records revaluations of available-for-sale financial assets.

b. Foreign Currency Translation Reserve
The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

Directors' Declaration

In accordance with a resolution of the directors of Public Holdings (Australia) Limited, the directors of the company declare that:

1. The consolidated financial statements and notes set out on pages 10 to 37 are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards, which, as stated in accounting policy note 1 to the consolidated financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

   (b) give a true and fair view of the financial position as at 31 December 2011 and of the performance for the year ended on that date of the Consolidated Group.

2. In the director's 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; and

3. The directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

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

Yuan-Yi LAO
Chairman of the Board

Dated this 27th day of March 2012

MDHC
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ASSURANCE
Statutory Audit, Internal Audit, Investigations & Due Diligence

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PUBLIC HOLDINGS (AUSTRALIA) LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Public Holdings (Australia) Limited and Controlled Entities (the consolidated group), which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

MDHC Audit Assurance Pty Ltd
Formerly McLean Delmo Hall
Chadwick Audit Assurance Pty Ltd
ABN 54 133 655 586
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MDHC
AUDIT
ASSURANCE

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PUBLIC HOLDINGS (AUSTRALIA) LIMITED

Auditor's Opinion

In our opinion:

(a) the financial report of Public Holdings (Australia) Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated group's financial position as at 31 December 2011 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 7 and 8 of the directors' report for the year ended 31 December 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of Public Holdings (Australia) Limited for the year ended 31 December 2011 complies with section 300A of the *Corporations Act 2001*.

MDHC Audit Assurance Pty Ltd

MDHC Audit Assurance Pty Ltd

Sally Ding
Registered Company Auditor

Hawthorn
27 March 2012

Shareholder Information

The shareholder information set out below was applicable as at 6 March 2012.

(a) Distribution of Equity Securities

(i) The number of ordinary shareholders in different categories are as follows:

1 -	1,000	1,185
1,001 -	5,000	167
5,001 -	10,000	10
10,001 -	100,000	15
100,001 -	and over	8
Number of holders		1,385

(ii) Holders of less than a marketable parcel	1,362

(b) Substantial Shareholders

Extract of Register of Substantial shareholders:

Name	Shares held
Atlas Securities Pty. Limited.	11,074,580

(c) Voting rights

On a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Shareholder Information (Continued)

	Twenty Largest Fully Paid Shareholders	Number of Shares	Percentage of shares
1	Atlas Securities Pty Ltd	11,074,580	73.93%
2	National Nominees Ltd	701,020	4.68%
3	Sheba International Limited	655,512	4.38%
4	Mrs. Milly Elkington	512,232	3.42%
5	Glenfare Investments Pty Ltd	350,000	2.34%
6	Winpar Holdings Limited	306,116	2.04%
7	Pink Pumpkin Pty Ltd	204,280	1.36%
8	Dr. Gordon Bradley Elkington	101,000	0.67%
9	GA & AM Leaver Investments Pty Ltd	57,836	0.39%
10	Andrew David Warne-Smith	48,764	0.33%
11	R. Love Investments Pty Ltd	35,868	0.24%
12	Mr. Michael Pairidis	35,000	0.23%
13	GFS Securities Pty Ltd	32,449	0.22%
14	Mr. Trevor Neil Hay	30,000	0.20%
15	GA & AM Leaver Investments Pty Ltd	20,945	0.14%
16	Robesine Pty Ltd	20,604	0.14%
17	Lewis Tonkin Oxnam & Betty Ann Oxnam	20,452	0.14%
18	Mr. Alfred Edward Fulton Rofe	20,296	0.14%
19	Gist 34 Pty Ltd	15,788	0.11%
20	Mr. David Rylance	13,744	0.09%
		14,256,486	95.18%

Register of securities are held at:

Link Market Services Limited
Level 1, 333 Collins Street, Melbourne, Victoria, 3000
Telephone: (03) 9615 9800
Fax: (03) 8614 2903
Free call: 1300 554 474

Corporate Governance Statement

Principle 1:
Lay solid foundations for management and oversight

1.1 Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

The Board of Directors is responsible for the overall Corporate Governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The primary responsibilities of the Board include responsibilities for:
- oversight of the Company, including its control and accountability systems;
- appointing and removing the Chief Executive Officer (or equivalent);
- ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer (or equivalent) and the Company Secretary;
- input into and final approval of management's development of corporate strategy and performance objectives;
- reviewing and overseeing systems of risk management and internal compliance and control, codes of conduct, and legal compliance;
- monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available. (note due to size, the Company does not have senior management);
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures; and
- approving and monitoring financial and other reporting.

