China West International Holdings Limited ACN 009 230 111

Annual Financial Report – 30 June 2009

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CHAIRMAN'S REPORT
30 JUNE 2009

Dear Shareholders,

On behalf of the Board of Directors, it is a pleasure to provide the shareholders an update on the Company's progress over the last twelve months.

Our subsidiary company, Chongqing Yuao Building Materials Co, Ltd. ("Chongqing Yuao") has experienced significant growth over the prior year with a 24% increase in the production of 32R Cement to 296,804 tons. Revenue increased by 49% to Rmb 86.2 million (AUD 17.2 million) and gross margin increased by 4.0% over the prior year.

Notwithstanding increasingly difficult economic conditions worldwide the domestic demand for the company's product has remained strong and is expected to remain strong in the year ahead.

The Company has retained a significant investment in a Uranium company in Australia and had taken steps to secure certain exploration licences in Queensland, Australia with a view to IOCGU (Iron Ore, Copper, Gold, Uranium) exploration in the years ahead.

Unfortunately the Armourglass Australia business has not performed well and the major shareholder resolved to place this company in voluntary administration during the year. The Company had already written off its investment in this company and therefore there is no impact on the current years accounts.

The planning for the proposed Kazakhstan mining operation is well advanced and the Company expects to commence physical operations in the year ahead.

On behalf of the Board, we wish to express our sincere appreciation for the continual support from our shareholders and all the staff who have contributed to the Company.

Bao Cheng Luo
CHAIRMAN OF THE BOARD

30 September 2009

Directors' Report

Your directors present this report together with the financial report of China West International Holdings Limited ("the Company"), and of the Group ("CWH Group"), being the company and its controlled entities for the year ended 30 June 2009 and the independent audit report thereon.

Directors

The following persons were directors of the Company at any time during or since the end of the financial year.

Bao Cheng Luo	- appointed 15 August 2003
Charles Sher	- appointed 15 August 2003
Ernest Wong	- appointed 9 October 2008
Xie Ke Qin	- appointed 6 October 2008
Fu Man Chang	- appointed 6 October 2008
Wang Wei Guo	- appointed 9 February 2009
Doug Sutherland	- appointed 30 April 2009
Ping Mo	- appointed 13 August 2003 and resigned 22 September 2008
Ge Yang	- appointed 13 August 2003 and resigned 22 September 2008
Kim Weng Chong	- appointed 25 August 1997 and resigned 26 December 2008
John McLenaghan	- appointed 16 November 2005 and resigned 2 April 2009

Company Secretary

The Company secretary is Guy Robertson, who was appointed on 30 April 2009.

Principal Activities

The principal activities of the CWH Group during the year were:

- manufacturing and selling of building products in China
- holding investments in Australian listed companies

Dividends

The directors of the CWH Group recommend that no dividend be paid in respect of the year ended 30 June 2009 (2008: Nil).

Review of Operations

China

The Chinese subsidiary, Chongqing Yuao, achieved an annual production of 294,615.55 tons of 32.5R cement and 2,684.45 tons of 42.5R cement, achieving a turnover sales income of RMB86.2 million (AUD 17.2 million), and net profit before tax of RMB16.9 million (AUD 3.4 million).

The subsidiary improved operating efficiency during the year with coal consumption per ton of cement being 151kg, a decrease of 4kg over the last year, and power consumption per ton of cement being 72 degree, a drop of 6 degrees over last year.

Unit sales price achieved for the year was RMB 290.43 per ton an increase of RMB 48.68 per ton over last year. Generally the average unit price of all raw materials trended upwards during the period.

The fixed assets of Chongqing Yuao increased by RMB 10.4 million (AUD 2.07 million), mainly for the upgrading of production line number 4. Included in this figure was also an investment of a further RMB 1,730,000 (AUD 0.3 million) to change the dust catcher, improving environment quality, and an investment of RMB 500,000 (AUD 0.09 million) to upgrade the packing system improving production packing efficiency.

Review of Operations (Continued)

Malaysia and Singapore

The Malaysian and Singapore subsidiaries are presently non-operating.

Armourglass Australia Pty Limited

The Company had a 20% interest in Armourglass Australia Pty Limited. During the year this entity was placed into voluntary liquidation. As the Company had already written off its investment in this entity in the prior year there is no impact on the financial results for the current year.

Operating Results

The net profit after tax of the CWH Group for the year ended 30 June 2009 was $2,798,912 (2008: $1,191,966). In the opinion of the directors, the operating results of the CWH Group for the year ended 30 June 2009 were not affected by any item, transaction or event of a material or unusual nature.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs during the year.

Matters Subsequent to the End of the Financial Year

A third party has taken action against the Company to recover fees for services rendered. The amount claimed has been fully accrued and it is expected that the matter will be settled within the amount accrued.

Other than as outlined above, no matter or circumstance has arisen since 30 June 2009 which has significantly affected, or may significantly affect the CWH Group's operations in future financial years, the results of those operations in future financial years, or the CWH Group's state of affairs in future financial years.

Likely Developments and Expected Results of Operations

Except as disclosed in the Chairman's Report, the Directors are of the opinion that further or specific information as to likely developments in the operations of the CWH Group or the expected results of those operations is likely to result in unreasonable prejudice to the CWH Group in future years and has not been included in this Annual Report.

Environmental Regulation

The CWH Group is not subject to significant environmental regulation.

Qualifications, Experience and Responsibilities of Directors

Bao Cheng Luo
Executive Chairman

Appointed to the Board on 15 August 2003. Mr Luo was responsible for introducing new management techniques to Chongqing Yuao and completed a major restructure of the company'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, which he has held since 1998. Mr Luo holds a postgraduate degree in Economics from Sichuan University.

Bao Cheng Luo (Continued)

Special Responsibilities
Member of the Audit and Remuneration Committee

Interest in shares: 7,000,000
Interest in options: Nil

Charles Sher
Non-Executive Director and Chairman of the Audit Committee

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 breaker. 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 organisation 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.

Special Responsibilities
Chairman of the Audit and Remuneration Committee.

Interest in shares: Nil
Interest in options: Nil

Wang Wei Guo
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 Master's degree in Economics.

Special Responsibilities
None.

Interest in shares: Nil
Interest in options: Nil

Doug Sutherland
Non-Executive Director

Appointed to the Board on 30 April 2009. Mr Sutherland is a Chartered Accountant who has been engaged as a director and company secretary over a wide range of companies over the last 40 years.
Mr Sutherland is currently Chairman of Minerals Corporation Limited and Chairman of Pan Atlas Credits Limited. He has previously been a director of Industrial Equity Limited, Sydney Electricity and the Metropolitan Sewerage and Drainage Board. Mr Sutherland was also the Lord Mayor of Sydney during the years 1980 to 1987.

Special Responsibilities
Member of the Audit and Remuneration Committee.

Interest in shares: Nil
Interest in options: Nil

Ke Qin Xie
Executive Director

Mr Xie, appointed to the Board on 6 October 2008, is currently the General Manager of Chongqing Yuao (China West) Building Materials Company Limited (formerly Yong Chuan Cement Factory). He has worked for the company since 1983. He has worked in a number of roles in production and mechanical engineering, plant management and in 1995 was appointed to his current position of General Manager. Prior to joining the company, he worked for Yongchuan Huaguoshan Ironwork factory as an electric technician. He also held the position of Project Manager of CWH Chongqing Representative Office between 2004 and 2005.

He is a graduate of the Chongqing Academy of Iron and Steel and holds a technician certificate in Mechanical and Electrical Engineering. He holds a Batchelor of Economics and Law from Chongqing YuXi College, and holds an MBA from the Industrial and Commercial College of Chongqing University. He also studied Techno-economics and Management at TsingHua University in 2001.

Special responsibilities
None.

Interest in shares: 8700
Interest in options: Nil

Fu Man Chang
Non-Executive Director

Mr Fu, appointed to the Board on 6 October 2008, is Chairman of the board of State Nuclear Power Automation System Engineering Co., Ltd., an operating unit of the State Nuclear Power Technology Corporation of China. He is also currently Chief Secretary of China Nuclear Society.

He has had a distinguished career in Nuclear Power engineering in China with particular expertise in control and instrumentation systems. His prior positions have included:

- Director of Technology and International Cooperation Department of China Nuclear Engineering Group Co., Ltd
- Permanent Vice Representative of China to the IAEA
- Director of Nuclear Electric Power Bureau of CNNC
- Head of the Second Institute of Nuclear Engineering and
- Onsite design team leader and quality inspector (for the Second Institute of Nuclear Engineering) at Dayawan (Daya Bay) Nuclear Power Station.

Fu Man Chang (Continued)

From 1985 to 1987, he was a Visiting Scholar at University of Manchester Institute of Science and Technology ("UMIST") and was the chairman of the Federation of Students Studying in the UK.

He is a member of the Evaluation Committee of National Science and Technological Advancement Award and of the Evaluation Committee of Science and Technological Advancement Award of China Nuclear Engineering Group Co., Ltd. and is a visiting professor of World Nuclear University.

In 2005 the French Nuclear Association awarded him a gold prize for international cooperation.

Special Responsibilities
None.

Interest in shares: Nil
Interest in options: Nil

Ernest Wong
Non-Executive Director

Mr Wong, appointed to the Board on 9 October 2008, pursued a career in medical research before undertaking business and legal studies. He is a Councillor on Burwood City Council in Sydney's west and was until recently Deputy Mayor. He is active in a wide range of community activities and is a Director of the Millennium Foundation, which supports the Westmead Millenium Research Institute and Westmead Hospital. Mr Wong's qualifications are MBBS, BCom, LLB.

