

Appendix 4D

Half-year report Half-Year ended 31 December 2011

Name of entity

CWH RESOURCES LTD (Formerly China West International Holdings Limited)

ABN 123 009230 111

1.	Half-year ended (current period)	Half-year ended ("previous corresponding period")
	31 December 2011	31 December 2010

2. Results for announcement to the market

\$A'000

2.1	Revenues from ordinary activities (including discontinued operations)	Down	100%	To Nil
2.2	Loss from ordinary activities after tax attributable to members	Down	19.7%	To (713)
2.3	Loss for the period attributable to members	Down	19.7%	To (713)
	Dividends (distributions)	Amount per Security	Franked amount per security	
2.4	Interim dividend (Half yearly report only)	No dividends were declared	N/A	
2.5	Record date for determining entitlements to the dividend	N/A		
<p>2.6 Brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood.</p> <p>This report should be read together with the Interim Financial Report for the half-year ended 31 December 2011 attached and the Annual Report for the year ended 30 June 2011.</p>				

3. Net Tangible Assets	Current period	Previous corresponding Period
Net tangible assets per security	(\$0.027)	\$0.005

4. Dividend or distribution investment plans in operation: None

**CWH Resources Ltd ACN 009230111
(Formerly China West International Holdings Limited)**

Interim Financial Report - 31 December 2011

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Your directors present this interim report on the consolidated entity (referred to hereafter as "the CWH Group"), consisting of CWH Resources Ltd ("the company") and its controlled entities for the half-year ended 31 December 2011.

Directors

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

Bao Cheng Luo	- appointed 15 August 2003
Hock Guan Charles Sher	- appointed 15 August 2003
Wei Guo Wang	- appointed 9 February 2009
Peter Blair	- appointed 20 January 2011
Shun Ming Li	- appointed 06 April 2011
Anthony Mokdassi	- appointed 20 January 2011, resigned 29 August 2011

Company Secretary

The Company secretaries are:

- Bao Cheng, Luo, who was appointed on 29 January 2007;
- Alistair McKeough, who was appointed on 10 February 2012;
- Eng Chuan, Ow, who was appointed on 12 April 2010, resigned on 10 February 2012.

Change of Name

On 21 January 2011 the company changed its name from China West International Holdings Limited to CWH Resources Ltd.

Principal Activities

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

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

Review of Operations

Australia

CWH Resources Ltd ("CWH") aims at broadening its shareholder base to improve its ability to seek further equity capital for its growth plans. CWH has assembled an international group of directors with a blend of corporate, strategic, industry and financial skills and experience to lead the Group in the next few years where it will seek major growth in revenue and diverse investment activities.

The Queensland Department of Mines and Energy updated the application status of Exploration Permits for Minerals, EPM18007 and EPM18160 to "Granted" on 23 December 2010. The Company also lodged applications for exploration permits of mining for EPM19261, EPM19262, EPM19263 and EPM19264 during the year. There are not any competing applications and it may take 18 months or longer for these to be granted to CWH Resources Ltd.

In addition, CWH Resources Ltd issued a prospectus on 15 November 2011 to raise up to \$3 million for its exploration programs in Queensland. The company announced on 17 February 2012 that the offer had been closed and that subscriptions of \$2.51m had been received. The Board is expecting the company to be readmitted to ASX in the near future.

China

On 3 June 2010, the Directors decided to sell Chongqing Yuao Building Materials Co., Ltd (a wholly owned subsidiary of CWH Resources Ltd). Refer to Note 2 for further information.

Singapore

The Singapore subsidiary is presently non-operating.

Operating Results

The net loss after tax of the CWH Group for the half-year ended 31 December 2011 was \$713,300 (2010: loss \$887,588). In the opinion of the directors, the operating results of the CWH Group for the half-year ended 31 December 2011 were not affected by any item, transaction or event of a material or unusual nature, other than the impact on the disclosures related to the classification of CYBM as a discontinued operation following the agreement to dispose of the business.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of CWH Group during the half-year.

