

Public Holdings (Australia) Limited

ACN: 65 000 332 918

Appendix 4E

Preliminary Final Report

for the year ended 31 December 2017

Public Holdings (Australia) Limited

ACN: 000 332 918

Appendix 4E Preliminary Final Report For the Year Ended 31 December 2017

1. Reporting period: twelve months ended 31 December 2017
Previous corresponding period: twelve months ended 31 December 2016
2. **Results for announcement to the market:**

	2017	2016
	\$'000	\$'000
2.1 Revenue from ordinary activities down \$428,215 (>100%):	2	430
2.2 Loss from ordinary activities after tax attributable to members has increased by \$237,732 (52%):	(454)	(216)
2.3 Net Loss attributable to members has increased by \$237,732 (52%):	(454)	(216)
2.4 It is not proposed to pay dividends for the year ended 31 December 2017.		
2.5 Record date for entitlement to dividends. No dividends proposed therefore not applicable.		
2.6 Further information is set out in this report and the attachments to enable the figures in 2.1 to 2.3 to be understood.		
3. Statement of Profit and Loss and Other Comprehensive Income together with notes. Refer attached .
4. Statement of Financial Position together with notes. Refer attached.
5. Statement of Cash Flows together with notes. Refer attached.
6. Statement of Changes in Equity. Refer attached.
- 7 - 8. Details of dividend payments and last date for receipt of election notice for participation in any dividend. No dividends were paid or are proposed to be paid in relation to the year.
9. **Net tangible assets per security:**

	2017	2016
	Cents/share	Cents/share
Net tangible assets per share:	0.0061	0.0105
10. There were no entities over which control has been gained or lost during the year.
11. The Company does not have an interest in associates or joint ventures.
12. Other significant information considered necessary for an investor to make an informed assessment of the entity's financial performance and financial position other than as provided in this report.
 - An announcement was made to the ASX on 10 January 2018 that the Company is to become a significant WA gold and base metals explorer. During the financial year, the Company has expended funds of \$267,527 on expenses associated with the proposed acquisition of gold projects and re-listing the Company. Additional expenses have been incurred subsequent to 31 December 2017 on re-listing costs including the Notice of Meeting and the Prospectus.
 - It is proposed to hold a General Meeting to approve various resolutions relating to the change in its activities and for reinstatement of the Company's securities.
 - It is the Company's intention to acquire mining projects involving exploration for gold, copper and base metals.
 - It is proposed that the Company change its name to "First Au Limited".
 - The Company will be raising up to \$7.5 million through a public offering at a subscription price of 4 cents per share, which includes a free 1 for 1 attaching 2-year listed option exercisable at 6 cents per share.
 - The transaction is subject to the approval of PHA shareholders, the raising of a minimum subscription amount of \$5.5 million (Minimum Subscription Amount) and receiving conditional approval for reinstatement of the Company's securities on ASX.

Public Holdings (Australia) Limited

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Appendix 4E

Preliminary Final Report (Cont'd)

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

14. Commentary on the results for the year.

14.1 The earnings per security and the nature of any dilution aspects:

Basic earnings (loss) per share:

Diluted earnings (loss) per share:

	2017	2016
	Cents/share	Cents/share
	(1.20)	(0.63)
	(1.20)	(0.63)
	Number	Number
	37,958,000	34,174,066

Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share:

14.2 There were no returns to shareholders including distributions and buy backs during the year.

14.3 Significant features of operating performance:

The Company voluntarily suspended trading in its securities on 6 June, 2016 after announcing its intention to undertake a reverse takeover of Israeli company, Mobilicom Limited. This proposal was subsequently cancelled by mutual agreement and an announcement made to the ASX on 17 January 2017 of the termination of the share swap agreement with Mobilicom Limited. Since that time the Company has reviewed various opportunities to undertake a transaction to create value for PHA shareholders and achieve reinstatement of the Company's securities for trading on the Australian Securities Exchange ("ASX").

An announcement was made to the ASX on 10 January 2018 that the Company is to become a significant WA gold and base metals explorer. The Company has expended funds of \$267,527 on expenses associated with the proposed acquisition of gold projects and re-listing the Company. Additional expenses have been incurred subsequent to 31 December 2017 on re-listing costs.

14.4 Results of segments: The Company operated in one segment which is the investment of funds.

It is proposed at the next General Meeting of the Company to be held in 2018 to change the nature and scale of activities of the Company resulting from the proposed acquisition of gold mining tenements and the capital raising of a maximum of \$7.5 million.

