WEST CHINA CEMENT LIMITED

UNAUDITED INTERIM RESULTS FOR THE

SIX MONTHS ENDED 30 JUNE 2007

Financial Highlights

- Group turnover for the first half of the year up by 46% to Rmb 201 million (June 2006: Rmb 138 million); Pucheng plant Rmb 152 million (June 2006: Rmb 138 million) and Lantian plant, which came into operation in Apr 2007, Rmb 49 million

- Profit before tax up by 72% to Rmb 56 million (June 2006: Rmb 32 million)

- Other operating income of Rmb 12 million (June 2006: Rmb 2 million) includes Rmb 11 million VAT rebates (June 2006: Rmb 2 million). The significant change is due to the timing of approval and recognition

- Net debt to equity at 30 June 2007 was 42% (30 June 2006: 155%)

- Operating cashflow was Rmb 83 million (June 2006: Rmb 57 million)

- Working capital increased as a result of significant increase in capacity and turnover

Operational Highlights

- Lantian 1 completed on 26 March and was producing at normal production level in May and June 2007

- Lantian 2 was completed after the period-end, at the end of July 2007

- Lantian waste heat project is according to plan and is expected to complete in April next year

- The Group improved its Lantian facilities enabling the use of de-sulphurised gypsum in the production process, increasing the capacity to use wet fly-ash rather than dry and bringing the crushing of limestone in-house.

- The Board has approved the Ankang project (building a 1.9 million tonnes per annum plant in southern Shaanxi province)

Chairman's Statement

I am delighted to report profit before tax of Rmb55.9m (£3.7m) in the six months to 30 June 2007, an increase of 72% on the first half of last year. Sales amounted to 913,000 tonnes, an increase of 31%, reflecting a maiden contribution from the Lantian 1 plant which started up at the end of March and was running around design capacity by June. Prices were strong on the back of robust demand, and, while there was inflation of input costs, costs were well controlled. The slight decrease in gross margin, from 36% to 34% was due to higher coal prices in the first three months of the year. The coal price has now fallen back to the previous level. VAT credits increased to Rmb11.4m from Rmb2m as a result of success in obtaining an annual approval from the local tax office in April whereby the VAT rebates are now recognised when sales occur.

The successful commissioning of Lantian 1 was another key milestone. This was followed by the commissioning of Lantian 2 at the end of July. Both these 1m tonne a year plants should be running at capacity by the year end, increasing our production to 3.5m tonnes a year. The Board agreed to changes of scope to the Lantian project, which will improve its operating efficiency, increasing the final estimated cost of the project by Rmb50m to Rmb470m.

A number of factors have caused the Board to review the company's strategy, with the result of increasing our ambition and determination to take advantage of the remarkable growth opportunities we face. Firstly we gain confidence from the success of the two Lantian projects, confidence that we can handle a more rapid rate of expansion. Secondly we see an opportunity for West China Cement to meet the ambitions of the Shaanxi government to have a handful of producers operating to the highest standards and meeting the development needs of the province. We are seeking opportunities to grow the business to 8 to 10m tonnes a year. The first of these is the Ankang project, but we are actively examining other opportunities both by organic growth and by acquisition.

We are confident that we could finance the Ankang project from a combination of internally generated cash and bank debt. However, if we are to realise the potential available to us over the next two to three years, it may be appropriate to strengthen our financial position further, and we will be looking at financing options.

We are not in a position at this stage to go into detail on the likely expansions beyond the agreed Ankang project. Ankang is an area to the south of Lantian, far from other cement producers of substance, and whose mountainous terrain favours a local producer. We have gained the necessary consents and made the arrangements to build a plant based on a single kiln, producing 1.9m tonnes a year. Construction is due to start in the last quarter of 2007 and completion is scheduled for early in 2009. The capital cost is Rmb630m. This will make WCC a 5.4m tonne company, well on the way to achieving our medium term ambition.

The outlook remains robust although recent trading has been affected by unusually severe rain, especially in August. This disrupted the supply of limestone to the Lantian plants causing temporary production delays and necessitated buying in clinker to meet market demand, which will have some effect on margins in the second half. Accordingly we expect full year results to be slightly below current market expectations although every effort will be made to make up the shortfall in the fourth quarter.

The opportunity to grow in west China is exciting. The company is committed to fully exploiting this opportunity. We aim by 2010 to be a market leader in Shaanxi province and one of the top 50 Chinese cement producers.

