

CWH Resources Ltd ACN 009230111

Interim Financial Report - 31 December 2013

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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 2013.

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 6 April 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

Review of Operations Australia

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

Exploration activities in Queensland

CWH is in the final stages of planning for physical exploration of tenement EPM 180007 located northeast of Mt Isa in Northern Queensland, with a view to commencing physical exploration during 2014.

Agreement with Tangiers

On 8 October 2013 CWH advised that the agreement with Tangiers, by which it was to farm in to exploration activities to earn a 70 per cent interest in blocks WA-442-P and NT/P81 located in the southern Bonaparte Basin, terminated following certain conditions precedent not being met.

Kazakhstan

In August 2007 CWH acquired a 45% interest in a multi-metal inter-grown mine located in the state of East Kazakhstan, through Discovery Co. The permit is located in the Alisher mining areas of Jiliangnuofsike Region of the Republic of Kazakhstan, with size of 11.89 square kilometres. The main resources of the permit are copper and nickel ores. During the second half of 2013, CWH has engaged a team of geologists and engineers in Kazakhstan to prepare for geophysical exploration.

China

Chongqing Yuao Building Materials Co. Ltd

CWH's wholly owned subsidiary, Chongqing Yuao Building Materials Co. Ltd (CYBM), commenced implementing upgrades to its plants to reduce costs and improve productivity by replacing old plant and adding additional plant.

On 3 June 2010, the Directors approved the decision to sell Chongqing Yuao Building Materials Co., Ltd ("CYBM"), a wholly owned subsidiary of CWH Resources Ltd). A sale agreement was entered on 6 December 2010. The sale has not yet been completed. 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 2013 was \$1,129,170 (2012: loss \$1,644,276). Income tax expense for the half-year was \$NIL (2012: \$NIL).

The operating results of the CWH Group for the half-year ended 31 December 2013 were not affected by any item, transaction or event of a material or unusual nature.

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 2013.

Signed in accordance with a resolution of the directors:



Bao Cheng Luo
28 March 2014

CWH RESOURCES LTD

ACN 009 230 111

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of CWH Resources Limited

As lead auditor for the review of the financial report of CWH Resources Ltd for the half-year ended 31 December 2013 I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

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

**Sydney, NSW
28 March 2014**



**D K Swindells
Partner**

**CWH Resources Ltd and Controlled Entities
Consolidated Statement of Financial Position
As at 31 December 2013**

	Notes	Consolidated 31 Dec 2013 \$	Consolidated 30 June 2013 \$
Current Assets			
Cash and cash equivalents		73,632	56,286
Trade and other receivables		30,284	10,175
Financial assets		13,075	26,150
		116,991	92,611
Assets classified as held for sale	2.1	5,023,399	4,959,492
Total current assets		5,140,390	5,052,103
Non-current Assets			
Other receivables		47,615	48,388
Property, plant and equipment		3,742	78,150
Investment accounted for using equity method		2,149	2,149
Total non-current assets		53,506	128,687
Total Assets		5,193,896	5,180,790
LIABILITIES			
Current Liabilities			
Trade and other payables		595,181	521,692
Liabilities directly associated with assets classified as held for sale	2.2	12,234,960	11,089,202
Total current liabilities		12,830,141	11,610,894
Non-current Liabilities			
Loans and borrowings	8	518,107	244,361
Total non-current liabilities		518,107	244,361
Total Liabilities		13,348,248	11,855,255
Net Assets/(Liabilities)		(8,154,352)	(6,674,465)
EQUITY			
Share capital	3	18,698,814	18,698,814
Reserves		(2,830,345)	(2,479,628)
Accumulated losses		(24,022,821)	(22,893,651)
Total Equity (Deficiency)		(8,154,352)	(6,674,465)

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

CWH Resources Ltd
Consolidated Statement of Profit or Loss and other Comprehensive Income
For the Half-Year Ended 31 December 2013

	Notes	Consolidated 31 Dec 2013 \$	Consolidated 31 Dec 2012 \$
Continuing operations			
Sales revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Other income			
Interest		99	11,775
Gain/Loss on sale of assets		(29,098)	-
Administrative expenses		(353,341)	(617,917)
Impairment of equity accounted investment		(13,075)	(32,968)
Results from operating activities		(395,415)	(639,110)
Finance costs		(1,433)	(6,848)
Loss before income tax		(396,848)	(645,958)
Income tax expense		-	-
Loss after income tax		(396,848)	(645,958)
Loss from discontinued operation	2.3	(732,322)	(998,318)
Profit (loss) attributable to members of CWH Resources Ltd		(1,129,170)	(1,644,276)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Foreign currency translation differences for foreign operations		(350,717)	(13,900)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		(1,479,887)	(1,658,176)
Earnings per share			
Basic and diluted earnings (loss) per share (cents)		(1.19)	(1.76)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CWH Resources Ltd
Consolidated Statement of Changes in Equity
As at 31 December 2013

