

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

55th Annual Report
For the Year Ended 31 December 2014

Public Holdings (Australia) Limited and Controlled Entities

A.B.N 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
Level 1, 333 Collins Street, Melbourne, Victoria, 3000
Telephone: (03) 9615 9800
Fax: (03) 8614 2903
Free call: 1300 554 474

Stock Exchange:

Listed on the Australian Securities Exchange

Registered Office:

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 and Controlled Entities

A.B.N 65 000 332 918

Directors' Report

The Directors hereby present their report of Public Holdings (Australia) Limited and together with the financial statements of the Company and controlled entities, for the year ended 31 December 2014.

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 - Appointed 19 September 2014

Oreste A Biziak - Deputy Chairman

Peter F Chapman - Appointed 19 September 2014

Clayton J Dodd - Appointed 19 September 2014

Yuan-Yi Lao - Resigned 19 September 2014

Wai-Kin Yeung - Resigned 19 September 2014

Shu-Lin Xin - Resigned 19 September 2014

Ying Fang MEI - Resigned 19 September 2014

Principal Activities

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

Public Holdings (Australia) Limited

- The investment of funds in the medium and short-term money markets and listed securities.

PHA Trading Pty Ltd

- The company was deregistered on 20th February 2014.

PHA Investments Pty Ltd

- The company was deregistered on 20th February 2014.

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

Operating Results

The consolidated net profit (net loss) for the year ended 31 December 2014 was \$23,462 (2013: Net Loss of \$47,500). This amount was arrived at after providing nil (2013: Nil) for income tax expense.

Dividends

No dividend has been recommended in respect of the year ended 31 December 2014 (2013: Nil).

Review of Operations

Prior to the General Meeting held on 8 September 2014, the Company was under the management of the previous Directors. Expenses for 2014 are similar to the prior year except for professional fees which increased due to costs associated with the General Meeting.

The new Board took control of the Company on 8 September 2014. Directors fees and salaries are no longer paid and costs have been contained and reduced.

With the approval of shareholders obtained at the Company's General Meeting on 8 September 2014, the Company recently completed an equal capital return to its ordinary shareholders of \$995,563. The capital return was conducted as a precursor to the sale of the shares held by the Company's controlling shareholder and a change in the Company's Board and management. The new Board intends to actively investigate new business opportunities for the Company and, with this in mind, the capital return enabled shareholders to receive a return on their investment before the Company pursued any such new business opportunity. At the same General Meeting the shareholders approved a placement of Atlas Securities Pty Ltd (Atlas) existing PHA shares to clients of Peregrine Corporate Limited and election of three new Directors, Mr Bryan Frost, Mr Peter Chapman and Mr Clayton Dodd who all participated in purchasing shares sold by the major shareholder, Atlas.

Financial Position

The net assets of the Company have decreased from \$1,431,532 at 31 December 2013 to \$151,522 at 31 December 2014. This was due a capital return to shareholders as explained under review of operations.

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, with the exception of the matters raised in this Directors Report.

Public Holdings (Australia) Limited and Controlled Entities

A.B.N 65 000 332 918

Directors' Report

Events after the Reporting Period

There has not been any matter or circumstance that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Company in financial years subsequent to this financial year, except for the non-renounceable rights issue.

The Company has undertaken a 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. This Rights Issue has raised \$299,580 before costs. The Prospectus for the Rights Issue lodged with ASX on 15 January 2015 sets out how the funds will be used. This includes capital to fund the anticipated costs associated with identifying and assessing new business opportunities and funding costs associated with the acquisition of a new business opportunity.

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. As noted in the Prospectus issued for the non-renounceable rights issue the new Board intends to actively investigate new business opportunities for the Company. The funds raised under the Rights Issue will be used:

- fund the anticipated costs associated with identifying and assessing new business opportunities;
- fund the anticipated costs associated with implementing the acquisition of any new business opportunity;
- for working capital; and
- to pay the costs of the offer

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

Interest in shares and options: 5,800,000 ordinary shares in Public Holdings (Australia) Limited

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 Board 19 September 2014

Other information: 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. He is currently Chairman of Private Investment Bank, Peregrine Corporate Limited and Chairman of Weld Range Metals Limited

Oreste A Biziak

Qualifications: Bachelor of Applied Science (Canberra University)

Experience: Employment with a number of Government Departments in Canberra and currently a Director of an unlisted company, Florens Container Services (Australia) Pty Ltd

Interest in shares and options: 4,000 ordinary shares in Public Holdings (Australia) Limited

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

Directorships held in other listed entities during the three years prior to the current year: Not applicable

Public Holdings (Australia) Limited and Controlled Entities

A.B.N 65 000 332 918

Directors' Report

Information Relating to Directors and Company Secretary

Oreste A Biziak (Continued)

Length of service:

Appointed to Board 20 July 2005

Other information:

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

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

Interest in shares and options:

3,001,208 ordinary shares in Public Holdings (Australia) Limited

Special responsibilities:

Executive Director

Directorships held in other

Not applicable

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

Length of service:

Appointed to Board 19 September 2014

Other information:

Peter commenced his career in finance with Ian Potter & Co in Melbourne during 1968. From early to mid - 1970's Peter worked in London for a correspondent stockbroking group Laurie Milbank & Co, then to Salomon Bros in New York. He returned to Ian Potter & Co and from 1980 to 1985 was a Director. Peter was appointed as Managing Director of the Merchant Bank Grindlays Australia Limited until the ANZ Limited acquired Grindlays Bank Limited in 1985. In 1985 he started his own stockbroking business, Saw Chapman & Co in Melbourne. The company was taken over in 1987 by Kleinwort Benson Australia Ltd and Peter was appointed a local Director. In 1990 he was appointed a Director of The Melbourne Stock Exchange Ltd and then appointed a Director of the Australian Stock Exchange (Melbourne) Ltd until 1997. Also during 1990, Peter was involved in the acquisition of the second oldest broking firm in Australia, William Noall & Son. This became a publically listed (ASX) company Noall Group Limited and by the late 1990's merged with Tolhurst and the listed company became Tolhurst Noall Limited. Peter retired in early 2008 and his current business interests are in resources in South Africa, oil and gas in the Middle East and a small private bank in Geneva.

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)

Interest in shares and options:

4,000,000 ordinary shares in Public Holdings (Australia) Limited

Special responsibilities:

Non-Executive Director

Directorships held in other

Not applicable

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

Public Holdings (Australia) Limited and Controlled Entities

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Directors' Report

Information Relating to Directors and Company Secretary

Clayton J Dodd (Continued)

Length of service: Appointed to Board 19 September 2014

Other information: Clayton is a resident of Perth. He is a Chartered Accountant with more than 30 years experience in finance and resources in Australia, South Africa and South America. Clayton has held directorships with public listed companies on the JSE, AIM and ASX markets and is currently a Director of Weld Range Metals Limited, an unlisted public company.

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.

Mr. Yuan-Yi LAO - Resigned 19 September 2014

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

Special Responsibilities: Chairman of the Board.

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

Mr. Wai-Kin YEUNG - Resigned 19 September 2014

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

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

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

Mr. Shu-Lin XIN - Resigned 19 September 2014

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

Special Responsibilities: Advises on strategic policies.

Other Directorships in Listed Entities: First Shanghai Investments Ltd

Ms. Ying Fang MEI - Resigned 19 September 2014

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

Special Responsibilities: Executive responsible for reviewing and advising on share investments, approval of all

Other Directorships in Listed Entities: Not Applicable

Public Holdings (Australia) Limited and Controlled Entities

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Directors' Report

Directors' Meetings

The following table sets out the number of meetings of the Company's Directors held during the year ended 31 December 2014 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 J Frost | Appointed 19 September 2014 | 4 | 4 | N/A | N/A |
| Peter F Chapman | Appointed 19 September 2014 | 4 | 4 | N/A | N/A |
| Clayton J Dodd | Appointed 19 September 2014 | 4 | 4 | N/A | N/A |
| Oreste A Biziak | Continuing Director | 12 | 12 | 2 | 2 |
| Yuan-Yi Lao | Resigned 19 September 2014 | 8 | 3 | 2 | 1 |
| Wai-Kin Yeung | Resigned 19 September 2014 | 8 | 8 | 2 | 2 |
| Shu-Lin Xin | Resigned 19 September 2014 | 8 | 5 | 2 | 2 |
| Ying Fang Mei | Resigned 19 September 2014 | 8 | 6 | N/A | N/A |

Indemnifying Officers or Auditor

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

Options

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

Proceedings on behalf of the Company

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

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

Non-audit Services

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

Auditor's Independence Declaration

The Auditor's independence declaration for the year ended 31 December 2014 has been received and can be found on page 9.

Public Holdings (Australia) Limited and Controlled Entities

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Remuneration Report

Remuneration Policy

Following the appointment of the new Board of Directors on 19 September 2014, all salaries and Directors fee were ceased from 30 September 2014. The Board of Public Holdings (Australia) Limited has considered this remuneration policy to be appropriate and effective, at the date of this report 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's remuneration policy is to ensure that the remuneration package properly reflects the employee/officer's duties and responsibilities, with the overall objective of ensuring maximum stakeholder benefit from the retention and motivation of experienced executives.

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

Remuneration Structure

Currently, no Directors fees are paid. Directors fees or salaries 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. In recognition of Mr Oreste Biziak's on-going involvement and commitment to the Company, shareholders will be asked to vote at the next Annual General Meeting on the issue of 250,000 fully paid ordinary shares to Mr Oreste Biziak (or nominee) as an incentive for his ongoing support.