Robert Robertson

Non-Executive Chairman

14 September 2007

Unaudited Consolidated Income Statement

for the six months ended 30 June 2007

	6 months ended 30/06/2007 (Unaudited)	***6 months ended 30/06/2006 (Audited)***	***12 months ended 31/12/2006 (Audited)***
	RMB 000	*RMB 000*	*RMB 000*
Continuing Operations			
Revenue	201,151	138,025	307,319
Cost of sales	(132,131)	(88,714)	(200,372)
Gross profit	69,020	49,311	106,947
Other operating income	11,842	2,070	20,265
Selling and distribution costs	(4,523)	(2,948)	(8,147)
Administrative expenses	(10,250)	(5,017)	(13,754)
Operating profit	66,089	43,416	105,311
Investment income	1,022	173	402

Financial costs	(11,202)	(11,184)	(19,405)
Profit before income tax	55,909	32,405	86,308
Income tax (expense)/credit	-	(4,803)	2,331
Profit for the period	**55,909**	**27,602**	**88,639**
Attributable to:			
Equity holders of the Company	55,909	27,602	88,639
Earnings per share			
Basic (RMB per share)	0.87	0.65	2.00
Diluted (RMB per share)	0.87	0.63	1.86

Unaudited Consolidated Balance Sheet

as at 30 June 2007

	At 30/06/2007	At 30/06/2006	At 31/12/06
	(Unaudited)	*(Audited)*	*(Audited)*
	RMB 000	*RMB 000*	*RMB 000*
Non current assets			
Land use rights	7,657	7,861	7,759
Property, plant and equipment	783,434	391,384	627,376
Deferred tax assets	12,364	5,229	12,364
	803,455	404,474	647,499
Current assets			
Inventories	37,531	24,227	24,191
Trade and other receivables	94,255	65,766	45,765
Pledged deposits	22,000	32,427	2,568
Cash and cash equivalents	38,443	16,940	192,388
	192,229	139,360	264,912
Total assets	995,684	543,834	912,411
Current liabilities			

Trade and other payables	(124,215)	(113,634)	(85,339)
Tax liabilities	(510)	(12,884)	(5,147)
Dividend payable	-	(512)	-
Bank borrowings	(23,000)	(131,530)	(150,404)
Other borrowings	-	-	(22,127)
	(147,725)	(258,560)	(263,017)
Net current assets (liabilities)	44,504	(119,200)	1,895
Non-current liabilities			
Bank borrowings	(234,653)	(114,300)	(99,300)
Other borrowings	(24,356)	(13,642)	(26,846)
	(259,009)	(127,942)	(126,146)
Net assets	588,950	157,332	523,248
Equity			
Share capital	97,914	105,000	97,542
Share premium	668,321	-	662,593

Reverse acquisition reserve	(354,452)	-	(354,452)
Share options reserve	3,629	-	4,646
Statutory reserve	26,054	17,732	20,463
Foreign currency translation reserve	5,260	-	550
Retained earnings	142,224	33,600	91,906
Equity attributable to equity holders of the Company	588,950	156,332	523,248
Minority interest	-	1,000	-
Total equity	588,950	157,332	523,248

Unaudited Consolidated Statement of Changes in Equity

for the six months ended 30 June 2007

	Attributable to equity holders of the Company								Minority Interest	Grand Total
	Share capital	Share premium	Reverse acquisition reserve	Share options reserve	Statutory reserve	Foreign currency translation reserve	Retained earnings	Total		
	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000
Balance at 31 December 2005	105,000	-	-	-	12,756	-	10,974	128,730	1,000	129,730
Profit for the period	-	-	-	-	-	-	27,602	27,602	-	27,602
Transfer to reserve	-	-	-	-	4,976	-	(4,976)	-	-	-
Balance at 30 June 2006	105,000	-	-	-	17,732	-	33,600	156,332	1,000	157,332
Acquisition of minority interest shares	-	-	-	-	-	-	-	-	(1,000)	(1,000)
Reverse acquisition adjustments	(39,548)	394,013	(354,452)	-	-	483	-	496	-	496
Issue of shares by way of shares placement	32,090	304,851	-	4,343	-	-	-	341,284	-	341,284
Share Issue costs	-	(36,271)	-	-	-	-	-	(36,271)	-	(36,271)
Share options reserve	-	-	-	303	-	-	-	303	-	303
Profit for the period	-	-	-	-	-	-	61,037	61,037	-	61,037
Transfer to reserve	-	-	-	-	2,731	-	(2,731)	-	-	-
Foreign exchange reserve	-	-	-	-	-	67	-	67	-	67
Balance at 31 December 2006	97,542	662,593	(354,452)	4,646	20,463	550	91,906	523,248	-	523,248
Exercise of warrants	649	7,611	-	(1,445)	-	-	-	6,815	-	6,815

Share options reserve	-	-	-	441	-	-	-	441	-	441
Profit for the period	-	-	-	-	-	-	55,909	55,909	-	55,909
Transfer to reserve	-	-	-	-	5,591	-	(5,591)	-	-	-
Foreign exchange reserve	(277)	(1,883)	-	(13)	-	4,710	-	2,537	-	2,537
Balance at 30 June 2007	97,914	668,321	(354,452)	3,629	26,054	5,260	142,224	588,950	-	588,950