Directors consider that the Company's procedures comply with Principle 1 of the Principles of Good Corporate Governance.

1.2 Company should disclose the process for evaluating the performance of senior executives.

New senior executives are expected to participate fully and actively in management decision-making at the earliest possible opportunity to ensure appropriate understanding about the Company's financial position, strategies, operations, risks management policies and the respective responsibilities and duties of the Board and senior executives.

The Board reviews from time to time its overall performance, as well as the performance of its committees, individual directors and key executives. The Chairman who is also the Chief Executive Officer determines the evaluation criteria and process based on input from the Board. The director's responsibilities are outlined in a formal board charter. The Directors consider that the Company complies with the intention of Principle 1.2 of the Principles of Good Corporate Governance.

1.3 Companies should provide the information indicated in Guide to reporting on Principle 1.
Any departures from best practice recommendations 1.1 or 1.2 are included in those sections.

Principle 2:
Structure the board to add value

2.1 A majority of the board should be independent directors.

The names and qualifications of the Directors of the Company in office at the date of this Statement are set out in the Directors' Report. Directors are appointed based on their experience and on independence of their decision-making and judgement.

Corporate Governance Statement (Continued)

Principle 2 (Continued)

2.1 (Continued)

In considering the status of Directors as independent directors the Company has regard to the following:

An independent Director is a non-executive director (that is: is not a member of management) and:
- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company or another group member other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Having regard to the above criteria, and the particular circumstances of the Company and each Director, the Directors consider that one Director is independent and the other directors are not independent therefore the Company does not comply with Principle 2.1 of the Principles of Good Corporate Governance.

2.2 The Chairperson should be an independent director.

The Chairman is also the Chief Executive Officer of the Company. Due to the small size of the Company, the Company does not comply with Principle 2.2 of the Principles of Good Corporate Governance.

2.3 The roles of Chairperson and Chief Executive Officer should not be exercised by the same individual.

The functions of the Chief Executive Officer are carried out by the Chairman of the Board of Directors.

Due to the small size of the Company, the Company does not comply with Principle 2.3 of the Principles of Good Corporate Governance.

2.4 The Board should establish a nomination committee.

The Company does not have a formal nomination committee due to the scale and nature of the Company's activities. The whole Board meet to consider additional appointments to the Board.
Due to the small size of the Company, the Company does not comply with Principle 2.4 as it does not have a nomination committee. However directors consider that the Company complies with the intentions of Principle 2.4 of the Principles of Good Corporate Governance.

2.5 Companies should disclose the process of evaluating the performance of the Board, its committee and individual Directors.

New Directors are expected to have knowledge about the Company and the industry within which it operates.

The Board members are evaluated on an informal basis on their ability to understand and provide constructive input into:
- The Company's financial, strategic, operational and risk management position; and
- The culture and values of the Company.
- The rights, duties and responsibilities of the directors.
- The roles and responsibilities of senior executives.
- The role of Board Committees.
- Meeting arrangements.
- Director interaction with each other, senior executives and other stakeholders.

Corporate Governance Statement (Continued)
Principle 2 (Continued)

2.5 (Continued)

The Board reviews from time to time its overall performance, as well as the performance of its committees, individual directors and key executives. The Chairman who is also the Chief Executive Officer determines the evaluation criteria and process based on input from the Board.

Although the Board does not have a formal process of evaluating the performance of the Board of Directors, it is considered that the Company complies with Principle 2.5 of the Principles of Good Corporate Governance.

2.6 Provide the information indicated in Guide to reporting on Principle 2

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the Annual Report are disclosed in the Directors' Report included in the Annual Report.

There is one independent Director of the Company. This Director has never been employed as an employee of the Company, has not supplied the Company with goods or services or been a professional adviser to the Company.