Special Responsibilities
None.

Interest in shares: Nil
Interest in options: Nil

Qualifications, Experience and Responsibilities of Company Secretary

Guy Robertson
Guy Robertson has over 25 years experience as a Chief Financial Officer (CFO), Director and Company Secretary. This experience includes 16 years in senior roles with the Jardine Matheson Group both in Hong Kong and Australia. Guy is the principal of a business providing CFO support, consulting, and company secretarial services to a number of ASX listed small public companies.

Meetings of Directors

There were two meetings of the Board and one Audit and Remuneration Committee meeting during the year ended 30 June 2009.

Information concerning the date of appointment of all Directors who served during the year, the number of Board meetings each was eligible to attend and the number of meetings attended are as follows:

		Directors		Audit and Remuneration Committee	
	Date of Appointment	Meetings Eligible	Meetings Attended	Meetings Eligible	Meetings Attended
Bao Cheng Luo	15 August 2003	2	2	1	1
Charles Sher	15 August 2003	2	2	1	1
Ping Mo	13 August 2003 and resigned 22 September 2008	2	0	0	0
Ge Yang	13 August 2003 and resigned 22 September 2008	2	0	0	0
Kim Weng Chong	25 August 1997 and resigned 26 December 2008	2	0	0	0
John McLenaghan	16 November 2005 and resigned 2 April 2009	1	1	1	1
Ernest Wong	9 October 2008	1	1	0	0
Xie Ke Qin	6 October 2008	2	0	0	0
Fu Man Chang	6 October 2008	2	0	0	0
Wang Wei Guo	9 February 2009	1	0	0	0
Doug Surtherland	30 April 2009	1	0	0	0

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 Service Agreements
D Share-Based Compensation
E Additional Information

A. Principles Used to Determine the Nature and Amount of Remuneration (Audited)
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 based on comparative roles in the external market.

Non-Executive Directors' fees are determined within an aggregate directors' fee pool limit, which will be periodically submitted for approval by shareholders. The pool limit currently stands at $100,000.

Retirement Allowances for Directors
There are no retirement allowances for directors, other than payment of statutory superannuation.

Executives including Executive Directors
The objective of the Company's executive reward framework is to ensure that reward for performance is competitive within the industry sector and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market standards. The Board ensures that the executive remuneration system satisfies the following key criteria to ensure good reward governance practices:

- Competitive within the Company's sector and appropriate to attract and retain high calibre executives
- Reasonable with respect to the financial status of the Company, and considered acceptable to shareholders
- Providing appropriate recognition of capabilities and experience, balanced against reward for contribution and achievements
- Providing a clear and transparent structure for earning of rewards

The framework provides a mix of fixed and variable pay.

Executive Pay
The executive 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 senior executives are reviewed annually by the Audit and Remuneration Committee to ensure that the executive's pay is competitive within the market. There are no guaranteed base pay increases included in any senior executives' contracts.

Benefits
The Company provides motor vehicles subject to finance lease arrangements to two directors, one being a Non-Executive director.

Retirement Benefits
There are no retirement benefits other than statutory superannuation.

B. Details of Remuneration (Audited)

Amounts of Remuneration

Details of the remuneration of the directors and the key management personnel of China West International Holdings Limited and the CWH Group for the financial years ended 30 June 2009 and 30 June 2008 are set out in the following tables:

Remuneration of Directors and Key Management Personnel

Year Ended 30 June 2009	**Short-Term Benefits**			**Post Employment Benefits**	**Share-Based Payment**	
Name	**Cash Salary and Fees $**	**Cash Bonus $**	**Non-Monetary Benefits $**	**Super-annuation $**	**Share Options $**	**Total $**
Non-Executive Directors						
Charles Sher*	-	-	-	-	-	-
Wang Wei Guo*	-	-	-	-	-	-
Ernest Wong[1]	27,000	-	-	-	-	27,000
Doug Sutherland[1]	9,000	-	-	-	-	9,000
Fu Man Chang[1]	17,929	-	-	-	-	17,929
Ping Mo*[2]	-	-	-	-	-	-
Ge Yang*[2]	-	-	-	-	-	-
Kim Weng Chong*[2]	-	-	-	-	-	-
John McLenaghan[2]	27,000	-	-	-	-	27,000
Sub-total	**80,929**	**-**	**-**	**-**	**-**	**80,929**
Executive Directors						
Bao Cheng Luo	27,786	-	-	-	-	27,786
Xie Ke Qin	17,626	-	-	44	-	17,670
Sub-total	**45,412**	**-**	**-**	**44**	**-**	**45,456**
Other Key Management Personnel						
De Ming Zhao	14,152	-	-	44	-	14,196
De Yu Ren	10,862	-	-	44	-	10,906
Ru Qin Chen	10,391	-	-	44	-	10,435
Rong Zhang	8,676	-	-	-	-	8,676
Sub-total	**44,081**	**-**	**-**	**132**	**-**	**44,213**
Total	**170,422**	**-**	**-**	**176**	**-**	**170,598**

* No remuneration has been recorded for this Director as remuneration agreed was either effective post 1 July 2009 or as Nil.

[1] Appointed during the year.

[2] Resigned during the year.

Remuneration of Directors and Key Management Personnel

Year Ended 30 June 2008	Short-Term Benefits			Post Employ-ment Benefits	Share-Based Payment	
Name	**Cash Salary and Fees $**	**Cash Bonus $**	**Non-Monetary Benefits $**	**Super-annuation $**	**Share Options $**	**Total $**
Non-Executive Directors						
Charles Sher*	-	-	-	-	-	-
Ping Mo*	-	-	-	-	-	-
Ge Yang*	-	-	-	-	-	-
Kim Weng Chong*	-	-	-	-	-	-
John McLenaghan	36,000	-	-	-	-	36,000
John Hibberd	21,480	-	-	-	-	21,480
Sub-total	**57,480**	**-**	**-**	**-**	**-**	**57,480**
Executive Directors						
Bao Cheng Luo	21,347	-	-	-	-	21,347
Ke Qin Xie	12,403	-	-	1,228	-	13,631
Sub-total	**33,750**	**-**	**-**	**1,228**	**-**	**34,978**
Other Key Management Personnel						
De Ming Zhao	10,009	-	-	921	-	10,930
De Yu Ren	8,351	-	-	921	-	9,272
Ru Qin Chen	8,366	-	-	921	-	9,287
Liang Yuan Xiao	8,475	-	-	-	-	8,475
Sub-total	**35,201**	**-**	**-**	**2,763**	**-**	**37,964**
Total	**126,431**	**-**	**-**	**3,991**	**-**	**130,422**

* No remuneration has been recorded for this Director as remuneration agreed was either effective post 1 July 2008 or as Nil.

C. Service Agreements (Audited)

Remuneration and other terms of employment for the directors, and other key management personnel are formalised in service agreements. The major provisions of the agreements relating to remuneration are set out below.

All contracts with executives may be terminated by the executive and by the CWH Group subject to notice periods and termination payments as detailed below.

Bao Cheng Luo – *Director*

- Director's fees, for the financial year ended 30 June 2009 of $27,786 per annum, to be reviewed annually by the Audit and Remuneration Committee.
- No termination benefits are payable.

Charles Sher – *Director*

- The CWH Group provides the Director with the use of a company owned motor vehicle.
- No termination benefits are payable.

Service Agreements (continued)

Doug Sutherland – *Director*

- Director's fees for the financial year ended 30 June 2009 of $36,000 per annum, to be reviewed annually by the Audit and Remuneration Committee.
- No termination benefits are payable.

Ernest Wong – *Director*

- Director's fees for the financial year ended 30 June 2009 of $36,000 per annum, to be reviewed annually by the Audit and Remuneration Committee.
- No termination benefits are payable.

Ke Qin Xie – *Director*

- Base salary, inclusive of superannuation, for the financial year ended 30 June 2009 of $17,670 per annum, to be reviewed annually by the Audit and Remuneration Committee.
- No termination benefits are payable.

Fu Man Chang – *Director*

- Directors fee for the financial year ended 30 June 2009 of $23,915 per annum, to be reviewed annually by the Audit and Remuneration Committee.
- No termination benefits are payable.

Wang Wei Guo – *Director*

- Recent appointment, no remuneration agreed at the date of this report.
- No termination benefits are payable.

D. Share – Based Compensation (audited)

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

E. Additional Information (audited)

Principles used to determine the nature and amount of remuneration: relationship between remuneration and Company performance

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.

End of Remuneration Report.

Loans to Directors and Executives

There are no loans provided to Directors or executives.

Insurance of officers

No Directors and Officers insurance policy is currently in place and this is under review.

Proceedings on Behalf of the Company

Other than as outlined on page 3 under subsequent events, no person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

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.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below.

The Board of directors has considered the position and, in accordance with the advice received from the Audit and Remuneration Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit and remuneration committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES110 Code of Ethics for Professional Accountants.

Remuneration of Auditors

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 audit firms:

	2009 $	2008 $
Audit Services		
Fees paid to the auditor of the parent company:		
Audit and review of financial reports – KPMG	**109,787**	130,000
Non-audit services	**-**	-
Total remuneration for audit services	**109,787**	130,000

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 13.

Auditor

KPMG was appointed as an auditor to the Company on 1 September 2008 and continues in office in accordance with section 327 of the *Corporations Act 2001*.

