

Public Holdings (Australia) Limited
ABN 65 000 332 918

Annual Report
For the Year Ended 31 December 2016

Public Holdings (Australia) Limited

ABN 65 000 332 918

Company Particulars

Directors:

Bryan Frost - Chairman and Managing Director
Oreste Biziak - Deputy Chairman
Peter Chapman
Clayton Dodd

Company Secretary:

David McBain
Level 1, 123 Whitehorse Road, Balwyn, Victoria, 3103
Email: dmcbain@mcbainmccartin.com.au

Auditors:

McLean Delmo Bentleys Audit Pty Ltd
Level 3, 302 Burwood Road, Hawthorn, Victoria, 3122

External Accountants:

McBain McCartin & Co Business Services Pty Ltd
Level 1, 123 Whitehorse Road, Balwyn, Victoria, 3103
Telephone: (03) 9817 0700
Fax: (03) 9817 0799

Share Registry:

Link Market Services Limited
Tower 4, 727 Collins Street, Docklands, VIC 3008
Telephone: (03) 9200 4555
Free call: 1300 554 474
Email: registrars@linkmarketservices.com.au

Stock Exchange:

Listed on the Australian Securities Exchange Limited ('ASX')

Registered Office:

At the offices of McBain McCartin & Co Business Services Pty Ltd
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:

At the offices of McBain McCartin & Co Business Services Pty Ltd
Level 1, 123 Whitehorse Road, Balwyn, Victoria, 3103

Public Holdings (Australia) Limited

ABN 65 000 332 918

Directors' Report

The Directors hereby present their report of Public Holdings (Australia) Limited together with the financial statements of the Company for the year ended 31 December 2016.

Directors

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

Bryan J Frost - Chairman and Managing Director

Oreste A Biziak - Deputy Chairman

Peter F Chapman

Clayton J Dodd

Principal Activities

The principal activity of the Company is the investment of funds.

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

Operating Results

The net loss for the year ended 31 December 2016 was \$216,033 (2015: net loss of \$260,012).

Dividends

No dividend has been recommended in respect of the year ended 31 December 2016 (2015: Nil).

Review of Operations

The Company issued an additional 6,500,000 ordinary shares on 10 June 2016 at an issue price of 6 cents (\$0.06) each. This issue was undertaken by a private placement under the Company's power to issue securities under the listing rules of the ASX (specifically, ASX Listing Rules 7.1 and 7.1A). This placement of shares raised \$387,000 after costs and was principally for the purposes of providing working capital to fund the costs associated with implementation of the proposed acquisition of Mobilicom Ltd.

An announcement was made to the market on 17 January 2017 of the termination of the Share Swap Agreement with Mobilicom Ltd. Settlement arrangements provided for the payment by Mobilicom Ltd to the Company of the sum of \$450,000. Of this amount, \$100,000 represents the repayment of a \$100,000 fee paid to Mobilicom Ltd under the terms of the Share Swap Agreement and \$350,000 to cover expenses incurred by the Company in connection with its efforts to seek and implement the proposed transaction. The amount of \$450,000 was treated as an adjusting event at 31 December 2016 due to ongoing negotiations which commenced during December 2016 notwithstanding that the settlement agreement with Mobilicom Ltd was not signed until 17 January 2017. Settlement funds of \$450,000 were received by the Company as announced to the ASX on 3 March 2017.

In accordance with a Terms Sheet entered into on 29 July 2015 between the Company and Your Dash Pty Ltd ('Your Dash'), the Company advanced Your Dash a loan of \$100,000. The Terms Sheet was terminated on 10 September 2015 and the loan repayable within six months of that date which did not occur. At 31 December 2015, a provision for diminution was raised in the financial statements. Subsequent to 30 June 2016, a Deed of Release and Settlement was signed between the Company and Your Dash. This terms of this agreement were that Your Dash would pay the Company \$10,000 in full settlement of the loan. The amount of \$10,000 has been received and is reflected in these financial statements as revenue. During the year, the loan of \$102,301 (including interest) was written off against the provision for impairment of the loan.

Revenue for year end 31 December 2016 has been derived from bank interest \$1,720, repayment of a loan of \$10,000 from Your Dash Pty Ltd and settlement funds receivable from Mobilicom Ltd of \$450,000. For year end 31 December 2017, the continuing source of revenue is from bank interest. Costs for year end 31 December 2016 included \$540,134 expenses related to Mobilicom Ltd transaction. For year end 31 December 2017, cost will continue to be contained.

The Board is continuing to investigate new business opportunities for the Company

Financial Position

The net assets of the Company have increased from \$167,834 at 31 December 2015 to \$398,801 at 31 December 2016.

Significant Changes in State of Affairs

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

Events after the Reporting Period

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

Public Holdings (Australia) Limited

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Directors' Report (Cont'd)

Future Developments, Prospects and Business Strategies

Likely developments, future prospects and business strategies of the operations of the Company and expected results of those operations are currently being reviewed by the Directors. The Board is actively investigating new business opportunities for the Company.

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.

Information Relating to Directors and Company Secretary

Bryan J Frost

Qualifications:

Stockbroker

Experience:

Over 50 years involvement in the securities industry including stockbroking, structuring investment and raising finance. Bryan has been involved in the securities industry for over 50 years including stockbroking, structuring investment and raising finance for a myriad of companies in Australia, UK and Canada specialising in resource based industries.

Interest in shares and options: 7,025,000 ordinary shares in PHA at 31 December 2016.

Special responsibilities:

Chairman and Managing Director

Directorships held in other

Not applicable

listed entities during the three years prior to the current year:

Length of service:

Appointed to the Board 19 September 2014

Other information:

He is currently Chairman of a Private Investment Bank, Peregrine Corporate Limited.

Oreste A Biziak

Qualifications:

Bachelor of Applied Science (Canberra University)

Experience:

Oreste has been employed in various positions in a number of Australian Government Departments including Department of Immigration and Multicultural and Indigenous Affairs. After leaving Government employment during 2001, he established a consultancy company in Canberra with interests in Hong Kong and China.