The Board does not have a majority of independent Directors. The Company does not have fixed materiality thresholds. Each Director has the right to seek independent professional advice at the Company's expense. However, prior approval of the Chairman is required. Approval will not be unreasonably withheld.

The mix of skills for which the Board of Directors is looking to achieve in membership of the Board includes experience with: other Boards, the industry, finance, investments and future strategy.

The period in office held by each Director in office at the date of the annual report:
- Yuan-Yi Lao (Chairman): Appointed 22/3/1993
- Oreste Biziak: Appointed 20/7/2005
- Wai-Kin Yeung: Appointed 24/3/1998
- Ying-Fang Mei: Appointed 3/7/2007
- Shu-Lin Xin: Appointed 22/8/1995

No Directors have fixed terms of office, other than the term set out in the Constitution.

The Company does not have nomination committee for the reasons outlined in 2.4 above.

Any departures from best practice recommendations 2.1, 2.2, 2.3, 2.4, or 2.5 are included in those sections.

The Board will review its composition on an annual basis to ensure that the Board has the appropriate mix of expertise and experience. Where a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board will select appropriate candidates with relevant qualifications, skills and experience. The Directors consider that the Company complies with Principle 2.6 of the Principles of Good Corporate Governance.

Principle 3:
Promote ethical and responsible decision-making

3.1 Establish a code of conduct to guide the directors, the Chief Executive Officer (or equivalent), the Chief Financial Officer (or equivalent) and any other key executives as to:

3.1.1 The practices necessary to maintain confidence in the Company's integrity.

3.1.2 The practices necessary to take into account the Company's legal obligations and the reasonable expectations of their stakeholders.

3.1.3 The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Board's policy for the Directors is to conduct themselves with the highest ethical standards. All Directors and employees will be expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Corporate Governance Statement (Continued)
Principle 3: (Continued)

3.1 (Continued)
The Company has adopted a specific Board Charter / Code of Conduct which it has communicated to all employees and officers of the Company. Directors consider that the Company complies with Principle 3.1 of the Principles of Good Corporate Governance.
The code of conduct adopted by the Board follows the suggested code of conduct set out in the Corporate Governance Principles and Recommendations with 2010 Amendments.

3.2 Establish a diversity policy.
A summary of the policy is as follows:
- The Company has a commitment to employee and board diversity.
- The Company may have regard to the following factors in the selection processes:
  • Culture
  • Gender
  • Qualifications
  • Age
  • Ethnicity
  • Experience
  • Balance of non-executive to executive directors

- When a new Director is appointed, the Company will focus on skills development courses and executive mentoring programs.
- The Company will, to the extent practical for a small Company articulate corporate culture which not only supports workplace diversity but also recognises that employees at all levels of the company may have domestic responsibilities, such as sharing responsibilities between men and women.
- The Board will, to the extent possible and having regard confidentiality, ensure there is transparency of board processes, review and appointments.

3.3 Disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.
The measurable objectives are the number of women to men on the Board. At the date of this report, there is one female Director and four male Directors.

3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.
At the date of this report, women on the Board comprise 20% and women employees comprise 100%.

3.5 Provide the information indicated in the guide to reporting on to reporting on Principal 3.
The Company where practical complies with principles 3.1 to 3.4.
The Company is a small Company and has a small Board and the practicalities and costs of implementation of principle 3 are considered prior to implementation.
A summary of the diversity policy is set out at 3.2.

Principle 4:
Safeguard integrity in financial reporting

4.1 The board should establish an audit committee.

The Company has an audit committee.

Directors consider that the Company does comply with Principle 4.1 of the Principles of Good Corporate Governance.

Corporate Governance Statement (Continued)
Principle 4: (Continued)

4.2 Structure the audit committee so that it consists of:
- only non-executive Directors.
- a majority of independent Directors.
- an Independent Chairperson, who is not Chairperson of the board.
- at least three members.

Due to the size and nature of the Company, the Company does not comply with Principle 4.2 of the Principles of Good Corporate Governance as the audit committee membership comprises directors who are not independent and one independent Director. The audit committee is chaired by the independent Director who is not the Chairperson of the Board.