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 is as follows:

| | Balance at Beginning of Year | Other Changes during the Year * | Balance at End of Year |
|---|------------------------------------|--|---------------------------|
| <i>Current KMP: appointed 19 September 2014</i> | | | |
| Mr Bryan Frost | - | 2,900,000 | 2,900,000 |
| Mr Peter Chapman | - | 2,000,000 | 2,000,000 |
| Mr Clayton Dodd | - | 2,000,000 | 2,000,000 |
| Mr Oreste Biziak | 2,000 | - | 2,000 |
| <i>Previous KMP: resigned 19 September 2014</i> | | | |
| Mr Wai-Kin Yeung | 248 | - | 248 |
| Ms Ying Fang Mei | 440 | - | 440 |

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

* At the General Meeting of the Company held on 8 September 2014, the shareholders approved a placement of Atlas Securities Pty Ltd existing PHA shares to clients of Peregrine Corporate Limited including the Directors.

Public Holdings (Australia) Limited and Controlled Entities

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Remuneration Report

Details of Remuneration for Year Ended 31 December 2014

The following 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.

Executive Director: Ying Fang Mei

2014

2013

Non-executive Director: Oreste A Biziak

2014

2013

Total 2014

Total 2013


| Short-term benefits | Post- employment benefits | Total |
|------------------------|---------------------------------|---------------|
| Salary | Superannuation | |
| \$ | \$ | \$ |
| 13,871 | 1,295 | 15,166 |
| 18,495 | 1,688 | 20,183 |
| - | 26,250 | 26,250 |
| 26,251 | 8,749 | 35,000 |
| 13,871 | 27,545 | 41,416 |
| 44,746 | 10,437 | 55,183 |

The Directors of the Company do not receive any other form of remuneration apart from the amounts disclosed above. Ms Mei resigned 19 September 2014 as Executive Director. There are no contract of employment.

Oreste A Biziak has received Directors fees for nine months of the year. He has agreed to forgo his entitlement to Directors fees from 30 September 2014. There is no accrual of Directors fees.

No options or shares 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
23 March 2015

**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 2014 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

McLean Delmo Bentleys Audit Pty Ltd


Sally Ding
Registered Company Auditor

Hawthorn
23 March 2015

**Consolidated Statement of Profit or Loss
and Other Comprehensive Income
For the Year Ended 31 December 2014**

| | Note | 31 Dec 2014 \$ | 31 Dec 2013 \$ |
|--|-------------|-------------------------------|-------------------------------|
| Revenue | 3 | 327,400 | 231,479 |
| Administration expenses | | (103,164) | (96,385) |
| Other Expenses | | (200,774) | (182,594) |
| Net Profit (Loss) before income tax | 3 | 23,462 | (47,500) |
| Income tax expense | 4 | - | - |
| Net Profit (Loss) for the year | | 23,462 | (47,500) |
| Other Comprehensive Income | | | |
| Item that have been reclassified subsequently to profit or loss | | | |
| Realisation of financial assets revaluation reserve | | (290,796) | (180,330) |
| Net Gain (Net Loss) on revaluation of available-for-sale financial | | (17,113) | 166,785 |
| Other comprehensive (loss) / income for the year | | (307,909) | (13,545) |
| Total comprehensive loss for the year attributable to owners of the company | | (284,447) | (61,045) |

| | | | |
|--|-----------|-------------------|-------------------|
| The earnings per ordinary share and the nature of any dilution aspects. | 10 | 2014 Cents | 2013 Cents |
| Basic earnings (loss) per share | | 0.16 | (0.32) |
| Diluted earnings (loss) per share | | 0.16 | (0.32) |
| These basis and diluted earnings per share represent the earnings per share from continuing operations. There were no discontinued operations during the year. | | | |

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2014

| | Note | 31 Dec 2014 \$ | 31 Dec 2013 \$ |
|---------------------------------|-------------|-------------------------------|-------------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 5 | 158,080 | 596,404 |
| Trade and other receivables | 6 | <u>5,858</u> | <u>38,411</u> |
| TOTAL CURRENT ASSETS | | <u>163,938</u> | <u>634,815</u> |
| NON-CURRENT ASSETS | | | |
| Financial assets | 7 | - | 835,445 |
| Plant and equipment | 8 | <u>-</u> | <u>100</u> |
| TOTAL NON-CURRENT ASSETS | | <u>-</u> | <u>835,545</u> |
| TOTAL ASSETS | | <u>163,938</u> | <u>1,470,360</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 9 | <u>12,416</u> | <u>38,828</u> |
| | | <u>12,416</u> | <u>38,828</u> |
| NET ASSETS | | <u>151,522</u> | <u>1,431,532</u> |
| EQUITY | | | |
| Issued capital | 10 | 876,812 | 1,872,375 |
| Reserves | 11 | - | 307,909 |
| Accumulated losses | | <u>(725,290)</u> | <u>(748,752)</u> |
| TOTAL EQUITY | | <u>151,522</u> | <u>1,431,532</u> |