Interest in shares and options: 510,116 ordinary shares in PHA at 31 December 2016.

Special responsibilities:

Deputy Chairman, Chairman of the Audit Committee and Non-Executive Director

Directorships held in other

Not applicable

listed entities during the three years prior to the current year:

Length of service:

Appointed to the Board 20 July 2005

Peter F Chapman

Qualifications:

Securities Institute of Australia - Master Stockbroker

Fellow - Australian Institute of Company Directors (FAICD)

Experience:

Over 40 years involvement in the securities industry including stockbroking, structuring investment and raising finance. Experience in Directorship roles in various companies including the Australian Stock Exchange (Melbourne) Ltd.

Following retirement during 2008, his current business interests are in resources in South Africa, oil and gas in the Middle East and a small private bank in Geneva.

Interest in shares and options: 1,001,208 ordinary shares in PHA at 31 December 2016.

Special responsibilities:

Non-Executive Director

Directorships held in other

Not applicable

listed entities during the three years prior to the current year:

Length of service:

Appointed to the Board 19 September 2014

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Directors' Report (Cont'd)

Information Relating to Directors and Company Secretary (Cont'd)

Clayton J Dodd

Qualifications:

Member of Chartered Accountants Australia and New Zealand

Experience:

Over 30 years' experience in finance and resources and has held directorships with public listed companies on the Johannesburg Stock Exchange (JSE), Alternative Investment Market - London Stock Exchange (AIM) and Australian Stock Exchange (ASX). Clayton is currently a Director of Weld Range Metals Limited, an unlisted public company.

Interest in shares and options: 4,000,000 ordinary shares in PHA at 31 December 2016.

Special responsibilities:

Non-Executive Director

Directorships held in other

Not applicable

listed entities during the three years prior to the current year:

Length of service:

Appointed to the Board 19 September 2014

David W McBain

Qualifications:

Company Secretary

Fellow - Chartered Accountants Australia and New Zealand (FCA), member of Chartered Secretaries Australia (ACIS) now known as Governance Institute of Australia, and Fellow - Australian Institute of Company Directors (FAICD), Business Studies (RMIT)

Experience:

David has held the position of Company Secretary of Public Holdings (Australia) Limited since September 2006. He has over 40 years of professional experience in the areas of company secretarial, business assurance and statutory audits, taxation and business advisory services.

Directors' Meetings

The following table sets out the number of meetings of the Company's Directors held during the year ended 31 December 2016 and the number of meetings attended by each Director.

	Directors' meetings		Audit Committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Bryan Frost - Chairman and Managing Director	7	7	2	2
Oreste A Biziak	7	7	2	2
Peter F Chapman	7	6	2	2
Clayton J Dodd	7	5	2	0

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 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 were no non-audit services provided to the Company by the audit firm during the year.

Auditor's Independence Declaration

The Auditor's independence declaration for the year ended 31 December 2016 has been received and can be found on page 6.

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Remuneration Report

Remuneration Policy

No remuneration paid to Directors during the year.

Following the appointment of the Board of Directors on 19 September 2014, all salaries and Directors fee were ceased from 30 September 2014, with the exception of \$6,250 worth of shares in lieu of salary provided to one Director during year end 31 December 2015. At the date of this report, the Board considers this remuneration policy to be appropriate and effective to run and manage the Company. No staff are currently employed by the Company.

As the Company has a small Board, the full Board acts as a Remuneration Committee and is responsible for determining and reviewing compensation arrangements for Directors and executives.

The Board does not link the nature and amount of Directors and Executive Officers' Remuneration to the Company's financial and operation performance.

Remuneration Structure

Currently, no Directors fees are paid to conserve working capital. It is the current policy of the Board not to pay or accrue Directors fees until a new business venture is identified.

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

Performance based remuneration

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

Key Management Personnel ('KMP') Shareholdings

The number of ordinary shares in the Company held by each KMP during the financial year was as follows:

Current KMP:

Bryan Frost - Chairman and Managing Director
Oreste Biziak
Peter Chapman
Clayton Dodd

Balance at Beginning of Year	Other Changes during the Year	Balance at End of Year
6,800,000	225,000	7,025,000
510,116	-	510,116
1,001,208	-	1,001,208
4,000,000	-	4,000,000

This table includes shares that are held directly, indirectly or beneficially by each KMP.

Details of Remuneration for Year Ended 31 December 2016

This table of payments represents the components of the current year and comparative year remuneration expense for each member of the KMP group. Such amounts have been calculated in accordance with Australian Accounting Standards.

Short-term benefits	Post-employment benefits	Total
Salary	Superannuation	
\$	\$	\$
-	-	-
6,250	-	6,250
6,250	-	6,250

Total 2016

2015

Ordinary shares in lieu of salary for services rendered for Non-executive Director: Oreste A Biziak

Total 2015

The Directors of the Company do not receive any other form of remuneration apart from the amounts disclosed above. There are no contracts of employment.

No options have been issued or granted as part of remuneration during the year.

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



Bryan Frost
Chairman and Managing Director
27 March 2017

**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 2016 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.



McLean Delmo Bentleys Audit Pty Ltd



**Martin Fensome
Partner**

Hawthorn
27 March 2017

Public Holdings (Australia) Limited

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2016

	Note	31 Dec 2016 \$	31 Dec 2015 \$
Revenue	2	429,902	6,282
Administration expenses	2	(645,935)	(163,993)
Provision for impairment of loan	4	-	(102,301)
Loss before income tax		<u>(216,033)</u>	<u>(260,012)</u>
Tax expense	3	-	-
Net Loss for the year		<u>(216,033)</u>	<u>(260,012)</u>
Total Comprehensive Loss for the year		<u>(216,033)</u>	<u>(260,012)</u>
Earnings (Loss) per ordinary share.	5	2016 Cents/share	2015 Cents/share
Basic and diluted earnings (loss) per share:		(0.63)	(0.99)

The accompanying notes form part of these financial statements.