Environmental Regulation

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

Matters Subsequent to the End of the Financial Period

The offer of securities to the public pursuant to the replacement prospectus lodged by the company on 15 November 2011 has been subscribed with a minimum subscription fulfilled, and the offer was closed on 17 February 2012.

On 23 February 2012 the Company was served with a statement of claim in the District Court, whereby R.F.G.T. Australia Pty Ltd ("RFGT") claims \$360,890 plus interest and costs in connection with payment for the services alleged to have been provided to the Company. Refer to Note 6 for further detail.

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

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 3 and forms part of the director's report for the half-year ended 31 December 2011.

Signed in accordance with a resolution of the directors:



Bao Cheng Luo
07 March 2012

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of CWH Resources Limited:

As lead auditor for the review of CWH Resources Limited for the half-year ended 31 December 2011 I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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



D K Swindells
Partner

Sydney
07 March 2012

**CWH Resources Ltd and Controlled Entities
Consolidated Statement of Financial Position
As at 31 December 2011**

	Notes	Consolidated 31 Dec 2011 \$	Consolidated 30 June 2011 \$
Current Assets			
Cash and cash equivalents	8	2,362	1,956
Trade and other receivables		4,691	63,921
Financial assets		112,955	179,167
		120,008	245,044
Assets classified as held for sale	2.1	11,016,965	7,983,801
Total current assets		11,136,973	8,228,845
Non-current Assets			
Other Receivables		57,387	52,584
Property, plant and equipment		100,417	6,446
Investment accounted for using equity method		-	-
Total non-current assets		157,804	59,030
Total Assets		11,294,777	8,287,875
LIABILITIES			
Current Liabilities			
Trade and other payables		313,290	676,097
Loans and borrowings	9	14,846	-
		328,136	676,097
Liabilities directly associated with assets classified as held for sale	2.2	11,941,219	8,322,341
Total current liabilities		12,269,355	8,998,438
Non-current Liabilities			
Loans and borrowings	9	1,050,306	495,162
Total non-current liabilities		1,050,306	495,162
Total Liabilities		13,319,661	9,493,600
Net Assets/(Liabilities)		(2,024,884)	(1,205,725)
EQUITY			
Share capital	3	15,188,814	15,188,814
Reserves		(1,633,520)	(1,527,661)
Accumulated losses		(15,580,178)	(14,866,878)
Total Equity (Deficiency)		(2,024,884)	(1,205,725)

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CWH Resources Ltd
Consolidated Statement of Comprehensive Income
For the Half-Year Ended 31 December 2011

	Notes	Consolidated 31 Dec 2011 \$	Consolidated 31 Dec 2010 \$
Continuing operations			
Sales revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Other income			
- Reversal of accrual		360,890	-
- Other		-	14,144
Personnel costs		(209,074)	(18,898)
Travel costs		(9,213)	(22,133)
Administrative expenses		(314,572)	(416,440)
Impairment of equity accounted investment		-	(206,634)
Impairment expense		(66,212)	(132,681)
Other expenses		(6,885)	(2,492)
Results from operating activities		(245,066)	(785,134)
Finance costs		(11,303)	(3,753)
Loss before income tax		(256,369)	(788,887)
Income tax expense		-	-
Loss after income tax		(256,369)	(788,887)
Loss from discontinued operation	2.3	(456,931)	(98,701)
Profit (loss) attributable to members of CWH Resources Ltd		(713,300)	(887,588)
Foreign currency translation differences for foreign operations		(105,859)	(382,072)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		(819,159)	(1,269,660)
Earnings per share			
Basic and diluted earnings (loss) per share (cents)		(0.93)	(1.26)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CWH Resources Ltd
Consolidated Statement of Changes in Equity
For the Half-Year Ended 31 December 2011

Consolidated

	Share Capital	Share Options Reserve	General Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2010	14,137,394	-	646,067	(1,931,943)	(12,230,669)	620,849
Loss for the year	-	-	-	(382,072)	(887,588)	(1,269,660)
Options conversion	74,570	(74,570)	-	-	-	-
Issue of options	-	1,021,420	-	-	-	1,021,420
Balance at 31 December 2010	14,211,964	946,850	646,067	(2,314,015)	(13,118,257)	372,609
Balance at 1 July 2011	15,188,814	-	646,067	(2,173,728)	(14,866,878)	(1,205,725)
Loss for the year	-	-	-	-	(713,300)	(713,300)
Exchange differences on translation of foreign operations	-	-	-	(105,859)	-	(105,859)
Balance at 31 December 2011	15,188,814	-	646,067	(2,279,587)	(15,580,178)	(2,024,884)