14.5 Trends in performance: Net assets of the Company decreased by \$169,148 from the prior year primarily due to a net loss for the year of \$453,765, offset by convertible notes of \$271,150 (after capital raising expenses) which were treated as equity. Expenses of \$455,452 relating to re-listing of the Company, maintaining the Company's operations and expenses associated with review of other business opportunities during the year. This expense was funded by cash funds of \$450,000 received from the settlement with Mobilicom Limited and cash funds received from Convertible Notes of \$290,000 excluding capital raising costs.

14.6 Factors affecting the results for the year are disclosed in this report.

Factors likely to affect results in the future are disclosed in Note 12. Future results will significantly change due to the proposed acquisition of gold mining tenements and capital raising of a maximum of \$7.5 million.

15. This report is based on financial statements that have not yet been audited.

16. The financial statements attached to Appendix 4E have not yet been audited.

On behalf of the Board of Directors



Bryan Frost

Chairman and Managing Director

23 February 2018

Public Holdings (Australia) Limited

ABN 65 000 332 918

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2017

	Note	31 Dec 2017 \$	31 Dec 2016 \$
Revenue	2	1,687	429,902
Administration expenses	2	(455,452)	(645,935)
Loss before income tax		<u>(453,765)</u>	<u>(216,033)</u>
Tax expense	3	-	-
Net Loss for the year		<u>(453,765)</u>	<u>(216,033)</u>
Total Comprehensive Loss for the year		<u>(453,765)</u>	<u>(216,033)</u>
Earnings (Loss) per ordinary share	5b	2017 Cents/share	2016 Cents/share
Basic and diluted earnings (loss) per share		(1.20)	(0.63)

The accompanying notes form part of these financial statements.

Public Holdings (Australia) Limited

ABN 65 000 332 918

Statement of Financial Position As at 31 December 2017

	Note	31 Dec 2017 \$	31 Dec 2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		303,771	39,877
Other receivables	4	18,180	450,000
TOTAL CURRENT ASSETS		<u>321,951</u>	<u>489,877</u>
TOTAL ASSETS		<u>321,951</u>	<u>489,877</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		92,298	91,076
TOTAL CURRENT LIABILITIES AND TOTAL LIABILITIES		<u>92,298</u>	<u>91,076</u>
NET ASSETS		<u>229,653</u>	<u>398,801</u>
EQUITY			
Issued capital	5a	1,600,136	1,600,136
Convertible Note Reserve	6	271,150	-
Share Based Payment Reserve	6	13,467	-
Accumulated losses		(1,655,100)	(1,201,335)
TOTAL EQUITY		<u>229,653</u>	<u>398,801</u>

The accompanying notes form part of these financial statements.

Public Holdings (Australia) Limited

ABN 65 000 332 918

Statement of Changes in Equity For the Year Ended 31 December 2017

	Note	Share Capital	Convert- ible Note Reserve	Share Based Payment Reserve	Accum - ulated Losses	Total
		\$	\$	\$	\$	\$
Balance at 1 January 2016		1,153,136	-	-	(985,302)	167,834
Placement of 6,500,000 shares on 10 June 2016 net of capital raising expenses	5a	387,000	-	-	-	387,000
Issue of shares as consideration for services rendered	5a	60,000	-	-	-	60,000
Net loss for the year		-	-	-	(216,033)	(216,033)
Balance at 31 December 2016		1,600,136	-	-	(1,201,335)	398,801
Convertible notes recognised as Equity	6	-	290,000	-	-	290,000
Capital raising expenses	6	-	(18,850)	13,467	-	(5,383)
Net loss for the year		-	-	-	(453,765)	(453,765)
Balance at 31 December 2017		1,600,136	271,150	13,467	(1,655,100)	229,653

The accompanying notes form part of these financial statements.

Public Holdings (Australia) Limited

ABN 65 000 332 918

Statement of Cash Flows

For the Year Ended 31 December 2017

	Note	31 Dec 2017 \$	31 Dec 2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		13,638	10,000
Receipt from Mobilicom Limited	4a	450,000	-
Payments to suppliers		(494,481)	(565,997)
Interest received		1,687	1,720
GST received from ATO		3,050	30,157
Net cash used in operating activities	7	(26,106)	(524,120)
CASH FLOWS FROM INVESTING ACTIVITIES			
		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Funds raised from Convertible Notes		290,000	-
Placement of 6,500,000 shares net of capital raising expenses		-	387,000
Net cash provided by financing activities		290,000	387,000
Net increase/(decrease) in cash and cash equivalents held		263,894	(137,120)
Cash and cash equivalents at 1 January		39,877	176,997
Cash and cash equivalents at 31 December		303,771	39,877

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 2017

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.

a) 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

Receivables

Other receivables include amounts due for 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. 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.

b) Revenue and Other Income

Interest revenue is recognised using the effective interest method.

c) 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

ABN 65 000 332 918

Notes to the Financial Statements For the Year Ended 31 December 2017

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

d) 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 incurred a net loss of \$453,765 for the year ended 31 December 2017 which included expenses of \$267,527 associated with the proposed acquisition of gold projects and re-listing.

