

5 June 2015

## DECEMBER 2014 RESULTS FOR ANNOUNCEMENT TO THE MARKET

The Company provides its results for announcement to the market for the half year ending 31 December 2014 and its financial report. This is half year information given to ASX under listing rule 4.2A. The information should be read in conjunction with the annual financial report for the year ended 30 June 2014.

The results are prepared in accordance with IFRS and are presented in AUD.

<b>Revenue</b>	Up	112.4%	to	\$4,002,752
<b>Profit / loss attributable to members</b>	Up	427%	to	\$3,691,936
<b>Net tangible asset backing per share as 31 December 2014</b>	Up	273%	to	\$0.1485

<b>Dividends per share during period</b>	No dividends were declared.
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<b>Dividends per share for previous corresponding period</b>	No dividends were declared in the previous corresponding period
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### ENQUIRIES

Enquiries can be directed to the Company at the contact details below.



Raymond Taylor  
Company Secretary

**CWH Resources Limited**

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**CWH Resources Ltd**  
A.C.N. 009 230 111

**CWH Resources Limited  
ACN 009 230 111  
and Controlled Entities**

**HALF-YEAR FINANCIAL REPORT  
31 DECEMBER 2014**

**This information is for the half-year ended 31 December 2014 and should be read in conjunction with the  
Annual report for the year ended 30 June 2014**

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# CORPORATE INFORMATION

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## **DIRECTORS**

**Mr Bao Cheng Luo (Chairman)**

Mr Hock Guan Charles Sher

Mr Wei Guo Wang

Mr Shun Ming Li

## **REGISTERED OFFICE**

C/- Azure Group

Level 11, 175 Castlereagh St

Sydney NSW 2000

## **PRINCIPAL PLACE OF BUSINESS**

Level 11, 175 Castlereagh St

Sydney NSW 2000

Telephone: +61 0438 184 784

## **COMPANY SECRETARY**

Mr Raymond Taylor

## **AUDITORS**

HLB Mann Judd

Level 19, 207 Kent St

SYDNEY NSW 2000

## **SHARE REGISTRY**

Computershare Investor Services Pty Limited

Yarra Falls,

452 Johnston St

Abbotsford, VIC 3067

Telephone: +1300 787 272

## **HOME EXCHANGE**

Australian Securities Exchange Limited

## **ASX CODE**

CWH

## **COUNTRY OF INCORPORATION AND DOMICILE**

Australia

# **DIRECTORS' REPORT**

## **FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

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Your directors submit their report for the half-year ended 31 December 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### **DIRECTORS**

The names of the Company's directors in office during the half-year are as below.

Mr Bao Cheng Luo (Chairman)  
Mr Hock Guan Charles Sher  
Mr Wei Guo Wang  
Mr Shun Ming Li  
Mr Peter Blair (Resigned 4 August 2014)

### **PRINCIPAL ACTIVITIES**

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

- Manufacturing and selling of building products in China (via a subsidiary, Chongqing Yuao Building Materials Co., Ltd. (CYBM)); 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 half-year.

### **REVIEW OF OPERATIONS**

During the period the Company concentrated on investing in CYBM by updating the plant, restructuring and reducing staff numbers and reducing the total and per unit output production costs. The reduction in costs and new plant should see CYBM operating on a cash flow positive basis.

### **SIGNIFICANT EVENTS AFTER THE REPORTING DATE**

On 11 February 2015 CWH agreed terms to purchase 60% of the share capital of Shanghai KeChao Industrial Limited ("Ke Chao Industrial"). This was announced to the market via the ASX announcements page on 16 February 2015.

KeChao Industrial processes and supplies nuclear grade boric acid in China; it is a supplier to China Nuclear Group ("CNG"). KeChao Industrial currently has an annual production capacity of 2,000 tons of nuclear grade boric acid.

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 has officially registered with 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 4-5% of annual global usage. With the development and increase of Chinese nuclear power

# DIRECTORS' REPORT

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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station reactors, the usage for nuclear grade boric acid is anticipated to grow at a minimum rate of 30% annually.

Through this company's early negotiation with China Guangdong Nuclear Power Group ("CGNPC") and CNG, KeChao Industrial with the support of CWH has plans to acquire at least a 60% share of the nuclear market in China. Based on the current total market usage per annum of 32,000 tons, it is expected that KeChao would receive nuclear grade boric acid orders of over 16,000 tons. The current purchase price for 1 ton of nuclear grade boric acid is RMB25,000 (\$A5,200) with the cost being RMB8,000 (\$A1,667) per ton.