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2014

| | Share Capital | Financial Assets Revaluation Reserve | Accumulated Losses | Total |
|---|---------------|---|-----------------------|-----------|
| | \$ | \$ | \$ | \$ |
| Balance at 1 January 2013 | 1,872,375 | 321,454 | (701,252) | 1,492,577 |
| Net loss attributable to the members of parent entity | - | - | (47,500) | (47,500) |
| Financial assets revaluation reserve realised | - | (180,330) | - | (180,330) |
| Revaluation of available-for-sale financial assets | - | 166,785 | - | 166,785 |
| Balance at 31 December 2013 | 1,872,375 | 307,909 | (748,752) | 1,431,532 |
| Net profit attributable to the members of parent entity | - | - | 23,462 | 23,462 |
| Financial assets revaluation reserve realised | - | (290,796) | - | (290,796) |
| Revaluation of available-for-sale financial assets | - | (17,113) | - | (17,113) |
| Return of share capital to shareholders - refer Note 10 | (995,563) | - | - | (995,563) |
| Balance at 31 December 2014 | 876,812 | - | (725,290) | 151,522 |

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2014

| | Note | 31 Dec 2014 \$ | 31 Dec 2013 \$ |
|---|-------------|-------------------------------|-------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payments to suppliers and employees | | (355,573) | (288,211) |
| Dividends received | | 27,449 | 44,284 |
| Interest received | | 9,155 | 13,866 |
| Net GST received | | 19,466 | 17,737 |
| Tax paid | | - | (1,091) |
| Net cash used in operating activities | 15 | <u>(299,503)</u> | <u>(213,415)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from sale of financial instruments | | 818,331 | 349,932 |
| Net cash provided by investing activities | | <u>818,331</u> | <u>349,932</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Advance/payments made from related parties | | 38,411 | 2,317 |
| Return of capital to shareholders | | (995,563) | - |
| Net cash provided by/(used in) financing activities | | <u>(957,152)</u> | <u>2,317</u> |
| Net increase/(decrease) in cash and cash equivalents held | | (438,324) | 138,834 |
| Cash and cash equivalents at 1 January | | 596,404 | 455,843 |
| Effect of exchange rates on cash holdings in foreign currencies | | - | 1,727 |
| Cash and cash equivalents at 31 December | 5 | <u>158,080</u> | <u>596,404</u> |

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2014

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 Group 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, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report was authorised for issue on 23 March 2015 by the Board of Directors.

a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, Public Holdings (Australia) Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 12.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

b) Income Tax

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

Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable statutory tax rate. Current tax liabilities are measured at the amounts expected to be paid to the relevant taxation authority.

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

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses have not been recognised as it is uncertain when future taxable profits will be available against which the benefits of the deferred tax asset can be utilised. Unused tax losses also need to pass certain tests established by the Australian Taxation Office to be available in future periods to offset future taxable profits.

c) 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 Consolidated Group commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value plus transaction costs.

Notes to the Financial Statements

For the Year Ended 31 December 2014

1. Summary of significant accounting policies (Continued)

c) Financial Instruments (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Available-for-sale financial assets

Available-for-sale financial assets comprise investments in the equity of other entities.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

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.

d) Foreign Currency Transactions and Balances

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the consolidated statement of profit or loss and other comprehensive income.

e) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 12 months of recognition of the liability.

f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments.

g) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest method.

Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).

h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian 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 consolidated 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 included in receipts from customers or payments to suppliers.

Notes to the Financial Statements

For the Year Ended 31 December 2014

1. Summary of significant accounting policies (Continued)

i) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Consolidated Group.

Key judgments

Impairment of available-for-sale financial assets

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

j) Adoption of New and Revised Accounting Standards

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

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

New Accounting Standards for Application in Future Periods

At the date of authorisation of the financial report, the following Standards and Interpretation were on issue but not yet effective:

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

Having regard to the current operations, transactions and balances of the company, no impact is expected from any standard issued not yet effective.

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using IFRS 9 are to be measured at fair value.

Amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income.

Other impacts on the reported financial position and performance have not yet been determined.

Notes to the Financial Statements

For the Year Ended 31 December 2014

1. Summary of significant accounting policies (Continued)

j) New Accounting Standards for Application in Future Periods

- AASB 2014-1: *Amendments to Australian Accounting Standards*
Part A of this Standard is applicable to annual reporting periods beginning on or after 1 July 2014 and makes the following significant amendments:
 - revises/adds the definitions of the terms "market condition", "performance condition" and "service condition" in AASB 2: *Share-based Payment*;
 - clarifies that contingent considerations arising in a business combination should be accounted for as items of equity or liability and not as provisions in accordance with AASB 137: *Provisions, Contingent Liabilities and Contingent Assets*;
 - when an entity aggregates its operating segments into one reportable segment in accordance with AASB 8: *Operating Segments*; and
 - includes an entity that provides key management personnel services (a "management entity") to a reporting entity (or a parent of the reporting entity) within the definition of a "related party" in AASB 124: *Related Party Disclosures*.

This part also makes other editorial corrections to various Australian Accounting Standards; however, it is not expected to have a significant impact on the Group's financial statements.

Part B of this Standard is applicable to annual reporting periods beginning on or after 1 July 2014 and permits an entity to recognise the amount of contributions from employees or third parties in a defined benefit plan as a reduction in service cost for the period in which the related service is rendered, if the amount of contributions is independent of the number of years of service. This part is not expected to have a significant impact on the Company's financial statements.