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

Bao Cheng Luo
Director

Dated at Sydney this 30th day of September 2009

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of China West International Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2009 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Mark Epper
Partner

Sydney

30 September 2009

Corporate Governance Statement

China West International Holdings Limited ("CWH" or "the Company") and its Board are committed to achieving and maintaining best practice in corporate governance, consistent with our sector of operations and the size and maturity of the Company. The listing rules of the Australian Securities Exchange ("ASX") require listed companies to provide a statement in their annual report disclosing the extent to which they have followed the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Principles"). The following discloses the extent to which the Company has followed the ASX Principles during the reporting period. The Company and its controlled entities together are referred to as the CWH Group in this statement.

The Board of China West International Holdings adopted a general Corporate Governance Policy subsequent to its listing on the Australian Securities Exchange. The CWH Group adopted a broad Corporate Governance Framework as well as more detailed policies in a number of areas. These include:

- Board Charter
- Audit and Remuneration Committee Charter
- Continuous Disclosure and Shareholder Reporting Policy
- Share Trading Policy

More recently, the CWH Group has developed a broad Risk Management Framework which is supported by detailed internal policies and procedures. All of this material is being progressively posted to the Company's website.

Set out below are the corporate governance policies and procedures adopted by the Board of 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.
The Board has delegated the day to day management of the CWH Group to a number of focused committees who, in turn, may delegate to senior management.

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;
- Evaluating, approving and monitoring the annual budgets and business plans;
- Evaluating, approving and monitoring major capital expenditure, capital management and all major corporate transactions including the issue of any securities of the CWH Group;
- Monitoring and approving all financial reports and all other reporting and external communications by the CWH Group;

Role of the Board (Continued)

- 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 the committees outlined above who, in turn, may delegate responsibilities to senior management. The delegations to committees each lead by a committee chairman include:

- 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 control and monitoring systems to ensure that they capture all relevant material information on a timely basis and are functioning effectively.

Letters of Appointment

All directors of the CWH Group have been provided with letters of appointment as suggested in the ASX Guidelines. All executives of the CWH Group are employed under contracts which outline their duties, rights and responsibilities, and entitlement on termination.

Principle 2
Structure the Board to Add Value

Board Composition

The Board has seven directors, five of whom are non-executive two are executive.

The names, date of first appointment and status of the Company's directors 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 on pages 3 to 6.

Name	Appointed	Executive	Non-Executive	Independent
Bao Cheng Luo	15 August 2003	Yes	No	No
Charles Sher	15 August 2003	No	Yes	Yes
Ernest Wong	9 October 2008	No	Yes	Yes
Xie Ke Qin	6 October 2008	Yes	No	No
Fu Man Chang	6 October 2008	No	Yes	Yes
Kim Weng Chong	25 August 1997	No	Yes	Yes
Doug Sutherland	30 April 2009	No	Yes	Yes

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 seven directors in office and has determined that five 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 directors who do not meet the independence criteria are Bao Cheng Luo who is a substantial shareholder in the CWH Group and Mr Ke Qin Xie who is an employee of a subsidiary company.

Meetings of the Board

The Board meets formally on a monthly basis and on other occasions, as required. On the invitation of the Board, members of senior management attend and make presentations at Board meetings. See page 7 for the number of Board meetings held.

Retirement and Re-Election

The constitution of the Company requires one third of the directors, other than the managing director, 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 (or later than the third annual general meeting following their appointment) without submitting themselves for re-election. Retiring directors may be eligible for re-election by shareholders. The Audit and Remuneration Committee (see below) is responsible for assessment of the needs of the Board for best governance of the CWH Group, and in determining whether retiring directors would appropriately fill these needs if re-elected.

Committees of the Board

Included in the committees outlined above is a standing Audit and Remuneration Committee which assists the Board in the discharge of its responsibilities.

This committee reviews matters on behalf of the Board and makes recommendations for consideration by the entire Board. The charters for this committee is set out in the Corporate Governance Policy noted above.

Audit and Remuneration Committee

Membership of this committee is:

- Charles Sher - Chairman
- Bao Cheng Luo
- John McLenaghan (resigned 2 April 2009)
- Doug Sutherland (appointed 30 April 2009)

The primary purpose of the Audit and Remuneration Committee is to support and report to the Board in fulfilling its responsibilities to shareholders in relation to:

- identification and appointment of directors and executives;
- executive remuneration policy;
- the remuneration of executive directors;
- the Company's recruitment, retention and termination policies and procedures;
- superannuation arrangements; and
- all bonus and equity-based plans

In addition the Audit and Remuneration Committee monitors and reviews the effectiveness of the Company's control environment in the areas of operational risk, legal/regulatory compliance and financial reporting. It will advise and assist the Board to discharge its responsibility to exercise due care, diligence and skill in relation to:

- reporting of financial information to users of financial reports, in particular the quality and reliability of such information;
- assessing the consistency of disclosures in the financial statements with other disclosures made by the CWH Group to the financial markets, governmental and other public bodies;
- review and application of accounting policies;
- financial management;
- review of internal and external audit reports to ensure that where weaknesses in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
- evaluation of the CWH Group's compliance and risk management structure and procedures, internal controls, corporate governance and ethical standards;
- review of business policies and practices;
- conduct of any investigation relating to financial matters, records or accounts, and to report those matters to the Board;
- protection of the CWH Group's assets; and
- compliance with applicable laws, regulations, standards and best practice guidelines.

See page 6 for the number of Audit and Remuneration Committee meetings held.

Principle 3
Promote Ethical and Responsible Decision-Making

The CWH Group has adopted principles of appropriate conduct for employees and directors as part of its general Corporate Governance Policy. 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.

Principle 4
Safeguard Integrity in Financial Reporting

Executive Director and CFO Declaration:
Consistent with ASX Principle 4, the CWH Group's financial report preparation and approval process involves both the executive director and the chief financial officer providing a written statement to the Board that "to the best of their 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."

Audit Committee, Governance and Independence
As outlined under Principle 2, the Board has established an Audit and Remuneration Committee, with a formal charter, to verify the integrity of the CWH Group's financial reporting. This committee is structured according to the guidelines set down in the ASX Principles, and reports to the Board. As part of the CWH Group's commitment to safeguarding integrity in financial reporting, the CWH Group has implemented procedures and policies to monitor the independence and competence of the CWH Group's external auditors.

Appointment of Auditors

The CWH Group's current external auditors are KPMG. The effectiveness, performance and independence of the external auditors are reviewed by the Audit and Remuneration Committee. If it becomes necessary to replace the external auditors for performance or independence reasons, the audit committee 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 written 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
- 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.

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 CLERP 9, 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

Consistent with ASX Principle 7, 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. The CWH Group has adopted a general Risk Management Statement addressing the profile of risk relevant to the CWH Group given its operational context supported by a set of internal procedures. Approval of detailed procedures and monitoring of their implementation has been delegated to the Audit and Remuneration Committee of the Board.

In particular:

- The CWH Group has approved delegations and limits for approval of expenditure and for incurring contractual obligations.
- In accordance with ASX Principle 7, the executive officers provide 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 adapted as the CWH Group's business develops and it grows in size and complexity. Regular review by the Audit and Remuneration Committee 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 on pages 8 through 11 of this 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, while ensuring effective use of shareholder funds.

As detailed under Principle 2, the CWH Group has established a Nomination and Remuneration Committee, with responsibility for reviewing general remuneration policies for the CWH Group, and approving remuneration for senior executives. The composition of this committee is according to the ASX guidelines.

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.

China West International Holdings Limited
Annual Financial Report – 30 June 2009

Contents

This Financial Report is provided in relation to China West International Holdings Limited as an individual entity and the consolidated entity consisting of China West International Holdings Limited and its controlled entities. The Financial Report is presented in Australian currency.

China West International Holdings Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

China West International Holdings Limited
Suite 1503, 97-99 Bathurst Street
Sydney NSW 2000

China West International Holdings Limited
Income Statements
For the Year Ended 30 June 2009

		Consolidated		Company	
		2009	2008	2009	2008
	Notes	$	$	$	$
Continuing operations					
Sales revenue	5	**17,179,197**	8,884,189	**-**	-
Cost of sales		**(11,286,391)**	(6,196,147)	**-**	-
Gross profit		**5,892,806**	**2,688,042**	**-**	-
Other income	5	**1,156,180**	2,476,813	**1,122,713**	642,590
Distribution expenses		**(191,119)**	(217,875)	**-**	-
Administrative expenses	6 (a)	**(3,329,606)**	(1,957,849)	**(342,727)**	(429,122)
Impairment loss on investments	6 (a)	**(85,200)**	(702,613)	**(85,200)**	(702,613)
Loss arising from share trading		**-**	(53,952)	**-**	(53,952)
Results from operating activities		**3,443,061**	**2,232,566**	**694,786**	**(543,097)**
Net finance expenses	6 (b)	**(182,989)**	(268,259)	**(876)**	(18)
Profit/(loss) before income tax		**3,260,072**	**1,964,307**	**693,910**	**(543,115)**
Income tax expense	7(a)	**(461,160)**	(772,311)	**-**	-
Profit/(loss) attributable to members of China West International Holdings Limited		**2,798,912**	**1,191,996**	**693,910**	**(543,115)**
Earnings per share					
Basic and diluted earnings per share (cents)	26	**3.97**	1.69		

The above Income Statements should be read in conjunction with the accompanying notes.