The Chinese nuclear market is predicted to require 32,000 tons, 40,000 tons, 60,000 tons and 170,000 tons in 2015, 2016, 2020 and 2030 respectively.

Mrs Xie Ying Lu, as the biggest shareholder of KeChao Industrial, has 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. This patent is held in Mrs Xie Ying Lu's name only. The patent application was submitted on 30 September 2010 and the protection period is 20 years (ie the patent expires on 29 September 2030). Mrs Xie Ying Lu is currently transferring this patent and the related technology to KeChao Industrial. Both parties (KeChao Industrial and Mrs Xie Ying Lu) are working towards finalising the process.

Mrs Xie Ying Lu is selling 60% of the shares in KeChao Industrial to CWH Resources Ltd. Mrs Xie Ying Lu will continue to hold 15% of the shares in KeChao Industrial. The other 25% is held by three unrelated 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 (\$A3,069,556).

The 2nd instalment of RMB 15 million (\$A3,069,556) is payable when KeChao Industrial produces and makes sales over a 3 month period at its production target rate of 166.67 tons per month (or 2,000 tons per annum).

CWH is currently negotiating finance for the acquisition.

CWH is in the process of making an application to the ASX to determine if shareholder approval is required under Chapter 11 of the listing rules (i.e. listing rule 11.1.2 and/or 11.1.3).

If required CWH intends to hold a meeting of shareholders to approve the transaction and the change of business as soon as possible.

Refer to Note 11 to the financial statements for further details of the significant events after reporting date.

# DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

## SIGNIFICANT ACCOUNTING POLICIES

The Directors have revalued the non-financial assets of CYBM to the independent valuers' reports. The valuations result when compared to the book value as at 31 December 2014 are outlined in the table below. This has also resulted in CWH recognising its land and mining use rights in China that previously had not been recognised in the financial accounts.

Category	Net book value (RMB)	Independent valuation (RMB)	Net book value (AUD)	Independent valuation (AUD)
Machinery	6,859,000	14,105,249	1,262,065	2,773,403
Building	4,345,000	30,280,513	714,363	5,953,816
Vehicles	847,000	1,351,983	140,076	265,830
Land use	3,963,000	47,978,728	693,814	9,433,675
Mining rights	2,695,000	42,317,900	468,752	8,320,632
<b>Total</b>	<b>18,709,000</b>	<b>136,034,373</b>	<b>3,279,070</b>	<b>26,747,356</b>

## AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the *Corporations Act 2001* for the half-year ended 31 December 2014 is attached to this report at page 23.

Signed in accordance with a resolution of the Board of Directors.



Mr Bao Cheng Luo

**Director**

Dated 4 June 2015

# CONSOLIDATED INCOME STATEMENT

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

		Consolidated 31-Dec-14	Consolidated 31-Dec-13 Restated*
	Notes	\$	\$
<b>Continuing operations</b>			
Sales revenue		3,984,532	1,811,907
Other revenue		18,220	72,675
<b>Total Revenue</b>		<b>4,002,752</b>	<b>1,884,582</b>
<b>Other Income</b>			
Gain on Loan transfer to Director	12	1,865,943	-
		<b>5,868,695</b>	<b>1,884,582</b>
<b>Expenses</b>			
Net operating costs		(3,933,512)	(1,860,528)
Reversal of impairment loss – buildings, plant and equipment	2,4	2,949,662	-
Reversal of impairment loss – other financial assets		1,643	-
Gain/loss on car sale		-	(29,098)
Administrative expenses		(1,121,007)	(1,044,140)
Impairment of equity accounted investment		-	(13,075)
Finance costs		(68,808)	(62,652)
Other expenses		(4,737)	(4,259)
<b>Total Expenses</b>		<b>(2,176,759)</b>	<b>(3,013,752)</b>
<b>Profit/ (loss) before income tax</b>		<b>3,691,936</b>	<b>(1,129,170)</b>
Income tax expense		-	-
<b>Profit/ (loss) after income tax</b>		<b>3,691,936</b>	<b>(1,129,170)</b>
Profit/ (loss) from discontinued operation	9	-	-
<b>Profit (loss) attributable to members of CWH Resources Ltd</b>		<b>3,691,936</b>	<b>(1,129,170)</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the company</b>		<b>Cents</b>	<b>Cents</b>
Basic and diluted earnings/ (loss) per share		3.90	(1.19)

\* See Note 9 for details about restatements as a result of the reclassification of a discontinued operation to a continuing operation.