Part C of this Standard is applicable to annual reporting periods beginning on or after 1 July 2014 and deletes the reference to AASB 1031: *Materiality* in particular Australian Accounting Standards. This part is not expected to have a significant impact on the Group's financial statements.

Part D of this Standard is applicable to annual reporting periods beginning on or after 1 January 2016 and makes amendments to AASB 1: *First-time Adoption of Australian Accounting Standards*, which arise from the issuance of AASB 14: *Regulatory Deferral Accounts* in June 2014. AASB 14 permits first-time adopters to continue to account for amounts related to rate regulation in accordance with their previous GAAP when they adopt Australian Accounting Standards. In line with management's assessment of AASB 14, this part is not expected to have a significant impact on the Company's financial statements.

Part E of this Standard is applicable to annual reporting periods beginning on or after 1 January 2015 and defers the application date of AASB 9 (December 2010) to annual reporting periods beginning on or after 1 January 2018. This part also makes consequential amendments to hedge accounting disclosures set out in AASB 7: *Financial Instruments: Disclosures*, and to AASB 132: *Financial Instruments: Presentation* to permit irrevocable designation of "own use contracts" as measured at fair value through profit or loss if the designation eliminates or significantly reduces an accounting mismatch. Management believes that there will not be any significant impact on the Group's financial statements on adoption of this part of the Standard.

Public Holdings (Australia) Limited and Controlled Entities

A.B.N 65 000 332 918

Notes to the Financial Statements

For the Year Ended 31 December 2014

2. Parent Information

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

Statement of Financial Position

Assets

| | | |
|--------------------|----------------|------------------|
| Current assets | 163,938 | 634,815 |
| Non-current assets | - | 835,545 |
| Total assets | <u>163,938</u> | <u>1,470,360</u> |

Liabilities

| | | |
|---------------------|---------------|---------------|
| Current liabilities | 12,416 | 38,828 |
| Total liabilities | <u>12,416</u> | <u>38,828</u> |

Net assets

| | | |
|--|----------------|------------------|
| | <u>151,522</u> | <u>1,431,532</u> |
|--|----------------|------------------|

Equity

| | | |
|--------------------------------------|----------------|------------------|
| Issued capital | 876,812 | 1,872,375 |
| Financial assets revaluation reserve | - | 307,909 |
| Accumulated losses | (725,290) | (748,752) |
| Equity | <u>151,522</u> | <u>1,431,532</u> |

Statement of Profit and Other Comprehensive Income

| | | |
|-----------------------------------|------------------|------------------|
| Profit for the year | 23,462 | 1,826,835 |
| Other comprehensive income (loss) | (307,909) | (13,545) |
| Total comprehensive income (loss) | <u>(284,447)</u> | <u>1,813,290</u> |

Guarantees

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

Contingent liabilities

At 31 December 2014, Public Holdings (Australia) Limited has no contingent liabilities (2013: Nil).

Contractual commitments

At 31 December 2014, Public Holdings (Australia) Limited has not entered into any contractual commitments for the acquisition of property, plant and equipment (2013: Nil).

3. Revenue and Expenses

| | 31 Dec 2014 \$ | 31 Dec 2013 \$ |
|---|----------------------|----------------------|
| Net profit on disposal of financial instruments | 290,796 | 171,602 |
| Interest received - other persons and corporations | 9,155 | 13,866 |
| Dividends received - other corporations | 27,449 | 44,284 |
| Net foreign currency exchange gain | - | 1,727 |
| Total Revenue | <u>327,400</u> | <u>231,479</u> |
| Employee benefits expenses | (15,166) | (20,183) |
| Amounts received or due and receivable by the auditors: | | |
| Auditing the financial statements | (13,550) | (20,000) |
| Employee benefits expense: | | |
| Defined contribution superannuation expense | (27,545) | (10,437) |

