WEST CHINA CEMENT LIMITED
UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

Financial Highlights

- Profit before tax increased 57% to RMB 87.7 million (June 2007: RMB 55.9 million).
- Group turnover for the first half of the year rose 68% to RMB 338 million (June 2007: RMB 201 million); Sales from Pucheng were RMB 131 million (June 2007: RMB 152 million) and Lantian RMB207 million (June 2007: RMB 49 million).
- The increase in turnover is due to the two new Lantian production lines which came into production in April and July 2007.
- Group turnover and production were affected by the exceptional snow in January and February. Pucheng sales for January and February were 43% below the previous year's level for the same period.
- Group turnover was ahead of budget in March to June and the sales lost in January and February are expected to be recovered by the third quarter.
- Other operating income of RMB 16 million (June 2007: RMB 12 million) includes RMB 14 million VAT rebates (June 2007: RMB 11 million).
- The Group secured a US$60 million debt facility with warrants attached to finance its third production base – the Ankang plant, which will contribute a further 1.8 million tonnes of production capacity per annum following its expected completion in Q1 2009.

Operational Highlights

- Both Pucheng and Lantian are now fully operational.
- The Lantian waste heat project was completed in August at a cost of RMB 60 million. This project is expected to result in cost savings of RMB 14 million per annum.
- Further cost savings are anticipated through the use of demolition waste from Xi'an as a substitute for fly-ash at the Lantian Plant.
- The Ankang plant is expected to be completed early in 2009.
- The disastrous earthquake in Sichuan, south of Shaanxi province has intensified the demand for cement in the region. This has widened the demand-supply gap in southern Shaanxi.
- The Group has been able to pass on the major effects of cost pressures, mainly rising fuel and coal costs, to its customers, with gross margin declining by only 1% to 33%. Demand is buoyant in the region and significant price increases have been made since 30 June.

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Chairman's Statement

WCC again delivered a substantial increase in profit for the first half of 2008, in line with expectations. Profit amounted to RMB 87.7 million (£6.4 million), an increase of 57% over the same period in 2007, which is highly satisfactory given the severe disruption to production and demand brought about by the exceptional snowstorms at the time of the Chinese New Year. From March operations have been running at above normal levels, and the shortfall in sales in the first two months of the year should be recouped during the second half year.

It is pleasing that the Lantian plants, commissioned in April and July of last year, have been running consistently at capacity since March. Lantian production amounted to 0.91 million tonnes out of the total of 1.56 million in the half year.

WCC was able to substantially pass on the effects of significant cost increases to its customers. Coal prices averaged 43.7% higher than in the first half of last year. Gross Margin suffered a marginal 1% decline to 33%. However significant price increases have been made since the end of June, and the company is aiming to increase margins in buoyant trading conditions.

The Ankang project remains on schedule to begin production early in 2009. Its annual production will be approximately 1.8 million tonnes, increasing WCC's capacity to about 5.3m tonnes. Situated in the South of the province, demand for Ankang's product has been underpinned by the reconstruction requirements following the tragic earthquake in Sichuan. The project has not been immune to cost pressures however, and we now expect the capital cost to increase by RMB 30 million (£2.2 million) to RMB 725 million (£53.0 million), or RMB 685 million (£50.1 million) net of tax credits. It was important that WCC complete the project on schedule and the credit crisis made financing of this more difficult than anticipated. It is to the company's credit that it was able to raise $60 million through Credit Suisse, as announced on 30 May 2008.

WCC remains committed to taking advantage of the unusual growth opportunities in Shaanxi province to the fullest extent possible in current financial markets. It has further projects in mind and will be actively seeking to finance further expansion.

While there is some evidence of a slow-down in the rate of growth in China, demand continues to grow at a pace which can still be considered exceptional. This is particularly true of demand for cement in Shaanxi province, and the company looks forward to building further on the substantial growth in production and profitability achieved so far.