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

CWH Resources Ltd
Consolidated Statement of Cash Flows
For the Half-Year Ended 31 December 2011

	Note	Consolidated 31 Dec 2011	Consolidated 31 Dec 2010
		\$	\$
Cash Flows From Operating Activities			
Receipts from customers		6,085,480	3,523,469
Payments to suppliers, employees and others		(5,265,554)	(4,121,391)
Interest paid		(70,676)	(69,671)
Other revenue received		-	1,634
Net cash inflow from operating activities		749,250	(665,959)
Cash Flows from Investing Activities			
Payments for property, plant & equipment		(423,951)	(338,043)
Payments for intangible assets		(893,510)	-
Payments for other non-current assets		-	(155,500)
Net cash outflow from investing activities		(1,317,461)	(493,543)
Cash Flows From Financing Activities			
Proceeds from issues of shares options, etc		-	997,297
Proceeds of loan from related parties		569,801	235,099
Repayment of loan to related parties		-	(62,801)
Net cash outflow from financing activities		569,801	1,169,595
Net increase/(decrease) in cash and cash equivalents		1,590	10,093
Cash and cash equivalents at the beginning of the half-year		12,842	21,237
Effects of exchange rate changes on cash and cash equivalents		936	(3,153)
Cash and cash equivalents at the end of the year	8	15,368	28,177

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Interim Financial Statements

1. Summary of Significant Accounting Policies

CWH Resources Ltd ("CWH" or "the Company") is a company limited by shares, incorporated in Australia, whose shares are traded on the Australian Securities Exchange ("ASX") and is the ultimate holding company in the CWH Group. The consolidated interim financial report for the half-year ended 31 December 2011 comprises the Company and its controlled entities ("the CWH Group").

The nature of operations and principal activities of the CWH Group are described in the Directors' Report.

(a) Statement of compliance

The consolidated interim financial report for the half-year ended 31 December 2011 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The consolidated interim financial report does not include all of the notes of the type normally included in an annual financial report, and should be read in conjunction with the consolidated annual financial report of the CWH Group for the year ended 30 June 2011, and any public announcement made by CWH during the interim reporting period.

The consolidated interim financial report of CWH Resources Ltd was approved by the Board of Directors on 01 March 2012.

(b) Significant accounting policies

The accounting policies applied by the CWH Group in this consolidated interim financial report are the same as those applied by the CWH Group in the 2011 Annual Report.

(c) Basis of preparation

Historical Cost Convention

These financial statements have been prepared under the historical cost convention.

Estimates

The preparation of an interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the consolidated interim financial report, the significant judgements made by management in applying the CWH Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2011 Annual Report.

Going Concern

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

As at 31 December 2011 the balance sheet of the group shows a net asset deficiency of \$2,024,884, of which \$924,254 relates to a discontinued operation (refer to Note 2), leaving a net asset deficiency of \$1,100,630 relating to the continuing operations on consolidation. The net asset deficiency of the continuing operations was \$2,248,025 as at 31 December 2011.

Also at that date, excluding the discontinued operation, current liabilities exceeded current assets by \$208,128.

The Statement of Comprehensive Income for the half-year ended 31 December 2011 shows a loss from continuing operations for the period of \$256,369, and a loss from discontinued operations of \$456,931.

As stated in Note 2, the production facilities of a controlled entity, Chongqing Yuao Building Materials Co., Ltd, which are expected to be sold under an agreement dated 6 December 2010, may have to be closed before 31 December 2012, if ordered so by a Chinese local government authority.