Public Holdings (Australia) Limited

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Statement of Financial Position As at 31 December 2016

	Note	31 Dec 2016 \$	31 Dec 2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		39,877	176,997
Trade and other receivables	4	450,000	1,336
TOTAL CURRENT ASSETS AND TOTAL ASSETS		<u>489,877</u>	<u>178,333</u>
TOTAL ASSETS		<u>489,877</u>	<u>178,333</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		91,076	10,499
TOTAL CURRENT LIABILITIES AND TOTAL LIABILITIES		<u>91,076</u>	<u>10,499</u>
NET ASSETS		<u>398,801</u>	<u>167,834</u>
EQUITY			
Issued capital	5	1,600,136	1,153,136
Accumulated losses		(1,201,335)	(985,302)
TOTAL EQUITY		<u>398,801</u>	<u>167,834</u>

The accompanying notes form part of these financial statements.

Public Holdings (Australia) Limited

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Statement of Changes in Equity For the Year Ended 31 December 2016

	Note	Share Capital \$	Accumulated Losses \$	Total \$
Balance at 1 January 2015		876,812	(725,290)	151,522
Net loss for the year		-	(260,012)	(260,012)
Issue of shares on 17 February 2015 pursuant to non-renounceable rights issue of 1 new share for every share held		299,580	-	299,580
Capital raising expenses of non-renounceable rights issue		(35,006)	-	(35,006)
Issue of shares as consideration for services rendered		11,750	-	11,750
<hr/>				
Balance at 31 December 2015		1,153,136	(985,302)	167,834
Net loss for the year		-	(216,033)	(216,033)
Placement of 6,500,000 shares on 10 June 2016	5	390,000	-	390,000
Capital raising expense of private placement		(3,000)	-	(3,000)
				-
Issue of shares to consultant as consideration for services rendered	2	60,000	-	60,000
<hr/>				
Balance at 31 December 2016		1,600,136	(1,201,335)	398,801

The accompanying notes form part of these financial statements.

Public Holdings (Australia) Limited

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Statement of Cash Flows

For the Year Ended 31 December 2016

	Note	31 Dec 2016 \$	31 Dec 2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	4b	10,000	-
Payments to suppliers and employees	2	(565,997)	(172,494)
Interest received		1,720	3,981
GST received from ATO		30,157	22,856
Net cash used in operating activities	6	(524,120)	(145,657)
CASH FLOWS FROM INVESTING ACTIVITIES			
		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Placement of 6,500,000 shares on 10 June 2016	5	390,000	-
Capital raising expense of share placement		(3,000)	-
Non-renounceable pro-rata Rights Issue of 1 new share for every 1 share held at an issue price of 2 cents (\$0.02) each		-	299,580
Capital raising expenses of non-renounceable rights issue		-	(35,006)
Loan to Your Dash Pty Ltd	4b	-	(100,000)
Net cash provided by/(used in) financing activities		387,000	164,574
Net increase/(decrease) in cash and cash equivalents held		(137,120)	18,917
Cash and cash equivalents at 1 January		176,997	158,080
Cash and cash equivalents at 31 December		39,877	176,997

The accompanying notes form part of these financial statements.

Public Holdings (Australia) Limited

ABN 65 000 332 918

Notes to the Financial Statements For the Year Ended 31 December 2016

1. Summary of Significant Accounting Policies

Corporate Information

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

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs.

The financial report was authorised for issue on 27 March 2017 by the Board of Directors.

a) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

b) Financial Instruments

Initial recognition and 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 Company commits itself to either the purchase or sale of the asset. Financial instruments are initially measured at fair value plus transaction costs.

Classification and subsequent measurement

Loans and receivables

Loans are non-derivative financial assets with fixed or determinable payments. Gains or losses are recognised in profit or loss when the financial asset is derecognised.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Other receivables arise due to contractual obligations or settlement with third parties.

Financial liabilities

Financial liabilities are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

c) Revenue and Other Income

Interest revenue is recognised using the effective interest method. Revenue is measured at the fair value of the consideration received or receivable. All revenue is stated net of the amount of goods and services tax (GST).

d) Goods and Services Tax (GST)

Revenues (with the exception of interest), expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows and included in receipts from customers or payments to suppliers.

Public Holdings (Australia) Limited

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Notes to the Financial Statements For the Year Ended 31 December 2016

1. Summary of Significant Accounting Policies (Cont'd)

e) Going Concern:

The financial statements have been prepared on a going concern basis, which contemplates the continuation of normal business operations and realisation of assets and settlement of liabilities in the normal course of business. The Directors have considered and noted the following with regard to the ability at the Company to continue as a going concern:

The Company issued an additional 6,500,000 ordinary shares on 10 June 2016 at an issue price of 6 cents (\$0.06) each. This issue was undertaken by a private placement under the Company's power to issue securities under the listing rules of the ASX (specifically, ASX Listing Rules 7.1 and 7.1A). This placement of shares raised \$387,000 after costs and was principally for the purposes of providing working capital to fund the costs associated with implementation of the proposed acquisition of Mobilicom Ltd.

Notwithstanding that the Company incurred a net loss of \$216,033 for the year ended 31 December 2016 and had net operating cash outflows of \$524,120 for the year ended 31 December 2016, \$450,000 cash was received after balance date from Mobilicom Limited. At 31 December 2016, the financial statements of the Company show a receivable of \$450,000 due from Mobilicom Ltd. Of this amount, \$150,000 was received during January 2017 and the balance of \$300,000 was received by 28 February 2017.

The Board continues to assess opportunities for the acquisition of a new business and recognises that the implementation of any such transaction will involve costs. If the Company were to pursue a transaction for the acquisition of a new business, it is likely that the Company would seek to raise additional capital to cover the costs associated with its implementation.

The ASX fund raising rules provide more flexibility for smaller companies to raise additional capital in an easier and potentially less costly manner. ASX Listing Rule 7.1A enables eligible entities to issue equity securities (as that term is defined in the ASX Listing Rules) up to 10% of their issued share capital through placements over a 12 month period after an Annual General Meeting (10% Placement Facility). The 10% Placement Facility is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1. An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300,000,000 or less. The Company is an eligible entity. The Board considers that ASX Listing Rule 7.1 (and, if approved at the next Annual General Meeting, ASX Listing Rule 7.1A) give the Company the capacity to raise capital sufficient to fund the costs associated with implementation of any transaction for the acquisition of a new business.

