

CHONGHERR INVESTMENTS LTD

ABN: 52 054 161 821

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 30 JUNE 2015

CHONGHERR INVESTMENTS LTD – INTERIM FINANCIAL REPORT

Directors' Report

Your directors submit their report together with the consolidated interim financial report for the half year ended 30 June 2015.

DIRECTORS

The names of the company's directors in office during the half year and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

Dehui Liu (Chairman & Managing Director)
Sophia Xiaoqing Kong
Zhen Lu
Shao Liu

ChongHerr's corporate governance statement is publicly available on the company website.

REVIEW AND RESULTS OF OPERATIONS

The ChongHerr Group sales revenue for the half year was \$449,694 (2014: \$242,207), an increase of 86% from the comparative half year. The consolidated net loss after income tax for the half year was \$82,636 (2014: \$1,729,164 loss), a decrease of \$1.65 million loss from the previous corresponding half year loss.

While the comparative period result was materially affected by the impairment of a loan owed by an unrelated entity Jin Feng Da International Trading Co. Limited, amounting to \$1.83 million, the reduction of loss also resulted from the reopening of self-production at Montgomery Quarry. Both domestic sales and export sales have picked up since the re-opening of Montgomery Quarry in November 2014. It is also notable that another factor affecting the difference in operational result was the refund of a material amount of fuel tax credit in the comparative period pertaining to fuel consumption in the prior years; the amount recorded was \$237,504 in the comparative period against that of \$15,789 relating to fuel consumption in the current period

The company's cash position remains tight and directors are closely monitoring the company's liquidity and financial performance.

SANDSTONE QUARRYING AND PRODUCTION

The reopening of self-production at Montgomery Quarry with a new team of operators saw the phases of learning, training and implementation. It marked a new chapter for the group and would pave a milestone to turn the group from loss into profit making in the near future. The group not only saw an improvement in the quality and efficiency of operations, but also the promotion of health and safety and environmental sustainability.

With continual good monitoring and management, the self-production is expected to scale up grossly in the next six months to meet the cyclical local market demand in the second half year. Production generated through the company's sub-contractor remained comparable to the corresponding period in 2014.

OVERSEAS SALES AND MARKETING

Overseas sales were heavily dependent on Chinese economy in the past and they are now significantly affected by the global economy and the slow recovery of property development in China. However, it is speculated that China is resilient to withstand the current crisis and will make its way out in the coming periods. Amidst the crisis, the group continues to support a sale team in China and is also exploring market for block sales locally as well as in other countries.

CHONGHERR INVESTMENTS LTD – INTERIM FINANCIAL REPORT

Directors' Report (continued)

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 4 and forms part of this directors' report for the half year ended 30 June 2015.

Signed in accordance with a resolution of the directors.

A handwritten signature in blue ink, appearing to read '刘德辉' (Liu Dehui), is positioned above the printed name and title.

Dehui Liu
Managing Director

31 August 2015

DECLARATION OF INDEPENDENCE BY NAME OF C R JENKINS TO THE DIRECTORS OF CHONGHERR INVESTMENTS LTD

As lead auditor for the review of Chongherr Investments Ltd for the half-year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Chongherr Investments Ltd and the entities it controlled during the period.



C R Jenkins
Director

BDO Audit Pty Ltd

Brisbane, 31 August 2015

CHONGHERR INVESTMENTS LTD – INTERIM FINANCIAL REPORT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2015

	<i>Notes</i>	<i>CONSOLIDATED</i>	
		<i>30 June 2015</i>	<i>30 June 2014</i>
			\$
Revenue			
Sale of goods		449,694	242,207
Cost of sales		(267,519)	(210,153)
Gross profit		182,175	32,504
Other income	2(i)	20,700	307,957
Selling and distribution expenses	2(ii)	(157,680)	-
Corporate and administration expenses		(107,071)	(211,113)
Finance costs & other expenses		(20,761)	(26,163)
Impairment of other receivables	2(ii)	-	(1,831,899)
Loss before income tax		(82,636)	(1,729,164)
Income tax expense		-	-
Loss after income tax		(82,636)	(1,729,164)
Loss for the period		(82,636)	(1,729,164)
Other comprehensive income		-	-
Total comprehensive loss for the period		(82,636)	(1,729,164)
Earnings per share (cents per share)			
– basic earnings per share		(0.06)	(1.51)
– diluted earnings per share		(0.06)	(1.51)
– dividends paid per share	3	-	-