The consolidated income statement should be read in conjunction with the accompanying notes.

This information is for the half-year ended 31 December 2014 and should be read in conjunction with the Annual report for the year ended 30 June 2014.



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

		Consolidated 31-Dec-14	Consolidated 31-Dec-13 Restated*
	Notes	\$	\$
<b>Profit for the period</b>		<b>3,691,936</b>	<b>(1,129,170)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Foreign currency translation differences for foreign operations		(1,651,903)	(350,717)
<i>Items that will not be reclassified to profit or loss</i>			
Gain on revaluation of PPE	4	3,926,883	-
Gain on revaluation of land use rights and mining rights	5	16,591,741	-
<b>Other comprehensive income for the period, net of tax</b>		<b>18,866,721</b>	<b>(350,717)</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>		<b>22,558,657</b>	<b>(1,479,887)</b>

\* See Note 9 for details about restatements as a result of the reclassification of a discontinued operation to a continuing operation.

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

This information is for the half-year ended 31 December 2014 and should be read in conjunction with the Annual report for the year ended 30 June 2014.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

		Consolidated	
		31-Dec-14	30-Jun-14
	Note	\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		13,531	26,513
Trade and other receivables		1,155,857	945,389
Inventories		298,276	371,080
Other financial assets		16,773	15,130
Other assets		46,206	47,264
<b>TOTAL CURRENT ASSETS</b>		<b>1,530,643</b>	<b>1,405,376</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables		47,615	47,615
Investments accounted for using the equity method		2,149	2,149
Property, plant and equipment	4	8,995,352	2,008,073
Land use and mining rights	5	17,754,307	1,324,185
Other non-current assets		-	97,501
<b>TOTAL NON-CURRENT ASSETS</b>		<b>26,799,423</b>	<b>3,479,523</b>
<b>TOTAL ASSETS</b>		<b>28,330,066</b>	<b>4,884,899</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		9,363,648	7,972,727
Borrowings	6	-	3,584,990
Current tax liabilities		1,317,116	1,120,458
Provisions		-	3,257
<b>TOTAL CURRENT LIABILITIES</b>		<b>10,680,764</b>	<b>12,681,432</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	6	3,640,591	753,413
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,640,591</b>	<b>753,413</b>
<b>TOTAL LIABILITIES</b>		<b>14,321,355</b>	<b>13,434,845</b>
<b>NET ASSETS</b>		<b>14,008,711</b>	<b>(8,549,946)</b>
<b>EQUITY</b>			
Issued capital		18,698,814	18,698,814
Reserves		16,674,172	(2,192,549)
Accumulated losses		(21,364,275)	(25,056,211)
<b>TOTAL EQUITY (DEFICIENCY)</b>		<b>14,008,711</b>	<b>(8,549,946)</b>

The consolidated statement of financial position should be read in conjunction with the accompanying notes. This information is for the half-year ended 31 December 2014 and should be read in conjunction with the Annual report for the year ended 30 June 2014.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Share Capital	Retained Profits/ (Accumulated Losses)	Reserves				Total
Note	Ordinary		Revaluation Surplus	Foreign Currency Translation Reserve	General Reserve	Total Reserves	
	\$	\$	\$	\$	\$	\$	\$
<b>Consolidated Group</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	-	(1,129,170)	-	-	-	-	(1,129,170)
Other comprehensive income/(loss) for the year	-	-	-	(350,717)	-	(350,717)	(350,717)
<b>Total comprehensive income for the year</b>	-	<b>(1,129,170)</b>	-	<b>(350,717)</b>	-	<b>(350,717)</b>	<b>(1,479,887)</b>
<b>Balance at 31 December 2013</b>	<b>18,698,814</b>	<b>(24,022,821)</b>	-	<b>(3,476,412)</b>	<b>646,067</b>	<b>(2,830,345)</b>	<b>(8,154,352)</b>
<b>Balance at 1 July 2014</b>	18,698,814	(25,056,211)	-	(2,838,616)	646,067	(2,192,549)	(8,549,946)
<b>Comprehensive income</b>							
Profit / (loss) for the year	-	3,691,936	-	-	-	-	3,691,936
Other comprehensive income/ (loss) for the year	-	-	20,518,624	(1,651,903)	-	18,866,721	18,866,721
<b>Total comprehensive income for the year</b>	-	<b>3,691,936</b>	<b>20,518,624</b>	<b>(1,651,903)</b>	-	<b>18,866,721</b>	<b>22,558,657</b>
<b>Balance at 31 December 2014</b>	<b>18,698,814</b>	<b>(21,364,275)</b>	<b>20,518,624</b>	<b>(4,490,519)</b>	<b>646,067</b>	<b>16,674,172</b>	<b>14,008,711</b>