China West International Holdings Limited and Controlled Entities
Balance Sheets
As at 30 June 2009

	Notes	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
ASSETS					
Current Assets					
Cash and cash equivalents	8	**120,131**	93,569	**5,772**	18,528
Trade and other receivables	9	**686,602**	911,357	**24,851**	39,365
Inventories	10	**2,222,531**	1,265,493	**-**	-
Financial assets	11	**411,150**	496,350	**411,150**	496,350
Total current assets		**3,440,414**	**2,766,769**	**441,773**	**554,243**
Non-current Assets					
Property, plant and equipment	12	**7,423,322**	5,216,313	**69,386**	9,297
Investment accounted for using equity method	13	**182,985**	182,985	**182,985**	182,985
Total non-current assets		**7,606,307**	**5,399,298**	**252,371**	**192,282**
Total Assets		**11,046,721**	**8,166,067**	**694,144**	**746,525**
LIABILITIES					
Current Liabilities					
Trade and other payables	14	**4,431,195**	4,212,685	**265,475**	318,317
Loans and borrowings	15	**2,025,892**	2,069,155	**2,065,835**	2,389,737
Current tax liabilities		**978,426**	720,519	**-**	-
Total current liabilities		**7,435,513**	**7,002,359**	**2,331,310**	**2,708,054**
Non-current Liabilities					
Trade and other payables	14	**-**	-	**-**	413,063
Loans and borrowings	15	**59,145**	41,442	**43,516**	-
Total non-current liabilities		**59,145**	**41,442**	**43,516**	**413,063**
Total Liabilities		**7,494,658**	**7,043,801**	**2,374,826**	**3,121,117**
Net Assets/(Liabilities)		**3,552,063**	**1,122,266**	**(1,680,682)**	**(2,374,592)**
EQUITY					
Share capital	16	**14,172,731**	14,172,731	**14,172,731**	14,172,731
Reserves	17	**(1,574,655)**	(1,205,540)	**-**	-
Accumulated losses	17	**(9,046,013)**	(11,844,925)	**(15,853,413)**	(16,547,323)
Total Equity		**3,552,063**	**1,122,266**	**(1,680,682)**	**(2,374,592)**

The above Balance Sheets should be read in conjunction with the accompanying notes.

China West International Holdings Limited
Statements of Changes in Equity
For the Year Ended 30 June 2009

Consolidated

	Share Capital	General Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Minority Interest	Total Equity
	$	$	$	$	$	$
Balance at 1 July 2007	14,172,731	272,800	(1,477,554)	(12,462,981)	-	504,996
Un-reconciled loss in prior years	-	-	-	(573,940)	-	(573,940)
Profit for the year	-	-	-	1,191,996	-	1,191,996
Exchange differences on translation of foreign operations	-	-	(786)	-	-	(786)
Reclassification						
Balance at 30 June 2008	14,172,731	272,800	(1,478,340)	(11,844,925)	-	1,122,266
Profit for the year	-	-	-	2,798,912	-	2,798,912
Exchange differences on translation of foreign operations	-	-	(369,115)	-	-	(369,115)
Balance at 30 June 2009	14,172,731	272,800	(1,847,455)	(9,046,013)	-	3,552,063

Company

	Share Capital	Accumulated Losses	Total Equity
	$	$	$
Balance at 1 July 2007	14,172,731	(16,004,208)	(1,831,477)
Loss for the year	-	(543,115)	(543,115)
Balance at 30 June 2008	14,172,731	(16,547,323)	(2,374,592)
Profit for the year	-	693,910	693,910
Balance at 30 June 2009	14,172,731	(15,853,413)	(1,680,682)

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

China West International Holdings Limited
Cash flow Statements
For the Year Ended 30 June 2009

	Notes	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Cash Flows From Operating Activities					
Receipts from customers		19,551,421	8,601,906	46,111	-
Payments to suppliers and employees		(15,232,299)	(6,346,358)	(414,616)	(422,009)
Dividend received			-	-	-
Interest received		598	3,267	-	2,653
Interest paid		(123,638)	(85,866)	(876)	(18)
VAT refund received		977,119	728,859	-	-
Other taxes paid		(1,907,604)	(1,144,242)		
Income taxes paid		(331,818)	(39,921)	-	-
Net cash inflow/(outflow) from operating activities	25	**2,933,779**	**1,717,645**	**(369,381)**	**(419,374)**
Cash Flows from Investing Activities					
Payments for property, plant and equipment		(1,691,765)	(1,370,814)	(789)	-
Proceeds from disposal of plant and equipment		28,498	144,636	-	-
Investment in an associated company		-	(182,985)	-	(182,985)
Payment for other investments		-	(519,746)	-	(519,746)
Net cash outflow from investing activities		**(1,663,267)**	**(1,928,909)**	**(789)**	**(702,731)**
Cash Flows From Financing Activities					
Proceeds from borrowing		-	83,888	-	-
Repayment of borrowing		(109,610)	(840,383)	-	-
Proceeds of loan from related parties		760,690		372,414	567,127
Repayment of loan to related parties		(1,917,421)	-	(15,000)	-
Net cash inflow/(outflow) from financing activities		**(1,266,341)**	**(756,495)**	**357,414**	**567,127**
Net increase/(decrease) in cash and cash equivalents		**4,171**	**(967,759)**	**(12,756)**	**(554,978)**
Cash and cash equivalents at the beginning of the year		93,569	1,060,963	18,528	573,506
Effects of exchange rate changes on cash and cash equivalents		22,391	365	-	-
Cash and cash equivalents at the end of the year	8	**120,131**	**93,569**	**5,772**	**18,528**

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

Contents of the Notes to the Financial Statements

1 Summary of Significant Accounting Policies

The financial report of China West International Holdings Limited ("CWH" or "the Company") for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the Directors on 30 September 2009.

China West International Holdings Limited (the parent) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange ("ASX") and is the ultimate Company in the CWH Group. The consolidated financial report of the company for the year ended 30 June 2009 comprises the company and its controlled entities ("the CWH Group" or "the Consolidated Entity").

The nature of operations and principal activities of the CWH Group are described in 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. The financial report includes separate financial statements for China West International Holdings Limited as an individual entity and the consolidated entity consisting of China West International Holdings Limited and its subsidiaries.

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board, and the *Corporations Act 2001.*

The consolidated financial report of the CWH Group and the financial report of the Company comply with International Financial Reporting Standards ("IFRSs") and interpretations adopted by the International Accounting Standards Board ("IASB").

Historical Cost Convention

These financial statements have been prepared under the historical cost convention, except for financial assets that have been allocated as fair value through profit and loss which are measured at their 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 3.

Going Concern

The consolidated entity at 30 June 2009 has net working capital deficiency of $3,995,099 (current liabilities of $7,435,513 in excess of current assets $3,440,414). Included in current liabilities are bank loans of $1,921,337 which are overdue. The financial report has been prepared on a going concern basis due to the following reasons:

- The CWH Group has prepared forward financial projections to 30 June 2011 and indications are that the CWH Group will be both profitable and cash flow positive, and the current working capital positions can be managed.
- In relation to the overdue bank loans, the chairman of the Company, Mr Bao Cheng Luo, has provided a written undertaking to personally provide additional funds should banks call on the outstanding bank loans in the coming twelve months.

The consolidated entity is dependent on ongoing profitability and cash flow to strengthen its balance sheet. To the extent that the consolidated entity is not successful in achieving ongoing profitability there is uncertainty that the consolidated entity will continue as a going concern. The financial report does not include any adjustments relating to the recoverability and classification of asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

1 Summary of significant accounting policies (continued)

(b) Principles of Consolidation

(i) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of China West International Holdings Limited (“CWH" or "the Company") as at 30 June 2009 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities (including special purpose entities) over which the CWH Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the CWH Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the CWH Group (refer to Note 1(h)).

Inter-company transactions, balances and unrealised income and expenses on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the CWH Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of China West International Holdings Limited.

(ii) Associates
Associates are all entities over which the CWH Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the Company financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The CWH Group’s investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The CWH Group’s share of its associates’ post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the Company’s income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the CWH Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the CWH Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the CWH 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. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the CWH Group.

(c) Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

1 Summary of significant accounting policies (continued)

(d) Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the financial statements of each of the CWH Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is China West International Holdings Limited's functional and presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) Group Companies

The results and financial position of all the CWH Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (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 dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation exchange differences arising from the translation of any net investment in foreign entities are taken to shareholders equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Revenue Recognition

Revenue from sale of goods is recognised upon the delivery of goods to customers.

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.

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

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

(f) 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.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially 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

1 Summary of significant accounting policies (continued)

(f) Income Tax (continued)
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.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(g) Leases
Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised on the Group's balance sheet.

(h) Business Combinations
The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the CWH Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the CWH Group's share of the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(i) 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.

1 Summary of significant accounting policies (continued)

(i) Impairment of Assets (Continued)
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.

(j) Cash and Cash Equivalents
For cash flow statement presentation purposes cash and cash equivalents includes cash on hand, deposits held at call with financial institutions 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.

(k) 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.

Collectibility 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 the income statement with other expenses.

(l) 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.

(m) Investments and Other Financial Assets
(i) 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.

(ii) Fair value Through Profit and Loss
An instrument is classified as at fair value through profit and 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 and loss are carried at their fair value. Realised and unrealised gains and losses arising from changes in the fair value of the 'Financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise.

(n) 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.

1 Summary of significant accounting policies (continued)

(o) Property, 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:

Plant and office equipment – between 5 and 10 years.
Motor vehicles – between 5 and 10 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(i)).

Gains and losses on disposals are determined by comparing proceeds with the assets carrying amount. These are included in the income statement. When re-valued assets are sold, it is the CWH Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(p) 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.