The Consolidated Statement of Profit or Loss and Comprehensive Income is to be read in conjunction with the notes to the consolidated interim financial report set out on pages 9 to 15.

CHONGHERR INVESTMENTS LTD – INTERIM FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 JUNE 2015

	<i>Issued Capital \$</i>	<i>CONSOLIDATED Accumulated Losses \$</i>	<i>Total equity \$</i>
At 1 January 2014	18,218,667	(13,693,315)	4,152,783
Loss for the period	-	(1,729,164)	(1,729,164)
Other comprehensive income	-	-	-
Total comprehensive income for the period	18,218,667	(15,795,048)	2,423,619
Transactions with owners in their capacity as owners	-	-	-
At 30 June 2014	18,218,667	(15,795,048)	2,423,619
At 1 January 2015	18,373,250	(15,985,185)	2,388,065
Loss for the period	-	(82,636)	(82,636)
Other comprehensive income	-	-	-
Total comprehensive income for the period	18,373,250	(16,067,821)	2,305,429
Transactions with owners in their capacity as owners	-	-	-
At 30 June 2015	18,373,250	(16,067,821)	2,305,429

At 30 June 2015 ChongHerr Investments Limited has 130,207,396 ordinary shares on issue (2014:114,608,952).

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the consolidated interim financial report set out on pages 9 to 15.

CHONGHERR INVESTMENTS LTD – INTERIM FINANCIAL REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

<i>CONSOLIDATED</i>			
	<i>Notes</i>	<i>As at 30 June 2015 \$</i>	<i>As at 31 December 2014 \$</i>
ASSETS			
Current Assets			
Cash and cash equivalents		-	-
Trade and other receivables	4	292,863	402,360
Inventories		181,616	120,112
Prepayments		15,409	29,157
Total Current Assets		489,888	551,629
Non-current Assets			
Other financial assets		91,565	90,475
Property, plant and equipment	6	674,094	756,138
Quarry and reserves	7	1,885,464	1,895,202
Exploration & evaluation assets		147,225	137,480
Total Non-current Assets		2,798,348	2,879,562
TOTAL ASSETS		3,288,236	3,431,191
LIABILITIES			
Current Liabilities			
Trade and other payables		386,614	413,896
Loans and borrowings		327,518	318,505
Provisions		12,686	5,776
Total Current Liabilities		726,818	738,177
Non-current Liabilities			
Loans and borrowings		103,263	153,274
Provisions		152,726	151,675
Total Non-current Liabilities		255,989	304,949
TOTAL LIABILITIES		982,807	1,043,126
NET ASSETS		2,305,429	2,388,065
EQUITY			
Issued capital		18,373,250	18,373,250
Accumulated losses		(16,067,821)	(15,985,185)
TOTAL EQUITY		2,305,429	2,388,065

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the consolidated interim financial report set out on pages 9 to 15.

CHONGHERR INVESTMENTS LTD – INTERIM FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 30 JUNE 2014

<i>CONSOLIDATED</i>		
	<i>30 June</i>	<i>30 June</i>
<i>Notes</i>	<i>2015</i>	<i>2014</i>
	<i>\$</i>	<i>\$</i>
Cash flows from operating activities		
Receipts from customers	576,816	213,108
Payments to suppliers and employees	(520,469)	(459,789)
Interest received	-	118,752
Finance costs	(20,517)	(24,953)
Refund of fuel tax credit	15,789	210,052
Net cash flows used in operating activities	51,619	57,170
Cash flows from investing activities		
Interest reinvested in other financial assets	(876)	-
Payments for quarry	(9,745)	-
Net cash flows used in investing activities	(10,621)	-
Cash flows from financing activities		
Advance proceeds from capital raising	-	144,687
Repayment of lease liabilities	(81,851)	(78,572)
Net cash flows from/(used) in financing activities	(81,851)	66,115
Net increase/ (decrease) in cash and cash equivalents	(40,853)	123,285
Cash and cash equivalents at beginning of period	(176,785)	(164,495)
Cash and cash equivalents at end of period	4 (217,638)	(41,210)

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the consolidated interim financial report set out on pages 9 to 15.