The statement of changes in equity should be read in conjunction with the accompanying notes.

This information is for the half-year ended 31 December 2014 and should be read in conjunction with the Annual report for the year ended 30 June 2014.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Consolidated 31-Dec-14 \$	Consolidated 31-Dec-13 \$
<b>CASH FLOW STATEMENT</b>		
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	3,787,079	1,794,517
Payments to suppliers, employees and others	(4,743,206)	(2,158,764)
Interest paid	(5,205)	(1,370)
<b>Net cash flows from operating activities</b>	<b>(965,416)</b>	<b>(365,617)</b>
<b>Cash Flows from Investing Activities</b>		
Payments for property, plant & equipment	(127,728)	(1,065)
Receipt on disposal of property, plant & equipment	10,021	-
Payments for other non-current assets	-	(1,242)
<b>Net cash flows from investing activities</b>	<b>(217,739)</b>	<b>(2,307)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from related party loan	1,168,131	275,220
Repayment of loan to related parties	-	110,050
<b>Net cash flows from financing activities</b>	<b>1,168,131</b>	<b>385,270</b>
<b>Net increase/decrease in cash held</b>	<b>(15,024)</b>	<b>17,346</b>
<b>Cash and cash equivalents at the beginning of the half-year</b>	<b>26,513</b>	<b>58,918</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>2,042</b>	<b>138</b>
<b>Cash at the end of the half-year</b>	<b>13,531</b>	<b>76,402</b>

The statement of cash flows should be read in conjunction with the accompanying notes.

This information is for the half-year ended 31 December 2014 and should be read in conjunction with the Annual report for the year ended 30 June 2014.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

THE HALF-YEAR ENDED 31 DECEMBER 2014

## Note 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

This general purpose financial report for the half-year reporting period ended 31 December 2014 has been prepared in accordance with the Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2014 and any public announcements made by CWH Resources Limited during the interim reporting period, in accordance with the continuous disclosure requirements of the *Corporations Act 2001*. The accounting policies adopted in this interim financial report are the same as those policies applied in the 2014 Annual Report, except where noted.

The Company has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current period. This adoption has not resulted in any changes to the Company's accounting policies and has no effect on the amounts reported in the current and prior periods.

### Note 2. Change in Accounting Policy - Valuation of Chongqing Yuao Building Materials Co., Ltd.'s Assets

The Group has changed its accounting policy in respect of the Chongqing Yuao Building Materials Co., Ltd. "CYBM" non-financial assets, to recognise the assets at fair value. Previously, the assets were recognised at cost.

The Directors organised for independent valuations of the assets. The details of the independent valuers are as follow:

Class of Assets	Company	Registration Number	Contacts
PPE (Machinery, building and Vehicles)	Zhong Jing Min Xin (Beijing) Valuation Co., Ltd.	42020031	Zhou Guo Zhang
Land use	Chong Qing Tian Hong Asset, Land and Real Estate Valuation Co., Ltd.	2000590278; 2005500570	Zhang Long Ke He Hua Jie
Mining rights	Huan Cheng Mining Valuation Co., Ltd.	20050528	Li Jun Chai, Hong Guang Lu

The recognition of the fair value of the Chinese assets has resulted in an increase in assets of \$23,468,286. This increase in assets has been recognised in profit or loss as a reversal of impairment of \$2,949,662 and recognised in other comprehensive income as gain on revaluation of \$20,518,624.