(q) 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 the income statement 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.

(r) Employee Benefits
(i) Wages and Salaries and Annual Leave
Liabilities for wages and salaries and annual leave expected to be settled within 12 months of the reporting date are recognised in provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long Service Leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

1 Summary of significant accounting policies (continued)

(r) Employee Benefits (Continued)

(iii) Retirement Benefit Obligations
The CWH Group contributes the required statutory superannuation or pension rate on behalf of employees to licensed superannuation or pension funds. The CWH Group's legal or constructive obligation is limited to these contributions.

Contributions to the 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 the future payments is available.

(iv) Profit-Sharing and Bonus Plans
The CWH Group recognises a liability and an expense for bonuses annually on assessment of employee performance. The CWH Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(s) 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. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of acquisition as part of the purchase consideration.

(t) 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.

(u) 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 Cash Flow Statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

1 Summary of Significant Accounting Policies (continued)

(v) New Accounting Standards and Interpretations

The following standards, amendments to standards and interpretations have been identified as those which may impact the consolidated entity in the period of initial application. They are available for early adoption at 30 June 2009, but have not been applied in preparing the financial report:

AASBs and Interpretations	**Application date**
AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvement Process (May 2009)*	1 January 2010
AASB 3 *Business Combinations* (Revised March 2008)	1 July 2009
AASB 127 *Consolidated and Separated Financial Statements* (Revised, March 2008)	1 July 2009
AASB 2008-3 *Amendments to Australian Accounting Standards* (March 2008)	1 July 2009
AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvement Project* (July 2008)	1 July 2009
AASB 2009-*4 Amendments to Australian Accounting Standards arising from the Annual Improvements Process* (May 2009)	1 July 2009
AASB 2009-7 *Amendments to Australian Accounting Standards* (July 2009) – editorial amendments only	1 July 2009
AASB 8 *Operating Segments* (February 2007)	1 January 2009
AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 (February 2007) [Applicable when AASB 8 is applied]	1 January 2009
AASB 101 *Presentation of Financial Statements* (Revised, September 2007)	1 January 2009
AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (September 2007) [Applicable when AASB 101 is applied]	1 January 2009
AASB 2007-10 Further amendments to Australian Accounting Standards arising from AASB 101 (December 2007)	1 January 2009
AASB 1039 *Concise Financial Reports* (Revised August 2008)	1 January 2009
AASB 2008-9 *Amendments to AASB 1049 for Consistency with AASB 101* (September 2008)	1 January 2009
AASB 123 *Borrowing Costs* (Revised, June 2007)	1 January 2009

New Accounting Standards and Interpretations (Continued)

AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123* (June 2007) [Applicable when revised AASB 123 is applied]	1 January 2009
2009-1 *Amendments to Australian Accounting Standards – Borrowing Costs for Not-for-Profit Public Sector Entities* (April 2009) [Applicable when AASB 123 is applied]	Years beginning on or after 1 January 2009 that end on or after 30 April 2009
AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (July 2008)	1 January 2009
AASB 2008-7 *Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* (July 2008)	1 January 2009
AASB 2009-2 *Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments* (April 2009)	Years beginning on or after 1 January 2009 that end on or after 30 April 2009
AASB 2009-6 *Amendments to Australian Accounting Standards* (June 2009) – editorial amendments only.	Years beginning on or after 1 January 2009 that end on or after 30 April 2009

The consolidated entity is currently in the process of assessing the impact of the adoption of these standards.

2 Financial Risk Management

The CWH Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price 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 aging analysis for credit risk.

The Board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, and investment of excess liquidity, as outlined below:

(a) Market Risk

(i) Foreign exchange risk

The CWH Group operates primarily in Australia and in China.

The CWH Groups presentation currency is Australian dollars. While the primary business operations are in China these are domestic with no significant purchases or sales in currencies other than Chinese Renmimbi and borrowings to fund operations are in local currency. Accordingly there is no significant foreign exchange risk.

Based on the financial instruments held at 30 June 2009, had the Australian dollar weakened/strengthened by 10% against the RMB with all variables held constant, the CWH Group's post-tax profit for the year would have been $290,000 lower / $290,000 higher (2008 - $240,000), mainly as a result of foreign exchange gains/losses on translation of RMB denominated financial instruments.

(ii) Cash flow and fair value interest rate risk

The CWH Group's main interest rate risk arises from bank borrowings. Borrowings issued at variable rates expose the CWH Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the CWH Group to fair value interest rate risk. During 2009 and 2008, the CWH Group's borrowing at variable rate were denominated in Renmimbi.

The terms of the CWH Group's debt is currently being negotiated with its bankers.

As at the reporting date, the CWH Group had the following variable rate borrowings outstanding.

	30 June 2009		**30 June 2008**	
	Weighted Average Interest Rate	Balance $	Weighted Average Interest Rate	Balance $
Bank overdrafts and bank loans	7.25%	1,921,337	7%	1,609,270

The CWH Group analyses its interest rate exposure on a dynamic basis. Various scenarios (for liabilities that represent the major interest-bearing positions) are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the CWH Group calculates the impact on profit and loss of a defined interest rate shift. The simulation is done a number of times a year to verify that the maximum loss potential is within the limit given by management.

At 30 June 2009, if interest rates had changed by -/+ 100 basis points from the year-end rates with all other variables held constant, post-tax profit pf the CWH Group for the year would have been $21,000 lower / $21,000 higher (2008: $24,000) mainly as a result of higher/lower interest expense on bank borrowings.

2 Financial Risk Management (Continued)

Interest rate risk

The following table sets out the CWH Group's exposure to interest rate risk, including the contractual pricing dates and the effective weighted average interest rate by maturity periods. The carrying amount of the financial assets and liabilities approximate their fair value.

Consolidated

2009	Interest Rate	Floating Interest Rate	Fixed Interest Rate Less Than 1 Year	Fixed Interest Rate from 1 to 5 Years	Non-Interest Bearing	Total
Financial Assets		$	$	$		$
Cash and cash equivalents	Nil	120,131	-	-	-	120,131
Trade and other receivables	Nil	-	-	-	686,602	686,602
Financial assets	Nil	-	-	-	411,150	411,150
Total financial assets		**120,131**	**-**	**-**	**1,097,752**	**1,217,883**
Financial Liabilities						
Trade and other payables	Nil	-	-	-	4,431,195	4,431,195
Loan from directors	Nil	-	-	-	59,000	59,000
Finance lease liability	17.6%	-	45,555	59,145	-	104,700
Financial liabilities	7.25%	-	1,921,337	-	-	1,921,337
Total financial Liabilities		**-**	**1,966,892**	**59,145**	**4,490,195**	**6,516,232**

2008	Interest Rate	Floating Interest Rate	Fixed Interest Rate Less Than 1 Year	Fixed Interest Rate from 1 to 5 Years	Non-Interest Bearing	Total
Financial Assets		$	$	$		$
Cash and cash equivalents	Nil	93,569	-	-	-	93,569
Trade and other receivables	Nil	-	-	-	911,357	911,357
Financial assets	Nil	-	-	-	496,350	496,350
Total financial assets		**93,569**	**-**	**-**	**1,407,707**	**1,501,276**
Financial Liabilities						
Trade and other payables	Nil	-	-	-	4,175,061	4,175,061
Loan from directors	Nil	-	-	-	348,369	348,369
Finance lease liability	17.6%	-	27,628	41,442	-	69,070
Loans and borrowings	7%	-	1,693,158	-	-	1,693,158
Total financial Liabilities		**-**	**1,720,786**	**41,442**	**4,523,430**	**6,285,658**

2 Financial Risk Management (Continued)

Parent Entity

2009	**Interest Rate**	**Floating Interest Rate**	**Fixed Interest Rate Less Than 1 Year**	**Fixed Interest Rate from 1 to 5 Years**	**Non-Interest Bearing**	**Total**
Financial Assets		**$**	**$**	**$**		**$**
Cash and cash equivalents	Nil	-	-	-	5,772	5,772
Trade and other receivables	Nil	-	-	-	24,851	24,851
Financial assets	Nil	-	-	-	411,150	411,150
Total financial assets		**-**	**-**	**-**	**441,773**	**441,773**
Financial Liabilities						
Trade and other payables	Nil	-	-	-	265,475	265,475
Finance lease liability	17.6%	-	14,296	43,516	-	57,812
Loans and borrowings	Nil	-	-	-	2,051,539	2,051,539
Total financial Liabilities		**-**	**14,296**	**43,516**	**2,317,014**	**2,374,826**

2008	**Interest Rate**	**Floating Interest Rate**	**Fixed Interest Rate Less Than 1 Year**	**Fixed Interest Rate from 1 to 5 Years**	**Non-Interest Bearing**	**Total**
Financial Assets		**$**	**$**	**$**		**$**
Cash and cash equivalents	4%	-	-	-	18,528	18,528
Trade and other receivables	Nil	-	-	-	39,365	39,365
Financial assets	Nil	-	-	-	496,350	496,350
Total financial assets			**-**	**-**	**554,243**	**554,243**
Financial Liabilities						
Trade and other payables	Nil	-	-	-	318,317	318,317
Loans and borrowings	Nil	-		-	2,389,737	2,389,737
Total financial Liabilities		**-**		**-**	**2,708,054**	**2,708,054**

(b) 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. For banks and financial institutions, only independently rated parties with a minimum rating of ‘A’ are accepted.

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 wholesale customers is regularly monitored by line management.

(b) Credit risk (Continued)

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.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external ratings (if available) or to historical information about counterparty default rates.

