

# **CWH RESOURCES LTD AND CONTROLLED ENTITIES**

**ACN: 009 230 111**

**Annual Report For The Year Ended  
30 June 2014**

# **CWH RESOURCES LTD AND CONTROLLED ENTITIES**

**ACN: 009 230 111**

## **Financial Report For The Year Ended 30 June 2014**

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**CWH RESOURCES LTD ACN: 009 230 111  
OPERATING AND FINANCIAL REVIEW  
FOR THE YEAR ENDED 30 JUNE 2014**

**Principal Activities**

The principal activities of the consolidated group during the financial year were:

- Manufacturing and selling of building products in China (via a subsidiary, Chongqing Yuao Building Materials Co. Ltd.); and
- Undertaking mining exploration.

**Significant Changes to Activities**

There were no significant changes in the nature of the consolidated group's principal activities during the financial year.

**Operating Results**

The net loss after tax of the consolidated group for the year ended 30 June 2014 was \$1,875,481 (net loss for 2013: \$5,673,335). In the opinion of the directors, the operating result of the consolidated group for the year ended 30 June 2014 was not affected by any item, transaction or event of a material or unusual nature.

**Review of Operations**

**(i) Australia**

CWH has assembled an international group of directors with a blend of corporate, strategic, industry and financial skills and experience to lead the Group in the next few years where it will seek major growth in revenue and diversify investment activities.

CWH will also be seeking to strengthen its local management team by appointment of an executive officer familiar with the operation of ASX listed companies.

CWH currently holds interests in the following tenements:

Tenement ID	District	Description	Ownership (100%)	Status
<b>Inside Australia</b>				
EPM 18007	Mt Isa	Area D	CWH Resources Ltd	Granted
EPM 18042	Mt Isa		CWH Resources Ltd	Granted
EPM 18158	Mt Isa		CWH Resources Ltd	Granted
EPM 18160	Mt Isa	Area H	CWH Resources Ltd	Granted
EPM 15900	Mareeba	Featherbed Project	CWH Resources Ltd	Expired in September 2013, pending renewal
<b>Outside Australia</b>				
Permit No 001452	Kazakhstan		CWH Resources Ltd (45%)	Granted

CWH is in the final stages of planning for physical exploration of tenement EPM 18007 located northeast of Mt Isa in Northern Queensland, with a view of commencing physical exploration. CWH is currently looking to appoint qualified personnel to assist in this process in early 2015.

The interest for the tenement in Kazakhstan is acquired through Discovery Co (45% owned by CWH Group). The permit is located in the Alisher mining area of Jiliangnuofsike Region of the Republic of Kazakhstan, with a size of 11.89 square kilometres. The main resources relating to the permit are copper and nickel ores.

On 8 October 2013 CWH advised that the agreement with Tangiers Petroleum Limited (ASX: TPT), by which CWH Group was to commence exploration activities relating to blocks WA-44-P and NT/P81 located in the Bonaparte Basin, was terminated following certain conditions precedent not being met by CWH.

Litigation previously commenced against CWH by RFGT was dismissed by the Supreme Court NSW on 27 September 2013.

**(ii) China**

On 3 April 2014, the Board rescinded the contract for the sale of Chongqing Yuao Building Materials Limited ("CYBM"), CWH's wholly owned subsidiary, to Alliance Investment (Aust) Pty Ltd. Under the terms of the rescission agreement both parties have released each other from all claims under the sale agreement.

Following the termination of the sale agreement, the Board has implemented a plan to upgrade the cement plant in CYBM to increase its productivity levels in two stages. The first stage was completed during 2014 and resulted in an increase in cement production capacity to 30,000 tonnes per annum. The second stage is expected to be completed during 2015 and will result in an increase in the cement production capacity to 70,000 tonnes per annum.

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OPERATING AND FINANCIAL REVIEW  
FOR THE YEAR ENDED 30 JUNE 2014**

**Review of Operations (Continued)**

The Board has obtained an independent valuation to determine the fair value of CYBM's assets. The valuation report was issued on 30 July 2014 in RMB and assessed CYBM assets to be as follows as at 30 June 2014:

Category	Book Value (RMB)	Assessed Value (RMB)	Book Value (AUD)	Assessed Value (AUD)
Machinery	6,270,000	13,281,248	1,154,744	2,271,619
Vehicles	665,000	1,351,983	106,914	231,243
Electronic equipment	-	254,000	-	43,444
Buildings	4,505,000	30,280,513	743,516	5,179,166
Construction in progress	570,000	570,000	97,501	97,493
<b>Total</b>	<b>12,010,000</b>	<b>45,737,744</b>	<b>2,102,675</b>	<b>7,822,965</b>

The Book Value represents the amount reported in CYBM's financial report at 30 June 2014, translated in accordance with CWH accounting policy Note 1(m).

The Assessed Value represents the independent valuer's assessment at 30 June 2014, translated using the spot rate at 30 June 2014 (5.8466 RMB for 1 AUD).

**(iii) Singapore**

The Singapore subsidiary is presently non-operating.

**(iv) Malaysia**

The Malaysian subsidiary is presently non-operating.

**Significant Changes in State of Affairs**

In April 2014 the decision to sell CWH's most valuable asset, the CYBM business, was rescinded. In the 2013 accounts the operations of this business were accounted for as a discontinuing operation. This has resulted in the accounts of 2013 being restated as the operation of the business is now continuing.

**Events after the Reporting Period**

**Agreement for Acquisition**

On 11 February 2015 CWH agreed terms to purchase 60% of the share capital of Shanghai KeChao Industrial Limited ("Ke Chao Industrial").

KeChao Industrial processes and supplies nuclear grade boric acid in China; it is a supplier to China Nuclear Group ("CNG"). KeChao has an annual production capacity of 2,000 tons of nuclear grade boric acid to the market. KeChao Industrial has a license to produce, sell and export its product from China. KeChao Industrial's Chinese registration lists its business operations as: Nuclear grade boric acid purification and processing, environment protecting equipment, machinery and accessories production, construction materials, hardware and electronics, rubber and metal materials, material packaging, general merchandising, industrial investment, governmental projects, in-door decoration, development, transfer, consultation, services and installation of environment-friendly technology (except for special listed technologies), general and technology export (legally approved).

KeChao Industrial is officially registered with the The State Trademark Bureau of China for its business purpose of producing industrial boric acid and nuclear grade boric acid. The registration is valid from 21 November 2011 to 20 November 2021. KeChao Industrial has provided Qinshan Nuclear Power Joint Venture Company Limited with boric acid. KeChao Industrial is also the current supplier to Fuqing Nuclear Power Station.

China's nuclear power stations require approximately 32,000 tons of nuclear grade boric acid every year, representing only 4-5% of annual global usage. With the development and increase of Chinese nuclear power station reactors, the usage for nuclear grade boric acid is anticipated to grow at a minimum of 30% annually.

Through its early negotiation with China Guangdong Nuclear Power Group ("CGNPC") and CNG, KeChao Industrial, with the support of CWH, has plans to acquire at least 60% of the nuclear market share in China. Based on current annual total market usage of 32K ton, KeChao would receive nuclear grade boric acid orders of about 16K+ tons. The current purchase price for 1 ton nuclear grade boric acid is RMB 25,000 (\$A5,200), with a cost of only RMB 8,000 (\$A1,667) per ton.

The Chinese nuclear market is predicted to require 32K tons, 40K tons, 60K tons and 170K tons in 2015, 2016, 2020 and 2030 respectively.

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**OPERATING AND FINANCIAL REVIEW**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**Events after the Reporting Period (Continued)**

**Agreement for Acquisition (Continued)**

Mrs Xie Ying Lu, as the biggest shareholder of KeChao Industrial, had acquired a patent for producing nuclear grade boric acid which has been officially registered as an invention patent with a patent registration number: ZL201010500784.6 and held by Xie Ying Lu alone. The patent application was submitted on 30 September 2010 and the protection period is 20 years (ie the patent expires on 29 September 2030). Xie Ying Lu is currently transferring this patent and relating technology to KeChao Industrial and both parties (KeChao Industrial and Xie Ying Luo) are going through legal procedures and working towards finalising the process.

Xie Ying Lu is selling 60% of the shares of KeChao Industrial to CWH Resources Ltd. Xie Ying Lu will continue to hold 15% of the shares of KeChao Industrial. The other 25% is held by three shareholders.

CWH is paying a total of RMB 30 Million (\$A6,139,112) for the 60% shareholding in KeChao Industrial.

The 1st instalment is 50% or RMB 15 million (\$A 3,069,556).

The 2nd instalment of RMB 15 million (\$A 3,069,556) is payable when KeChao Industrial produces at its production target rate of 2,000 tonnes per annum for 3 months.

It is proposed that CWH will issue shares to a number of unrelated significant investors to raise \$A 6 million or RMB 29.34 Million. This \$A 6 million will fund the 1st RMB 15 million (\$A 3,069,556) payment to Xie Yung Lu and leave RMB 15 million (\$A 3,069,556) for working capital and for the success fee payment that is contingent on KeChao Industrial reaching the specified production levels.

CWH has 6 sophisticated investors willing to put up the funds for the transactions. They are not related parties to CWH or KeChao Industrial. They will individually not own more than 15% of CWH when the transaction is completed.

The planned issue of the shares to the investors will require CWH shareholder approval as per Chapter 7 of the ASX Listing rules. CWH is making application to the ASX for a determination as to whether shareholder approval is also required under Chapter 11 of the listing rules (i.e. listing rule 11.1.2 and/or 11.1.3.)

CWH intends to hold a meeting of shareholders to approve the transaction and the issue of share as soon as possible.

CWH is working to get the information to the ASX required to remove its shares suspension from trading as soon as possible.

**Environmental Regulation**

The CWH Group is not subject to significant environmental regulation, other than the general environmental regulations operational in Australia and China.

**CWH RESOURCES LTD ACN: 009 230 111 AND CONTROLLED ENTITIES  
CORPORATE GOVERNANCE STATEMENT**

The Board's role is set out in the Board Charter which establishes the relationship between the Board and management and describes their respective functions and responsibilities.

The Board is responsible for the oversight and performance of the CWH Group, including matters such as:

- Overall corporate governance;
- Formulating, approving and monitoring corporate objectives with a view to maximising shareholder value;
- Selecting, appointing and reviewing key consultants and executives;
- Identifying management and business risks;
- Monitoring systems of internal control and compliance;
- Evaluating, approving and monitoring the strategic and financial plans and performance objectives for the CWH Group; and
- Evaluating, approving and monitoring the annual budgets and business plans.

Set out below are the corporate governance policies and procedures adopted by the Board of CWH Resources Ltd ("the Company"). At regular intervals the Board will review the policies and procedures adopted, as it is expected that requirements will change as the CWH Group develops and grows in complexity. The policies in place are described under the headings of eight ASX Principles.