The effect of the revaluations are as follows:

Category	Prior to revaluation (\$)	Post - revaluation (\$)
Machinery	1,262,065	2,773,403
Building	714,363	5,953,816
Vehicles	140,076	265,830
Land use	693,814	9,433,675
Mining rights	468,752	8,320,632
<b>Total</b>	<b>3,279,070</b>	<b>26,747,356</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

THE HALF-YEAR ENDED 31 DECEMBER 2014

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## **Note 2. Change in Accounting Policy Valuation of Chongqing Yuao Building Materials Co., Ltd.'s Assets (continued)**

### **Fair Value Hierarchy**

The group has classified its non-financial assets that are recognised and measured at fair value into the three levels prescribed in accounting standards, that is, where fair value is based on:

Level 1 – Quoted prices in active markets for identical assets that the group can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 – Unobservable inputs for the assets.

All assets of the Group recognised and measured at fair value are within Level 3.

Further details of the revaluations are included in Notes 4 and 5.

### **Note 3. Business that ceased 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). 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.

For accounting periods ending on and after 31 December 2010 until 31 Dec 2013, 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.

In the Accounts as at 31 December 2014, as per Note 2 the assets of CYBM have been revalued to the independent valuations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

THE HALF-YEAR ENDED 31 DECEMBER 2014

## Note 4. Property, Plant and Equipment

	Consolidated	
	31-Dec-14	30-Jun-14
	\$	\$
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Buildings:</b>		
— independent valuation [December 2014]	5,953,816	-
— at cost	-	4,353,249
Less accumulated depreciation	-	(2,171,409)
Accumulated impairment losses	-	(1,438,324)
	<u>5,953,816</u>	<u>743,516</u>
<b>Plant and equipment:</b>		
— independent valuation [December 2014]	2,773,403	-
— at cost	15,276	7,077,510
Less accumulated depreciation	(12,973)	(4,258,399)
Accumulated impairment losses	-	(1,661,468)
	<u>2,775,706</u>	<u>1,157,643</u>
<b>Motor Vehicles:</b>		
— independent valuation [December 2014]	265,830	-
— at cost	-	554,403
Less accumulated depreciation	-	(447,489)
Accumulated impairment losses	-	-
	<u>265,830</u>	<u>106,914</u>
<b>Total property, plant and equipment</b>	<b><u>8,995,352</u></b>	<b><u>2,008,073</u></b>

### (a) Movement of property, plant and equipment

	Buildings	Plant and Equipment	Motor Vehicles	Total
	\$	\$	\$	\$
<b>Consolidated Group:</b>				
Balance at 1 July 2013	780,407	1,272,678	232,431	2,285,516
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>743,516</b>	<b>1,157,643</b>	<b>106,914</b>	<b>2,008,073</b>
Additions	-	143,216	88,371	231,587
Disposals	-	-	(13,848)	(13,848)
Revaluation increments	-	-	-	-
Reversal of previous Impairment	1,438,324	1,511,338	-	2,949,662
Gain on revaluation	3,801,129	-	125,754	3,926,883
Depreciation expense	(29,153)	(36,491)	(41,361)	(107,005)
<b>Balance at 31 December 2014</b>	<b>5,953,816</b>	<b>2,775,706</b>	<b>265,830</b>	<b>8,995,352</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

THE HALF-YEAR ENDED 31 DECEMBER 2014

## Note 4. Property, Plant and Equipment (Continued)

CWH revalued the Property, Plant and Equipment to fair value as at 31 December 2014 based on the value assessed by an independent valuer, Zhou Guo Zhang of Zhongjing Min Xin (Beijing) Assets Valuation Co., Ltd. (registration number 42020031).

### Revaluation

#### (i) Plant Equipment

The fair value of plant and equipment as at 31 December 2014 is based on replacement cost.

#### (ii) Buildings

The fair value of buildings used in cement production and administration is based on replacement cost discounted to recognise their current state.

## Note 5. Land use and mining rights

	Land use \$	Mining rights \$	Total \$
<b>Consolidated Group:</b>			
Balance at 1 July 2013 at cost	773,280	523,591	1,296,871
Additions at cost	-	171,509	171,509
Amortisation charge	(52,499)	(91,696)	(144,195)
<b>Balance at 30 June 2014 at cost</b>	<b>720,781</b>	<b>603,404</b>	<b>1,324,185</b>
	Land use \$	Mining rights \$	Total \$
<b>Balance at 1 July 2014 at cost</b>	<b>720,781</b>	<b>603,404</b>	<b>1,324,185</b>
Additions	-	-	-
Disposals	-	-	-
Revaluation increments	8,739,861	7,851,880	16,591,741
Amortisation charge	(26,967)	(134,652)	(161,619)
<b>Balance at 31 December 2014 at fair value</b>	<b>9,433,675</b>	<b>8,320,632</b>	<b>17,754,307</b>