Public Holdings (Australia) Limited and Controlled Entities

A.B.N 65 000 332 918

Notes to the Financial Statements For the Year Ended 31 December 2014

| | | Consolidated Group | |
|---|--|--------------------|----------------|
| | | 31 Dec 2014 | 31 Dec 2013 |
| 4. Income Tax Expense | | | |
| The prima facie tax on net profit (loss) for year is reconciled to income tax as follows: | | | |
| Prima facie income tax on loss at 30%: | | \$ 7,038 | \$ (14,250) |
| Tax effect of: | | | |
| Non-taxable items | | - | (49,720) |
| Non-allowable items | | 16,805 | |
| Foreign currency exchange difference not subject to income tax | | - | (585) |
| Rebateable dividends | | (8,234) | 5,645 |
| Recoupment of prior year losses not previously brought to account | | (15,609) | - |
| Tax losses not brought to account | | - | 58,910 |
| Income tax attributable to entity | | - | - |
| There is no tax effect relating to each component of other comprehensive income. | | | |
| A deferred tax asset has not been recognised in respect of the carry forward of unused tax losses as at this stage it is not probable that future taxable profits will be made. | | | |
| The benefit for tax losses will only be obtained if: | | | |
| - the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, | | | |
| - the Company continues to comply with the conditions for deductibility imposed by tax legislation and | | | |
| - no changes in tax legislation adversely affect the Company in realising the benefit from tax losses. | | | |
| 5. Cash and Cash Equivalents | | | |
| Cash at bank | | 158,080 | 596,404 |
| 6. Trade and Other Receivables - Current | | | |
| Trade and sundry debtors | | 5,858 | - |
| Amounts due from a related party | | - | 38,411 |
| | | 5,858 | 38,411 |
| Credit risk | | | |
| The Consolidated Group 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 Consolidated Group. All the trade and other receivables are within initial trade terms and considered to be of high credit quality. | | | |
| 7. Financial Assets - Non-Current | | | |
| Available-for-sale financial assets | | | |
| Listed investments at fair value | | - | 835,445 |
| Available-for-sale financial assets comprise investments in the ordinary share capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments. | | | |
| 8. Plant and Equipment | | | |
| Office equipment - at cost | | - | 15,464 |
| Accumulated depreciation | | - | (15,364) |
| Total plant and equipment | | - | 100 |
| Movements in Carrying Amounts: | | | |
| Balance at the beginning of year | | 100 | 141 |
| Depreciation expense | | (100) | (41) |
| Carrying amount at the end of year | | - | 100 |

Public Holdings (Australia) Limited and Controlled Entities

A.B.N 65 000 332 918

Notes to the Financial Statements For the Year Ended 31 December 2014

| | Consolidated Group | |
|--|---------------------------|------------------------|
| | 31 Dec 2014 | 31 Dec 2013 |
| | \$ | \$ |
| 9. Trade and Other Payables - Current | | |
| Trade and other creditors and accruals | 12,416 | 38,828 |
| Unsecured liabilities | | |
| 10. Issued Capital | | |
| 14,979,000 (2013: 14,979,000) | | |
| fully paid ordinary shares | 876,812 | 1,872,375 |
| At beginning of reporting period | 1,872,375 | 1,872,375 |
| Return of capital to shareholders | (995,563) | - |
| At end of reporting period | 876,812 | 1,872,375 |
| The earnings per ordinary share and the nature of any dilution aspects. | 2014 Cents | 2013 Cents |
| Basic earnings (loss) per share | 0.16 | (0.32) |
| Diluted earnings (loss) per share | 0.16 | (0.32) |
| These basis and diluted earnings per share represent the earnings per share from continuing operations. There were no discontinued operations during the year. | | |
| | 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 | 14,979,000 | 14,979,000 |
| | 31 Dec 2014 | 31 Dec 2013 |
| | \$ | \$ |
| Net profit (loss) for the year used in the calculation of basic earnings per share | 23,462 | (47,500) |
| Net profit (loss) for the year used in the calculation of diluted earnings per share | 23,462 | (47,500) |

At a General Meeting of the Company held on 8 September 2014, a resolution was passed approving a return of capital to shareholders of an amount equal to 85% of the Company's net assets on a pro-rata basis based on each ordinary shareholders' shareholding.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. There is no par value on the shares.

Capital Management

The Directors control the capital of PHA in 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 new 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.

11. Reserves

The financial assets revaluation reserve records revaluations of available-for-sale financial assets.

Notes to the Financial Statements

For the Year Ended 31 December 2014

| | Country of incorporation | Percentage Owned (%) | |
|---|-----------------------------|----------------------|----------------|
| | | 31 Dec 2014 | 31 Dec 2013 |
| 12. Controlled Entities | | | |
| PHA Trading Pty Ltd | Aust. | - | 100 |
| PHA Investments Pty Ltd | Aust. | - | 100 |
| The two non-operating entities were deregistered on 20th February 2014. | | | |

| | 31 Dec 2014 | 31 Dec 2013 |
|---|----------------|----------------|
| | | |
| 13. Related Party Transactions | | |
| Parent Entity | \$ | \$ |
| Amounts due from Atlas Securities Pty Ltd | | |
| Loans from parent entity: | | |
| Beginning of the year | 38,411 | 40,728 |
| Loans (repayment) / advanced | (38,411) | (2,317) |
| End of the year | - | 38,411 |

Prior to the General Meeting held on 8 September 2014, the ultimate parent entity of Public Holdings (Australia) Limited was First Shanghai Investments Limited, a company incorporated in Hong Kong. At this General Meeting, Atlas Securities Pty Ltd sold its shares to clients of Peregrine Corporate Limited. Management fees paid to First Shanghai Investments Limited's subsidiary, First Shanghai Management Services Limited, amounted to \$25,000 in 2014 (2013: \$50,000). There are no amounts owing to First Shanghai Management Services Limited at year end (2013:Nil).