**Principle 1**

**Lay Solid Foundations for Management and Oversight**

***Role of the Board***

The Board has the primary responsibility for guiding and monitoring the business and affairs of the CWH Group, including compliance with the CWH Group's corporate governance objectives.

The Board is responsible for the oversight and performance of the CWH Group, which includes:

- Monitoring and approving all financial reports and all other reporting and external communications by the CWH Group;
- Evaluation of Board and individual director performance;
- Appointing, removing and managing the performance of, and the succession planning for, senior executives of the CWH Group;
- Overseeing and ratifying the terms of appointment and, where appropriate, removal, of senior executives, including their remuneration;
- Reporting to shareholders on the CWH Group's strategic direction and performance;
- Monitoring the CWH Group's performance in relation to best practice principles of corporate governance; and
- Approving and monitoring the CWH Group's risk management strategy and internal controls and accountability systems and their effectiveness.

***Role of Management***

The Board has delegated the day to day management of the CWH Group to company management to undertake and work on the following:

- Developing business plans, budgets and group strategies for consideration by the Board and, to the extent approved by the Board, implementing those plans, budgets and strategies;
- Operating the business of the CWH Group within the parameters determined by the Board and keeping the Board promptly informed of all developments material to the CWH Group and its business;
- Identifying and managing operational risks and formulating strategies for managing those risks for consideration by the Board; and
- Managing the CWH Group's financial and other reporting mechanisms and controls and monitoring systems to ensure that they capture all relevant material information on a timely basis and are functioning effectively.

***Letters of Appointment***

Not all directors of the CWH Group have been provided with letters of appointment as suggested in the ASX Guidelines. Executives of the CWH Group are employed under contracts which outline their duties, rights and responsibilities, and entitlements on termination.

**Principle 2**

**Structure the Board to Add Value**

***Board Composition***

The Board has four directors at the date of this report, one executive and three non-executive.

The names, date of first appointment and status of the Company's directors at the date of this report are set out below. More details on the background qualifications and particular skills of these directors are provided in Qualifications, Experience and Responsibilities of Directors in the Directors' Report.

<b>Name</b>	<b>Appointed</b>	<b>Executive</b>	<b>Non-Executive</b>	<b>Independent</b>
Bao Cheng Luo	15 August 2003	Yes	No	No
Hock Guan Charles Sher	15 August 2003	No	Yes	Yes
Wei Guo Wang	9 February 2009	No	Yes	Yes
Shun Ming Li	6 April 2011	No	Yes	Yes

Reference Number: 103259\_3

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CORPORATE GOVERNANCE STATEMENT**

**Principle 2**

**Structure the Board to Add Value (Continued)**

***Director Independence***

Directors are expected to bring independent views and judgment to the Board's deliberations. The Board has reviewed the position and associations of each of the four directors in office and has determined that three of the directors are independent. In making this determination the Board has had regard to the independence criteria in ASX Principle 2 and other facts, information and circumstances that the Board considers relevant. The Board assesses the independence of new directors upon appointment and reviews their independence, and the independence of the other directors, as appropriate.

The director who does not meet the independence criteria is Mr Bao Cheng Luo who is an executive and employee of the CWH Group.

***Meetings of the Board***

The Board meets formally on a regular basis, as required. On the invitation of the Board, members of senior management attend and make presentations at Board meetings. The number of Board meetings held can be found in the Directors' Report.

***Retirement and Re-Election***

The constitution of the Company requires one third of the directors, other than the Executive Chairman, to retire from office at each annual general meeting. Directors who have been appointed by the Board are required to retire from office at the next annual general meeting and are not taken into account in determining the number of directors to retire at that annual general meeting. Directors cannot hold office for a period in excess of three years (the later of the third annual general meeting following their appointment) without submitting themselves for re-election. Retiring directors may be eligible for re-election by shareholders.

***Board Committees***

There are currently no operational Board Committees. CWH Resources Limited current size and operations do not allow for separate Board Committees. All issues are considered by all the Directors, unless a Director is unable to exercise independence. CWH Resources Limited does not comply with ASX recommendations on these issues.

**Principle 3**

**Promote Ethical and Responsible Decision-Making**

Through its oversight of Group activities, the Board ensures that best practice standards of ethics and integrity in all business dealings and operations are maintained, including the CWH Group's interactions with its shareholders, employees, business partners, customers, suppliers, and the community.

The CWH Group has adopted a policy on Share Trading, for employees and directors or their related entities. Employees, executives and directors of the CWH Group may not trade in the Company's shares when in possession of inside information and outside of specified trading windows declared by the Chairman and/or with permission of the Chairman.

The CWH Group acknowledges that it has no official diversity policy at the moment but it complies with all employee and workplace laws both in Australia and in China. The CWH Group is committed to establishing a diversity policy when the Company grows its operations.

**Principle 4**

**Safeguard Integrity in Financial Reporting**

***Executive Director Declaration:***

Consistent with ASX Principle 4, the CWH Group's financial report preparation and approval process involves the Executive Chairman providing a written statement to the Board that "to the best of my knowledge and belief, the CWH Group's financial report presents a true and fair view, in all material respects, of the CWH Group's financial condition and operating results and is in accordance with applicable accounting standards".

***Appointment of Auditors***

The CWH Group's current external auditors are HLB Mann Judd. The effectiveness, performance and independence of the external auditors are reviewed by the Board. If it becomes necessary to replace the external auditors for performance or independence reasons, the Board will then formalise a procedure and policy for the selection and appointment of new auditors. It is a requirement, given that the Company is listed, that the audit engagement partners be rotated at least every five years.

**Principle 5**

**Make Timely and Balanced Disclosure**

The Board has established Group policies on Continuous Disclosure (including requirements for approval for release of information by the CWH Group), and on Shareholder Communications, to promote effective communication with its shareholders.

In addition to its disclosure obligations under the ASX Listing Rules, the CWH Group communicates with its shareholders through a number of means including:

- Annual and half-yearly reports, including material presented at the Annual General Meeting;

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CORPORATE GOVERNANCE STATEMENT**

**Principle 5**

**Make Timely and Balanced Disclosure (Continued)**

- Quarterly shareholder updates released to the ASX, sent by email to shareholders and others who so Request, and placed on the CWH Group's website; and
- Media releases, public announcements and investor briefings.

All material disclosed, where feasible, and as authorised by the Board, is posted to the CWH Group's website (<http://www.cwh.com.au/>).

**Principle 6**

**Respect the Rights of Shareholders**

The CWH Group has a positive and formal strategy to communicate with shareholders and actively promote shareholder involvement in the CWH Group. This is outlined above. It aims to continue to increase and improve the information available to shareholders on its website. All Group announcements, presentations to analysts and other significant briefings are posted on the CWH Group's website after release to the Australian Securities Exchange. Consistent with ASX Principle 6 and the Corporations Act 2001, the CWH Group's auditors attend, and are available to answer questions at, the CWH Group's Annual General Meetings. The CWH Group encourages shareholders to register for receipt of announcements and updates electronically. It is exploring means to provide remote access to Group meetings for those unable to attend in person.

**Principle 7**

**Recognise and Manage Risk**

The CWH Group is committed to the identification, monitoring and management of risks associated with its business activities and has established, as part of its management and reporting systems, a number of risk management controls.

In particular:

- The Executive Chairman provides the Board with an annual written statement that:
  - The statement given with respect to the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
  - The CWH Group's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The risk profile can be expected to change and procedures will be adapted as the CWH Group's business develops and it grows in size and complexity. Regular review by the Board will ensure that procedures adopted continue to be appropriate.

**Principle 8**

**Remunerate Fairly and Responsibly**

The CWH Group's remuneration policy and details of director and executive remuneration are outlined in the Directors' Report. The guiding principles of this policy are to balance the need to provide industry-competitive remuneration in order to attract and retain high quality personnel, with the objectives of ensuring effective use of shareholder funds.

Non-executive directors are remunerated by director's fees only. No schemes for retirement benefits (other than statutory contributions to a superannuation scheme where relevant) or termination payments are in place.



**CWH RESOURCES LTD ACN: 009 230 111 AND CONTROLLED ENTITIES  
DIRECTORS' REPORT**

Your directors present their report, together with the consolidated financial report of the Group, being CWH Resources Ltd ("the Company") and its controlled entities, for the year ended 30 June 2014. The information in the preceding Operating and Financial Review forms part of this Directors' Report for the year ended 30 June 2014.

**General Information**

**Directors**

The following persons were directors of CWH Resources Ltd during or since the end of the financial year up to the date of this report:

Bao Cheng Luo (appointed 15/08/2003)  
Hock Guan Charles Sher (appointed 15/08/2003)  
Wei Guo Wang (appointed 9/02/2009)  
Peter Blair (appointed 20/01/2011; resigned 04/08/2014)  
Shun Ming Li (appointed 6/04/2011)

Particulars of each Director's experience and qualifications are set out below:

**Information relating to Directors and Company Secretary**

**Bao Cheng Luo — Executive Chairman**

Appointed to the Board on 15 August 2003. Mr Luo was responsible for introducing new management techniques to CYBM and is currently undertaking a major restructure of CYBM's operations. Mr Luo has over 15 years of experience in management having held managerial posts in various organisations. These include Chong Xing Mortgage Co., Ltd. (between 1992 and 1994), Shanghai Stock Exchange, Chengdu Branch (between 1994 and 1998) and Chengdu Weian Investment Co., Ltd. (between 1998 and 1999). Mr Luo was the President of Shenzhen Sunfield S&T Investment Holding Co., Ltd. between 1999 and 2000. Currently, he is the President of Shenzhen Webmoney Investment Co., Ltd., a post he has held since 2001, and he is also the President of Chendu Xuyang Investment Consulting Co., Ltd., a position he has held since 1998. Mr Luo holds a postgraduate degree in Economics from Sichuan University.

**Interest in Shares** — 598,886  
**Interest in Options** — Nil

**Hock Guan Charles Sher — Non-Executive Director**

Appointed to the Board on 15 August 2003. Mr Sher is currently the President of Xiamen Huadian Switchgear Co., Ltd. a manufacturing company located in Xiamen involved in design, manufacturing and sales of medium voltage switchgear and circuit breakers. He is also currently the Chairman of Xiamen Fucheng Real Estate Development Company Limited, a real estate development company located in Xiamen. Between 1990 and 2003 Mr Sher held various management and operational positions with the Asea Brown Boveri ("ABB") group of companies in Hong Kong, Xiamen and Singapore. He last held the position of Vice President of ABB Industry Pte Ltd in Singapore, where he was the Head of Business Area Low Voltage Products for Asia South Region and the Head of Business Area Manufacturing and Electronic Industries for Asia Region before he left the ABB group in 2003. An electrical engineer by training, Mr Sher was involved in the areas of electrical and mechanical projects in various organisations where he worked, including Sunyen Engineering Pte Ltd, Mass Rapid Transit Corporation and Asia Cement (Singapore) Pte Ltd in Singapore. In addition, he has been conferred as an Honorary Citizen of Xiamen Municipal Government since 1996. Mr Sher holds a Bachelor of Applied Science in Electrical Engineering from the University of Ottawa, Ontario, Canada. He has attended the Asian International Executive Programme by INSEAD Euro-Asia Centre.