CWH revalued the Land use and mining rights to fair value as at 31 December 2014 based on the value assessed by independent valuers. The land use rights valuation was prepared by Zhang Long Ke (registration number 2000590278) and He Hua Jie (registration number 2005500570) of Chong Qing Tian Hong Asset, Land and Real Estate Valuation Co., Ltd. The mining rights valuation was prepared by Li Jun Cha and Hong Guang Lu of Huan Cheng Mining Valuation Co., Ltd. (registration number 20050528).

#### (i) Land Use Rights

The fair value of land used in the cement production facility, including its administration, is based on a market-based adjusted unit land price and the number of square metres:



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

THE HALF-YEAR ENDED 31 DECEMBER 2014

## Note 5. Land use and mining rights (continued)

	Area Square metres	Fair value Per Square Metre		Total Fair Value	
		RMB	\$A	RMB	\$A
Purchased rights	73,560	643	126.40	47,289,432	9,298,142
Granted rights	1,072	643	126.40	689,296	135,533
				<b>47,978,728</b>	<b>9,433,675</b>

## (ii) Mining Rights

The Group has the rights to mine limestone in Yongchuan District, Shuangshi town, Dajiankou Chayuan mining area, Chongqing China.

The fair value of the mining rights is based on a discounted cash flow model, using the following inputs:

Estimated selling price per tonne:	\$A 7.12	(RMB 36.2/tonne)
Estimated cost per tonne:	\$A 2.87	(RMB 14.62/tonne)
Assumed remaining life of mining rights:	9.49 years	
Allowed capacity:	4.33 million tons, with a production volume of 480,000 tons per year.	
Discount rate:	8.45%	

## Note 6. Borrowings

	Consolidated	
	31-Dec-14	30-Jun-14
	\$	\$
<b>CURRENT</b>		
<b>Unsecured liabilities</b>		
Loan from Director	-	1,961,824
<b>Secured liabilities</b>		
Bank loans	-	1,623,166
<b>Total current borrowings</b>	<b>-</b>	<b>3,584,990</b>
<b>NON-CURRENT</b>		
<b>Unsecured liabilities</b>		
Loan from Director	3,640,591	753,413
<b>Total non-current borrowings</b>	<b>3,640,591</b>	<b>753,413</b>
<b>Total borrowings</b>	<b>3,640,591</b>	<b>4,338,403</b>

The non-current Loan from Director represents a loan from Mr Luo (the Company Chairman). \$2,624,511 is a loan to the Chinese wholly owned subsidiary. \$1,016,080 is a loan to the parent company. On 3 February 2015, this loan to the parent company was formalised with a loan agreement with an effective interest rate of 8% per annum and is repayable on 31 August 2016. The Board considers that the terms are on a commercial basis. Mr Luo has also signed a separate loan agreement to provide up to \$750,000 to the parent company over the next 14 months if required.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

THE HALF-YEAR ENDED 31 DECEMBER 2014

## Note 7. Segment Information

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 and limestone mine while the Australia business is primarily a corporate office, undertaking strategic investments.

	China	Australia	Consolidated
	\$	\$	\$
<b>31 December 2014</b>			
<b>REVENUE</b>			
Sales of goods	3,984,532	-	3,984,532
Other revenue	18,220	-	18,220
<b>Total segment revenue</b>	<b>4,002,752</b>	<b>-</b>	<b>4,002,752</b>
<b>RESULTS</b>			
Segment profit/ (loss) before tax	4,013,891	(321,955)	3,691,936
Profit/ (Loss) for the period	4,013,891	(321,955)	3,691,936
<b>ASSETS</b>			
Segment assets	28,252,694	77,372	28,330,066
<b>LIABILITIES</b>			
Segment liabilities	17,755,150	1,695,861	19,451,011
<b>OTHER SEGMENT INFORMATION</b>			
Investment in an associate	-	2,149	2,149
Acquisitions of other non-current segment assets	231,587	-	231,587
Depreciation and amortisation expense	268,028	596	268,624
	China	Australia	Consolidated
	\$	\$	\$
<b>31 December 2013</b>			
<b>REVENUE</b>			
Sales of goods	1,811,907	-	1,811,907
Other revenue	112,153	(39,478)	72,675
<b>Total segment revenue</b>	<b>1,924,060</b>	<b>(39,478)</b>	<b>1,884,582</b>
<b>RESULTS</b>			
Segment profit/ (loss) before tax	(732,322)	(396,848)	(1,129,170)
Profit/ (Loss) for the period	(732,322)	(396,848)	(1,129,170)
<b>ASSETS</b>			
Segment assets	5,023,399	170,497	5,193,896
<b>LIABILITIES</b>			
Segment liabilities	12,234,960	1,113,288	13,348,248