The Directors are attempting to keep costs low and there are no committed expenses. On the basis of these factors, the Directors believe that the going concern basis of preparation of the financial statements is appropriate and the Company will be able to repay its debts as and when they fall due.

f) Adoption of New and Revised Accounting Standards:

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

There was no material impact on the financial statements as a result of the adoption of the revised Australian Accounting Standards and Interpretations applicable to its operations.

g) New Accounting Standards for Application in Future Periods:

At the date of authorisation of the financial report, there were a number of Standards on issue but not yet effective. Many standards are not relevant to the Company.

Public Holdings (Australia) Limited

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Notes to the Financial Statements For the Year Ended 31 December 2016

	Note	31 Dec 2016 \$	31 Dec 2015 \$
2. Revenue and Expenses			
The following revenue and expense items are relevant in explaining the financial performance for the year:			
<i>Revenue:</i>			
Settlement receivable from Mobilicom Ltd net of GST	4a	418,182	-
Settlement received from Your Dash Pty Ltd	4b	10,000	-
Interest received - bank accounts		1,720	3,981
Interest receivable from Your Dash Pty Ltd		-	2,301
Total Revenue		<u>429,902</u>	<u>6,282</u>
<i>Expenses:</i>			
Employee benefits expense:			
Director's fees: 250,000 shares issued to a Director during the year in lieu of a cash payment. The value attributed to these shares represents market value at the grant date of the shares.		-	(6,250)
Amounts received or due and receivable by the auditors:			
Auditing the financial statements		(9,350)	(9,050)
Expenses associated with Mobilicom Ltd transaction:		<u>(540,134)</u>	<u>-</u>
Expenses of \$540,134 include:			
■ Mobilicom Ltd fee: \$100,000 fees paid by the Company under the terms of the Share Swap Agreement.			
■ Consultants fee: 1,000,000 shares (market value \$60,000) issued to a consultant in accordance with a Terms Sheet between the Company and Mobilicom Ltd dated 6 June 2016 and on satisfaction of Preliminary Due Diligence in lieu of a cash payment. The value attributed to these shares of \$0.06 per share or \$60,000 represents market value at the grant date of the shares. The value attributed to the shares of \$0.06 per share was based on the last trade prior to the Company's suspension from official quotation on 6 June 2016. The last trade was on 21 April 2016 at \$0.06 per share. The suspension of the Company shares has not yet been lifted by the ASX.			
■ Other costs: The other costs of \$380,134 relate to consultants and legal costs including costs associated with the Terms Sheet, Due Diligence review, preparation of Prospectus and Share Swap Agreement.			
3. Income Tax Expense			
The prima facie tax on net loss for year is reconciled to income tax as follows:			
Prima facie income tax on loss at 30%:		(64,810)	(78,004)
Tax effect of:			
Non-allowable items		<u>64,810</u>	<u>78,004</u>
Income tax attributable to entity		<u>-</u>	<u>-</u>
A deferred tax asset has not been recognised in respect of the carry forward of unused tax losses as at this stage it is not probable that future taxable profits will be derived. Tax losses approximate \$1,370,000 and capital losses \$2,100,000.			
The benefit of 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 tax losses.			

Public Holdings (Australia) Limited

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Notes to the Financial Statements For the Year Ended 31 December 2016

		31 Dec 2016	31 Dec 2015
Note		\$	\$
4. Trade and Other Receivables - Current			
Trade and sundry debtors		-	1,336
Receivable - Mobilicom Ltd	4a	450,000	-
Loan due from Your Dash Pty Ltd	4b	-	102,301
Provision for impairment of loan		-	(102,301)
		<u>450,000</u>	<u>1,336</u>
Provision for impairment of loan			
Opening balance		(102,301)	-
Charge for the year		-	(102,301)
Provision applied against loan		<u>102,301</u>	<u>-</u>
Closing balance		<u>-</u>	<u>(102,301)</u>

a. An announcement was made to the market on 17 January 2017 of the termination of the Share Swap Agreement with Mobilicom Ltd. Settlement arrangements provided for the payment by Mobilicom Ltd to the Company of the sum of \$450,000. Of this amount, \$100,000 represents the repayment of a \$100,000 fee paid to Mobilicom Ltd under the terms of the Share Swap Agreement and \$350,000 to cover expenses incurred by the Company in connection with its efforts to seek and implement the proposed transaction. The amount of \$450,000 was treated as an adjusting event at 31 December 2016 due to ongoing negotiations which commenced during December 2016 notwithstanding that the settlement agreement with Mobilicom Ltd was not signed until 17 January 2017. Settlement funds of \$450,000 were received by the Company as announced to the ASX on 3 March 2017.

b. In accordance with a Terms Sheet entered into on 29 July 2015 between the Company and Your Dash Pty Ltd ('Your Dash'), the Company advanced Your Dash a loan of \$100,000. The Terms Sheet was terminated on 10 September 2015 and the loan repayable within six months of that date which did not occur. At 31 December 2015, a provision for diminution was raised in the financial statements. Subsequent to 30 June 2016, a Deed of Release and Settlement was signed between the Company and Your Dash. This terms of this agreement were that Your Dash would pay the Company \$10,000 in full settlement of the loan. The amount of \$10,000 has been received and is reflected in these financial statements as revenue. During the year, the loan of \$102,301 (including interest) was written off against the provision for impairment of the loan.

c. Credit risk

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties except for the receivable from Mobilicom Ltd. The class of assets described as 'trade and other receivables' is considered to be the main source of credit risk related to the Company. All the trade and other receivables are within initial trade terms.