**Interest in Shares** — Nil  
**Interest in Options** — Nil

**Wei Guo Wang — Non-Executive Director**

Appointed to the Board on 9 February 2009. Mr Wang has been a securities market consultant since 2005. In 1992 Mr Wang participated in the establishment of China Securities Co., Ltd. and has filled various roles up to Vice President and Chairman of the Supervisory Committee. Mr Wang has also held various management roles within the People's Bank of China and ICBC. Mr Wang is a graduate of the Xiamen University with a Masters degree in Economics.

**Interest in Shares** — Nil  
**Interest in Options** — Nil  
**Special Responsibilities** — None

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DIRECTORS' REPORT**

**Information relating to Directors and Company Secretary (Continued)**

**Peter Blair — Non-Executive Director (Resigned 04/08/2014)**

In the past ten years Mr. Blair has had work experience at various professions. From 2000 to 2004, Mr Blair worked as the General Manager for Tad Electrical Pty Ltd. He performed the roles of Research and Development Commercial Manager and Business Development Manager. As of the year 2005, Mr Blair is a Private Business Owner and Investor in the following fields: Waste Management Consultancy, Electrical Consultancy, Mining/Mineral Exploration Consultancy and Property Development.

**Interest in Shares** — Nil  
**Interest in Options** — Nil

**Shun Ming Li — Non-Executive Director**

Mr Shun Ming Li was born in Fuzhou, Fujian Province in China, in April 1962 and studied at Fujian Chang Le Sha Jing Elementary School and Fujian No. 1 Middle School between 1970 and 1980. He graduated from Fuzhou University with a Bachelor Degree of Science in 1984 and held a position as a teacher in Fu Zhou No. 7 Middle School between 1985 and 1987. Then he was employed by Fujian International Trade Association in 1988. Mr Li came to Australia around August 1990 for further education.

Mr Li held a position as Managing Director in Australia of Fujian Mining Pty Ltd which was established by him in 1985. He was also the Chairman of Hunan Huiyuan Mining Pty Ltd which was also founded by him in 2002. He was appointed as Vice President and General Manager in Fujian Xianglong Wine Pty Ltd in 1997 and Vice President and Deputy of Asia Department in ACP Mining Pty Ltd in Australia since 2010.

**Interest in Shares** — Nil  
**Interest in Options** — Nil

**Company Secretary**

The following persons held the position of company secretary during the 2014 financial year:

**Alistair McKeough BA, LLB, LLM - Resigned 30 April 2014**

Alistair McKeough was appointed as Company Secretary on 10 February 2012. Alistair is an experienced corporate lawyer and company secretary who brought extensive legal and corporate experience to his role as Company Secretary for CWH Resources Ltd.

**Robert Kineavy, FCMA, MBA, CA - Appointed 30 April 2014, resigned 9 January 2015**

Robert's experience as a Company Secretary and Finance Executive most notably includes over 20 years managing public and private business company secretarial affairs, including ASX listed companies. He has held very notable positions with major groups including Gourmet Food Holdings Limited, WBHO Construction Limited and CMA Corporation Limited.

**Raymond Taylor BEcon MComm MIPA - Appointed 9 January 2015**

Mr Taylor has a Bachelor of Economics degree and a Masters of Commerce Degree from Macquarie University; he has completed his CPA qualification and Public practice certificate, and the Graduate Diploma of Company Secretarial Practice from the Institute of Company Secretaries and is a member of the Institute of Public Accountants. He has in excess of 25 years of experience as an accountant at a senior level and has many years of experience and involvement in reporting to boards and owners of businesses. Mr Taylor has experience as a company secretary and a director of listed public companies. Mr Taylor is also Company Secretary of the ASX Listed Companies Mazu Alliance Limited (ASX: MZU) and Agri-trade Holdings Ltd (ASX: AGH).

**Meetings of Directors**

During the financial year, 8 meetings of directors were held.

Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Bao Cheng Luo	8	7
Hock Guan Charles Sher	8	6
Wei Guo Wang	8	4
Peter Blair	8	8
Shun Ming Li	8	-

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DIRECTORS' REPORT**

**Dividends Paid or Recommended**

The directors of CWH recommend that no dividend be paid in respect of the year ended 30 June 2014.

**Indemnifying Officers or Auditor**

The Company has agreed to indemnify all directors and officers of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has not during or since the financial year indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

**Insurance of officers**

Directors and Officers insurance policy is currently in place, costing \$20,020 for the year ended 30 June 2014.

**Non-audit Services**

The CWH Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the CWH Group are important.

No non-audit services were provided by the auditor during the year.

**Auditor's Independence Declaration**

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and a copy is on page 11 of the Annual Report.

**Options**

No options were granted during the year ended 30 June 2014. There were no outstanding options as at 30 June 2014.

**CWH RESOURCES LTD ACN: 009 230 111 AND CONTROLLED ENTITIES  
REMUNERATION REPORT**

The remuneration report is set out under the following main headings:

- A Principles Used to Determine the Nature and Amount of Remuneration
- B Details of Remuneration
- C Share-Based Compensation
- D Additional Information

**A. Principles Used to Determine the Nature and Amount of Remuneration**

*Non-Executive Directors*

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the directors. Non-Executive Directors' fees and payments are reviewed annually by the Board and minuted in the relevant board meeting minutes.

*Executives including Executive Director*

The executive director's pay and reward framework has two components:

- Base pay and benefits (fixed);
- Short-term performance incentives (variable; paid as a cash bonus).

The combination of these comprises the executive's total remuneration.

**Base Pay**

Structured as a total employment cost package which may be delivered as a combination of cash and prescribed benefits including superannuation. Base pay for executive directors is determined and reviewed by the Board of Directors. There is no guaranteed base pay increases included in the executive director's contract.

*Retirement Allowances for Directors*

There are no retirement allowances for directors, other than payment of statutory superannuation for the executive director.

**B. Details of Remuneration**

Amounts of Remuneration

Details of remuneration of the directors and the key management personnel of CWH Resources Ltd and the CWH Group for the financial years ended 30 June 2014 and 30 June 2013 are set out in the following tables:

**Remuneration of Directors and Key Management Personnel**

Year Ended 30 June 2014	Short-term Benefits			Post Employment Benefits		Total
Name	Cash Salary and Fees \$	Cash Bonuses \$	Non-Monetary Benefits \$	Superannua- tion \$	Share Options \$	\$
<b>Non-Executive Directors</b>						
Hock Guan Charles Sher	-	-	-	-	-	-
Wei Guo Wang	-	-	-	-	-	-
Peter Blair	18,000	-	-	1,665	-	19,665
Shun Ming Li	-	-	-	-	-	-
<b>Subtotal</b>	<b>18,000</b>	<b>-</b>	<b>-</b>	<b>1,665</b>	<b>-</b>	<b>19,665</b>
<b>Executive Directors</b>						
Bao Cheng Luo	291,395	-	-	26,954	-	318,349
<b>Subtotal</b>	<b>291,395</b>	<b>-</b>	<b>-</b>	<b>26,954</b>	<b>-</b>	<b>318,349</b>
<b>Other Key Management Personnel</b>						
Chong Xing Luo	21,174	-	-	1,958	-	23,132
Ke Qin Xie	14,596	-	-	-	-	14,596
De Yu Ren	14,480	-	-	-	-	14,480
<b>Subtotal</b>	<b>50,250</b>	<b>-</b>	<b>-</b>	<b>1,958</b>	<b>-</b>	<b>52,208</b>
<b>Total</b>	<b>359,645</b>	<b>-</b>	<b>-</b>	<b>30,577</b>	<b>-</b>	<b>390,222</b>

**CWH RESOURCES LTD ACN: 009 230 111 AND CONTROLLED ENTITIES  
REMUNERATION REPORT**

**Remuneration of Directors and Key Management Personnel (Continued)**

Year Ended 30 June 2013	Short-term Benefits			Post Employment Benefits		Total
	Cash Salary and Fees	Cash Bonuses	Non-Monetary Benefits	Superannuation	Share Options	
Name	\$	\$	\$	\$	\$	
Non-Executive Directors						
Hock Guan Charles Sher	-	-	-	-	-	-
Wei Guo Wang	-	-	-	-	-	-
Peter Blair	26,000	-	-	2,340	-	28,340
Shun Ming Li	-	-	-	-	-	-
<b>Subtotal</b>	<b>26,000</b>	<b>-</b>	<b>-</b>	<b>2,340</b>	<b>-</b>	<b>28,340</b>
Executive Directors						
Bao Cheng Luo	292,215	-	23,922	32,286	-	348,423
<b>Subtotal</b>	<b>292,215</b>	<b>-</b>	<b>23,922</b>	<b>32,286</b>	<b>-</b>	<b>348,423</b>
Other Key Management Personnel						
Chong Xing Luo	43,688	110,000	-	3,932	-	157,620
Ke Qin Xie	20,578	-	-	1,497	-	22,075
De Yu Ren	11,224	-	-	1,310	-	12,534
<b>Subtotal</b>	<b>75,490</b>	<b>110,000</b>	<b>-</b>	<b>6,739</b>	<b>-</b>	<b>192,229</b>
<b>Total</b>	<b>393,705</b>	<b>110,000</b>	<b>23,922</b>	<b>41,365</b>	<b>-</b>	<b>568,992</b>

**C. Share Based Compensation**

At present the company does not have a share option plan and no share options have been issued to directors during the year.

**D. Additional Information**

The overall level of executive reward will take into account the performance of the CWH Group over a number of years, with greater emphasis given to the most recent year.

**Loans to KMP**

There are no loans provided to directors or executives.

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



.....  
**Bao Cheng Luo**

Dated: 18/ 02 /2015

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the consolidated financial report of CWH Resources Ltd for the year ended 30 June 2014 I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

This declaration is in relation to the CWH Resources Ltd and the entities it controlled during the year.