	Share Capital	General Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2012	18,435,624	646,067	(2,227,229)	(18,118,783)	(1,264,321)
Loss for the year	-	-	(13,900)	(1,644,276)	(1,658,176)
Balance at 31 December 2012	18,435,624	646,067	(2,241,129)	(19,763,059)	(2,922,497)
Balance at 1 July 2013	18,698,814	646,067	(3,125,695)	(22,893,651)	(6,674,465)
Loss for the year			(350,717)	(1,129,170)	(1,479,887)
Balance at 31 December 2013	18,698,814	646,067	(3,476,412)	(24,022,821)	(8,154,352)

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 2013

	Consolidated 31 Dec 2013	Consolidated 31 Dec 2012
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers	1,794,517	4,210,042
Payments to suppliers, employees and others	(2,158,764)	(4,629,375)
Interest received/(paid)	(1,370)	5,047
Net cash inflow from operating activities	(365,617)	(414,286)
Cash Flows from Investing Activities		
Payments for property, plant & equipment	(1,065)	(8,636)
Payments for other non-current assets	(1,242)	(139,965)
Net cash outflow from investing activities	(2,307)	(148,601)
Cash Flows From Financing Activities		
Proceeds of loan from related parties	275,220	(342,533)
Repayment of loan to related parties	110,050	-
Others	-	(182)
Net cash outflow from financing activities	385,270	(342,715)
Net increase/(decrease) in cash and cash equivalents	17,346	(905,602)
Cash and cash equivalents at the beginning of the half year	58,918	1,179,543
Effects of exchange rate changes on cash and cash equivalents	138	(162)
Cash and cash equivalents at the end of the year 9	76,402	273,779

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"). The consolidated interim financial report for the half-year ended 31 December 2013 is in relation to the Company and its controlled entities ("the CWH Group").

The nature of operations 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 2013 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 2013, 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 21 March 2014.

(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 30 June 2013 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 judgments, 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 judgments 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 30 June 2013 Annual Report.

Going Concern

The financial report has been prepared on a going concern basis.

As at 31 December 2013 the balance sheet of the group shows net liabilities of \$8,154,352, of which \$7,211,561 relates to a discontinued operation (refer to Note 2), leaving \$942,791 net liabilities of the continuing operations.

The Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2013 shows a loss for the period of \$1,129,170, and a total comprehensive loss for the period of \$1,479,887.

As stated in Note 2, some of the production facilities of a controlled entity, Chongqing Yuao Building Materials Co., Ltd ("CYBM"), which are expected to be sold under an agreement dated 6 December 2010, were closed during 2013, due to a Chinese government regulation.

The directors believe that the Company and the consolidated entity will be able to fund future operations through the proceeds from the sale of CYBM, or from cash generated by CYBM if the company is not sold. The Board will also consider an additional fund raising in the near future if required. Without this fund raising and the proceeds from disposal of, or in the event the sale does not complete, achievement of positive cash flow from, CYBM operations, there is material 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

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the Statement of Profit or Loss and Other Comprehensive Income.

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

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

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 ("CYBM") at a price of RMB 12,910,000 (equal to \$2,384,250 Australian Dollar as at 31 December 2013). 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. Should the sale not proceed, a re-assessment of the 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.

2.1 Assets classified as held for sale

	31 Dec 2013	30 June 2013
	\$	\$
Current Assets		
Cash and cash equivalents	2,770	2,632
Trade and other receivables	1,142,297	998,516
Inventories	381,185	454,107
Total current assets	1,526,252	1,455,255
Non-current Assets		
Property, plant and equipment	2,176,483	2,207,366
Intangible assets	1,320,664	1,296,871
Total non-current assets	3,497,147	3,504,237
Total Assets	5,023,399	4,959,492

Note: Included in the trade receivables balance are amounts due from CWH group entities.

The value of property, plant and equipment has been impaired during the year to reflect the anticipated recoverable value of equipment that is no longer utilised.

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 2013 \$	30 June 2013 \$
LIABILITIES		
Current Liabilities		
Trade and other payables	7,844,874	7,160,048
Related party loans	1,581,066	1,260,312
Loans and borrowings	1,752,636	1,665,175
Current tax liabilities	1,056,384	1,003,667
Total current liabilities	12,234,960	11,089,202
Total Liabilities	12,234,960	11,089,202

2.3 Chongqing Yuao Building Materials Co., Ltd Statement of Profit or Loss and Other Comprehensive Income For the Half-Year Ended 31 December 2013