The directors believe that the Company and the consolidated entity will be able to fund future operations through the proceeds from the sale of Chongqing Yuao Building Materials Co., Ltd, and proceeds received under the recent fund raising anticipated to be completed in the near future (refer Note 5). Without this fund raising and the proceeds from disposal of, or in the event the sale does not complete, achievement of positive cash flow for, Chongqing Yuao Building Materials Co., Ltd operations, there is significant uncertainty whether the consolidated entity will be able to continue as a going concern.

If the consolidated entity is unable to continue as a going concern, it may be required to make adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities, and may be unable to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report.

(d) Discontinued operation

Assets of the discontinued operation (refer to Note 2) are measured at recoverable amount (the lower of their carrying amount and fair value less costs to sell). The assets are included at 31 December 2011 at their carrying amount, which is depreciated cost.

Non-current assets of the discontinued operation are not depreciated or amortised while they are classified as held for sale.

The recoverable amount of the assets of the discontinued operation has been determined for the group of assets of the discontinued operation as a whole.

2. Discontinued operations of Chongqing Yuao Building Materials Co., Ltd

On 6 December 2010 CWH Resources Ltd entered into a contract to sell its investment in Chongqing Yuao Building Materials Co., Ltd ("CYABM") at a price of RMB 12,910,000 (equal to \$2,014,166 Australian Dollars as at 31 December 2011). The consideration will be paid in Australian Dollars.

This sale agreement is subject to the approval of the relevant government authority. The Directors consider that this approval will be obtained. The recoverable amount of the assets of the discontinued operation has been determined for the group of assets of CYBM as a whole. Should the sale not proceed, a re-assessment of recoverable amount of the assets of CYBM will be required, and as a result adjustments might be required to the recoverable amount of the assets of the discontinued operation, which may be below carrying amount.

Under a general Notice of Reinforcement for Elimination of Undeveloped Production Capacity (Yufufa [2010] No. 75), published by a Chinese local government authority, CYBM's production facilities may not be compliant. Although the Company has improved the production facilities, Directors are of the view that the current operations of CYBM may be required by the local government to shut down before December 2012. At the date of this report, the Group has not received any official notice in connection with this matter.

2.1 Assets classified as held for sale

	31 Dec 2011	30 June 2011
	\$	\$
Current Assets		
Cash and cash equivalents	13,006	10,886
Trade and other receivables	1,242,060	1,043,854
Inventories	3,749,623	2,232,868
Total current assets	5,004,689	3,287,608
Non-current Assets		
Property, plant and equipment	5,118,766	4,696,193
Intangible assets	893,510	-
Total non-current assets	6,012,276	4,696,193
Total Assets in consolidated accounts	11,016,965	7,983,801
Receivable from parent company, eliminated on consolidation	1,147,395	1,124,472
Total assets of discontinued operation	12,164,360	9,108,273

Note: Included in Intangible assets is an amount paid for land use rights, for 17 years.

The recoverable amount of the assets of the discontinued operation has been determined for the group of assets of the discontinued operation as a whole, assuming that the sale referred to above will complete.

2.2 Liabilities directly associated with assets classified as held for sale

	31 Dec 2011 \$	30 June 2011 \$
LIABILITIES		
Current Liabilities		
Trade and other payables	9,568,256	5,256,077
Loans and borrowings	1,480,592	1,367,238
Current tax liabilities	892,371	1,699,026
Total current liabilities	<u>11,941,219</u>	<u>8,322,341</u>
Total Liabilities	<u>11,941,219</u>	<u>8,322,341</u>
Net assets on consolidation	(924,254)	(338,540)
Net assets including related company receivable	<u>223,141</u>	<u>785,932</u>

2.3 Chongqing Yuao Building Materials Co., Ltd Statement of Comprehensive Income For the Half-Year Ended 31 December 2011