**D K Swindells**  
Partner

**Sydney, NSW**  
**19 February 2015**

**CWH RESOURCES LTD ACN: 009 230 111  
AND CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2014**

		Consolidated Group	
		2014	2013
			Restated*
	Note	\$	\$
<b>Revenue from continuing operations</b>			
Sale of goods	3	3,745,314	6,014,249
Other revenue	3	112,252	13,811
		<u>3,857,566</u>	<u>6,028,060</u>
<b>Expenses</b>			
Net operating costs	4(a)	(5,869,665)	(8,427,169)
Impairment loss on investments		(11,020)	(24,459)
Impairment of property, plant and equipment		-	(2,232,407)
		<u>(5,880,685)</u>	<u>(10,684,035)</u>
<b>Result from operating activities</b>		<u>(2,023,119)</u>	<u>(4,655,975)</u>
Finance costs	4(b)	(129,942)	(118,737)
Other expenses		(9,499)	(156)
<b>Profit/ (Loss) before income tax</b>		<u>(2,162,560)</u>	<u>(4,774,868)</u>
Income tax expense	5	-	-
<b>Net profit/ (loss) from continuing operations</b>		<u>(2,162,560)</u>	<u>(4,774,868)</u>
<b>Discontinued operations</b>			
Profit/ (Loss) from discontinued operations after tax	28	-	-
<b>Net profit for the year</b>		<u>(2,162,560)</u>	<u>(4,774,868)</u>
<b>Other comprehensive income:</b>			
<b>Items that will be reclassified subsequently to profit or loss when specific conditions are met:</b>			
Foreign currency translation difference for foreign operations (no income tax applicable)		287,079	(898,467)
<b>Other comprehensive income for the year</b>		<u>287,079</u>	<u>(898,467)</u>
<b>Total comprehensive income/ (loss) for the year</b>		<u>(1,875,481)</u>	<u>(5,673,335)</u>
<b>Earning per share for profit attributable to the ordinary equity holders of the company</b>			
Basic and diluted earnings/ (loss) per share	8	Cents (2.28)	Cents (5.04)

\* See note 28 for details about restatements as a result of the reclassification of a discontinued operation to a continuing operation.

The accompanying notes form part of these financial statements.

**CWH RESOURCES LTD ACN: 009 230 111  
AND CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014**

		Consolidated Group	
		2014	2013
	Note	\$	Restated* \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	26,513	58,918
Trade and other receivables	10	945,389	861,362
Inventories	11	371,080	454,107
Other financial assets	13	15,130	26,150
Other assets	17	47,264	74,573
<b>TOTAL CURRENT ASSETS</b>		<b>1,405,376</b>	<b>1,475,110</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	10	47,615	48,388
Investments accounted for using the equity method	12	2,149	2,149
Property, plant and equipment	15	2,008,073	2,285,516
Intangible assets	16	1,324,185	1,296,871
Other non-current assets	17	97,501	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,479,523</b>	<b>3,632,924</b>
<b>TOTAL ASSETS</b>		<b>4,884,899</b>	<b>5,108,034</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	18	7,972,727	7,606,084
Borrowings	19	3,584,990	2,925,487
Current tax liabilities	20	1,120,458	1,003,667
Provisions	21	3,257	2,900
<b>TOTAL CURRENT LIABILITIES</b>		<b>12,681,432</b>	<b>11,538,138</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	19	753,413	244,361
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>753,413</b>	<b>244,361</b>
<b>TOTAL LIABILITIES</b>		<b>13,434,845</b>	<b>11,782,499</b>
<b>NET ASSETS</b>		<b>(8,549,946)</b>	<b>(6,674,465)</b>
<b>EQUITY</b>			
Issued capital	22	18,698,814	18,698,814
Reserves	29	(2,192,549)	(2,479,628)
Accumulated losses		(25,056,211)	(22,893,651)
<b>TOTAL EQUITY (DEFICIENCY)</b>		<b>(8,549,946)</b>	<b>(6,674,465)</b>

\* See note 28 for details about restatements as a result of the reclassification of a discontinued operation to a continuing operation.

The accompanying notes form part of these financial statements.



**CWH RESOURCES LTD ACN: 009 230 111  
AND CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014**

	Share Capital	Retained Profits/ (Accumulated Losses)	Reserves		Total	
	Ordinary		Foreign Currency Translation Reserve	General Reserve	Total Reserves	
Note	\$	\$	\$	\$	\$	
<b>Consolidated Group</b>						
<b>Balance at 1 July 2012</b>	18,435,624	(18,118,783)	(2,227,228)	646,067	(1,581,161)	(1,264,320)
<b>Comprehensive income</b>						
Profit / (loss) for the year	-	(4,774,868)	-	-	-	(4,774,868)
Other comprehensive income/ (loss) for the year	-	-	(898,467)	-	(898,467)	(898,467)
<b>Total comprehensive income for the year</b>	-	<b>(4,774,868)</b>	<b>(898,467)</b>	-	<b>(898,467)</b>	<b>(5,673,335)</b>
Shares issued on conversion of options	263,190	-	-	-	-	263,190
<b>Balance at 30 June 2013</b>	<b>18,698,814</b>	<b>(22,893,651)</b>	<b>(3,125,695)</b>	<b>646,067</b>	<b>(2,479,628)</b>	<b>(6,674,465)</b>
<b>Balance at 1 July 2013</b>	18,698,814	(22,893,651)	(3,125,695)	646,067	(2,479,628)	(6,674,465)
<b>Comprehensive income</b>						
Profit / (loss) for the year	-	(2,162,560)	-	-	-	(2,162,560)
Other comprehensive income/ (loss) for the year	-	-	287,079	-	287,079	287,079
<b>Total comprehensive income for the year</b>	-	<b>(2,162,560)</b>	<b>287,079</b>	-	<b>287,079</b>	<b>(1,875,481)</b>
<b>Balance at 30 June 2014</b>	<b>18,698,814</b>	<b>(25,056,211)</b>	<b>(2,838,616)</b>	<b>646,067</b>	<b>(2,192,549)</b>	<b>(8,549,946)</b>

The accompanying notes form part of these financial statements.

**CWH RESOURCES LTD ACN: 009 230 111  
AND CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014**

	Note	Consolidated Group	
		2014	2013
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		4,413,290	7,120,845
Interest received/ (paid)		(7,164)	3,144
Payments to suppliers and employees		(4,914,568)	(7,310,494)
<b>Net cash provided by operating activities</b>	25a	<b><u>(508,442)</u></b>	<b><u>(186,505)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		42,000	-
Purchase of intangible assets		(171,509)	(400,181)
Payment for other investments		-	(854)
Purchase of property, plant and equipment		(149,161)	(1,182)
<b>Net cash used in investing activities</b>		<b><u>(278,670)</u></b>	<b><u>(402,217)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		-	263,190
Repayment of borrowings		-	(15,279)
Loans from related parties			
- payments made		(513,985)	(1,323,046)
- proceeds from borrowings		1,269,369	542,697
<b>Net cash provided by (used in) financing activities</b>		<b><u>755,384</u></b>	<b><u>(532,438)</u></b>
<b>Net increase/ (decrease) in cash held</b>		<b>(31,728)</b>	<b>(1,121,160)</b>
Cash and cash equivalents at beginning of financial year		58,918	1,179,543
Effect of exchange rates on cash holdings in foreign currencies		(677)	535
<b>Cash and cash equivalents at end of financial year</b>	9	<b><u>26,513</u></b>	<b><u>58,918</u></b>

The accompanying notes form part of these financial statements.

**CWH RESOURCES LTD ACN: 009 230 111  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

CWH Resources Ltd (the parent) is a company limited by shares, incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange ("ASX").

These consolidated financial statements and notes represent those of CWH Resources Ltd and its Controlled Entities ("the Group" or "CWH Group").

The financial statements were authorised for issue on 18 February 2015 in accordance with a resolution of the Directors.

The nature of operations and principal activities of the CWH Group are described in the Operating and Financial Review Report which should be read in conjunction with the Directors' Report.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Note 1 Summary of Significant Accounting Policies**

**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 Boards and with 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.

*Historical Cost Convention*

These financial statements have been prepared under the historical cost convention, except for financial assets that have been classified as at fair value through profit and loss, which are measured at fair value.

*Critical Accounting Estimates*

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the CWH Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 1(x).

*Going Concern*

The financial report has been prepared on the going concern basis and the Group contemplates continuity of normal business activities, the realisation of assets and the settlement of liabilities in the normal course of business.

As at 30 June 2014 the balance sheet of the group shows a net asset deficiency of \$8,549,946 of which \$7,248,611 relates to Chongqing Yuao Building Materials Co., Ltd. "CYBM", leaving a net liability of \$1,301,335 relating to the parent company.

The Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2014 shows a loss after income tax from continuing operations of \$2,162,560 and a gain on translation of foreign operations of \$287,079 - resulting in a comprehensive loss for the year of \$1,875,481.

Despite the deficiency in net assets, the directors believe that the Company and the consolidated entity will be able to fund future operations through the cash generated by CYBM and a personal loan from the Chairman, Mr Bao Cheng Luo. The Board will also consider additional fundraising activities in the near future if required. Without this loan, fund raising and/ or achievement of positive cash flow from CYBM operations, there is material uncertainty as to whether the consolidated entity will be able to continue as a going concern. If the consolidated entity is unable to continue as a going concern, it may be required to make adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities, and may be unable to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report.

**(a) Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the Company (the parent) and all of its subsidiaries. Subsidiaries are entities that 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 14.

The assets, liabilities and results of all subsidiaries are 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. Inter-company transactions, balances and unrealised gains or losses on transactions between Group entities are eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity with the accounting policies adopted by the Group.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the CWH Group.

**(b) Income Tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

**CWH RESOURCES LTD ACN: 009 230 111  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**Note 1 Summary of Significant Accounting Policies**

**(b) Income Tax (Continued)**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(c) Inventories**

Finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual inventory items on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to make the sale.

**(d) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Makers ("CODM"). The CODM are responsible for the allocation of resources to operating segments and assessing their performance.

**(e) Fair Value Estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the CWH Group for similar financial instruments.

**(f) Plant and Equipment**

Plant and equipment is stated at historical cost and is depreciated over its useful life using the straight line method. Historical cost includes expenditure directly attributable to the acquisition of the items. The expected useful life for asset classes is as follows:

- Machinery, plant and equipment – between 5 and 15 years.
- Motor vehicles – 10 years.
- Building – 30 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(j)).

Gains and losses on disposals are determined by comparing proceeds with the asset's carrying amount, and are included in profit or loss.

**(g) Non-current assets held for sale and discontinued operations**

A discontinued operation is a component of an entity, being a cash-generating unit (or a group of cash-generating units), that either has been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations; is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with a view to resale.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

**CWH RESOURCES LTD ACN: 009 230 111  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**Note 1 Summary of Significant Accounting Policies (Continued)**

**(h) Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to entities in the consolidated group are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

**(i) Financial Instruments**

**(i) Financial assets at fair value through profit or loss**

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Assets in this category are classified as current assets.

Financial assets at fair value through profit or loss are carried at their fair value. Realised and unrealised gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are included in profit or loss in the period in which they arise.

**(ii) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the CWH Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet. Subsequent to initial recognition at fair value plus any directly attributable transaction costs, loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment losses.