Robert Robertson
Non-Executive Chairman

Unaudited Consolidated Income Statement
for the six months ended 30 June 2008

	6 months ended 30/06/2008 (Unaudited)	*6 months ended 30/06/2007 (Unaudited)*	*12 months ended 31/12/2007 (Audited)*
	RMB 000	*RMB 000*	*RMB 000*
Continuing Operations			
Revenue	338,016	201,151	525,929
Cost of sales	(226,300)	(132,131)	(350,165)
Gross profit	111,716	69,020	175,764
Other operating income	16,059	11,842	38,803
Selling and distribution costs	(5,660)	(4,523)	(9,796)
Administrative expenses	(20,061)	(10,250)	(30,151)
Operating profit	102,054	66,089	174,620
Investment income	536	1,022	1,826
Financial costs	(14,907)	(11,202)	(26,173)
Profit before income tax	87,683	55,909	150,273
Income tax (expense)/credit	(5)	-	-
Profit for the period	**87,678**	**55,909**	**150,273**
Attributable to:			
Equity holders of the Company	87,678	55,909	150,273
Earnings per share			
Basic (RMB per share)	1.37	0.87	2.35
Diluted (RMB per share)	1.21	0.87	2.34

Unaudited Consolidated Balance Sheet
as at 30 June 2008

	At 30/06/2008 (Unaudited)	***At 30/06/2007 (unaudited)***	***At 31/12/07 (Audited)***
	RMB 000	*RMB 000*	*RMB 000*
Non current assets			
Land use rights	56,171	7,657	57,236
Property, plant and equipment	1,194,066	783,434	944,927
Deferred tax assets	12,364	12,364	12,364
	1,262,601	803,455	1,014,527
Current assets			
Inventories	62,837	37,531	45,653
Trade and other receivables	299,767	94,255	111,062
Pledged deposits	19,539	22,000	24,336
Cash and cash equivalents	40,632	38,443	29,997
	422,775	192,229	211,048
Total assets	1,685,376	995,684	1,225,575
Current liabilities			
Trade and other payables	(163,623)	(124,215)	(187,019)
Tax liabilities	-	(510)	-
Bank borrowings	(23,000)	(23,000)	(23,000)
Other borrowings	(3,644)	-	(3,700)
	(190,267)	(147,725)	(213,719)
Net current assets (liabilities)	232,508	44,504	(2,671)
Non-current liabilities			
Bank borrowings	(655,905)	(234,653)	(296,200)
Other borrowings	(17,176)	(24,356)	(18,415)
Other liabilities	(14,800)	-	(14,800)
	(687,881)	(259,009)	(329,415)
Net assets	807,228	588,950	682,441

Unaudited Consolidated Balance Sheet
as at 30 June 2008 (continued)

	Notes	***At 30/06/2008 (Unaudited)***	***At 30/06/2007 (unaudited)***	***At 31/12/07 (Audited)***
		RMB 000	*RMB 000*	*RMB 000*
Equity				
Share capital		87,730	97,914	93,482
Share premium		598,811	668,321	638,070
Reverse acquisition reserve		(354,452)	(354,452)	(354,452)
Warrants		41,151	-	-
Share options reserve		5,931	3,629	5,228
Statutory reserve		45,188	26,054	36,420
Foreign currency translation reserve		77,737	5,260	37,471
Retained earnings		305,132	142,224	226,222
Equity attributable to equity holders of the Company		807,228	588,950	682,441

Unaudited Consolidated Statement of Changes in Equity
for the six months ended 30 June 2008

	Attributable to equity holders of the Company							
	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*
Balance at 1 January 2007	97,542	662,593	(354,452)	4,646	20,463	550	91,906	523,248
Total recognised income and expense								
- Profit for the period	-	-	-	-	-	-	55,909	55,909
Exercise of warrants	649	7,611	-	(1,445)	-	-	-	6,815
Share options reserve	-	-	-	441	-	-	-	441
Transfer to reserve	-	-	-	-	5,591	-	(5,591)	-
Foreign exchange reserve	(277)	(1,883)	-	(13)	-	4,710	-	2,537
Balance at 30 June 2007	97,914	668,321	(354,452)	3,629	26,054	5,260	142,224	588,950