		31 Dec 2016	31 Dec 2015
Note		\$	\$
5. Issued Capital			
37,958,000 (2015: 30,458,000) fully paid ordinary shares		<u>1,600,136</u>	<u>1,153,136</u>
At beginning of reporting period:		1,153,136	876,812
Issue of shares on 17 February 2015 pursuant to non-renounceable rights issue of 1 new share for every share held		-	299,580
Capital raising expenses of non-renounceable rights issue		-	(35,006)
Placement of 6,500,000 shares on 10 June 2016	1e	390,000	-
Capital raising expenses of placement of shares		(3,000)	-
Issue of shares as consideration for services rendered	2	60,000	11,750
At end of reporting period:		<u>1,600,136</u>	<u>1,153,136</u>

Public Holdings (Australia) Limited

ABN 65 000 332 918

Notes to the Financial Statements For the Year Ended 31 December 2016

	Note	31 Dec 2016 Number	31 Dec 2015 Number
5. Issued Capital (Cont'd)			
Number of shares at beginning of year:		30,458,000	14,979,000
Shares issued during the year:			
Non-renounceable rights issue 17 February 2015		-	14,979,000
Placement of 6,500,000 shares on 10 June 2016	1e	6,500,000	-
Shares issued as consideration for services rendered	2	1,000,000	500,000
Number of shares at end of year:		<u>37,958,000</u>	<u>30,458,000</u>
Earnings (Loss) per ordinary share:		Cents/share	Cents/share
Basic and diluted earnings (loss) per share ('EPS')		<u>(0.63)</u>	<u>(0.99)</u>
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS and diluted EPS		No of shares	No of shares
		34,174,066	26,205,150
Total number of issued shares at end of financial year		<u>37,958,000</u>	<u>30,458,000</u>
Net loss for the year used in the calculation of basic and diluted earnings per share		\$	\$
		<u>(216,033)</u>	<u>(260,012)</u>
<i>Capital Management:</i>			
The Directors control the capital to ensure that the Company can fund its operations and continue as a going concern. There are no externally imposed capital requirements.			
The Directors effectively manage the Company's capital by assessing financial risks and adjusting its capital structure in response to changes in these risks and to changes in the market. The strategy adopted by the Board to manage risk and control the capital of the Company since the prior year has been to raise additional capital via a rights issue and carefully monitor expenditure.			
6. Cash Flow Information			
Reconciliation of cash flows from operations with net loss for the year			
Net loss for the year		(216,033)	(260,012)
Non-cash flows from ordinary activities:			
Shares issued in lieu of services rendered	2	60,000	11,750
Unrealised interest from loan		-	(2,301)
Provision for diminution in value of loan		-	102,301
Changes in assets and liabilities:			
Decrease/(increase) in trade and other receivables		(448,664)	4,522
Increase/(decrease) in trade and other payables		80,577	(1,917)
Net cash used in operating activities		<u>(524,120)</u>	<u>(145,657)</u>
7. Contingent Liabilities			
The Company is not aware of any contingent liabilities.			
8. Operating Segments:			
The Company operates in one reporting segment in Australia which is investments. This involves the holding of cash reserves to fund anticipated costs associated with identifying and assessing new business opportunities and funding costs associated with the acquisition of a new business opportunity.			

Public Holdings (Australia) Limited

ABN 65 000 332 918

Notes to the Financial Statements For the Year Ended 31 December 2016

	31 Dec 2016	31 Dec 2015
9. Key Management Personnel (KMP) Remuneration:		
Director's fees	\$ -	\$ 6,250
250,000 shares with an aggregate value of \$6,250 were issued to a Director during 2015 in lieu of a cash payment.		
10. Financial Risk Management:		
Financial instruments consist mainly of deposits with banks, trade and other receivables and trade and other payables..		
Financial Risk Management Policies		
The use of financial instruments is governed by policies approved by the Board of Directors. The Directors are responsible for managing treasury requirements.		
Financial Risk Exposures		
The main risks the Company is exposed to through its financial instruments are interest rate risks and liquidity risk.		
a. Interest rate risk		
Interest rate risk is managed with a mixture of cash at bank, short term deposits and financial assets. The interest receivable on bank deposits can vary depending upon interest rates from time to time. The Company has not used interest rate swaps to hedge its exposure to interest rate risk.		
The effective interest rates of cash and cash equivalents of the Company at the reporting date are set out below.		
Average interest rate	1.57%	2.42%
b. Liquidity risk		
The Board manages liquidity risk by monitoring cash flows and maintaining sufficient cash to meet operational requirements and the costs associated with identifying and assessing new business opportunities.		
c. Financial liability maturity analysis		
All liabilities of the current year and comparative year are due to be paid within six months. No liabilities extend beyond this period.		
d. Credit risk		
The maximum exposure to credit risk, excluding the value of any collateral or other security, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and Notes to the financial statements. No collateral has been given in the form of a guarantee by the Company.		
The Board monitors credit risk by actively assessing the rating quality and liquidity of counterparties. The Company's cash at bank and bank deposits are placed with reputable banks with good credit ratings.		
The Company has a material credit risk exposure to a single receivable under financial instruments entered into by the Company in relation to Mobilicom Ltd. Refer Note 4a. The receivable has been repaid by Mobilicom Ltd to the Company prior to 28 February 2017.		
e. Sensitivity Analysis		
The Directors do not believe that any reasonably possible movement in the interest rate would cause a material impact on the reported result for the year.		
11. 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.		

Directors' Declaration

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

1. The financial statements and notes set out on pages 7 to 16 are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (b) give a true and fair view of the financial position as at 31 December 2016 and of the performance for the year ended on that date of the Company.
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.