	31 Dec 2013 \$	31 Dec 2012 \$
Sales revenue	1,811,907	3,281,914
Cost of sales	(1,834,265)	(3,708,301)
Gross profit	(22,358)	(426,387)
Other income	72,576	-
Net Income before Overheads	50,218	(426,387)
Selling and distribution costs	(26,262)	(41,125)
Administrative expenses	(690,799)	(477,909)
Other operating expenses	(4,259)	(153)
Results from operating activities	(671,102)	(945,574)
Finance costs	(61,220)	(52,744)
Loss before income tax	(732,322)	(998,318)
Income tax expense	-	-
Loss after income tax	(732,322)	(998,318)
Other comprehensive income	-	-
Total comprehensive income	(732,322)	(998,318)

**2.4 Chongqing Yuao Building Materials Co., Ltd
Cash Flow Statement
For the Half-Year Ended 31 December 2013**

	31 Dec 2013	31 Dec 2012
	\$	\$
Net operating cash flows	(59,977)	275,961
Net investing cash flows	(2,307)	(139,965)
Net financing cash flows	62,284	(154,310)
Net increase in cash generated by controlled entity	-	(18,314)

3. Share Capital

	Company		Company	
	31 Dec 2013	30 Jun 2013	31 Dec 2013	30 Jun 2013
	Number of Shares	Number of Shares	AUD	AUD
Share Capital				
Fully paid ordinary shares	94,748,968	94,748,968	18,698,814	18,698,814

4. Related Party Transactions

Arrangements with related parties continue to be in place. For details of these arrangements refer to the 30 June 2013 Annual Report.

5. Subsequent Events

There were no material events subsequent to reporting date impacting upon the parent or controlled entity.

6. Commitments

(a) Future Tenement Expenditure

It is a condition of the grant of the Exploration Permits that the company shall carry out a program of works and comply with expenditure commitments during the term of each permit.

The future expenditure commitments for the 2 Queensland permits owned by CWH are as follows:

Year commencing	EPM 18160	EPM 18007
	\$	\$
23 December 2010	660,000	660,000
23 December 2011	1,300,000	900,000
23 December 2012	1,030,000	1,070,000
23 December 2013	880,000	850,000
23 December 2014	640,000	600,000
	<u>4,510,000</u>	<u>4,080,000</u>

6. Commitments (continued)

(b) Operating Leases

Operating lease arrangements continue to be in place, and are not materially different to those disclosed in the 30 June 2013 annual report.

7. Segment Information

The CWH Group in the past had 2 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. Loans and Borrowings

	31 Dec 2013	30 June 2013
	\$	\$
Non-current		
Loan from director	518,107	244,361
Total Non-current liabilities	518,107	244,361

9. Cash

Cash on hand at end of the period includes:

	31 Dec 2013	31 Dec 2012
	\$	\$
Cash and cash equivalents – continuing operations	73,632	261,320
Cash and cash equivalents – held in discontinued operations (Note 2.1)	2,770	12,459
	76,402	273,779

CWH Resources Ltd and its Controlled Entities Directors' Declaration

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

- (a) the financial statements and notes set out on pages 4 to 13 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 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 28 March 2014

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

To the members of CWH Resources Ltd:

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of CWH Resources Ltd ("the company") which comprises the statement of financial position as at 31 December 2013, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

CWH RESOURCES LTD

ACN 009 230 111

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

Basis for Disclaimer of Conclusion

The consolidated entity's assets at 31 December 2013 include assets of a controlled entity, deemed to be a discontinued operation, recognised at \$5,023,399. We have been unable to obtain sufficient appropriate audit evidence that the assets of the discontinued operation are measured at the lower of their carrying value and fair value less costs to sell. We have also been unable to obtain sufficient appropriate audit evidence of the liability of \$1,752,636 at 31 December 2013 for bank loans of the discontinued operation.

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

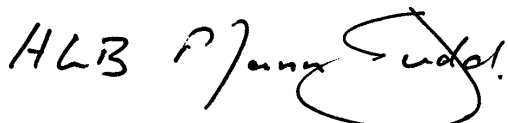
Disclaimer of Conclusion

Because of the significance of the matters described in the Basis for Disclaimer of Conclusion paragraph, we have not been able to obtain sufficient appropriate evidence to provide a basis for a review conclusion. Accordingly, we do not express a conclusion on the half-year financial report.

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 financial report, which describes the reasons for which the financial report has been prepared on a going concern basis. Note 1(c) indicates that the continuation of normal business activities is dependent on the completion of the disposal of Chongqing Yuao Building Materials Co. Ltd, or if the sale does not complete the generation of positive cash flows from the operations of Chongqing Yuao Building Materials Co. Ltd, and the completion of additional fund raising if required. The note indicates the existence of material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, whether it will realise its assets at their carrying values and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Our auditor's report for the year ended 30 June 2013 included a similar comment.

A handwritten signature in black ink, appearing to read 'HLB Mann Judd'.

**HLB Mann Judd
Chartered Accountants**

**Sydney, NSW
1 April 2014**

A handwritten signature in black ink, appearing to read 'D K Swindells'.

**D K Swindells
Partner**