| | | |
|---|---------------|---------------|
| 14. The total of remuneration paid to Key Management Personnel | | |
| Short-term employee benefits: represents salary and paid leave | 13,871 | 44,746 |
| Post-employment benefits: represents superannuation contributions | 27,545 | 10,437 |
| | <u>41,416</u> | <u>55,183</u> |

| | | |
|---|------------------|------------------|
| 15. Cash Flow Information | | |
| Reconciliation of cash flows from operations with net profit (loss) for the year | | |
| Net profit (loss) for the year | 23,462 | (47,500) |
| Non-cash flows from ordinary activities: | | |
| Depreciation & amortisation | 100 | 41 |
| Net profit on disposal of financial instruments | (290,795) | (171,602) |
| Effect of exchange differences | - | (1,727) |
| Changes in assets and liabilities: | | |
| Decrease in trade and other receivables | (5,858) | 117 |
| Increase/(decrease) in trade and other payables | (26,412) | 8,347 |
| Decrease in current tax liabilities | - | (1,091) |
| Net cash used in operating activities | <u>(299,503)</u> | <u>(213,415)</u> |

| | |
|--|--|
| 16. Contingent Liabilities | |
| The Consolidated Group has no material contingent liabilities. | |

| | |
|--|--|
| 17. Operating Segments | |
| The Consolidated Group operates in one reporting segment in Australia which is investments. This involves the holding of cash reserves to fund the anticipated costs associated with identifying and assessing new business opportunities and funding costs associated with the acquisition of a new business opportunity. | |

Notes to the Financial Statements

For the Year Ended 31 December 2014

18. Financial Risk Management

Financial instruments consist mainly of deposits with banks, available-for-sale financial assets, trade and other receivables, trade and other payables, and loans to and from related entities. Prior to 31 December 2014, all available-for-sale financial assets had been sold.

Financial Risk Management Policies

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

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.

| | 31 Dec 2014 | 31 Dec 2013 |
|-----------------------|------------------------|------------------------|
| Average interest rate | 2.42% | 2.64% |

b. Liquidity risk

The Board manages liquidity risk by monitoring cash flows and maintaining sufficient cash to meet operation requirements and the costs associated with identifying and assessing new business opportunities.

c. Financial liability maturity analysis

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

| | 31 Dec 2014 \$ | 31 Dec 2013 \$ |
|--|-------------------------------|-------------------------------|
| Other loans and payables are expected to be paid as follows: | | |
| - Less than 6 months | 12,416 | 38,828 |
| - 6 months to 1 year | - | - |
| - 1 year to 5 years | - | - |
| Total other loans and payables | <u>12,416</u> | <u>38,828</u> |

d. Credit risk

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

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

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2014

18. Financial Risk Management (continued)

e. Sensitivity Analysis

No reasonably possible movement in interest rates would cause a material impact on the financials.

19. 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, except that the Company has undertaken a 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. This Rights Issue has raised \$299,580 before costs. The Prospectus for the Rights Issue lodged with ASX on 15 January 2015 sets out how the funds will be used. This includes capital to fund the anticipated costs associated with identifying and assessing new business opportunities and funding costs associated with the acquisition of a new business opportunity.

20. Company Details


Registered Office and Principal Place of Business of the Company:
at the offices of McBain McCartin & Co Business Services Pty Ltd
Level 1, 123 Whitehorse Road
Balwyn, Victoria, 3103

Directors' Declaration

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

1. The consolidated financial statements and notes set out on pages 10 to 23 are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards, which, as stated in accounting policy note 1 to the consolidated financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (b) give a true and fair view of the financial position as at 31 December 2014 and of the performance for the year ended on that date of the Consolidated Group.
2. In the director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
3. The directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

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



Bryan Frost
Chairman and Managing Director
23 March 2015

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

We have audited the accompanying financial report of Public Holdings (Australia) Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

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

Opinion

In our opinion:

- (a) the financial report of Public Holdings (Australia) Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance and its cash flows for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report


We have audited the Remuneration Report included in pages 7 to 8 of the directors' report for the year ended 31 December 2014. 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.

Opinion

In our opinion, the Remuneration Report of Public Holdings (Australia) Limited for the year ended 31 December 2014, complies with section 300A of the *Corporations Act 2001*.

McLean Delmo Bentleys Audit Pty Ltd

McLean Delmo Bentleys Audit Pty Ltd


Sally Ding

Registered Company Auditor

Hawthorn

25 March 2015

Shareholder Information

The shareholder information set out below was applicable as at 17 March 2015.