**(j) Impairment of Assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Other assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

**(k) Investments in Associates**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate company. In addition, the Group's share of the profit or loss of the associate is included in the Group's profit or loss.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Group's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

**CWH RESOURCES LTD ACN: 009 230 111  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**Note 1 Summary of Significant Accounting Policies**

**(k) Investments in Associates (Continued)**

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the CWH Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long term receivables, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the CWH Group.

**(l) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the CWH Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**(m) Foreign Currency Transactions and Balances**

**(i) Functional and presentation currency**

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is CWH Resources Ltd's functional currency.

**(ii) Transaction and balances**

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. 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 profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income, otherwise the exchange difference is recognised in profit or loss.

**(iii) Foreign Operation**

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

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates at the dates of the transactions); and
- retained earnings are translated at the exchange rates prevailing at the dates of the transactions.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

**CWH RESOURCES LTD ACN: 009 230 111  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**Note 1 Summary of Significant Accounting Policies (Continued)**

**(n) Employee Benefits**

**(i) Short-term employee benefits**

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and annual leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

**(ii) Long-term employee benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Long-term employee benefits are measured at the present value of the expected future payments to be made to employees.

**(iii) Retirement benefit obligations**

The Group contributes the required statutory superannuation or pension rate on behalf of employees to licensed superannuation or pension funds. The Group's legal or constructive obligation is limited to these contributions.

Contributions to a defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

**(iv) Profit Sharing and Bonus Plans**

The CWH Group recognises a liability and an expense for bonuses as they arise. The CWH Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

**(o) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits available on demand with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(p) Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Revenue from the sale of goods is recognised upon the delivery of goods to customers as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised as it accrues, using the effective interest method.

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

**(q) Trade Receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are due for settlement between 30 and 90 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (Provision for impairment of trade receivables) is established when there is objective evidence that the CWH Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in profit or loss with other expenses.

**(r) Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the CWH Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**Note 1 Summary of Significant Accounting Policies (Continued)**

**(s) Goods and Services Tax ("GST")**

Revenues, expenses and assets are recognised net of the amount of GST or VAT, except where the amount of GST or VAT incurred is not recoverable from the relevant Taxation Office. In these circumstances the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the balance sheet are shown inclusive of GST or VAT as appropriate.

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

**(t) Contributed Equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(u) Earnings per Share**

The CWH Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees. There are no outstanding convertible notes or share options as at 30 June 2014.

**(v) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**(w) New and amended accounting policies adopted by the Group**

*Consolidated financial statements*

The Group adopted the following Australian Accounting Standards, together with the relevant consequential amendments arising from related Amending Standards, from the mandatory application date of 1 January 2013.

- AASB 10: Consolidated financial statements
- AASB 12: Disclosure of interests in other entities

Application of these new standards has not had any material effect on the Group's financial statements.

*Employee benefits*

The Group adopted AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) from the mandatory application date of 1 January 2013. The Group has applied these Standards retrospectively in accordance with AASB 108 and the transitional provisions of AASB 119.

The adoption of these Standards did not result in any effect on the financial statements of the Group.

**(x) Critical Accounting Estimates and Judgments**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

*(i) Provision for Impairment of Receivables*

The CWH Group undertakes a detailed analysis of trade receivables on a monthly basis and writes off those debtors which it considers not recoverable and makes an impairment provision for those where recovery is considered doubtful.

*(ii) Income Tax*

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

For the year ended 30 June 2014 the CWH Group did not recognise deferred tax assets on temporary differences or on tax losses.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**Note 1 Summary of Significant Accounting Policies (Continued)**

**(x) Critical Accounting Estimates and Judgments (Continued)**

*(iii) Business that cease to be classified as held for sale*

Chongqing Yuao Building Materials Co. Ltd, operation:

On 6 December 2010 CWH Resources Ltd entered into a contract to sell its investment in CYBM at a price of RMB12,910,000 (AUD1,993,022 as at 30 June 2013).

For accounting periods ending on and after 31 December 2010, the consolidated group presented the assets and liabilities of the controlled entity, CYBM, separately from the assets and liabilities of the consolidated group and classified CYBM as a discontinued operation.

On 3 April 2014 CWH Resources Ltd announced that the agreement for sale of CYBM had been rescinded. Under the terms of the rescission agreement both parties have released each other from all claims under the sale agreement. CYBM's assets and liabilities are, therefore, incorporated in the consolidated group and are measured at the lower of:

- the carrying amount before the disposal was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the disposal not been classified as held for sale; and
- the recoverable amount at the date of the subsequent decision not to sell.

There was no effect on the profit or loss from continuing operations from this change in classification.

The effect of the amendment on these financial statements is set out in Note 28 to these financial statements.

**(y) New Accounting Standards for Application in Future Periods**

A number of new accounting standards, amendments to standards and interpretations have been issued prior to 30 June 2014 that are effective for future financial periods. They are available for early adoption at 30 June 2014, but have not been applied in preparing the financial report:

These standards are not expected to have a material impact on future financial reports of the group.

**CWH RESOURCES LTD ACN: 009 230 111  
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**Note 2 Parent Information**

	2014	2013
	\$	\$
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>ASSETS</b>		
Current Assets	36,315	188,114
Non-current Assets	52,663	128,688
<b>TOTAL ASSETS</b>	<b>88,978</b>	<b>316,802</b>
<b>LIABILITIES</b>		
Current Liabilities	636,920	521,692
Non-current Liabilities	753,413	244,361
<b>TOTAL LIABILITIES</b>	<b>1,390,333</b>	<b>766,053</b>
<b>EQUITY</b>		
Issued capital	18,698,814	18,698,814
Accumulated losses	(20,000,169)	(19,241,149)
<b>TOTAL EQUITY</b>	<b>(1,301,355)</b>	<b>(542,335)</b>
<b>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		
Total profit/ (loss)	(759,020)	(1,131,617)
Total comprehensive income/ (loss)	(759,020)	(1,131,617)

**Contractual commitments**

The parent entity does not have any capital commitments or contingences as at 30 June 2014 (2013: \$ Nil).

**Note 3 Revenue**

	Consolidated Group 2014	2013 Restated
	\$	\$
<b>(a) Revenue from continuing operations</b>		
Sales revenue		
— sale of goods	3,745,314	6,014,249
<b>Total revenue</b>	<b>3,745,314</b>	<b>6,014,249</b>
Other revenue		
— Interest income - other person	99	13,811
— other revenue	112,153	-
<b>Total other revenue</b>	<b>112,252</b>	<b>13,811</b>

**Note 4 Operating Costs**

	Consolidated Group 2014	2013 Restated
	\$	\$
Profit before income tax from continuing operations includes the following specific expenses:		
<b>(a) Expenses</b>		
Cost of sales	3,710,341	6,306,239
Overhead expenses		
— Selling and operating expense	39,563	73,115
— Administrative expenses	2,119,761	2,047,815
<b>Total operating costs</b>	<b>5,869,665</b>	<b>8,427,169</b>
<b>(b) Finance expenses</b>		
— Interest expense	129,668	118,234
— Other finance expenses	274	503
<b>Total finance costs</b>	<b>129,942</b>	<b>118,737</b>

**CWH RESOURCES LTD ACN: 009 230 111  
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**Note 5 Income Tax Expense**

(a) **Unrecognised tax losses**

The CWH Group has unrecognised tax losses in Australia of approximately \$15.9 million (2013: \$15.2 million). The benefit at 30% of approximately \$4.77 million (2013: \$4.56 million) associated with the tax losses will only be obtained if:

- The CWH Group 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 in Australia;
- The CWH Group continues to comply with the conditions for deductibility imposed by the Australian income tax law; and
- No changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the losses.

	Consolidated Group	
	2014	2013
	\$	Restated \$
(b) <b>Prima facie tax on profit from ordinary activities before income tax</b>		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Net (loss) for the year	(2,162,560)	(4,774,868)
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2013: 30%)	(648,768)	(1,432,460)
Adjustment for:		
— Non-deductible items	(1,584)	51,031
— Adjustment of temporary differences	20,662	16,821
— Tax losses not recognised - foreign jurisdiction	421,062	1,364,608
— Tax losses not recognised - Australia	208,628	-
Income tax expense	-	-

**Note 6 Key Management Personnel Disclosure**

(a) **Key Management Personnel Compensation**

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel ("KMP") for the year ended 30 June 2014.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	Consolidated Group	
	2014	2013
	\$	Restated \$
Short-term employee benefits	359,645	527,627
Post-employment benefits	30,577	41,365
Total KMP compensation	390,222	568,992

(b) **Shareholdings**

The numbers of shares in the Company held during the financial year by each director of CWH Resources Ltd and other key management personnel of the CWH Group, including their personally related parties, are set out below.

<b>Name</b>	<b>Bao Cheng Luo</b>
Balance at 1 July 2012	5,723,607
Additions	-
Disposals	-
Other changes during the year	-
Balance at 30 June 2013	5,723,607
Additions	-
Disposals	(4,900,000)
Other changes during the year	-
Balance at 30 June 2014	823,607

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**Note 6 Key Management Personnel Disclosure (Continued)**

**(c) Loans to Key Management Personnel**

There were no loans made to directors of CWH Resources Ltd or other key management personnel of the CWH Group, including their personally related parties, during the years ended 30 June 2014 and 30 June 2013.

**(d) Loans from Directors**

	<b>Note</b>	Consolidated Group 2013	
		2014	Restated
		\$	\$
Loans from directors to continuing operations			
— Loans from director (Mr Bao Cheng Luo) – Current	19	1,961,824	1,260,312
— Less receivable (Mr Bao Cheng Luo related entity)	10	(599,699)	(609,745)
— Add payable (Mr Bao Cheng Luo related entity)	18	63,627	65,273
— Loans from director (Mr Bao Cheng Luo) – Non-Current	19	753,413	244,361
		<u>2,179,165</u>	<u>960,201</u>

These loans are unsecured and interest free.

**Note 7 Auditors' Remuneration**

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related firms:

	Consolidated Group 2013	
	2014	Restated
	\$	\$
<b>(a) HLB Mann Judd</b>		
— Auditing or reviewing the financial statements	110,000	94,866
	<u>110,000</u>	<u>94,866</u>
<b>(b) Non-HLB Mann Judd Firms</b>		
— Audit and review of financial statements	12,237	16,150
	<u>12,237</u>	<u>16,150</u>
<b>Total auditors' remuneration</b>	<b>122,237</b>	<b>111,016</b>

**Note 8 Earnings per Share**

	Consolidated Group 2013	
	2014	Restated
	\$	\$
<b>(a) Earnings used in calculating earnings per share</b>		
Profit attributable to the ordinary equity holders of the Company used in calculating earnings per share	(2,162,560)	(4,774,868)
<b>(b) Weighted average number of shares used as the denominator</b>	Number of Shares 2014	Number of Shares 2013
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share and diluted earnings per share	94,748,968	94,748,968
<b>(c) Basic and diluted earnings per share, cents</b>	(2.28)	(5.04)

**Note 9 Cash and Cash Equivalents**

	Consolidated Group 2013	
	2014	Restated
	\$	\$
Cash at bank and on hand	26,513	58,918
	<u>26,513</u>	<u>58,918</u>

The CWH Group's exposure to interest rate risk and foreign currency risk is discussed in Note 27.