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

THE HALF-YEAR ENDED 31 DECEMBER 2014

## Note 7. Segment Information (Continued)

	China	Australia	Consolidated
31 December 2013	\$	\$	\$
<b>OTHER SEGMENT INFORMATION</b>			
Investment in an associate	-	2,149	2,149
Acquisitions of other non-current segment assets	2,307	-	2,307
Depreciation and amortisation expense	185,964	3,309	189,273

## SEVERANCE PAYMENTS TO TERMINATED EMPLOYEES

Payment to terminated employees of the Chongqing Yuao Building Materials Co. Ltd was made during the period. This severance payment of 2,186,000RMB (\$A398,310) represents full and final settlement to the employees.

## Note 8. Capital and Leasing Commitments

There were no material changes during the half-year ended 31 December 2014.

## Note 9. Changes in Accounting Treatment

As detailed in Note 3 of the annual financial report for the year ended 30 June 2014, CWH 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 CWH has restated the financial statements for the year ended 30 June 2013 and December 2013.

### (a) Impact on the half-year financial statements

The amounts disclosed for the December 2013 half-year after reclassifying the previous discontinued operation:

	December 2013 (Previously stated)	Consolidated Restatement increase/ (decrease)	December 2013 (Restated)
Income statement (extracts)	\$	\$	\$
<b>Continuing operations</b>			
Sales revenue	-	1,811,907	1,811,907
Other Revenue	99	72,576	72,675
Net operating costs	-	(1,860,528)	(1,860,528)
Gain/loss on car sale	(29,098)	-	(29,098)
Administrative expenses	(353,341)	(690,799)	(1,044,140)
Impairment of equity accounted investment	(13,075)	-	(13,075)
Finance costs	(1,433)	(61,219)	(62,652)
Other expenses	-	(4,259)	(4,259)
<b>Profit/ (loss) before income tax</b>	<b>(396,848)</b>	<b>(732,322)</b>	<b>(1,129,170)</b>
Income tax expense	-	-	-
Profit/ (loss) from discontinued operation	(732,322)	732,322	-
<b>Profit/ (loss) for the period</b>	<b>(1,129,170)</b>	<b>-</b>	<b>(1,129,170)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

THE HALF-YEAR ENDED 31 DECEMBER 2014

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## Note 10. Deferred Tax Liability

No Deferred Tax Liability has been recognised on the revaluation increments as the China Subsidiary has sufficient tax losses to offset any tax liability related to the revaluations.

## Note 11. Significant Events after Balance Date

### (i) Borrowings

Since 31 December 2014 the Parent Company has received loans of \$212,792 from the Mr Luo. Mr Luo has signed an agreement to provide additional funding of up to \$750,000 to the Parent Company over the next 14 months if required.

Since 31 December 2014 the Chinese Subsidiary CYBM has received a further loan of RMB 4,817,594 (\$A877,522) from Mr Luo.

Details of the terms of these loan funds are further outlined in Note 6.

### (ii) 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 5,898,660) for 60% of the shareholding in KeChao Industrial.

The 1st instalment is 50% or RMB 15 million (\$A 2,949,330). The 2nd instalment of RMB 15 million (\$A 2,949,330) is payable when KeChao Industrial produces and makes sales over a 3 month period at its production target rate of 166.67 tons per month (or 2,000 tons per annum).

It is proposed that CWH will issue shares to a number of unrelated significant investors to raise \$A 6 million or RMB 30,515,400.

This \$A 6 million will fund the 1st instalment of RMB 15 million (\$A 2,949,330) payable to Mrs Xie Yung Lu and will leave RMB 15 million (\$A 2,949,330) for working capital. The second instalment has payment terms contingent on KeChao Industrial reaching specified production levels.

CWH will seek the relevant shareholder approval if required for this transaction.

