

# CHONGHERR INVESTMENTS LTD

ABN 52 054 161 821

## HALF YEAR REPORT PERIOD ENDING ON 30 JUNE 2010

### APPENDIX 4D

#### 1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	30/6/2010	30/6/2009
Sales revenue	\$1,110,984	\$1,264,393
Operating profit/(loss)	(\$290,056)	(\$343,805)
Net profit/(loss)	(\$290,056)	(\$343,805)
Earnings per share	(0.253)cents	(0.299) cents

Sales revenue totals \$1,110,984, representing a decrease of \$153,409 (12.1%) as compared with the previous corresponding period (30 June 2009).

The loss from ordinary activities after tax (and the net loss for the period) attributable to members is \$290,056 representing a decrease of \$53,749 over the previous corresponding period (30 June 2009 loss \$343,805).

The reduced sales value is based on decreased sales volumes due to the project delays under strict credit control imposed by the Chinese government and the risk control policy has been applied to minimize the risk of default payments from customers.

The ChongHerr Group continues to experience inflationary pressure on operating costs and this, along with the lower sales result, has contributed to the decrease in profit in the current period.

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

At 30 June 2010, the ChongHerr Group's consolidated balance sheet shows total assets of \$5,389,735, total liabilities of \$1,002,580, and net assets of \$4,387,155. Current assets total \$2,014,188 and include cash assets of \$48,717 and receivables of \$1,822,061. Current liabilities total \$450,038.

For a number of years the ChongHerr Group's major revenue source has been the sale of its products into the Chinese market, and in particular to one customer Shenzhen Helidon Sandstone Ltd. The Group has been and is economically dependent on this customer. Included in trade receivables at balance date is \$1,621,230 relating to this customer. As set out in note 1(b) in the financial statements, this receivable has \$1,036,043 past due, and is shown at amortised cost.

The directors closely monitor trading with this customer and the collection of amounts receivable. Whilst the receivable is overdue, the directors consider the balance is fully recoverable and have put measures in place to achieve recovery. The outstanding receivable balance has resulted in a low level of liquidity in the Group.

The Group's ability to continue as a going concern is dependent upon the collection of the amounts owing. Based on the Group's cashflow projections for the period ending 30 June 2011, the agreed repayment plan with the customer would allow the Group to operate within its existing bank overdraft facility.

On the basis of the above, the Directors have formed the view that it is appropriate to prepare the financial report on a going concern basis.

The market outlook for sandstone products remains strong in the export market; The Board anticipates that the building and construction activities in China will continue to favourably impact ChongHerr in the next 12 months. As of today, the total value of contract on hand for the second half of the year is around \$0.7 million.

## **2. NET TANGIBLE ASSET BACKING**

Net tangible asset backing per security as at 30 June 2010 is 3.8 cents (30 June 2009 3.9 cents).

## **3. CHANGE IN COMPOSITION OF THE REPORTING ENTITY**

ChongHerr Investments Ltd has not gained/lost control of any entity during the period.

## **4. DIVIDENDS**

The directors do not recommend the payment of an interim dividend for the period. There is no dividend reinvestment plan in place.

## **5. DETAILS OF ASSOCIATES OR JOINT VENTURE ENTITIES**

ChongHerr Investments Ltd has no associates or joint venture entities as at 30 June 2010.

## **6. FOREIGN ENTITIES**

ChongHerr Investments Ltd is incorporated and domiciled in Australia.

## **7. FINANCIAL REPORT**

The financial report is attached and includes the review report issued by the company's auditor. The review report is unqualified but carries an emphasis of matter paragraph. The half year financial report has been prepared in accordance with the requirements of the Corporations Act 2001.

For further information contact:



Mr Dehui Liu  
Managing Director  
ChongHerr Investments Ltd

30 August 2010