(c) 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 tradeable in highly liquid markets.

Financing arrangements

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

Maturities of financial liabilities

The CWH Group is currently renegotiating the terms of its bank debt. With the exception of two long term finance leases all liabilities are classified as current, due for payment within one year.

(d) Fair Value Estimation

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

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) 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.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives and investments in unlisted subsidiaries) is determined using valuation techniques. The CWH Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date. The CWH Group and the Company did not have any financial instruments not traded on an active market as at 30 June 2009 (2008-Nil).

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.

(e) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board has made a significant reinvestment of profits during the current year to increase its production capacity.

The Board will focus in the next twelve months on strengthening its working capital position and does not expect it will be in a position to pay a dividend within the next two years.

The Board expects that the Company's shares will re-list on the Australian Securities Exchange (ASX) within the next two months. Following re-listing the Board will look at various capital raising alternatives to further strengthen it balance sheet and a proposal to buy back uneconomic parcels of shares.

3 Critical Accounting Estimates and Judgements

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.

a) Impairment Provision of Trade 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.

b) Income Taxes
The CWH Group recognise deferred tax assets and liabilities for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. There were no material temporary differences as at year end.

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 2009 the CWH Group did not recognise deferred tax assets on temporary differences or on tax losses.

4 Segment Information

(a) Primary Reporting – Geographical Segments
The primary geographic segments within which the consolidated entities operate are China and Australia.

	China	Australia	Other	Intersegment Eliminations/ Unallocated	Consolidated
2009		$	$	$	$
Revenue					
External Sales	17,179,197	-	-	-	17,179,197
Total Revenue	**17,179,197**	**-**	**-**	**-**	**17,179,197**
Results					
Segment result	3,366,406	693,910	210,688	(1,010,932)	3,260,072
Income tax expense					(461,160)
Profit for the year					**2,798,912**
Assets					
Segment assets	12,273,904	694,144	130,212	(2,051,539)	11,046,721
Segment liabilities					
Segment liabilities	7,124,483	2,374,826	46,888	(2,051,539)	7,494,658
Other Segment Information					
Investment in an associate (Note 13)	-	182,985	-	-	182,985
Acquisitions of other non-current segment assets	2,069,634	63,789	-	-	2,133,423
Depreciation and amortisation expense	582,126	3,700	22,655	-	608,481

Segment Information (Continued)

	China	Australia	Other	Intersegment Eliminations/ Unallocated	Consolidated
2008		$	$	$	$
Revenue					
External Sales	8,884,189	-	-	-	8,884,189
Total Revenue	**8,884,189**	**-**	**-**	**-**	**8,884,189**
Results					
Segment result	3,174,152	(543,115)	(26,793)	(639,937)	1,964,307
Income tax expense					(772,311)
Profit for the year					**1,191,996**
Assets					
Segment assets	9,658,745	746,525	143,207	(2,382,410)	8,166,067
Segment liabilities					
Segment liabilities	(7,111,579)	(3,121,117)	(293,310)	3,482,205	(7,043,801)
Other Segment Information					
Investment in an associate (Note 13)	-	182,985	-	-	182,985
Acquisitions of other non-current segment assets	1,370,814	-	-	-	1,370,814
Depreciation and amortisation expense	384,467	1,350	20,624	-	406,441

(b) Secondary reporting format – Business Segments
Business segments have followed geographic location with share trading being undertaken in Australia and the cement business being undertaken in China. The glass business remained dormant during the year.

5 Revenues

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Sales Revenue				
Sales of goods to external customers	17,179,197	8,884,189		-
Total Sales Revenue	**17,179,197**	**8,884,189**		**-**
Other Income				
Gain on debt-restructuring	-	1,745,301	-	-
Refund of value added tax in China	768,861	666,982	-	-
Interest income	598	3,267	-	2,653
Dividend income	-	-	597,870	639,937
Debt forgiveness	243,852	-	413,063	-
Unrealised foreign exchange gain	111,780	-	111,780	-
Others	31,089	61,263	-	-
Total Other Income	**1,156,180**	**2,476,813**	**1,122,713**	**642,590**
Total Revenue	**18,335,377**	**11,361,002**	**1,122,713**	**642,590**

6 Expenses

(a) Material expense items	Consolidated 2009	Consolidated 2008	Company 2009	Company 2008
	$	$	$	$
Profit before income tax expense includes the following specific expenses:				
Employee benefits	**1,489,693**	**1,060,037**	**-**	**-**
Superannuation/pension costs	**436,047**	**208,118**	**-**	**-**
Rent	**26,697**	**27,953**	**26,697**	**27,953**
Depreciation				
Plant and office equipment	**510,309**	**327,625**	**1,920**	**1,350**
Motor vehicles	**98,172**	**78,816**	**1,780**	**-**
Fair value loss on investments	**85,200**	**702,613**	**85,200**	**702,613**
Impairment of receivables	**(26,705)**	**426,149**	**-**	**-**
Loss on disposal of fixed assets	**179,162**	**44,834**	**-**	**-**

(b) Net finance expenses

Interest expense	**176,412**	**251,215**	**876**	**18**
Other finance expenses	**6,577**	**17,044**	**-**	**-**
Total net finance expenses	**182,989**	**268,259**	**876**	**18**

7 Income Tax

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
(a) Income Tax Expense				
Current Tax	461,160	772,311	-	-
	461,160	**772,311**	**-**	**-**
Income tax expense attributable to:				
Profit from continuing operations	461,160	772,311	-	-
Aggregate income tax expense	**461,160**	**772,311**	**-**	**-**

(b) Income Tax Recognised in Profit

The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:

	Consolidated 2009	Consolidated 2008	Company 2009	Company 2008
Profit/(Loss) from continuing operations before income tax expense	3,260,072	1,964,307	693,910	(543,115)
Tax at the Australian tax rate of 30% (2008: 30%)	978,022	589,292	208,173	(162,935)
Adjustments for:				
Non-deductible items	127,877	120,554	-	39,000
Non taxable income	-	-	-	-
Tax rebate	(425,636)	-	-	-
Deduction for social benefit paid	(82,684)	-	-	-
Tax credit for foreign income	-	(143,530)	-	-
Dividends from foreign subsidiary	-	-	(179,361)	(191,981)
Difference in the tax rate	(107,607)	(109,921)	-	-
Tax losses utilised	(28,812)	-	(28,812)	-
Tax asset not recognised	-	315,916	-	315,916
	461,160	772,311	-	-
Over-provision of prior years income tax	-	-	-	-
Recoupment of prior years tax losses	-	-	-	-
Income tax expense	**461,160**	**772,311**	**-**	**-**

The Group has unrecognized tax losses in Australia of approximately $10.5 million (2008: $10.8m). The benefit of 30% of approximately $3.1 million (2008: $3.2 million) associated with the tax losses will only be obtained if:

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

8 Cash and Cash Equivalents

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Cash at bank and on hand	120,131	93,569	5,772	18,528

The CWH Group's and the Company's exposure to interest rate risk and foreign currency is discussed in Note 2.

9 Trade and Other Receivables

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Current				
Trade debtors	569,427	545,727	-	-
Impairment of trade receivables	(484,386)	(426,149)	-	-
Other receivables	601,561	791,779	24,851	39,365
	686,602	911,357	24,851	39,365

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

The CWH Group has an established process of credit reference checking.

(a) Impaired trade receivables

As at 30 June 2009, current trade receivables of the Group with a nominal value of $496,513 (2008 - $425,051) were impaired. For the purposes of this AASB 7 *Financial Instruments: Disclosures*, impaired receivables are regarded as those that are more than 90 days past due together with any other balances where the credit department considers collection to be in doubt. The amount of the provision was $484,386 (2008-$426,149). It was assessed that portion of the receivables is expected to be recovered. There were no impaired receivables for the parent entity in 2009 or 2008.

The ageing of these receivables is as follows:

	Consolidated	
	2009	2008
	$	$
One to three months	-	-
Three to six months	24,943	1,469
Over six months	471,570	423,582
Impaired receivables	496,513	425,051

9 Trade and Other Receivables (Continued)

Movement in the allowance for doubtful accounts	**Consolidated**		**Company**	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Balance at the beginning of the year	**426,149**	-	**-**	-
Increase/(decrease) in allowance for the year	**(26,705)**	426,149	**-**	-
Foreign exchange movement in provision	**84,942**	-	**-**	-
Balance at the end of the year	**484,386**	426,149	**-**	-

In determining the recoverability of a trade receivable, the CWH Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly the directors believe that there is no further impairment provision required in excess of the provision for impairment of receivables.

(b) Past due but not impaired – trade receivables

As of 30 June 2009, trade receivables of $Nil (2008-$32,091) were past due but not impaired. These debtors are 90 days or less past due.
Amounts charged to the provision account are generally written off when there is no expectation of recovery. The other classes within trade and other receivables do not contain impaired assets and are not past due.