4.3 The audit committee - formal charter.

The audit committee has a formal charter.

The Company complies with Principle 4.3 of the Principles of Good Corporate Governance.

4.4 Provide the information indicated in Guide to reporting on Principle 4.

Directors consider that the Company complies with Principle 4.4 of the Principles of Good Corporate Governance to the extent applicable.

Principle 5:
Make timely and balanced disclosure

5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.

All Directors are required to have a general understanding of the matters that are to be, or not to be disclosed in accordance with the ASX Listing Rules.

All matters concerning non- compliance with the listing rules are reported to the Board.

The Board has primary responsibility for ensuring that the Company complies with its disclosure obligations and is primarily responsible for deciding what information will be disclosed.

The Deputy Chairman and Company Secretary are responsible for promoting understanding of compliance and monitoring compliance.

Directors are required to maintain confidentiality of corporate information to avoid premature disclosure.

The Company Secretary delegated by the Board is responsible for media contact and comment, external communications such as analyst briefings and responses to shareholder questions.

The Company has engaged external professionals to act as the Company Secretary to deal with ASX compliance and also separately as external accountants to handle the accounting operation of the Company. They assist the Board to ensure compliance with ASX Listing Rules disclosure requirements. Based on this external assistance, the Board does not consider it requires written policies and procedures.

Directors consider that the Company complies with Principle 5.1 of the Principles of Good Corporate Governance.

Corporate Governance Statement (Continued)
Principle 5: (Continued)

5.2 Provide the information indicated in Guide to reporting on Principle 5.
This information is provided in this statement.
Directors consider that the Company complies with Principle 5.2 of the Principles of Good Corporate Governance.

Principle 6:
Respect the rights of shareholders

6.1 Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.

Due to the small size of the Company, information is communicated to shareholders as follows:
- notices of all meetings of shareholders; and
- all documents that are released publicly are made available on the ASX web site.

Directors consider that the Company complies with Principle 6.1 of the Principles of Good Corporate Governance.

6.2 Provide the information indicated in the Guide to reporting on Principle 6.
This information is provided in this statement.
Directors consider that the Company complies with Principle 6.2 of the Principles of Good Corporate Governance.

Principle 7:
Recognise and manage risk

7.1 The board or appropriate board committee should establish policies on material business risk oversight and management.

The Board monitors and where appropriate receives advices on areas of operational and financial risks, and considers strategies for appropriate risk management arrangements.

Specific areas of risk, which are identified, will be regularly considered at Board meetings include performance of activities, human resources, the environment and continuous disclosure obligations.

7.2 The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Matters of risk management and compliance are currently addressed by the Board as a whole.

Directors consider that the Company complies with Principle 7.2 of the Principles of Good Corporate Governance.

7.3 The Board should disclose whether it has received assurance from the Chief Executive Officer (CEO) (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Matters of risk management and internal control systems in relation to financial reporting are currently addressed by the Board as a whole.

Corporate Governance Statement (Continued)
Principle 7: (Continued)

7.3 (Continued)
At the end of each financial year, the Board receives from the CEO a declaration in accordance with section 295A of the Corporations Act.

Directors consider that the Company complies with the intentions of Principle 7.3 of the Principles of Good Corporate Governance.

7.4 Provide the information indicated in Guide to reporting on Principle 7.

This information is provided in this statement.

The Board has received the report from management under recommendations 7.2 and 7.3.

Directors consider that the company complies with intentions of Principle 7.4 of the Principles of Good Corporate Governance.

Principle 8:
Remunerate fairly and responsibly

8.1 The Board should establish a remuneration committee.

Due to the size the Company, a remuneration committee has not been established. The Board however acts as remuneration committee and reviews the Directors' remuneration packages.

Directors consider that the Company does comply with Principle 8.1 of the Principles of Good Corporate Governance

8.2 The structure of the remuneration committee.
As explained in 8.1, the Company does not have a remuneration committee.

8.3 Provide the information indicated in Guide to reporting on Principle 8.
This information is provided in this statement.

Although the Company does not have a remuneration committee, the Directors consider that the Company complies with general Principle 8.3 of the Principles of Good Corporate Governance.