	31 Dec 2011 \$	31 Dec 2010 \$
Sales revenue	3,796,078	3,415,666
Cost of sales	(3,425,435)	(2,838,168)
Gross profit	<u>370,643</u>	577,498
Other Revenue	-	84,369
Other Cost of sales	-	(46,359)
Net Income before overheads	<u>370,643</u>	615,508
Selling and distribution costs	(68,565)	-
Administrative expenses	(558,823)	(382,307)
Personnel costs	-	(369,739)
Travel costs	-	(100,702)
Other operating expenses	(140,813)	(6,793)
Foreign exchange gain/(loss)	-	204,513
Results from operating activities	<u>(397,558)</u>	(39,520)
Finance costs	(59,373)	(59,181)
Loss before income tax	<u>(456,931)</u>	(98,701)
Income tax expense	-	-
Loss after income tax	<u>(456,931)</u>	(98,701)
Other comprehensive income	-	-
Total comprehensive income	<u>(456,931)</u>	<u>(98,701)</u>

2.4 Chongqing Yuao Building Materials Co., Ltd
Cash Flow Statement
For the Half-Year Ended 31 December 2011

	31 Dec 2011	31 Dec 2010
	\$	\$
Net operating cash flows	1,203,913	(152,379)
Net investing cash flows	(1,316,083)	-
Net financing cash flows	113,354	174,052
Effects of exchange rate changes on cash and cash equivalents	936	-
Net increase in cash generated by discontinued operations	2,120	21,673

3. Share Capital

	31 Dec 2011	30 June 2011	31 Dec 2011	30 June 2011
	Number of Shares	Number of Shares	\$	\$
Share Capital				
Fully paid ordinary shares	76,316,615	76,316,615	15,188,814	15,188,814

Options

There were no options in existence at 31 December 2011.

4. Related Party Transactions

Arrangements with related parties continue to be in place. For details of these arrangements refer to the June 2011 Annual Report.

5. Subsequent Events

The offer of securities to the public pursuant to the replacement prospectus lodged by the company on 15 November 2011 has been subscribed with a minimum subscription fulfilled, and the offer was closed on 17 February 2012. CWH Resources Ltd received \$2,510,000.00. Securities will be allotted and issued with holding statements shortly.

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

6. Commitments and Contingencies

The CWH Group had no significant commitments for capital expenditure that were authorised and contracted as at 31 December 2011. Operating and finance lease arrangements continue to be in place and have not changed significantly to those disclosed in the June 2011 Annual Report, other than the finance lease of a motor vehicle.

The Company entered into a Memorandum of Understanding with R.F.G.T. Australia Pty Ltd ("RFGT") for the provision of geotechnical services in October 2010. On 22 January 2011 CWH executed a Geotechnical Services Agreement with RFGT, the agreement provides for payment to RFGT of US\$396,000 and the issue of shares in the Company to the value of 2.5% of any mineral resource identified by RFGT.

RFGT has provided a report to the Company and demanded payment of the sum of \$360,980. The Company asserts that the report is not in the agreed format and does not meet the required JORC standard, and the Company is not liable to make any payment to RFGT. The Company asserts that it was misled into entering the Geotechnical Services Agreement.

On 23 February 2012 the Company was served with a statement of claim in the District Court, whereby RFGT claims \$360,890 plus interest and costs in connection with payment for the services said to have been provided to the Company.

The Company disputes the claim and has instructed its solicitors to lodge a defence, and also a cross-claim to recover \$50,000 plus other damages, plus interest and costs from RFGT.

In the Directors' opinion there is significant uncertainty in relation to the outcome of this claim. As the Directors cannot measure with sufficient reliability the face value of any liability which might arise as a result of this claim, no amount is included in the statement of financial position as at 31 December 2011 in relation to this matter.

7. Segment Information

The CWH Group has historically had two operating segments. The China business, consisting of a cement production plant, and the Australian business, primarily a corporate office and investor in strategic investments.

As stated in Note 2, the China business is now a discontinued operation. Information on the discontinued operation is included in Note 2.

8. Cash and Cash Equivalents

	31 Dec 2011	31 Dec 2010
	\$	\$
Cash shown in Statement of Financial Position:		
Cash	2,362	1,659
Cash of discontinued operations (Note 2)	13,006	26,518
Cash and cash equivalents shown in the Statement of Cash Flows	15,368	28,177

9. Loans and Borrowings

	31 Dec 2011	30 June 2010
	\$	\$
Current		
Finance lease	14,846	-
Non-Current		
Finance lease	98,697	-
Loan from Director	859,429	402,982
Loan from Shareholder	92,180	92,180
	1,050,306	495,162

The finance lease is secured over the motor vehicle to which the lease relates.