10 Inventories

	Consolidated		**Company**	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Raw materials	**2,095,717**	1,186,629	**-**	-
Work in progress	**118,782**	59,789	**-**	-
Finished goods, at cost	**26,241**	19,075	**-**	-
	2,240,740	1,265,493	**-**	-
Less: Provision for obsolescence	**(18,209)**	-	**-**	-
	2,222,531	1,265,493	**-**	-

11 Financial Assets

	Consolidated		**Company**	
	2009	**2008**	**2009**	**2008**
Current	**$**	$	**$**	$
Fair value through profit and loss assets				
Shares in listed entities	**411,150**	496,350	**411,150**	496,350
Non-current				
Shares in controlled entities	**-**	-	**14,235,795**	14,235,795
Shares in an entity*	**-**	63,102	**-**	63,102
Units in a unit trust	**150**	150	**150**	150
	150	63,252	**14,235,945**	14,290,047
Impairments of financial assets	**(150)**	(63,252)	**(14,235,945)**	(14,290,047)
	-	-	**-**	-

11 Financial Assets (Continued)

* This balance comprises a 20% (2008: 20%) interest in Armourglass Australia Pty Limited with an amount of $63,102, which has been fully impaired and written off during the prior year. This company has been placed into voluntary liquidation during the current year.

12 Property, Plant and Equipment

Consolidated	Plant & Office Equipment	Motor Vehicles	Work in Progress	Total
	$	$	$	$
2009				
Cost	12,890,058	941,831	-	13,831,889
Accumulated depreciation	(6,179,520)	(229,047)	-	(6,408,567)
Carrying amount	**6,710,538**	**712,784**	**-**	**7,423,322**
Movement				
Carrying amount at 1 July 2008	4,842,203	374,110	-	5,216,313
Additions	1,659,886	473,537	-	2,133,423
Disposals	(131,133)	(76,527)	-	(207,660)
Depreciation expense (Note 6)	(510,309)	(98,172)	-	(608,481)
Foreign exchange translation	849,891	39,836	-	889,727
Carrying amount at 30 June 2009	**6,710,538**	**712,784**	**-**	**7,423,322**
2008				
Cost	9,779,251	522,480	-	10,301,731
Accumulated depreciation	(4,937,048)	(148,370)	-	(5,085,418)
Carrying amount	**4,842,203**	**374,110**	**-**	**5,216,313**
Movement				
Carrying amount at 1 July 2007	4,230,176	333,106	62,225	4,625,507
Additions	1,218,961	151,852	-	1,370,813
Transfers	(95,886)	158,111	(62,225)	-
Disposals	(1,382)	(188,088)	-	(189,470)
Depreciation expense (Note 6)	(327,625)	(78,816)	-	(406,441)
Foreign exchange translation	(182,041)	(2,055)	-	(184,096)
Carrying amount at 30 June 2008	**4,842,203**	**374,110**	**-**	**5,216,313**

12 Property, Plant and Equipment (Continued)

Company

	Plant & Office Equipment	Motor Vehicles	Work in progress	Total
	$	$	$	$
2009				
Cost	11,947	63,000	-	74,947
Accumulated depreciation	(3,781)	(1,780)	-	(5,561)
Net book value	8,166	61,220	-	69,386
Movement				
Balance at 1 July 2008	9,297	-	-	9,297
Additions	789	63,000	-	63,789
Depreciation expense (Note 6)	(1,920)	(1,780)	-	(3,700)
Balance at 30 June 2009	8,166	61,220	-	69,386
2008				
Cost	11,158	-	-	11,158
Accumulated depreciation	(1,861)	-	-	(1,861)
Net book value	9,297			9,297
Movement				
Balance at 1 July 2007	10,647	-	-	10,647
Depreciation expense (Note 6)	(1,350)	-	-	(1,350)
Balance at 30 June 2008	9,297	-	-	9,297

Refer to Note 15 for details on property, plant and equipment pledged as security against borrowings.

13 Investment Accounted for Using Equity Method

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Investment in unlisted entity	182,985	182,985	182,985	182,985

The investment comprises a 45% (2008: 45%) controlling interest in Discovery Company Limited registered in Kazakhstan. This company was not operating as at 30 June 2009.

14 Trade and Other Payables

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Current				
Trade creditors	743,998	623,167	29,620	7,695
Accrual for social insurance	1,044,526	1,101,281	-	-
Accrued interest	829,101	582,672	-	-
Other payables and accrued expenses	1,721,390	1,813,385	143,675	218,442
Payable to shareholder	92,180	92,180	92,180	92,180
	4,431,195	**4,212,685**	**265,475**	**318,317**
Non-current				
Payable to related parties	-	-	-	413,063

The CWH Group's and the Company's exposure to foreign exchange risk is detailed in Note 2.

15 Loans and Borrowings

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Current				
Loans from/(to) directors	59,000	348,369	-	7,328
Term loans - secured *	1,921,337	1,609,270	-	-
Borrowings – unsecured	-	83,888	-	-
Finance lease liability	45,555	27,628	14,296	-
Payables to Chongqing Yuao	-	-	2,051,539	2,382,409
	2,025,892	**2,069,155**	**2,065,835**	**2,389,737**
Non-current				
Finance lease liability	59,145	41,442	43,516	-

* The term loan is secured by Plant and Machinery, Buildings and Land Use Rights.

The terms of loan facility are under negotiation with no fixed instalment amounts or expiry date at present. The facility bears an interest at a rate of 7.25% (2008-7.0%) per annum. The CWH Group's and the Company's exposure to interest rate risk is detailed in Note 2.

16 Share Capital

	Company		Company	
	2009	2008	2009	2008
	Shares	Shares	$	$
Share capital				
Fully paid ordinary shares	**70,426,256**	70,426,256	**14,172,731**	14,172,731

There were no movements in share capital in the two years ended 30 June 2009.

17 Reserves and Accumulated Losses

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
(a) Foreign Currency Translation Reserve				
Balance at the beginning of the year	(1,478,340)	(1,477,554)	-	-
Net exchange differences on translation of foreign controlled entity	(369,115)	(786)	-	-
Balance at the end of the year	(1,847,455)	(1,478,340)	-	-
(b) General Reserve				
Balance at the beginning and end of the year	272,800	272,800	-	-
(c) Accumulated Losses				
Balance at the beginning of the year	(11,844,925)	(12,462,981)	(16,547,323)	(16,004,208)
Unreconciled loss in prior years	-	(573,940)	-	-
Profit/(loss) for the year	2,798,912	1,191,996	693,910	(543,115)
Balance at the end of the year	(9,046,013)	(11,844,925)	(15,853,413)	(16,547,323)

(d) Nature and Purpose of Reserves

Foreign Currency Translation Reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in Note 1(d)(iii). The reserve is recognised in profit and loss when the net investment is disposed of.

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 economic entity and for providing employees facilities and other collective benefits.

(e) Minority Interest

Losses applicable to minority interests in a subsidiary exceed their interests in the subsidiary's equity as at 30 June 2009. In the absence of any binding obligation for the minorities to make additional investment to cover the losses, the minority interest portion of the loss has been assumed by the Company.

18 Key Management Personnel Disclosures

The following persons were directors of China West International Holdings Limited during the year.

(a) Directors

Bao Cheng Luo
Charles Sher
Ping Mo
Ge Yang
Ernest Wong
Fu Man Chang
Kim Weng Chong
John McLenaghan
Doug Sutherland
Wang Wei Guo
Xie Ke Qin

(b) Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the CWH Group, directly or indirectly, during the financial year:

Name	Position	Employer
De Ming Zhao	Vice General Manager - Manufacturing	Chongqing Yuao Building Materials Co., Ltd.
De Yu Ren	Vice General Manager - Quality Control	Chongqing Yuao Building Materials Co., Ltd.
Ru Qin Cheng	Vice General Manager - Marketing	Chongqing Yuao Building Materials Co., Ltd.
Rong Zhang	Financial Department Manager	Chongqing Yuao Building Materials Co., Ltd.

(c) Key Management Personnel Compensation

	Consolidated		Company	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Short-term employee benefits	170,422	126,431	63,000	57,480
Post employment benefits	176	3,991	-	-
	170,598	**130,422**	**63,000**	**54,480**

Key management personnel disclosures previously required by AASB 124 Related Party Disclosures paragraphs AUS 25.2 to AUS 25.6 and AUS 25.7.1 and AUS 25.7.2 are included in the Remuneration Report section of the Director's Report.

(d) Equity Instrument Disclosures Relating to Key Management Personnel

There is no employee or executive share option plan. No shares were issued to any employee or director of the Company during the year.

18 Key Management Personnel Disclosures (Continued)

(ii) Share Holdings
The numbers of shares in the Company held during the financial year by each director of China West International Holdings Limited and other key management personnel of the CWH Group, including their personally related parties, are set out below.

Name	Balance at the start of the year	Purchased	Other changes during the year	Balance at the end of the year
2009				
Directors of China West International Holdings Limited				
Ordinary shares				
Bao Cheng Luo	7,000,000	-	-	7,000,000
Ke Qin Xie	8,700	-	-	8,700
Total directors' share holdings	**7,008,700**	**-**	**-**	**7,008,700**

Name	Balance at the start of the year	Purchased	Other changes during the year	Balance at the end of the year
2008				
Directors of China West International Holdings Limited				
Ordinary shares				
Bao Cheng Luo	7,000,000	-	-	7,000,000
Ke Qin Xie	8,700	-	-	8,700
Total directors' share holdings	**7,008,700**	**-**	**-**	**7,008,700**

(e) Loans to Key Management Personnel

There were no loans made to directors of China West International Holdings Limited or other key management personnel of the CWH Group, including their personally related parties during the years ended 30 June 2009 and 30 June 2008.

(f) Loans from Directors

	Consolidated		Company	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Loans from directors	**59,000**	348,369	-	7,328

19 Contingencies

There are no contingent liabilities as at 30 June 2009.