Bryan Frost
Chairman and Managing Director
27 March 2017

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 31 December 2016, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Public Holdings (Australia) Limited (the Company), which comprises the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Public Holdings (Australia) Limited, is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the company's financial position as at 31 December 2016 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1(e), "Going Concern" in the financial report which indicates that the company incurred a net loss of \$216,033 for the year ended 31 December 2016 and had net operating cash outflows of \$524,120 for the year ended 31 December 2016. As stated in Note 1(e), these events along with other matters as set forth in note 1(e) indicate that a material uncertainty exists that may cast doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters. Including the matter described in the Materiality Uncertainty Related to Going Concern, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Existence and valuation of Trade and Other Receivables</p> <p>The company has recognized Trade and Other Receivables of \$450,000 in the Statement of Financial Position. Accounting Policy 1 (b) outlines the accounting policy for trade and other receivables.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • We evaluated the terms and settlement arrangements regarding the existence and collectability of the trade and other receivables. • We assessed documentary evidence available to support the receipt of the Trade and Other Receivables.
<p>Going Concern</p> <p>The company incurred a net loss of \$216,033 for the year ended 31 December 2016 and had net operating cash outflows of \$524,120 for the year ended 31 December 2016 which indicates a material uncertainty regarding the application of the going concern basis of accounting.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • We analysed the cash flow projections by evaluating the underlying data used to generate the projections for consistency with other information tested by us, our understanding of the Company's intentions, and past practices; • Assessing the planned levels of operating expenditures for consistency of relationships and trends to the company's historical results, results since year end, and our understanding of the business and economic conditions of the company.
<p>Measurement of Share Based Payments.</p> <p>The Company has issued shares in consideration for services provided. Note 5 to the financial statements disclose this issue of shares.</p>	<p>Our procedures included, amongst others;</p> <ul style="list-style-type: none"> • We evaluated the Terms sheet that outlined the basis for the issue of shares in consideration of services provided; • We undertook an analysis of the quoted share price and the issue of shares during the relevant period to assess fair value.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in page 4 of the directors' report for the year ended 31 December 2016.

In our opinion, the Remuneration Report of Public Holdings (Australia) Limited, for the year ended 31 December 2016, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.



McLean Delmo Bentleys Audit Pty Ltd



**Martin Fensome
Partner**

Hawthorn
31 March 2017

Shareholder Information

Shareholder information set out below was applicable as at 17 March 2017.

(a) Distribution of Equity Securities

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

100,001 and Over	30
10,001 to 100,000	14
5,001 to 10,000	12
1,001 to 5,000	167
1 to 1,000	1,178
Total	1,401
(ii) Holders of less than a marketable parcel	1,356

(b) Substantial Shareholders

Names of substantial shareholders:	Shares held
BRYAN FROST	7,025,000
NEWPORT PRIVATE WEALTH PTY LTD	5,333,333
CHIFLEY PORTFOLIOS PTY LTD	5,000,000
CLAYTON DODD	4,000,000
PENLEIGH BANNER PTY LTD	3,997,580
This list of substantial shareholders includes shares that are held directly, indirectly or beneficially.	

(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.

Twenty Largest Fully Paid Shareholders		Number of Shares	Percentage of shares
1	NEWPORT PRIVATE WEALTH PTY LTD	5,333,333	14.05%
2	CHIFLEY PORTFOLIOS PTY LTD	5,000,000	13.17%
3	CLAYTON DODD	4,000,000	10.54%
4	PENLEIGH BANNER PTY LTD	3,997,580	10.53%
5	QUEENSLAND MM PTY LTD	3,000,000	7.90%
6	ACTIONETTE PTY LTD	2,800,000	7.38%
7	MR ALEXANDER FLEMING WYLIE	1,300,000	3.42%
8	MR PETER FREDERICK CHAPMAN & MRS DIANNE MARGARET CHAPMAN	1,000,000	2.63%
8	QUEENSLAND MM PTY LTD (AS TRUSTEE)	1,000,000	2.63%
8	CAMAC INVESTMENTS PTY LTD	1,000,000	2.63%
9	LSAF HOLDINGS PTY LTD	950,000	2.50%
10	BRIDUN PTY LTD	819,857	2.16%
11	KASTIN PTY LTD	800,000	2.11%
12	GRACE CHAN SAI WAH CHU	655,512	1.73%
13	WINPAR HOLDINGS LIMITED	614,880	1.62%
14	AUSTRALIAN EXECUTOR TRUSTEES LIMITED	600,000	1.58%
15	CANTORI PTY LTD	584,315	1.54%
16	MRS SUSAN HELEN MCBAIN	583,333	1.54%
17	MR ORESTE ANTHONY BIZIAK	510,116	1.34%
18	SHARED OFFICE SERVICES PTY LTD	400,000	1.05%
19	GLENFARE INVESTMENTS PTY LTD	350,000	0.92%
20	PINK PUMPKIN PTY LTD	327,357	0.86%
TOTAL SHARES TOP 20		35,626,283	93.86%
TOTAL ISSUED SHARES		37,958,000	100%

Unquoted Securities:

The list of twenty largest fully paid shareholders includes CAMAC Investments Pty Ltd holding 1,000,000 shares. These shares are unquoted securities issued on 22 November 2016 and issued after the Company's suspension from official quotation on 6 June 2016. Also refer to Note 2, 2016 Annual Report re shares granted in lieu of consultants fees and Appendix 3B lodged with ASX Announcements Office on 22

Register of securities:

The Register is held by Link Market Services Limited, Tower 4, 727 Collins Street, Docklands, VIC 3008
Free call: 1300 554 474

Corporate Governance Statement

The Corporate Governance Statement is current at 27 March 2017 and was approved by the Board.

There are some limitations in the application of these Corporate Governance Principles due to the small size of the Company. The Company does not employ staff at the date of this report.

Principle 1: Lay solid foundations for management and oversight

1.1 A listed entity should disclose:

- (a) the respective roles and responsibilities of its Board and management, and*
- (b) those matters expressly reserved to the Board and those delegated to management.*

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.

At this stage in the Company's cycle, the Company has no employees other than Directors.

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
- approving and monitoring financial and other reporting.

1.2 A listed entity should:

- (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a Director; and*
- (b) provide security holders with all material in its possession relevant to a decision on whether or not to elect or re-elect a Director.*

The current Directors have been elected to take the Company through a transition phase culminating in the acquisition of a new business opportunity.

New Directors 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, risk management policies and the respective responsibilities and duties of the Board.

The Notice of Meeting of the Company sets out the Directors standing for re-election each year at the AGM. This notice provides security holders with all material in its possession relevant to a decision on whether or not to elect or re-elect a Director.

1.3 A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.

The Company does not have a written agreement with each Director setting out the terms of their appointment. The Directors do not consider this is necessary as their role is to investigate business opportunities leading to the introduction of a new business venture.