The loan from a director and the loan from a shareholder are interest free and unsecured. The loans are not repayable until after 1 January 2013.

**CWH Resources Ltd and its Controlled Entities
Directors' Declaration**

In the opinion of the directors of CWH Resources Ltd ("the Company"):

- (a) the interim financial statements and notes set out on pages 4 to 14 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the CWH Group's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Bao Cheng Luo
Chairman of the Board

Dated 07 March 2012

CWH RESOURCES LIMITED & CONTROLLED ENTITIES**INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

To the members of CWH Resources Limited

We have reviewed the accompanying half-year financial report of CWH Resources Limited ("the Company") which comprises the statement of financial position as at 31 December 2011, the statement of financial performance, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

CWH RESOURCES LIMITED & CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

(Continued)

Independence

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of CWH Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Basis for Qualified Review Conclusion

As stated in Note 2, on 6 December 2010, the group entered a contract to sell its investment in its controlled entity Chongqing Yuao Building Materials Co, Ltd ("CYBM") at a price of RMB12,910,000 (equal to A\$2,014,166 as at 31 December 2011). In preparing the consolidated accounts for the half-year ended 31 December 2011 CYBM has been treated as a discontinued operation. As also stated in Note 2, the sale agreement is subject to approval by a relevant government authority in China. The government approval has not yet been received.

Included in the consolidated balance sheet as at 31 December 2011 are assets of CYBM amounting to \$11,016,965, and liabilities of CYBM amounting to \$11,941,219. As stated in Note 2, the recoverable amount of those assets has been determined for the assets of CYBM as a whole, assuming that the contract for sale is completed.

The significant delay in receiving government approval for the sale casts doubt on the likelihood of completion of the sale agreement.

If the sale agreement is not completed, the abovementioned assumption supporting the determination of the recoverable amount of the assets of CYBM will not be valid.

Had the recoverable amount of CYBM assets as at 31 December 2011 been determined on a different basis, adjustments may have been required to the carrying value of assets of the discontinued operation at that date, and an impairment loss may have had to be recognised at that date. The determination of recoverable amount may also be impacted by the possibility of closure of CYBM's production facility before 31 December 2012, as disclosed in Note 1(c).

Qualified Conclusion

Based on our review, which is not an audit, except for the possible effects of the matter described in the Basis for Qualified Auditor's Conclusion paragraphs, we have not become aware of any matter that makes us believe that the half-year financial report of CWH Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

CWH RESOURCES LIMITED & CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

(Continued)

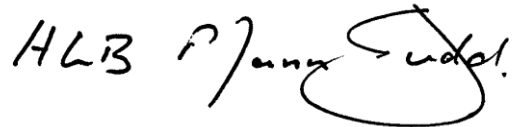
Material Uncertainty Regarding Continuation as a Going Concern

Without further qualification to our conclusion expressed above, we draw attention to Note 1(c) to the half-year financial report, which indicates that the consolidated entity has recorded a loss after income tax from continuing operations for the half-year ended 31 December 2011 of \$256,369, and a loss from discontinued operations of \$456,931 for that period; also, the balance sheet of the consolidated entity as at 31 December 2011 discloses a deficiency of net assets of \$2,024,884, and a deficiency of current assets of continuing operations in excess of current liabilities of continuing operations of \$208,128. Further, Note 2 discloses that there has been a significant delay in completing the sale of the discontinued operation, and a Chinese local government authority Notice might require closure of the operations of the discontinued operation, if not sold, before 31 December 2012.

These conditions, along with other matters as set forth in Note 1(c) and Note 2, indicate the existence of material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, the consolidated entity may be unable to realise its assets at their carrying values and discharge its liabilities in the normal course of business.

Material Uncertainty – Claim

We draw attention to Note 6, which discloses a significant uncertainty relating to the outcome of a claim made against the consolidated entity. Our opinion is not qualified in respect of this matter.

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

**HLB MANN JUDD
Chartered Accountants**

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

**D K Swindells
Partner**

**Sydney
12 March 2012**