Additional funding of \$290,000 (excluding capital raising costs) was raised during December 2017 in the form of convertible notes. This funding was used for the purposes of working capital.

An announcement was made to the share market on 10 January 2018 that the Company is to become a significant WA gold and base metals explorer. The Company plans to raise up to \$7.5 million via a share placement at 4 cents per share with a free one-for-one attaching option exercisable at 6 cents per share. The name change, acquisition of resource projects and capital raising are subject to shareholder approval, completion of the transaction and re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

The Company has entered into conditional binding agreements with Great Sandy Pty Ltd and Drillabit Pty Ltd to acquire three resource projects.

The Board has the ability to raise funds for working capital should the need arise. This is based on previous history of the Board where funds have been raised based on ASX Listing Rule 7.1 and in the form of Convertible Notes. Listing Rule 7.1 provides the Company with a 15% placement capacity to raise additional funds.

On the basis of these factors, the Directors believe that the going concern basis of preparation of the financial statements is appropriate.

e) 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.

f) 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.

The Directors have reviewed these standards and based on the current operations of the Company, they do not believe that the standards will have a material impact on reported financial position or performance of the Company.

Public Holdings (Australia) Limited

ABN 65 000 332 918

Notes to the Financial Statements For the Year Ended 31 December 2017

	Note	31 Dec 2017 \$	31 Dec 2016 \$
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 Limited	4a	-	418,182
Settlement received from Your Dash Pty Ltd		-	10,000
Interest received - bank accounts		1,687	1,720
Total Revenue		<u>1,687</u>	<u>429,902</u>
<i>Expenses:</i>			
Amounts received or due and receivable by the auditors:			
Auditing the financial statements		(12,350)	(9,350)
Expenses associated with proposed acquisition of gold projects and re-listing		(267,527)	-
Expenses associated with Mobilicom Limited transaction		<u>-</u>	<u>(540,134)</u>
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%:		(136,130)	(64,810)
Tax effect of:			
Non-allowable items		117,709	16,622
Benefit of tax losses not recognised		18,421	48,188
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 \$1,613,923 and capital losses \$2,190,196.			
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. This includes being able to satisfy the continuity of ownership test or the same business test which appear unlikely having regards to events noted after the reporting date and			
■ no changes in tax legislation adversely affect the Company in realising the benefit from tax losses.			
4. Other Receivables - Current			
Other receivables		18,180	-
Receivable - Mobilicom Limited	4a	-	450,000
		<u>18,180</u>	<u>450,000</u>
<i>Provision for impairment of loan</i>			
Opening balance		-	(102,301)
Your Dash Pty Ltd Loan written off against provision		-	102,301
Closing balance		<u>-</u>	<u>-</u>

Public Holdings (Australia) Limited

ABN 65 000 332 918

Notes to the Financial Statements

For the Year Ended 31 December 2017

4. Other Receivables - Current (cont'd)

4a. An announcement was made to the market on 17 January 2017 of the termination of the Share Swap Agreement with Mobilicom Limited. Settlement arrangements provided for the payment by Mobilicom Limited to the Company of the sum of \$450,000. Of this amount, \$100,000 represents the repayment of a fee paid to Mobilicom Limited under the terms of the Share Swap Agreement and \$350,000 (\$318,818 excluding GST) 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 Limited was not signed until 17 January 2017. Settlement funds of \$450,000 (\$418,182 excluding GST) were received by the Company as announced to the ASX on 3 March 2017.

4b. Credit risk

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. 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 2017	31 Dec 2016
	\$	\$
5. Issued Capital		
5a. Capital		
37,958,000 (2016: 37,958,000) fully paid ordinary shares	1,600,136	1,600,136
At beginning of reporting period:	1,600,136	1,153,136
Placement of 6,500,000 shares on 10 June 2016	-	390,000
Capital raising expenses	-	(3,000)
Issue of shares as consideration for services rendered	-	60,000
At end of reporting period:	1,600,136	1,600,136
5b. Shares	No of shares	No of shares
Number of shares at beginning of year:	37,958,000	30,458,000
Shares issued during the year:		
Placement of 6,500,000 shares on 10 June 2016	-	6,500,000
Shares issued as consideration for services rendered	-	1,000,000
Number of shares at end of year:	37,958,000	37,958,000
Earnings (Loss) per ordinary share:	Cents/share	Cents/share
Basic and diluted earnings (loss) per share ('EPS')	(1.20)	(0.63)
	No of shares	No of shares
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS and diluted EPS	37,958,000	34,174,066
Total number of issued shares at end of financial year	37,958,000	37,958,000
	\$	\$
Net loss for the year used in the calculation of basic and diluted earnings per share	(453,765)	(216,033)

5c. Capital Management:

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 Convertible Note issue and carefully monitor expenditure.