20 Remuneration of Auditors

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
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:				
Assurance Services				
Fees paid to the auditor of the Company:				
- Audit and review of financial reports KPMG	109,787	130,000	50,000	130,000
Total for assurance services	**109,787**	**130,000**	**50,000**	**130,000**

21 Commitments

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
(a) Operating Leases				
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	22,750	33,706	22,750	27,300
More than one year but less than five years	-	17,062	-	17,062
Total operating leases	**22,750**	**50,768**	**22,750**	**44,362**
(b) Finance Leases				
Commitments in relation to finance leases are payable as follows:				
Within one year	52,956	30,258	19,103	-
More than one year but less than five years	75,641	45,388	58,713	-
Minimum lease payments	128,597	75,646	77,816	-
Future finance charges	(23,897)	(6,576)	(20,004)	-
Recognised as a liability	**104,700**	**69,070**	**57,812**	**-**
Representing lease liabilities				
Current	45,555	27,628	14,296	-
Non-current	59,145	41,442	43,516	-
	104,700	**69,070**	**57,812**	**-**

The CWH Group had no significant commitments for capital expenditure authorised but not contracted for as at 30 June 2009.

22 Related Party Transactions

(a) Parent Entities

China West International Holdings Limited is the parent entity of the CWH group and is an Australian registered Company. The ultimate parent entity of the CWH Group is Beltrading International Corp, registered in the British Virgin Islands.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 23.

(c) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 18.

(d) Transactions and Balances with Wholly Owned Subsidiaries

	Consolidated		Company	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
(i) Transactions with wholly owned subsidiaries				
Proceeds of loan from subsidiary company	**-**	-	**372,414**	567,127
Dividends paid by subsidiary company	**-**	-	**597,870**	639,937
Debt forgiveness by subsidiary	**-**	-	**413,063**	-
(ii) Balance outstanding with wholly owned subsidiaries				
Loan from subsidiary company	**-**	-	**2,051,539**	2,382,409

(e) Transactions and Balances with Directors' Related Parties

Transactions with directors' related parties are on normal commercial terms no more favourable than those available to other parties unless otherwise stated.

	Consolidated		Company	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
(i) Transactions and Balances with Directors' Related Parties				
Net loan repaid to directors	**(1,156,732)**	(273,403)	**(15,000)**	-
(ii) Balance outstanding with directors related parties				
Amount payable to director	**59,000**	348,369	**-**	7,328

No provisions for doubtful debts have been raised in relation to any outstanding balances and no expense has been recognised in respect of doubtful debts due from director's related parties.

23 Subsidiaries

The consolidated financial statements incorporate the assets and liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(b).

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding % 2009	Equity Holding % 2008
Chongqing Yuao Building Materials Co., Ltd	China	Ordinary	100%	100%
Chinawest International Pte Ltd	Singapore	Ordinary	100%	100%
Armourglass Secure Sdn Bhd	Malaysia	Ordinary	60%	60%

24 Subsequent Events

A third party has taken action against the company to recover fees for services rendered. The amount claimed has been fully accrued and it is expected that the matter will be settled within the amount accrued.

Other than as outlined above, there were no material events subsequent to reporting date impacting upon the parent or controlled entity.

25 Reconciliation of profit after income tax to net cash inflow/(outflow) from operating activities

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Reconciliation of profit/(loss) after income tax to net cash outflow from operating activities				
Profit/(loss) for the year	2,798,912	1,191,996	693,910	(543,115)
Depreciation	608,481	406,441	3,700	1,350
Loss on disposal of plant and equipment	179,162	44,834	-	-
Impairment loss on assets	85,200	702,613	85,200	702,613
Debt forgiveness	(243,852)	-	(413,063)	
Dividend not received in cash	-	-	(597,870)	(639,937)
Unrealised foreign exchange gain	(111,780)	-	(111,780)	-
Gain on debt-restructuring	-	(1,745,301)	-	-
Changes in working capital and provisions				
Decrease/(increase) in trade and other receivables	1,148,759	142,455	22,186	10,448
Increase in inventories	(778,825)	(278,724)	-	-
Increase/ (decrease) in trade and other payables	(881,617)	729,947	(51,664)	49,267
Increase in tax liabilities	129,339	523,384	-	-
Net cash inflow/(outflow) from operating activities	**2,933,779**	**1,717,645**	**369,381**	**(419,374)**

26 Earnings Per Share

	Consolidated 2009	2008
(a) Basic and diluted earnings per share, cents	**3.97**	**1.69**
	$	**$**
(b) Earnings used in calculating earning per share		
Profit attributable to the ordinary equity holders of the Company used in calculating earnings per share	**2,798,912**	1,191,996
(c) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share and dilutive earnings per share	**70,426,256**	**70,426,256**

China West International Holdings Limited and its Controlled Entities
Directors' Declaration

1 In the opinion of the directors of China West International Holdings Limited (the Company):

(a) the financial statements and notes that are set out on pages 20 to 55 and the Remuneration report in the Directors' report, set out on pages 8 to 11, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2009 and of their performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2009.

Signed in accordance with a resolution of the directors:

Bao Cheng Luo
Chairman of the Board

Dated this 30th day of September 2009

KPMG

Independent auditor's report to the members of China West International Holdings Limited

Report on the financial report

We have audited the accompanying financial report of China West International Holdings Limited (the Company), which comprises the balance sheets as at 30 June 2009, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 26 and the directors' declaration of the CWH Group comprising the disclosing entity 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 disclosing entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.

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

Independence

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

KPMG

Basis for Qualified Auditor's Opinion

As at 30 June 2009, the CWH Group has a working capital deficiency of $3,995,099 that includes $1,921,337 of bank loans currently overdue. As disclosed in Note 1(a) to the financial report, Mr Bao Cheng Luo, the Chairman, has provided a written undertaking to personally provide additional funds should the banks call on the outstanding bank loans in the coming twelve months. If Mr Bao Cheng Luo does not have the ability to honour this guarantee, there is significant doubt on the CWH Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. As at the date of this audit report, there is insufficient audit evidence to support Mr Bao Cheng Luo's ability to honour this guarantee.

Auditor's opinion

In our opinion:

a) except for the effect on the financial report of the matter referred to in the qualification paragraph the financial report of China West International Holdings Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the remuneration report

We have audited the Remuneration Report included on pages 8 to 11 of the directors' report for the year ended 30 June 2009. 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 auditing standards.

Auditor's opinion

In our opinion, the remuneration report of China West International Holdings Limited for the year ended 30 June 2009, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Mark Epper
Partner
Sydney, 30 September 2009

ASX ADDITIONAL INFORMATION

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 31 August 2009.

a) Twenty Largest Shareholders

The names of the twenty largest holders of quoted ordinary shares are:

	Number of shares	% of ordinary shares
BELTRADING INTERNATIONAL CORP.	40,476,059	57.47%
STANDFOD GLOBAL LTD	9,186,000	13.04%
BAO CHENG LUO	7,000,000	9,94%
CHANG XING XU	3,333,333	4.73%
MERILL LYNCH	1,012,084	1.44%
JESSIE LIM SIEW LING	842,818	1.20%
YOKE NGOH FONG	756,900	1.07%
FAIRMOUNT OFFSHORE INC.	736,098	1.05%
PARTNER VENTURE HOLDINGS	693,190	0.98%
PHIROSE MAINE	330,000	0.47%
CHEW WENG KIT	245,316	0.35%
CHANGXING XU	243,670	0.35%
QI WANG	219,680	0.31%
WILLIAM EDMUND BRENT	202,415	0,29%
TANG TAO	176,000	0.25%
TING ZHANG	135,335	0.19%
LEI WEI	130,500	0.19%
HUSSEIN MOHAMMED ZEDAN	100,000	0.14%
FANG LIU	95,800	0.14%
HK 1 LIMITED	83,334	0.12%
Total	65,998,532	83.49%

b) Distribution of Equity Securities

The numbers of shareholders, by size of holding, in each class of shares are:

	Number of Holders	Number of Ordinary Shares
1 to 1,000	617	163,811
1,001 to 5,000	126	267,600
5,001 to 10,000	285	2,412,435
10,001 to 100,000	68	1,898,347
100,001 and over	17	65,684,063
Total	1,113	70,426,256

ASX ADDITIONAL INFORMATION

c) Substantial shareholders

Substantial shareholders (owning more than 5% of the share capital) in China West International Holdings Limited at 31 August 2009 are set out below.

	Number of Ordinary Shares	%
Beltrading International Corp	40,476,059	57.47%
Standford Global Ltd	9,186,000	13.04%
Bao Cheng Luo	7,000,000	9.94%

d) Voting Rights

All ordinary shares carry one vote per share without restriction.

e) Securities Exchange

The Company's securities are not quoted on any securities exchange other than the Australian Securities Exchange.

f) Buy Back

There is not a current on-market buy-back.

ASX ADDITIONAL INFORMATION

h) Directors' Interests in Securities

Directors' relevant interests in securities of which the director is the registered holder

Shares

Director	Direct Interests	Indirect Interests
Bao Cheng Luo	7,000,000	40,476,059

Corporate Directory

30 June 2009

Directors

Bao Cheng Luo
Hock Guan Charles Sher
Doug Sutherland
Ernest Wong
Fu Man Chang
Xie Ke Qin
Wang Wei Guo

Company Secretary

Guy Robertson

Registered Office

Suite 1503, Level 15, 97-99 Bathurst Street, Sydney NSW 2000

Auditors

KMPG
10 Shelley Street
Sydney NSW 2000

Share Registry

Computershare Registry Investors Pty Ltd
Level 2, Reserve Bank Building
45 St George's Terrace
Perth WA 6000

Web-site

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Contact Information

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