Unaudited Consolidated Cash Flow Statement

for the six months ended 30 June 2007

	6 months ended 30/06/2007 (Unaudited)	***6 months ended 30/06/2006 (Audited)***	***12 months ended 31/12/2006 (Audited)***
	RMB 000	*RMB 000*	*RMB 000*
OPERATING ACTIVITIES			
Operating profit	66,089	43,416	105,311
Adjustment for:			

Depreciation of property, plant and equipment	16,222	13,796	28,813
Amortisation of land use rights	102	102	203
Allowances for doubtful debts	-	-	3,055
Loss/ (Gain) on disposal of property, plant & equipment	111	(18)	-
Share based payment	441	-	303
Operating cashflow before movements in working capital	82,965	57,296	137,685
(Increase)/ decrease in inventories	(13,340)	(2,145)	(2,109)
(Increase)/ decrease in receivables	(48,490)	4,703	21,650
Increase/ (decrease) in payables	34,239	35,940	5,074
Cash generated by operations	55,374	95,794	162,300
Taxes refund/ (paid)	-	8,738	1,000
Interest paid	(11,202)	(11,184)	(19,405)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**44,172**	**93,348**	**143,895**

INVESTING ACTIVITIES

Interest received	730	173	402
Short term investment	292	-	-
Purchase of property, plant & equipment	(172,548)	(57,635)	(311,814)
Proceeds on disposal of property, plant & equipment	157	1,255	4,406
Decrease/(Increase) in cash pledged	(19,432)	(27,784)	2,075
NET CASH USED IN INVESTING ACTIVITIES	**(190,801)**	**(83,991)**	**(304,931)**
FINANCING ACTIVITIES			
Dividends paid	-	-	(512)
Proceeds from bank borrowings	116,450	(12,000)	87,930
Repayment of bank borrowings	(108,501)	-	(96,055)
Proceeds from other borrowings	-	-	37,915
Repayment of other borrowings	(24,617)	-	-
Proceeds on issue of new shares (net)	6,815	-	305,013
Repayment to minority shareholders for capital contribution	-	-	(1,000)

NET CASH GENERATED FROM FINANCING ACTIVITIES	**(9,853)**	**(12,000)**	**333,291**
NET INCREASE IN CASH AND CASH EQUIVALENTS	(156,482)	(2,643)	172,255
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	192,388	19,583	19,583
Foreign exchange difference	2,537	-	550
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**38,443**	**16,940**	**192,388**

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2007

1. Principal accounting policies

(a) Basis of preparation

The consolidated financial statements of West China Cement Limited and its subsidiary undertakings (the "Group") for the six months ended 30 June 2007 have been prepared in accordance with those International Financial Reporting Standards and Interpretations in force ("IFRS"), as adopted by the European Union, and those parts of the Companies (Jersey) Law 1991 applicable to companies preparing financial statements under IFRS. These policies are consistent with those set out in the annual report and have been consistently applied, unless otherwise stated.

The financial statements have been prepared under the historical cost convention modified to include the revaluation of investment properties and properties available for sale.

The consolidated financial statements are presented in Renminbi ("Rmb"), the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out below.

The financial information for the six months ended 30 June 2007 has been extracted from the accounting records of the Group. The financial information for the six months ended 30 June 2006 has been extracted from the 4 December 2006 AIM admission document. The balances as at 31 December 2006 and the results for the year then ended have been extracted from the audited financial statements. The auditors' report on those financial statements was unqualified.

The results for the six months ended 30 June 2007 were approved by the Board on the 14 September 2007 and are available on the Company's website www.westchinacement.com from 18 September 2007.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings using the acquisition method of accounting. The results of the subsidiary undertakings acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. The acquisition of West China Cement Co. Limited ("West China (BVI)") by West China

Cement Limited on October 27, 2006 was accounted for as a reverse acquisition, in accordance with IFR3 'Business Combinations'.

The Company became the legal parent of West China (BVI) by way of a share exchange agreements. This business combination is regarded as a reverse acquisition whereby West China (BVI), the legal subsidiary, is the acquirer and has the power to govern the financial and operating policies of the legal parent so as to obtain benefits from its activities.

(c) Foreign exchange

The functional currency of the subsidiary undertakings is Renminbi (“Rmb”), and the presentation currency of the Group is Rmb. Transactions in currencies other than Rmb are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date, and gains or losses arising on retranslation are included in the net profit for the year. Non-monetary assets and liabilities are translated using historical rate, and exchange rate differences arising are classified as equity and transferred to foreign currency translation reserve.

On consolidation, the assets and liabilities of foreign operations are translated at the exchange rate prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year unless exchange rates fluctuate significantly.