Further capital raising will occur during the 2018 as set out in an announcement to ASX made on 10 January 2018 that the Company is proposing to raise capital up to \$7.5 million for the purpose of becoming a significant WA gold and base metals explorer.

Public Holdings (Australia) Limited

ABN 65 000 332 918

Notes to the Financial Statements For the Year Ended 31 December 2017

	Note	31 Dec 2017 \$	31 Dec 2016 \$
6. Reserves			
<i>Convertible Note Reserve</i>			
Opening balance		-	-
Convertible notes recognised as equity	6a	290,000	-
Less Capital raising expenses		(18,850)	-
Closing balance		<u>271,150</u>	<u>-</u>
<i>Share Based Payment Reserve</i>			
Opening Balance		-	-
Shares to be issued for services rendered	11	13,467	-
Closing balance		<u>13,467</u>	<u>-</u>

6a. Convertible Notes recognised as equity

Additional funding of \$290,000 was raised for the purposes of working capital during December 2017 in the form of convertible notes which are interest free and unsecured.

The Company has the option to convert the notes at any time to shares and they are convertible for a fixed number of shares. There is no unconditional obligation to pay cash or other financial asset to the holder and therefore in accordance with AASB 132, the notes have been classified as equity.

The notes will automatically convert to shares upon the Company issuing a Prospectus and obtaining shareholder approval for the issue of the shares on conversion of the notes. The note holders are entitled to a subscription for ordinary shares converting at an issue of \$0.03 (3 cents) per ordinary share and free attaching options with an exercise price of \$0.06 (6 cents). The options expire 30 months from the date of issue of the shares and entitle the holder to one ordinary share in the Company.

	31 Dec 2017 \$	31 Dec 2016 \$
7. Cash Flow Information		
Reconciliation of cash flows from operations with net loss for the year		
Net loss for the year	(453,765)	(216,033)
Non-cash flows from ordinary activities:		
Shares issued in lieu of services rendered	-	60,000
Changes in assets and liabilities:		
Decrease/(increase) in other receivables	431,820	(448,664)
Increase/(decrease) in trade and other payables	1,222	80,577
Other adjustments	(5,383)	-
Net cash used in operating activities	<u>(26,106)</u>	<u>(524,120)</u>

8. Contingent Liabilities

The Company is not aware of any contingent liabilities.

9. 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.

10. Key Management Personnel (KMP) Remuneration:

No remuneration was paid to KMPs.

11. Related Party Transactions

Convertible note funding was organised by Peregrine Corporate Limited ('Peregrine') of which the Chairman, Bryan Frost is a Director and Shareholder. Commission of \$18,850 representing 6.5% of the capital raising costs is payable to Peregrine.

Peregrine has elected to receive \$13,467 of this amount as ordinary shares and the balance of \$5,383 as cash. The amount disclosed as shares has been recognised as a share based payment. As the shares will not be issued until the next General Meeting of the Company, the amount of \$13,467 has been transferred to the Share Based Payment Reserve.

Public Holdings (Australia) Limited

ABN 65 000 332 918

Notes to the Financial Statements For the Year Ended 31 December 2017

12. Financial Risk Management

Financial instruments consist mainly of deposits with banks, 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.

12a. 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.

	31 Dec 2017	31 Dec 2016
The effective interest rates of cash and cash equivalents of the Company at the reporting date are set out below:		
Average interest rate	0.54%	0.84%

12b. 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.

12c. 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.

12d. 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.

12e. 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.

13. Events after the reporting date

An announcement was made to the ASX on 10 January 2018 that the Company is to become a significant WA gold and base metals explorer. It is proposed to hold a General Meeting to approve various resolutions relating to the change in its activities and for reinstatement of the Company's securities.

- It is the Company's intention to acquire mining projects involving exploration for gold, copper and base metals.
- It is proposed that the Company change its name to "First Au Limited".
- The Company will be raising up to \$7.5 million through a public offering at a subscription price of 4 cents per share, which includes a free 1 for 1 attaching 2-year listed option exercisable at 6 cents per share.
- The transaction is subject to the approval of PHA shareholders, the raising of a minimum subscription amount of \$5.5 million (Minimum Subscription Amount) and receiving conditional approval for reinstatement of the Company's securities on ASX.