## Note 12. Related Party transactions

Arrangements with related party continues as detailed in the 30 June 2014 Annual Report and as per note 11(i) and Note 6 and Note 13 to these accounts.

## Note 13. Gain from transfer of Bank Loan to Director

As disclosed in Note 6 the group had a liability for a bank loan. As at 31 December 2014 the Chairman, Mr Luo, has agreed to accept a transfer of the liability for this loan from the group, so that any payment required by the bank will be provided by Mr Luo.

No consideration was paid by the group as consideration for this transfer.

	31 December 2014
Liability of Group to Bank	1,865,943
Less: Indemnity provided by Mr Luo	(1,865,943)
Net Liability of the Bank	<u>Nil</u>

As a result the group has disclosed no liability in the balance sheet for the loan from the bank.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## THE HALF-YEAR ENDED 31 DECEMBER 2014

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Also Mr Luo has agreed to offset any required repayment against amounts owed by the Group, as disclosed in Note 6 as Loans from Director.

As a result of the transfer a gain on transfer of \$1,865,943 was recorded in Profit and Loss for the half-year ended 31 December 2014.

### **Note 14. Going Concern**

As at 31 December 2014 the group has current assets of \$1,530,643 and current liabilities of \$10,680,764 being a net deficiency of current assets of \$9,150,121. The group has an operating profit of \$3,691,936 and a Net Surplus of Assets of \$14,008,711. The large surplus of assets over liabilities has enabled the directors to find finance to fund the current liabilities and give them confidence that this will be able to continue in future.

The independent valuations of the assets of CYBM, the intended purchase of the Ke Chao business (refer to Note 11(ii)) and the associated finance arrangements with Mr Luo (Note 6) provide reassurance to the Directors that the Company has the ability to continue as a going concern.

The half-year financial report has been prepared on the going concern basis, as the group contemplates continuing normal business activities, the realisation of assets and the settlement of liabilities in the normal course of business.

Despite the current asset deficiency, Directors consider that the Company and the consolidated entity will be able to fund future operations through cash generated by CYBM and further personal loans from the Chairman Mr Luo. The Board will also consider fundraising activities in the near future if required.

Without the personal loans and/or the achievement of positive cash flows from CYBM operations and the possible fund raising activities referred to above there is a material uncertainty as to whether the group will be able to continue as a going concern. If the group 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 the amounts stated in the financial report.

# DIRECTORS' DECLARATION

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## CWH RESOURCES LIMITED and its Controlled Entities Directors' Declaration

In the directors' opinion:

- (a) The financial statements and notes of the consolidated entity, as set out on pages 5 to 19, are in accordance with the Corporations Act 2001, including:
  - (i) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date.
- (b) There are reasonable grounds to believe that CWH Resources Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.



**Bao Cheng Luo**  
**Director**  
4 June 2015

**CWH RESOURCES LTD****ACN 009 230 111****INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of CWH Resources Ltd:

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of CWH Resources Ltd ("the company") which comprises the statement of financial position as at 31 December 2014, the income statement, statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

**Directors' Responsibility for the Half-Year Financial Report**

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

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

**CWH RESOURCES LTD**

**ACN 009 230 111**

**INDEPENDENT AUDITOR'S REVIEW REPORT  
(CONTINUED)**

***Conclusion***

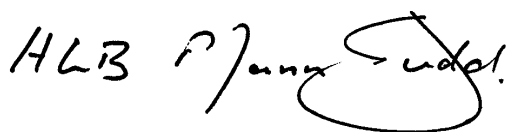
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of CWH Resources Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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

Without modifying our conclusion expressed above, we draw attention to Note 14 to the half-year financial report, which describes the reasons for which the financial report has been prepared on a going concern basis. Note 14 indicates that the continuation of normal business activities is dependent on the receipt of further personal loans from the Chairman, Mr Luo, the generation of positive cash flows from the operations of Chongqing Yuao Building Materials Co. Ltd, and/or the completion of additional fund raising if required. These conditions, along with other matters as set forth in Note 14, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, whether it will 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.

Our auditor's report for the year ended 30 June 2014 included a similar comment.

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  
4 June 2015



**CWH RESOURCES LIMITED  
AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of CWH Resources Limited for the half-year ended 31 December 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 review; and
- (b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of CWH Resources Limited and the entities it controlled during the period.



**Sydney, NSW  
4 June 2015**

**D K Swindells  
Partner**