**CWH RESOURCES LTD ACN: 009 230 111  
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**Note 10 Trade and Other Receivables**

	Note	Consolidated Group	
		2014	2013
		\$	Restated \$
<b>CURRENT</b>			
Trade receivables		859,407	885,578
Provision for impairment		(859,407)	(859,433)
		-	26,145
Other receivables		345,690	225,472
Amounts receivable from related parties			
— Chongqing Zhongao Waterproof Material Co., Ltd.		599,699	609,745
Total other receivables		945,389	835,217
Total current trade and other receivables		945,389	861,362

Both Yongchuan Xuyang Transportation Co., Ltd. and Chongqing Zhongao Waterproof Material Co., Ltd. are controlled by a director of the Group, Bao Cheng Luo. Refer to Note 6(d) for further information.

**NON-CURRENT**

Rental deposit/ bonds		7,615	7,535
Loan - HK subsidiaries		-	853
Bank guarantee		40,000	40,000
Total non-current trade and other receivables		47,615	48,388

**(a) Financial Assets Classified as Loans and Receivables**

Trade and other Receivables			
— Total current		945,389	861,362
— Total non-current		47,615	48,388
Financial assets	27	993,004	909,750

**Note 11 Inventories**

	Note	Consolidated Group	
		2014	2013
		\$	Restated \$
<b>CURRENT</b>			
At cost:			
Raw materials		269,900	252,145
Work in progress		-	23,863
Finished goods		101,180	178,099
		371,080	454,107

**Note 12 Associates and Joint Arrangements**

**(a) Investment Accounted for Using Equity Method**

The investment comprises a 45% (2013: 45%) interest in Discovery Company Limited, a company registered in Kazakhstan. The Company was not operating as at 30 June 2014.

	Consolidated Group	
	2014	2013
	\$	Restated \$
Investment in unlisted entity – at cost	206,834	206,834
Provision for impairment	(206,834)	(206,834)
Net assets	-	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**Note 12 Associates and Joint Arrangements (Continued)**  
**(b) Other Investment**

	Consolidated Group 2014	2013 Restated
	\$	\$
At cost	2,149	2,149
Total investment	<u>2,149</u>	<u>2,149</u>

**Note 13 Other Financial Assets**

	<b>Note</b>	Consolidated Group 2014	2013 Restated
		\$	\$
<b>CURRENT</b>			
Financial assets at fair value through profit or loss	13a	<u>15,130</u>	<u>26,150</u>
Total current assets		<u>15,130</u>	<u>26,150</u>
<b>(a) Financial assets at fair value through profit or loss</b>			
<b>CURRENT</b>			
Held-for-trading Australian-listed shares	27	<u>15,130</u>	<u>26,150</u>
Shares held for trading are traded for the purpose of short term profit taking. Changes in fair value are included in profit or loss.			

**Note 14 Interests in Subsidiaries**

The proportion of ownership interests held equals the voting rights held by Group. Each subsidiary's principal place of business is also its country of incorporation.

<b>Name of subsidiary</b>	<b>Principal place of business</b>	Ownership interest held by the Group	
		2014 %	2013 %
Armourglass Secure Sdn	Malaysia	100	100
Chongqing Yuao Building Materials Co., Ltd.	China	100	100
Chinawest International Pte Ltd	Singapore	100	100
CWH Global Exploration Pty Ltd	Australia	100	100

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

**Note 15 Property, Plant and Equipment**

	Consolidated Group 2014	2013 Restated
	\$	\$
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Buildings:</b>		
At cost	4,353,249	4,333,562
Less accumulated depreciation	(2,171,409)	(2,114,831)
Accumulated impairment losses	<u>(1,438,324)</u>	<u>(1,438,324)</u>
	<b><u>743,516</u></b>	<b><u>780,407</u></b>
<b>Plant and equipment:</b>		
At cost	7,077,510	7,049,132
Accumulated depreciation	(4,258,399)	(4,114,986)
Accumulated impairment losses	<u>(1,661,468)</u>	<u>(1,661,468)</u>
	<b><u>1,157,643</u></b>	<b><u>1,272,678</u></b>

**CWH RESOURCES LTD ACN: 009 230 111  
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**Note 15 Property, Plant and Equipment (Continued)**

**Motor Vehicles:**

At cost	554,403	669,324
Accumulated depreciation	<u>(447,489)</u>	<u>(436,893)</u>
	<b>106,914</b>	<b>232,431</b>

**Total property, plant and equipment** **2,008,073** **2,285,516**

(a) **Movements in Carrying Amounts**

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Buildings \$	Plant and Equipment \$	Motor Vehicles \$	Total \$
<b>Consolidated Group:</b>				
Balance at 1 July 2012	1,802,329	2,483,596	321,511	4,607,436
Additions	-	1,182	-	1,182
Impairment losses	(1,021,922)	(1,210,485)	-	(2,232,407)
Depreciation expense	-	(1,615)	(89,080)	(90,695)
<b>Balance at 30 June 2013</b>	<b><u>780,407</u></b>	<b><u>1,272,678</u></b>	<b><u>232,431</u></b>	<b><u>2,285,516</u></b>
Additions	19,687	28,378	-	48,065
Disposals	-	-	(71,097)	(71,097)
Depreciation expense	(56,578)	(143,413)	(54,420)	(254,411)
<b>Balance at 30 June 2014</b>	<b><u>743,516</u></b>	<b><u>1,157,643</u></b>	<b><u>106,914</u></b>	<b><u>2,008,073</u></b>

(b) **Impairment Losses**

The total impairment loss recognised in profit or loss during the period amounted to \$Nil (2013: \$2,232,407) and is separately presented in the statement as "impairment of property plant and equipment".

(c) **Independent Valuation**

During 2014, CWH engaged an independent valuer to value certain class of assets in relation to CYBM's operation. The valuer has assessed the fair value of the assets as follow:

Category	Book Value (RMB)	Assessed Value (RMB)	Book Value (AUD)	Assessed Value (AUD)
Machinery	6,270,000	13,281,248	1,154,744	2,271,619
Vehicles	665,000	1,351,983	106,914	231,243
Electronic equipment	-	254,000	-	43,444
Buildings	4,505,000	30,280,513	743,516	5,179,166
Construction in progress	570,000	570,000	97,501	97,493
<b>Total</b>	<b>12,010,000</b>	<b>45,737,744</b>	<b>2,102,675</b>	<b>7,822,965</b>

The Book Value represents the amounts reported in CYBM's financial report at 30 June 2014, translated in accordance with CWH accounting policy Note 1(m).

The Assessed Value represents the independent valuer's assessment at 30 June 2014, translated using the spot rate at 30 June 2014 (5.8466 RMB for 1 AUD).

Construction in progress is disclosed under Other Asset in Note 17 to the financial statements.

The valuation report was provided by Zhongjing Minxin (Beijing) Assets Evaluation Co., Ltd.

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**Note 16 Intangible Assets**

	Consolidated Group	
	2014	2013 Restated
	\$	\$
<b>Mining Rights</b>		
Net carrying amount	1,324,185	1,296,871
Total intangibles	1,324,185	1,296,871
	Mining Rights	
	\$	
<b>Year ended 30 June 2013</b>		
Balance at the beginning of the year	824,482	
Additions	563,105	
Amortisation charge	(90,716)	
	<b>1,296,871</b>	
<b>Year ended 30 June 2014</b>		
Balance at the beginning of the year	1,296,871	
Additions	171,509	
Amortisation charge	(144,195)	
<b>Closing value at 30 June 2014</b>	<b>1,324,185</b>	

The cost of mining rights is amortised over the useful life.

**Note 17 Other Assets**

	Consolidated Group	
	2014	2013 Restated
	\$	\$
<b>CURRENT</b>		
Prepayments	47,264	74,573
	47,264	74,573
<b>NON-CURRENT</b>		
Construction in progress	97,501	-
	97,501	-

Construction in progress represents property, plant and equipment under construction and is stated at cost less any impairment losses. Cost comprises of direct costs of acquisition or construction, installation and testing.

Construction in progress is transferred to the appropriate category of property, plant and equipment when it is completed and ready for its intended use. No depreciation is provided on construction in progress until the asset is completed and is ready for its intended use.

During 2014, CWH has engaged an independent valuer to value the construction in progress. Please refer to Note 15(c) for the details of the valuation.

**Note 18 Trade and Other Payables**

	Note	Consolidated Group	
		2014	2013 Restated
		\$	\$
<b>CURRENT</b>			
Unsecured liabilities			
Trade payables		1,330,958	1,247,478
Sundry payables and accrued expenses		6,578,142	6,293,333
Amounts payable to related parties			
— Yongchuan Xuyang Transportation Co., Ltd.		63,627	65,273
		7,972,727	7,606,084

The CWH Group's exposure to foreign exchange risk is detailed in Note 27.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**Note 18 Trade and Other Payables (Continued)**

	Note	Consolidated Group	
		2014	2013
		\$	Restated \$
(a) Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
— Total current		7,972,727	7,606,084
— Total non-current		-	-
		<u>7,972,727</u>	<u>7,606,084</u>
Less: accruals		(184,197)	(163,700)
Financial liabilities as trade and other payables	27	<u>7,788,530</u>	<u>7,442,384</u>

**Note 19 Borrowings**

	Note	Consolidated Group	
		2014	2013
		\$	Restated \$
<b>CURRENT</b>			
<b>Unsecured liabilities</b>			
Loan from Director		1,961,824	1,260,312
<b>Secured liabilities</b>			
Bank loans		1,623,166	1,665,175
Total current borrowings		<u>3,584,990</u>	<u>2,925,487</u>

The secure borrowing is from Agricultural Bank of China and is pertaining to CYBM's operation. As at 30 June 2014, the overdue loan amounted to RMB 9,490,000 (translated to AUD equivalent amount at balance date using the closing rate at balance date). This loan matured in December 2005. During September 2009 management had discussions with Agricultural Bank of China to set a plan to settle the loan principle but no conclusive outcome has been reached with the bank since.

**NON-CURRENT**

<b>Unsecured liabilities</b>			
Loan from Director		753,413	244,361
		<u>753,413</u>	<u>244,361</u>

The loan from director is unsecured, and carries an interest rate of 0% p.a. CWH Resources has the right to defer repayment of this loan at least until after 30 October 2015.