CHONGHERR INVESTMENTS LTD – INTERIM FINANCIAL REPORT

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2015

1 BASIS OF PREPARATION

The consolidated interim financial statements cover the consolidated entity of ChongHerr Investments Ltd and its controlled entity (the “ChongHerr Group”). ChongHerr Investments Ltd is a listed public company incorporated and domiciled in Australia.

The nature of the operations and principal activities of the ChongHerr Group are described in Note 7.

The consolidated financial statements of the Group as at and for the year end 31 December 2014 are available upon request from the Company’s registered office at 17 Ribands Place, Sunnybank Hills, Queensland.

(a) Statement of compliance

These general purpose interim financial statements for the half-year reporting period ended 30 June 2015 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of ChongHerr Investments Ltd and its controlled entity (referred to as the “ChongHerr Group” or “Group”). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2014, together with any public announcements made during the following half-year.

(b) Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

(c) New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

CHONGHERR INVESTMENTS LTD – INTERIM FINANCIAL REPORT

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2015

(d) Going Concern

The Group incurred a net loss of \$82,636 for the half-year ended 30 June 2015. As at 30 June 2015 the Group has net current liabilities of \$236,930.

Included in current assets are trade receivable \$100,509 and \$89,641 past due normal trading terms of 90 days relating to Yunfu City Zhongherr Stone Materials Co, and Shenzhen Helidon Sandstone Ltd respectively (see note 5). The Directors closely monitor trading with these customers and the collection of amounts owing. Whilst the receivables are overdue, the directors consider the balance is fully recoverable as they have been making repayments during the period.

The ability of the Group to continue as a going concern is principally dependent upon:

- The ability of the group to meet its forecast revenue figures;
- The collection of the amounts owed by Yunfu City Zhongherr Stone Materials Co, and Shenzhen Helidon Sandstone Ltd in line with the group's cash flow forecasts;
- The ability of the group to manage its cashflows to ensure that it is able to meet its liabilities as they fall due; and/or
- The ability of the group to manage its creditors within the available credit terms.

These conditions give rise to material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- The directors expect that trade receivables will be collected in an agreed timeframe;
- The receipt of long outstanding trade debtors amounting to \$190,150 referred to above; and
- The directors closely monitor the group's cash flow projections and working capital position and expect to meet the forecasted revenue and cash flow results. The directors believe that these are sufficient to continue to fund the Group's working capital requirements.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

CHONGHERR INVESTMENTS LTD – INTERIM FINANCIAL REPORT

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2015

CONSOLIDATED
30 June 30 June
2015 2014
\$ \$

2 REVENUE AND EXPENSES

The result before income tax expense includes the following specific revenues and expenses:

(i) Other income

Finance income :

Interest income

Other income

823	70,453
19,877	237,504
20,700	307,957

(ii) Specific expense items

Impairment of other receivables – refer Note 5

Depreciation

Amortisation of quarry and reserves

Employee benefits

Selling and distribution expenses ¹

-	1,831,899
82,044	112,238
9,738	-
308,747	198,982
157,680	-

¹ Selling and distribution costs increased due to the re-opening of the Montgomery Quarry

3 DIVIDENDS PAID AND PROPOSED

Equity dividends on ordinary shares:

(a) Dividends paid during the half year

(b) Dividends proposed and not recognised as a liability

-	-
-	-
-	-

CHONGHERR INVESTMENTS LTD – INTERIM FINANCIAL REPORT

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2015

		<i>CONSOLIDATED</i>	
		<i>As at</i>	<i>As at</i>
		<i>30 June</i>	<i>31 December</i>
		<i>2015</i>	<i>2014</i>
		<i>\$</i>	<i>\$</i>
4 CASH AND CASH EQUIVALENTS			
Cash at the end of financial period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:			
Cash at bank and in hand		-	-
Bank overdraft		(217,638)	(176,785)
		<u>(217,638)</u>	<u>(176,785)</u>
5 TRADE AND OTHER RECEIVABLES			
Current			
Trade receivables (a)		391,636	498,880
Provision for impairment		(100,013)	(100,013)
		<u>291,623</u>	<u>398,867</u>
Trade receivables		1,240	3,493
		<u>1,240</u>	<u>3,493</u>
Total		<u>292,863</u>	<u>402,360</u>
Non-current			
Other receivables (b)		-	1,831,899
Provision for impairment (b)		-	(1,831,899)
		<u>-</u>	<u>-</u>

- (a) 49% of the Trade receivable balance before impairment is due from two major customers, Yunfu City Zhongherr Stone Materials Co, and Shenzhen Helidon Sandstone Ltd. The directors closely monitor these customers and the collection of the receivables. Shenzhen Helidon Sandstone Ltd has committed to a repayment plan of \$9,000 per month since July 2014. Under this repayment plan the debt would be fully recovered by April 2016. Since the balance sheet date, the group has also received a payment of \$20,000 from the other major customer. The directors are satisfied with the repayment arrangements.
- (b) Other receivables as at 31 December 2014 comprised a secured loan to Jin Feng Da International Trading Co. Limited, an unrelated entity registered in Hong Kong with a total balance of \$1,831,899. The loan was secured over a 40% equity holding in the Shenzhen Bay Marine Club Co Ltd.

The loan was fully provided for as at 31 December 2014 due to doubts over its recoverability and has since then been fully written off as management have ceased to pursue either the loan principal or the security. The directors are of the opinion that the loan balance is not recoverable and that the legal costs incurred in pursuing the security would outweigh the value of the equity.

CHONGHERR INVESTMENTS LTD – INTERIM FINANCIAL REPORT

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2015

7 SEGMENT REPORTING

The ChongHerr Group operates solely within the sandstone quarrying industry in Queensland. South-east Asia (especially China) and Australia are the key markets for the company's product. The Group manages its business on a geographical basis which reflects the strategic, financial and operational needs of the group. The South-east Asia segment reflects sales and marketing activities; the Australia segment reflects sales, marketing, production and corporate activities. The South-east Asia segment is closely integrated with the Australian segment, as it draws its product from Australia.

Group performance is monitored through segment performance, as this is most relevant to the Group structure. The following table presents financial information regarding geographical segments.

	<i>South-east Asia</i>	<i>Australia</i>	<i>Total</i>
	<i>\$</i>	<i>\$</i>	<i>\$</i>
30 June 2015 (six month period)			
External revenue	85,325	384,246	469,571
Interest income	-	823	823
Interest expense	-	(20,517)	(20,517)
Depreciation and Amortisation	-	91,782	91,782
Reportable segment profit before income tax	34,325	147,790	182,115
Unallocated Employees Benefits			(212,827)
Unallocated other costs			(51,924)
Consolidated loss before income tax			(82,636)
30 June 2014 (six month period)			
External revenue	-	242,207	242,207
Interest income	67,441	3,012	70,453
Interest expense	-	(26,163)	(26,163)
Depreciation and Amortisation		112,238	112,238
Impairment of loan	(1,831,899)	-	(1,831,899)
Reportable segment profit/(loss) before income tax	(1,764,458)	243,395	(1,521,061)
Unallocated corporate expenses			(187,577)
			(20,526)
Consolidated loss before income tax			(1,729,164)

Segment result represents the profit/(loss) earned by each segment without allocation of corporate/administration cost and finance costs.

The revenue reported above represents revenue generated from external customers on the basis of geographical location of customer.