(a) Distribution of Equity Securities

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

| | |
|-------------------|--------------|
| 100,001 and Over | 22 |
| 10,001 to 100,000 | 11 |
| 5,001 to 10,000 | 12 |
| 1,001 to 5,000 | 167 |
| 1 to 1,000 | 1,185 |
| Total | 1,397 |

| | |
|---|-------|
| (ii) Holders of less than a marketable parcel | 1,368 |
|---|-------|

(b) Substantial Shareholders

Names of substantial shareholders:

| Shareholder | Shares held |
|----------------------------|-------------|
| CHIFLEY PORTFOLIOS PTY LTD | 4,000,000 |
| PENLEIGH BANNER PTY LTD | 3,388,685 |

(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 CHIFLEY PORTFOLIOS PTY LTD | 4,000,000 | 13.35 |
| 1 CLAYTON DODD | 4,000,000 | 13.35 |
| 2 PENLEIGH BANNER PTY LTD | 3,388,685 | 11.31 |
| 3 MR PETER FREDERICK AND CHAPMAN & MRS DIANNE MARGARET CHAPMAN | 3,000,000 | 10.01 |
| 3 QUEENSLAND MM PTY LTD | 3,000,000 | 10.01 |
| 4 ACTIONETTE PTY LTD | 2,800,000 | 9.35 |
| 5 LSAF HOLDINGS PTY LTD | 1,194,343 | 3.99 |
| 5 MR ALEXANDER FLEMING WYLIE | 1,194,343 | 3.99 |
| 6 BRIDUN PTY LTD | 819,857 | 2.74 |
| 7 KASTIN PTY LTD | 800,000 | 2.67 |
| 8 MRS MILLY ELKINGTON | 768,348 | 2.56 |
| 9 GRACE CHAN SAI WAH CHU | 655,512 | 2.19 |
| 10 WINPAR HOLDINGS LIMITED | 614,880 | 2.05 |
| 11 GA & AM LEAVER INVESTMENTS PTY LTD | 483,356 | 1.61 |
| 12 SHARED OFFICE SERVICES PTY LTD | 400,000 | 1.34 |
| 13 MR IAN THOMPSON & MR PETER RANDAL THOMPSON | 360,412 | 1.20 |
| 14 MR ANTHONY GRANT MELVILLE & MRS ELAINE SANDRA MELVILLE | 350,000 | 1.17 |
| 14 GLENFARE INVESTMENTS PTY LTD | 350,000 | 1.17 |
| 15 PINK PUMPKIN PTY LTD | 327,357 | 1.09 |
| 16 MRS MILLY ELKINGTON | 256,116 | 0.85 |
| 17 DR GORDON BRADLEY ELKINGTON | 202,000 | 0.67 |
| 18 GA & AM LEAVER INVESTMENTS P/L | 62,539 | 0.21 |
| 19 HIPHI PTY LTD | 47,141 | 0.16 |
| 20 GFS SECURITIES PTY LTD | 32,413 | 0.11 |
| | 29,107,302 | 97.16 |

Register of securities are held at:

Link Market Services Limited

Level 1, 333 Collins Street, Melbourne, Victoria, 3000

Telephone: (03) 9615 9800

Fax: (03) 8614 2903

Free call: 1300 554 474

Corporate Governance Statement

The Corporate Governance Statement is current at 23 March 2015 and was approved by the Board on 23 March 2015. The Corporate Governance Statement is based on ASX Listing Rules Guidance Note 9 amended 1 July 2014.

New Directors were appointed at a General Meeting held on 19 September 2014 and at the same time the previous Board (with the exception of Mr Oreste Biziak) resigned. The new Directors are: Mr Bryan Frost, Mr Perter Chapman and Mr Clayton Dodd who all participated in purchasing shares sold by the major shareholder, Atlas Securities Pty Ltd. The Company operates under the control of the Board of Directors and there are no employees or management team. It is the current policy of the Board not to pay or accrue Directors fees until a new and business venture is identified. In recognition of Mr Oreste Biziak's on-going involvement and commitment to the Company, shareholders will be asked to vote at the next Annual General Meeting on the issue of 250,000 fully paid ordinary shares to Mr Oreste Biziak (or nominee) as an incentive for his ongoing support.

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, risks 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.

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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.

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 has recently been 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.*

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

Due to the present Board being appointed on 19 September 2014, with the exception of Mr Oreste Biziak, a performance evaluation has not been undertaken in the reporting period.

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*

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Principle 2.1 (Continued)

- (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.

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 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 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 operations of the Company and is considered to be a Non-Executive Director.
- 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.

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 and Chief Financial Officer are carried out by the Chairman of the Board of Directors.

Due to the small size of the Company and as the Company does not employ senior staff, the Company does not comply with Principle 2.5 of the Principles of Good Corporate Governance.

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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 current Board 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.

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:*
 - *has at least three members, all of whom are Non-Executive Directors and a majority of whom are*
 - *is chaired by an independent Director, who is not the chair of the Board,**and disclose:*
 - *the charter of the committee;*
 - *the relevant qualifications and experience of the members of the committee; and*
 - *in relation to each reporting period, the number of times the committee met throughout the period and*
- (b) *if it does not have an audit committee, disclose that fact and the processes it employs that independently*

The current Board attends audit committee meetings. Two members of the Board are Executive Directors and two Directors are Non-Executive Directors. As the current Board has recently been appointed, the Directors are not able to comply with this Principle that requires three members to be Non-Executive Directors.

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;

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Principle 4.1 (Continued)

The Directors are 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*
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
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.

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.

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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*
- (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 first meeting on 19 September 2014 and at a Board meeting held on 23 March 2015.

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.

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*

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Principle 8.1 (Continued)

- (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.