Total borrowings	27	<u>4,338,403</u>	<u>3,169,848</u>
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**Note 20 Tax Liabilities**

		Consolidated Group	
		2014	2013
		\$	Restated \$
<b>CURRENT</b>			
Income tax payable		1,120,458	1,003,667
		<u>1,120,458</u>	<u>1,003,667</u>

The income tax payable of \$1,120,458 (2013: \$1,003,667) is pertaining to Chongqing Yuao Building Materials Co., Ltd.'s operation.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**Note 21 Provisions**

	Consolidated Group	
	2014	2013
	\$	Restated \$
<b>CURRENT</b>		
Employee Benefits	3,257	2,900
	3,257	2,900

**Provision for Employee Benefits**

Provision for employee benefits represents amounts accrued for annual leave.

**Note 22 Issued Capital**

	Consolidated Group	
	2014	2013
	\$	Restated \$
94,748,968 (2013: 94,748,968) fully paid ordinary shares	18,698,814	18,698,814
	18,698,814	18,698,814

	Consolidated Group	
	2014	2013
	\$	\$
<b>(a) Ordinary Shares</b>		
At the beginning of the reporting period	18,698,814	18,435,624
Shares issued during the year		
— 14/03/2013 - 1,548,177 Shares	-	263,190
At the end of the reporting period	18,698,814	18,698,814

**(b) Convertible Notes**

The Company did not issued any convertible notes during 2014 and no convertible notes were on issue at 30 June 2014.

**(c) Options**

During the year the Company did not issue any options and no options were on issue at 30 June 2014.

**Note 23 Capital and Leasing Commitments**

**(a) Tangiers Project commitments cancelled**

On 22 May 2013 CWH entered a conditional agreement with Tangiers Petroleum Limited under which CWH would farm into exploration activities to earn a 70% interest in certain petroleum exploration projects in 250km south-west of Darwin. The agreement was terminated on 8 October 2013.

**(b) Future tenement expenditure**

It is a condition of the Exploration Permits that the company shall carry out a program of works and comply with expenditure. The future expenditure commitments for the Queensland permits owned by CWH are as follows:

Year commencing	EPM 18160	EPM 18007
December 2014	640,000	600,000
December 2015	640,000	600,000

The Company has not complied with its commitment in the 2014 financial year.

**(c) Operating lease commitments**

Commitments for minimum lease payments in relation to non-cancellation operating leases are payable as follows:

	2014	2013
	\$	\$
— not later than 12 months	15,468	15,468
— between 12 months and five years	11,249	26,717
— later than five years	-	-
	26,717	42,185

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**Note 24 Operating Segments**

The CWH Group has two separate segments described below which are the CWH Group's strategic business units. The China business comprises a cement production plant while the Australia business is primarily a corporate office, also undertaking strategic investments.

<b>30 June 2014</b>	<b>China</b>	<b>Australia</b>	<b>Consolidated</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>REVENUE</b>			
Sales of goods	3,745,314	-	3,745,314
Other revenue	112,153	99	112,252
<b>Total segment revenue</b>	<b>3,857,467</b>	<b>99</b>	<b>3,857,566</b>
<b>RESULTS</b>			
Segment result before tax	(1,403,540)	(759,020)	(2,162,560)
Income tax expense	-	-	-
Profit for the year	<b>(1,403,540)</b>	<b>(759,020)</b>	<b>(2,162,560)</b>
<b>ASSETS</b>			
Segment assets	4,795,921	88,978	4,884,899
<b>LIABILITIES</b>			
Segment liabilities	12,049,334	1,385,511	13,434,845
<b>OTHER SEGMENT INFORMATION</b>			
Investment in an associate (Note 12)	-	2,149	2,149
Acquisitions of other non-current segment assets	219,574	-	219,574
Depreciation and amortisation expense	394,452	4,154	398,606
<b>30 June 2013</b>			
	<b>China</b>	<b>Australia</b>	<b>Consolidated</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>REVENUE</b>			
External sales	6,014,249	-	6,014,249
Other Income	-	13,811	13,811
<b>Total segment revenue</b>	<b>6,014,249</b>	<b>13,811</b>	<b>6,028,060</b>
<b>RESULTS</b>			
Segment result before tax	(3,643,251)	(1,131,617)	(4,774,868)
Income tax expense	-	-	-
Profit for the year	<b>(3,643,251)</b>	<b>(1,131,617)</b>	<b>(4,774,868)</b>
<b>ASSETS</b>			
Segment assets	4,958,736	221,298	5,108,034
<b>LIABILITIES</b>			
Segment liabilities	11,016,446	766,053	11,782,499
<b>OTHER SEGMENT INFORMATION</b>			
Investment in an associate (Note 12)	-	2,149	2,149
Acquisitions of other non-current segment assets	401,363	-	401,363
Depreciation and amortisation expense	(557,457)	(20,002)	(577,459)

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**Note 25 Cash Flow Information**

	Consolidated Group	
	2014	2013
	\$	Restated \$
<b>(a) Reconciliation of Cash Flow from Operating Activities with Profit after Income Tax</b>		
Profit / (loss) after income tax	(2,162,560)	(4,774,868)
Amortisation of intangible assets	144,195	90,716
Depreciation	254,411	90,695
Write down of Plant, Property and Equipment	-	2,232,407
Financial expenses	122,025	120,721
Fair value loss on investments	11,020	24,458
Debt forgiveness	-	102,999
Bad debt expense	146,855	-
(Gain)/loss on disposal of assets	29,098	-
Unrealised foreign exchange gain/ loss	-	(97,248)
(Increase)/decrease in trade and term receivables	(234,482)	173,014
(Increase)/decrease in inventories	74,137	752,346
Increase/(decrease) in payables and accruals	1,106,502	1,098,255
Increase/(decrease) in provisions	357	-
Cash flow from operating activities	<u>(508,442)</u>	<u>(186,505)</u>

**Note 26 Related Party Transactions**

**Related Parties**

(a) **The Group's main related parties are as follows:**

(i) **Parent Entities**

CWH Resources Ltd is the parent entity of the CWH Group and is an Australian registered company. The ultimate parent entity of the CWH Group is believed to be Beltrading International Corp, registered in the British Virgin Islands.

(ii) **Key Management Personnel:**

For details of key management personnel, refer to Note 6.

(iii) **Subsidiaries**

For details of interests held in subsidiaries, refer to Note 14.

(iv) **Entities accounted for under the equity method:**

For details of interests held in joint venture entities, refer to Note 12.

**Note 27 Financial Risk Management**

The totals for each category of financial instruments are as follows:

	Note	Consolidated Group	
		2014	2013
		\$	Restated \$
<b>Financial Assets</b>			
Cash and cash equivalents	9	26,513	58,918
Financial assets at fair value through profit or loss			
— held for trading	13a	<u>15,130</u>	<u>26,150</u>
		15,130	26,150
Loans and other receivables	10	993,004	909,750
<b>Total Financial Assets</b>		<u>1,034,647</u>	<u>994,818</u>

**CWH RESOURCES LTD ACN: 009 230 111  
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**Note 27 Financial Risk Management (Continued)**

**Financial Liabilities**

Financial liabilities at amortised cost

— Trade and other payables	18	7,788,530	7,442,384
— Borrowings	19	4,338,403	3,169,848
<b>Total Financial Liabilities</b>		<u>12,126,933</u>	<u>10,612,232</u>

**Financial Risk Management Policies**

The CWH Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and foreign currency risk), credit risk and liquidity risk. The CWH Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the CWH Group. The CWH Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and ageing analysis for credit risk.

(a) **Credit risk**

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

The CWH Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The CWH Group has policies that limit the amount of credit exposure to any one entity. The compliance with credit limits by customers is regularly monitored by line management.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the CWH Group for similar financial instruments.

The average credit period on sale of goods and rendering services is 60 days. No interest is charged on overdue debtors. An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods determined by reference to past default experience.

(b) **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The CWH Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial asset and liabilities. Surplus funds are generally only invested in instruments that are tradable in highly liquid markets.

*Financing arrangements*

The CWH Group does not have access to any undrawn borrowing facilities at the reporting date.

*Maturities of financial liabilities*

A subsidiary of the CWH Group has a bank borrowing in China. The term of this facility has expired.

(c) **Market Risk**

(i) **Interest rate risk**

The Group is exposed to interest rate risk in relation to its cash holdings.

(ii) **Foreign exchange risk**

The Group is exposed to foreign currency risks in relation to the assets, liabilities and net assets of its subsidiary in China and its investment in Kazakhstan.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the CWH Group is the current bid price.

(iii) **Other price risk**

The Group is exposed to price risk in relation to its investments in shares in listed entities.

(d) **Fair value estimation**

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

**CWH RESOURCES LTD ACN: 009 230 111  
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**Note 28 Changes in Accounting Treatment**

As explained in Note 1(x)(iii) above, the Group has rescinded the agreement to sell one of its subsidiaries, Chongqing Yuao Building Materials Co. Ltd, ("CYBM") during the 2014 financial year. The operations of the subsidiary were previously accounted for as a discontinued operation. Following the rescission of the contract, the operations are no longer accounted for as a discontinued operation. As a result the Group has amended the financial statements for the prior year.

**(a) Impact on the financial statements**

The following tables show the adjustment recognised for each individual line item.

**(i) Impact on prior year**

The amounts disclosed for the 2013 reporting period and in the Balance Sheet as at 30 June 2013 are after reclassifying the previous discontinued operation.