CHONGHERR INVESTMENT LTD – INTERIM FINANCIAL REPORT

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2015

8 SEGMENT REPORTING (continued)

	<i>South-east Asia</i> \$	<i>Australia</i> \$	<i>Total</i> \$
30 June 2015			
Segment assets	190,150	3,098,086	3,288,236
Unallocated assets			-
Total assets			3,288,236
Segment liabilities	21,216	961,591	982,807
Unallocated liabilities			-
Total liabilities			982,807
31 December 2014			
Segment assets	309,825	3,121,366	3,431,191
Unallocated assets			-
Total assets			3,431,191
Segment liabilities	19,509	1,023,617	1,043,126
Unallocated liabilities			-
Total liabilities			1,043,126
Other material non-cash items			
Impairment loss	(1,831,899)	-	(1,831,899)
Capital expenditure	-	25,161	25,161

All assets and liabilities are allocated to reportable segments on the basis of geographical location.

8 EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of the ChongHerr Group, the results of those operations, or the state of affairs of the ChongHerr Group in subsequent financial periods.

9 CAPITAL COMMITMENTS

At 30 June 2015, the ChongHerr Group had no commitments to purchase capital equipment.

CHONGHERR INVESTMENTS LTD– INTERIM FINANCIAL REPORT


Directors' Declaration

The directors of ChongHerr Investments Ltd (“the Company”) declare that:

- a) the financial statements and notes set out on pages 5 to 15 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standard AASB 134 “Interim Financial Reporting”; and
 - (ii) giving a true and fair view of the Group’s financial position as at 30 June 2015 and of its performance for the six months ended on that date; and
- b) In the directors’ opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors

Dated this 31st day of August 2015.



Dehui Liu
Managing Director

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Chongherr Investments Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Chongherr Investments Ltd, which comprises the consolidated statement of financial position as at 30 June 2015, 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 half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's 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 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 30 June 2015 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 Chongherr Investments Ltd, 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Chongherr Investments Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

Basis for Qualified Conclusion

As set out in note 5, the Group had a secured loan to Jin Feng Da International Trading Co. Limited, an unrelated entity registered in Hong Kong with a total balance of \$1,831,899. The audited financial report of Jin Feng Da International Trading Co. Limited was provided for the year ended 31 December 2013. Security was provided to Chongherr Investments Ltd by the directors of Jin Feng Da International Trading Co. Ltd over shares in an entity, Shenzhen Bay Marine Club Co. Ltd and a joint personal guarantee from the two Jin Feng Da International Trading Co. Limited's directors.

No information could be provided in relation to the financial report of Shenzhen Bay Marine Club. Co Ltd or in relation to the personal net worth of the directors of Jin Feng Da International Trading Co. Limited who were providing the security.

The loan was fully provided for as at 30 June 2014 due to doubts over its recoverability and has since then been fully written off as management have ceased to pursue either the loan principal or the security. The directors are of the opinion that the loan balance is not recoverable and that the legal costs incurred in pursuing the security would outweigh the value of the security.

For the half-year ended 30 June 2014, the Group raised a provision for impairment against the carrying value of the loan for \$1,831,899.

Our conclusion on the current period's financial report is modified because of the possible effect of this matter on the comparability of the corresponding period's financial performance (for the half year ended 30 June 2014).

Qualified Conclusion

Based on our review, which is not an audit, with the exception of the matter described in the preceding paragraph, we have not become aware of any matter that makes us believe that the half-year financial report of Chongherr Investments Ltd 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 30 June 2015 and of its performance for the half-year ended on that date; and
- B. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter

Without further modifying our conclusion, we draw attention to Note 1(d) in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the receipt of long outstanding trade debtors amounting to \$190,150 and the ability of the consolidated entity meet its forecast revenue targets. These conditions, along with other matters as set out in Note 1(d), indicate the existence of a 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 and discharge its liabilities in the normal course of business.

BDO Audit Pty Ltd



C R Jenkins
Director

Brisbane, 31 August 2015