The Company is not compliant with Principle 1.3.

1.4 The Company Secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

Corporate Governance Statement

1.5 A listed entity should:

- (a) *have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;*
- (b) *disclose that policy or a summary of it; and*
- (c) *disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the Board in accordance with the entity's diversity policy and its progress towards achieving them and either:*
 - (1) *the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or*
 - (2) *if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.*

As the current Board was appointed on 19 September 2014, the Board has not been in a position to incorporate gender diversity. This Principle will be re-considered following the acquisition of a new business venture.

The Company does not comply with Principle 1.5.

1.6 A listed entity should:

- (a) *have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and*
- (b) *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

Due to the small size of the Board and as the Board has a specific task to locate a new business opportunity, a performance evaluation has not been undertaken

The Board has not complied with Principle 1.6(b) for the reasons noted above.

1.7 A listed entity should:

- (a) *have and disclose a process for periodically evaluating the performance of its senior executives; and*
- (b) *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

Due to the small size of the Company, there are no senior executives. At the date of this report, this section is not applicable.

Principle 2: Structure the Board to add value

2.1 The Board of a listed entity should:

- (a) *have a nomination committee which:*
 - (1) *has at least three members, a majority of whom are independent Directors; and*
 - (2) *is chaired by an independent Director,**and disclose:*
 - (3) *the charter of the committee;*
 - (4) *the members of the committee; and*
 - (5) *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- (b) *if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.*

The Company does not have a formal nomination committee due to the small scale and nature of the Company's activities. The whole Board meet to consider additional appointments to the Board.

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 corporate experience and ability to add value and to re-invigorate the Company.

The Board considers it has the balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

Corporate Governance Statement

2.2 *A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.*

The current Board considers that it has the necessary skills and diversity to transition the Company from an investment entity to an operating business venture. The experience of the Directors are set out in the Directors Report.

2.3 *A listed entity should disclose:*

- (a) the names of the Directors considered by the Board to be independent directors;*
- (b) if a Director has an interest, position, association or relationship, but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and*
- (c) the length of service of each Director.*

The names of the Board considered to be independent Directors are Mr Oreste Biziak and Mr Clayton Dodd.

The Board has considered the following matters in their determination of Executive and Non-Executive (Independent) Directors:

- Mr Bryan Frost is Chairman and Managing Director. He is responsible for the design, development and implementation of strategic plans for the Company in a cost-effective and time-efficient manner. Bryan is responsible for the day-to-day operations of the Company. Bryan also holds the positions of Chief Executive Officer (CEO) and Chief Financial Officer (CFO). He is considered to be an Executive Director.
- Mr Peter Chapman is involved in the day to day operations of the Company. Peter is considered to be an Executive Director.
- Mr Clayton Dodd is not involved in the day to day operations of the Company. Although he holds a substantial parcel of shares, he is considered by the Board to be a Non- Executive Director and therefore an independent Director.
- Mr Oreste Biziak has been a Director since 2005. During the term of the previous Directors, he was considered to be the only independent Director on the Board. The current Directors do not consider his term of office has impaired his ability to act as an independent Director. Oreste is not involved in the day to day

The length of service of each Director is set out in the Directors Report.

2.4 *A majority of the Board of a listed entity should be independent Directors.*

The current Board includes two Executive and two Non-Executive or independent Directors.

The Board does not intend to appoint further Directors until a new business venture is identified.

The Company does not comply with Principle 2.4.

2.5 *The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.*

The functions of the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are carried out by the Chairman of the Board of Directors.

Due to the small size of the Company, the Company does not employ senior staff to carry out the roles of CEO or CFO. The Company does not comply with Principle 2.5 of the Principles of Good Corporate Governance.

2.6 *A listed entity should have a program for inducting new Directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.*

The Board members have previous experience as Directors of Companies as explained in the Directors Report.

The Company does not have a program for inducting new Directors and therefore does not comply with Principle 2.6.

Corporate Governance Statement

Principle 3: Act ethically and responsibility

3.1 A listed entity should:

- (a) *have a code of conduct for its Directors, senior executives and employees; and*
- (b) *disclose that code or a summary of it.*

The Company's commitment is to comply with its legal obligations and to act ethically and responsibly.

The Company's expectation are that all Directors, senior executives and employees will:

- act in the best interests of the entity;
- act honestly and with high standards of personal integrity;
- comply with the laws and regulations that apply to the entity and its operations;
- not knowingly participate in any illegal or unethical activity;
- not enter into any arrangement or participate in any activity that would conflict with the entity's best interests or that would be likely to negatively affect the entity's reputation;
- not take advantage of the property or information of the entity or its customers for personal gain or to cause detriment to the entity or its customers; and
- not take advantage of their position or the opportunities arising therefrom for personal gain.

The Company, Directors and personnel do not accept bribes and other unlawful or unethical payments or inducements. Business courtesies and facilitation payments are brought to the attention of the Chairman prior to acceptance.

Actual or potential conflicts of interest are discussed with the Chair or at Board level.

The Company encourages the reporting of unlawful or unethical behaviour and protects "whistleblowers" who report violations in good faith. The Company adopts the Victorian *Whistleblowers Protection Act 2001*.

Principle 4: Safeguard integrity in financial reporting

4.1 The Board of a listed entity should:

- (a) *have an audit committee which:*
 - (1) *has at least three members, all of whom are Non-Executive Directors and a majority of whom are independent directors; and*
 - (2) *is chaired by an independent Director, who is not the Chair of the Board, and disclose:*
 - (3) *the charter of the committee;*
 - (4) *the relevant qualifications and experience of the members of the committee; and*
 - (5) *in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- (b) *if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.*

The current Board attend audit committee meetings. Two members of the Board are Executive Directors and two Directors are Non-Executive Directors. The Directors are not able to comply with this Principle that requires three members to be Non-Executive Directors due to the size and composition of the Board.

The audit committee is chaired by Mr Oreste Biziak who is an independent Director.