<b>Income statement (extracts)</b>	<b>2013 (Previously stated) \$</b>	<b>Prior year restatement increase/ (decrease) \$</b>	<b>2013 (Restated) \$</b>
Sale of goods	-	6,014,249	6,014,249
Other revenue	13,811	-	13,811
Net operating costs	(1,109,799)	(7,317,370)	(8,427,169)
Impairment loss on investments	(24,459)	-	(24,459)
Impairment of property, plant and equipment	-	(2,232,407)	(2,232,407)
Finance costs	(11,170)	(107,567)	(118,737)
Other expenses	-	(156)	(156)
<b>Profit/ (Loss) before income tax</b>	<b>(1,131,617)</b>	<b>(3,643,251)</b>	<b>(4,774,868)</b>
Income tax expense	-	-	-
<b>Net profit/ (loss) from continuing operations</b>	<b>(1,131,617)</b>	<b>(3,643,251)</b>	<b>(4,774,868)</b>
Profit/(Loss) from discontinued operations after tax	(3,643,251)	3,643,251	-
<b>Profit/ (Loss) for the period</b>	<b>(4,774,868)</b>	<b>-</b>	<b>(4,774,868)</b>

<b>Balance sheet (extract)</b>	<b>2013 (Previously stated)</b>	<b>Prior year restatement increase/ (decrease)</b>	<b>2013 (Restated)</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	56,286	2,632	58,918
Trade and other receivables	10,175	851,187	861,362
Inventories	-	454,107	454,107
Other financial assets	26,150	-	26,150
Assets classified as held for sale	4,959,492	(4,959,492)	-
Other assets	-	74,573	74,573
<b>TOTAL CURRENT ASSETS</b>	<b>5,052,103</b>	<b>(3,576,993)</b>	<b>1,475,110</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	48,388	-	48,388
Investments accounted for using the equity method	2,149	-	2,149
Property, plant and equipment	78,150	2,207,366	2,285,516
Intangible assets	-	1,296,871	1,296,871
<b>TOTAL NON-CURRENT ASSETS</b>	<b>128,687</b>	<b>3,504,237</b>	<b>3,632,924</b>
<b>TOTAL ASSETS</b>	<b>5,180,790</b>	<b>(72,756)</b>	<b>5,108,034</b>

**CWH RESOURCES LTD ACN: 009 230 111  
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**Note 28 Changes in Accounting Treatment (Continued)**

(i) **Impact on prior year**

Balance sheet (extract)	2013 (Previously stated)	Prior year restatement increase/ (decrease)	2013 (Restated)
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	521,692	7,084,392	7,606,084
Liabilities directly associated with non-current	11,089,202	(11,089,202)	-
Borrowings	-	2,925,487	2,925,487
Current tax liabilities	-	1,003,667	1,003,667
Provisions	-	2,900	2,900
<b>TOTAL CURRENT LIABILITIES</b>	<b>11,610,894</b>	<b>(72,756)</b>	<b>11,538,138</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	244,361	-	244,361
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>244,361</b>	<b>-</b>	<b>244,361</b>
<b>TOTAL LIABILITIES</b>	<b>11,855,255</b>	<b>(72,756)</b>	<b>11,782,499</b>
<b>NET ASSETS/ (LIABILITIES)</b>	<b>(6,674,465)</b>	<b>-</b>	<b>(6,674,465)</b>
<b>EQUITY</b>			
Issued capital	18,698,814	-	18,698,814
Reserves	(2,479,628)	-	(2,479,628)
Accumulated losses	(22,893,651)	-	(22,893,651)
<b>TOTAL EQUITY (DEFICIENCY)</b>	<b>(6,674,465)</b>	<b>-</b>	<b>(6,674,465)</b>

**Note 29 Reserves**

(a) **Foreign Currency Translation Reserve**

The foreign currency translation reserve records exchange differences arising on translation of the financial statements of a foreign subsidiary. The reserve is recognised in profit or loss when the net investment is disposed of.

(b) **General Reserve**

The general reserve records statutory funds set aside from an overseas controlled entity of the parent entity under the company law requirements and relevant financial regulations in the country of domicile, for future expansion of the controlled entity and for providing employees facilities and other collective benefits. The reserve amount cannot be distributed as a dividend by the controlled entity.

**Note 30 Events After the Reporting Period**

**Agreement for Acquisition**

On 11 February 2015 CWH agreed terms to purchase 60% of the share capital of Shanghai KeChao Industrial Limited ("Ke Chao Industrial").

CWH is paying a total of RMB 30 Million (\$A 6,139,112) for the 60% shareholding in KeChao Industrial.

The 1st instalment is 50% or RMB 15 million (\$A 3,069,556). The 2nd instalment of RMB 15 million (\$A 3,069,556) is payable when KeChao Industrial reaches 2,000 tonnes per annum for 3 months.

It is proposed that CWH will issue shares to a number of unrelated significant investors to raise \$A 6 million or RMB 29.34 Million. This \$A6 million will fund the 1st RMB 15 million (\$A 3,069,556) payment to Xie Yung Lu and leave RMB 15 million (\$A 3,069,556) for working capital and for the success fee payment that is contingent on KeChao Industrial reaching the specified production levels.

CWH will seek the relevant shareholder approvals necessary for this transaction.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**Note 31      Company Details**

The registered office of the company is:  
CWH Resources Ltd  
11A/ 10-12 Woodville Street  
HURSTVILLE NSW 2220

The principal place of business is:  
CWH Resources Ltd  
11A/ 10-12 Woodville Street, HURSTVILLE NSW 2220



**CWH RESOURCES LTD ACN: 009 230 111  
AND CONTROLLED ENTITIES  
DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of CWH Resources Ltd, the directors of the company declare that, in the directors' opinion:

1. the financial statements and notes, as set out on pages 12 to 38, are in accordance with the Corporations Act 2001 including:
  - (a) complying with Australian Accounting Standards, the Corporations Regulations 2001, other mandatory professional reporting requirements and Note 1 to the financial statements, confirming that the financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board; and
  - (b) giving a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the consolidated group;
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declaration required by section 295A of the Corporations Act 2001 from the Chairman of the Board for the financial year ended 30 June 2014.

The declaration is made in accordance with a resolution of directors.

Director



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**Bao Cheng Luo**

Dated this

18 of

February

2015

**CWH RESOURCES LTD**

**ACN 009 230 111**

**INDEPENDENT AUDITOR'S REPORT**

To the members of CWH Resources Ltd:

**Report on the Financial Report**

We were engaged to audit the accompanying financial report of CWH Resources Ltd ("the company"), which comprises the consolidated statement of financial position as at 30 June 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, for the consolidated entity. The consolidated entity comprises 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 gives a true and fair view and 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 consolidated financial statements comply with International Financial Reporting Standards.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial report based on conducting the audit in accordance with Australian Auditing Standards. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were no able to obtain sufficient appropriate evidence to provide a basis for an audit opinion.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

***Independence***

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

***Basis for Disclaimer of Opinion***

The consolidated entity's statement of financial position as at 30 June 2014 includes a liability of \$1,623,165 for a bank loan. We have been unable to obtain sufficient appropriate audit evidence of completeness of this liability because we have not been given contact details for the lender.

As a result, we were unable to determine whether any adjustments were necessary in respect of the amount recognised as a liability for those borrowings, and the elements making up the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows.

### INDEPENDENT AUDITOR'S REPORT (continued)

Our audit report for the year ended 30 June 2014 included a disclaimer of opinion in relation to the value of assets of a controlled entity, classified as a discontinued operation at 30 June 2013, and in relation to the matter referred to above.

#### ***Disclaimer of Opinion***

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial report.

#### ***Material Uncertainty Regarding Continuation as a Going Concern***

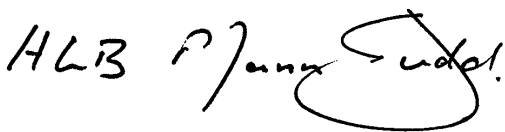
Without modifying our Disclaimer of Opinion noted above, we draw attention to Note 1 to the financial report, which describes the reasons for which the financial report has been prepared on a going concern basis. Note 1 indicates that the continuation of normal business activities is dependent on the generation of positive cash flow from the operations of Chongqing Yuao Building Materials Co. Ltd, a personal loan from the Chairman of CWH Resources Ltd and the completion of additional fund raising if required. These conditions, along with other matters as set forth in Note 1, indicate the existence of material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, the consolidated entity may be unable to realise its assets at their carrying values and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

#### **Report on the Remuneration Report**

We have audited the Remuneration Report included in the Directors' Report at pages 9 and 10 for the year ended 30 June 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 CWH Resources Ltd for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in black ink that reads 'HLB Mann Judd'.

**HLB Mann Judd  
Chartered Accountants**

A handwritten signature in black ink that reads 'D K Swindells'.

**D K Swindells  
Partner**

**Sydney, NSW  
19 February 2015**

**CWH RESOURCES LTD ACN: 009 230 111**  
**ADDITIONAL INFORMATION FOR LISTED COMPANIES**

Additional information required by the Australian Securities Exchange Ltd, and not shown elsewhere in this report is as follows. The information is current as at 18 February 2015

**1. Shareholder Information**

**(a) Distribution of equity securities**

*(i) Ordinary share capital*

- 94,748,968 fully paid shares held by 731 shareholders. All issued ordinary shares carry one vote per share and carry the rights to dividends.

The number of ordinary shareholders, by size of holding are:

Range	Total holders	Units	% of Issued Capital
1 - 1,000	72	25,461	0.03
1,001 - 5,000	44	139,763	0.15
5,001 - 10,000	394	3,651,860	3.85
10,001 - 100,000	190	6,137,757	6.48
100,001 - 9,999,999,999	31	84,794,127	89.49
<b>Rounding</b>			<b>0.00</b>
<b>Total</b>	<b>731</b>	<b>94,748,968</b>	<b>100.00</b>

**Total number of shareholders with less than a marketable at \$0.20 is 314**

*(ii) Unlisted equity options at 7 November 2013 - nil*

**(b) Twenty largest holders of equity securities at 18 February 2015**

	Number Held	%
BELTRADING INTERNATIONAL CORP	40,476,059	42.72%
MR CHANGXING XU	9,429,670	9.95%
HONG KONG BENLING INTERATIONAL INDUSTRIAL LTD	5,882,353	6.21%
LONGMAX CORPORATION LIMITED	5,000,000	5.28%
RING & KING INVESTMENT CO LTD	5,000,000	5.28%
ORCHID & HOPE INVESTMENT LTD	4,900,000	5.17%
GREATLINK DEVELOPMENT LIMITED	3,333,333	3.52%
MR YUEXI YU	2,539,000	2.68%
HSBC CUSTODY NOMINEES	1,391,562	1.47%
JESSIE LIM SIEW LING	842,818	0.89%
YOKE NGOH FONG	661,200	0.70%
BAO CHENG LUO	598,886	0.63%
CITICORP NOMINEES PTY LIMITED	446,727	0.47%
MS FENGXIAN WANG	310,000	0.33%
MRS JIAQIN MOU	309,700	0.33%
MR SHUPING HUANG & MRS HUI WANG	303,500	0.32%
MR PHIROSE MAINE	300,000	0.32%
STORMINION PASTORAL COMPANY Pty Ltd	300,000	0.32%
MRS JIAQIN MOU	565,641	0.60%
MS JIAQIN MOU	275,641	0.29%
MS TING ZHANG	258,299	0.27%

**CWH RESOURCES LTD ACN: 009 230 111**  
**ADDITIONAL INFORMATION FOR LISTED COMPANIES**

**(c) Substantial Shareholders (fully paid ordinary shares)**

	Shares Held	%
BELTRADING INTERNATIONAL CORP	40,476,059	42.72%
MR CHANGXING XU	9,429,670	9.95%
HONG KONG BENLING INTERATIONAL INDUSTRIAL LTD	5,882,353	6.21%
LONGMAX CORPORATION LIMITED	5,000,000	5.28%
RING & KING INVESTMENT CO LTD	5,000,000	5.28%
ORCHID & HOPE INVESTMENT LTD	4,900,000	5.17%

**(d) Voting rights**

All ordinary shares carry one vote per share without restriction.