For the six months ended 30 June 2007, the foreign operations' financial statements have been translated from GBP or HKD to RMB at the following exchange rates:

	At 30 June 2007	Average rates for period
RMB: GBP	15.2720	15.2938
RMB: HKD	0.9736	0.9895

2. Revenue

The Group revenue, all generated from continuing operations, comprises:

	6 months ended	***6 months ended***	***12 months ended***

	30/06/2007	30/06/2006	31/12/2006
	(Unaudited)	(Audited)	(Audited)
	RMB 000	RMB 000	RMB 000
Sales of cement	201,151	138,025	307,319
Other operating income			
VAT rebates	11,400	2,016	18,791
Rental income	39	36	93
Government incentives	-	-	720
Sundry income	346	-	278
Exchange gain	-	-	383
Profit on disposal of property, plant & equipment	57	18	-
	11,842	2,070	20,265
Investment income			
Interest from deposits	730	173	402
Income from short term investment	292	-	-
	1,022	173	402
Total revenue	214,015	140,268	327,986

Sales of cement represents the invoiced value of cement sold, net of value added tax (VAT) and other sales taxes and after allowances for goods returned and trade discounts.

The VAT rebate relates to a local government incentive to environmentally-friendly enterprises. In prior periods, the approval of the rebates was not given in advance. The VAT rebate was therefore recognised on a receipts basis. In 2007, approval was obtained in April for the whole of the year . The VAT rebate has therefore been recognised on an accruals basis for 2007, together with the receipt of Rmb 1,063,000 relating to 2006.

Government incentives for the year ended 31 December 2006 included recycling incentives of Rmb500,000 and bulk cement sale incentive of Rmb220,000. No recycling incentive was granted for the year 2007. The bulk cement sale incentive is expected to be approved in the second half of the financial year.

3. Income tax

The two operating and income generating entities, Shaanxi Yaobai Special Cement Ltd and Xi'an Lantian Yaoabai Cement Ltd, are entitled to the preferential tax rate of 15% under the China Western Development Plan.

In July 2006, the companies registered as foreign investment enterprises and are entitled to two years tax holiday from the first profit-making year and to a 50 percent tax relief, i.e. applicable tax rate of 7.5%, for another three years thereafter. In the period ended 30 June 2006, the tax rate is nil.

In addition, the Group has recognised deferred tax assets at 31 December 2006 and 30 June 2007 of Rmb12,364,000 arising principally from tax relief from capital investment under "Investment in domestic product and equipment in technology transformation" scheme. There is no utilization of this deferred tax benefit due to zero tax charge for period ended 30 June 2007.

4. Earnings per share

Basic earning earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period/ year.

	6 months ended 30/06/2007 (Unaudited)	***6 months ended 30/06/2006 (Audited)***	***12 months ended 31/12/2006 (Audited)***
Profit/ (Loss) attributable to equity holders of the Company (RMB 000)	55,909	27,602	88,639
Weighted average number of ordinary shares in issue (thousands)	63,979	42,736	44,343
Earnings per share (RMB per share)	**0.87**	**0.65**	**2.00**

Diluted earnings per share

The Company has one category of dilutive potential ordinary shares – share options. Calculation is done to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding share options. It is compared with the number of shares that would have been issued assuming the exercise of the share options.

	6 months ended 30/06/2007 (Unaudited)	*6 months ended 30/06/2006 (Audited)*	*12 months ended 31/12/2006 (Audited)*
Profit attributable to equity holders of the Company (RMB 000)	55,909	27,602	88,639
Weighted average number of ordinary shares in issue (thousands)	63,979	42,736	44,343
Adjustment for share options (thousands)	59	749	3,187
Weighted average number of ordinary shares for diluted earnings (thousands)	64,039	43,485	47,530
Diluted Earnings per share (RMB per share)	**0.87**	**0.63**	**1.86**

5. Post balance sheet event

On 17 July 2007 the Board, after careful consideration and analysis, approved a Rmb 630 million investment project. The project is to build a single kiln cement plant in Angkang region, Southern Shaanxi. The production capacity of this new plant is 4,200 tonnes of clinker per day, equivalent to 1.8 million to 1.9 million to of cement production per annum.

The company has obtained the necessary consents and approvals from the local and provincial government and has started the site clearing work. The civil engineering and construction work is expected to commence in the last quarter of this year and completion is scheduled for early 2009.

Since the end of the period and up until 31 August 2007, the total cost incurred on the project was Rmb61 million.

INDEPENDENT REVIEW REPORT TO WEST CHINA CEMENT LIMITED

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2007 which comprises the Unaudited Consolidated Income Statement, Unaudited Consolidated Balance Sheet, Unaudited Consolidated Statement of Changes in Equity and Unaudited Consolidated Cash Flow Statement and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the AIM Rules issued by the London Stock Exchange which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2007.

PKF (UK) LLP

Chartered Accountants

Leeds

14 September 2007

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