The Charter of the audit committee is to review and make recommendations to the Board in relation to:

- the adequacy of the entity's corporate reporting processes;
- whether the entity's financial statements reflect the understanding of the committee members of, and otherwise provide a true and fair view of, the financial position and performance of the entity;
- the appropriateness of the accounting judgements or choices exercised by management in preparing the entity's financial statements;
- the appointment or removal of the external auditor;
- the rotation of the audit engagement partner;
- the scope and adequacy of the external audit;
- the independence and performance of the external auditor;
- any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor;

Corporate Governance Statement

Principle 4.1 (Continued)

The Directors are all members of the audit committee. Their qualifications and experience are set out in the Directors Report.

The number of times the audit committee has met is set out in the Directors Report.

- 4.2** *The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.*

Section 295A of the *Corporations Act 2001* requires each person who performs the CEO or CFO function in a listed entity to provide a declaration that, in their opinion, the financial records of the Company for a financial year have been properly maintained in accordance with the Act and that the financial statements and the notes for the financial year comply with the accounting standards and give a true and fair view of the financial position and performance of the company. This declaration is provided before the Directors approve the financial statements for the financial year.

This statement is provided to the Board as required by Section 295A.

- 4.3** *A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.*

The external auditor has attended AGM's in previous years and will be invited to attend the Company's next AGM.

Principle 5: Make timely and balanced disclosure

5.1 *A listed entity should:*

- (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and*
- (b) disclose that policy or a summary of it.*

The policy of the Company for complying with its continuous disclosure obligations under the Listing Rules:

- Subject to certain exceptions, the Company will disclose to ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.
- The Company will ensure all investors have equal and timely access to material information concerning the Company, including its financial position, performance, ownership and governance.
- The Chair and the Board are responsible for safeguarding confidentiality of corporate information to avoid premature disclosure.
- All media contact and comment is through the Chair.
- All external communications such as analyst briefings and responses to security holder questions are through the Chair.
- The Company will not comment on media speculation or market rumours. The Company will respond to any concerns by the ASX pursuant to Listing Rule 3.1B in relation to a false market.

Principle 6: Respect the rights of security holders

6.1 *A listed entity should provide information about itself and its governance to investors via its website.*

The Company does not have a web site. Information is communicated to shareholders as follows:

- notices of meetings of shareholders,
- letters to shareholders, and
- documents that are released publicly are made available on the ASX web site as market announcements.

6.2 *A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.*

Two-way communications with investors is currently undertaken by market announcements, actively engaging at the AGM and responding to enquiries from time to time.

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6.3 *A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.*

The policies and processes to facilitate and encourage participation at meetings of security holders:

- provide an understanding of its business, governance, financial performance and prospects.
- provide an opportunity for security holders to express their views to the Board and management about areas of concern or interest.
- afford security holders who are not able to attend the general meeting the opportunity to provide questions or comments ahead of the meeting.

General meetings of the Company provide an opportunity for security holders to express their views about any areas of concern or interest.

6.4 *A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.*

The registry does provide security holders the option to receive communications electronically.

The email address of the Company Secretary is located with the Company details on the ASX web site.

Principle 7: Recognise and manage risk

7.1 *The Board of a listed entity should:*

- (a) *have a committee or committees to oversee risk, each of which:*
 - (1) *has at least three members, a majority of whom are independent Directors; and*
 - (2) *is chaired by an independent Director,*
and disclose:
 - (3) *the charter of the committee;*
 - (4) *the members of the committee; and*
 - (5) *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- (b) *if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.*

Due to the size of the Company, it does not have a risk committee.

The processes the Company employs for overseeing the entity's risk management framework are:

- The Board monitors and where appropriate receives advice on areas of operational and financial risks, and considers strategies for appropriate risk management arrangements.
- Specific areas of risk, which are identified, are regularly considered at Board meetings and include performance of segments of the entity, human resources, environment, continuous disclosure obligations and financial matters covering internal control and cash flow.

7.2 *The Board or a committee of the Board should:*

- (a) *review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and*
- (b) *disclose, in relation to each reporting period, whether such a review has taken place.*

A review of the risk framework including, where applicable, performance of segments of the entity, human resources, environment, continuous disclosure obligations and financial matters covering internal control and cash flow was undertaken by the current Board at its meeting held on 27 March 2017. It was considered that regular risk reviews were unnecessary unless the nature of the operations of the Company changed.

7.3 *A listed entity should disclose:*

- (a) *if it has an internal audit function, how the function is structured and what role it performs; or*
- (b) *if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.*

The Company does not have an internal audit function. The Board evaluates and continually improves the effectiveness of its risk management and internal control processes by review and discussion at Board level.

7.4 *A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.*

The Company does not have any material exposure to economic, environmental and social sustainability risks.

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Principle 8: Remunerate fairly and responsibly

8.1 *The Board of a listed entity should:*

- (a) have a remuneration committee which:*
 - (1) has at least three members, a majority of whom are independent Directors; and*
 - (2) is chaired by an independent Director, and disclose:*
 - (3) the charter of the committee;*
 - (4) the members of the committee; and*
 - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.*

Although the Board does not have a remuneration committee, the full Board takes on this function where required. The Board does not currently pay Directors fees.

In the event that the Board was required to pay Directors and senior executives remuneration, the Board would consider market rates and may consult with executive recruitment firms to ensure the remuneration is appropriate and not excessive.

8.2 *A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives.*

At the date of this Statement, the Directors are not paid Directors fees or salaries.

In the event the Company paid remuneration:

- Non-executive Directors: the fee would be a fixed remuneration and not based on performance as such a performance based fee may lead to bias in decision making and compromise objectivity. It would also be acceptable to consider equity-based remuneration.
- Executive Directors and other senior executives may be paid a mix of fixed remuneration and performance-based remuneration. Equity based remuneration would also be considered.

8.3 *A listed entity which has an equity-based remuneration scheme should:*

- (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and*
- (b) disclose that policy or a summary of it.*

The Company does not have an equity-based remuneration scheme at the date of this report.

In the event that the Company adopted an equity-based remuneration scheme, participants would not be allowed to hedge or otherwise limit the economic risk of participating in the scheme.