Unaudited Consolidated Statement of Changes in Equity
for the six months ended 30 June 2008

	Attributable to equity holders of the Company							
	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*
Balance at 30 June 2007	97,914	668,321	(354,452)	3,629	26,054	5,260	142,224	588,950
Total recognised income and expense								
- Profit for the period	-	-	-	-	-	-	94,364	94,364
- Foreign exchange reserve	-	-	-	-	-	5,720	-	5,720
Share options reserve	-	-	-	1,743	-	-	-	1,743
Transfer to reserve	-	-	-	-	10,366	-	(10,366)	-
Foreign exchange reserve	(4,432)	(30,251)	-	(144)	-	26,491	-	(8,336)
Balance at 31 December 2007	93,482	638,070	(354,452)	5,228	36,420	37,471	226,222	682,441
Total recognised income and expense								
- Profit for the period	-	-	-	-	-	-	87,678	87,678
Equity portion of CS loan	-	-	-	41,151	-	-	-	41,151
Share options reserve	-	-	-	1,025	-	-	-	1,025
Transfer to reserve	-	-	-	-	8,768	-	(8,768)	-
Foreign exchange reserve	(5,752)	(39,259)	-	(322)	-	40,266	-	(5,067)
Balance at 30 June 2008	87,730	598,811	(354,452)	47,082	45,188	77,737	305,132	807,228

Unaudited Consolidated Cash Flow Statement
for the six months ended 30 June 2008

	6 months ended 30/06/2008 (Unaudited)	*6 months ended 30/06/2007 (Unaudited)*	*12 months ended 31/12/2007 (Audited)*
	RMB 000	*RMB 000*	*RMB 000*
OPERATING ACTIVITIES			
Operating profit	102,054	66,089	174,620
Adjustment for:			
Depreciation of property, plant and equipment	30,099	16,222	44,829
Amortisation of land use rights	1,065	102	203
Allowances for doubtful debts	-	-	(1,207)
Loss/ (Gain) on disposal of property, plant & equipment	-	111	1,971
Share based payment	1,025	441	2,184
Operating cashflow before movements in working capital	134,243	82,965	222,600
(Increase)/ decrease in inventories	(17,184)	(13,340)	(21,462)
(Increase)/ decrease in receivables	(188,705)	(48,490)	(64,090)
Increase/ (decrease) in payables	(23,401)	34,239	96,533
Cash generated by operations	(95,047)	55,374	233,581
Taxes refund/ (paid)	-	-	-
Interest paid	(14,907)	(11,202)	(26,173)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**(109,954)**	**44,172**	**207,408**
INVESTING ACTIVITIES			
Interest received	536	730	1,826
Short term investment	-	292	-
Purchase of property, plant & equipment	(279,238)	(172,548)	(364,351)
Acquisition of land use right	-	-	(31,180)
Proceeds on disposal of property, plant & equipment	-	157	-
Decrease/(Increase) in cash pledged	4,797	(19,432)	(21,768)
NET CASH USED IN INVESTING ACTIVITIES	**(273,905)**	**(190,801)**	**(415,473)**

Unaudited Consolidated Cash Flow Statement
for the six months ended 30 June 2008 (continued)

	6 months ended 30/06/2008 (Unaudited)	***6 months ended 30/06/2007 (Unaudited)***	***12 months ended 31/12/2007 (Audited)***
	RMB 000	*RMB 000*	*RMB 000*
FINANCING ACTIVITIES			
Net proceeds from/ (repayment of) bank borrowings	400,856	7,949	69,496
Net proceeds from/ (repayment of) other borrowings	(1,295)	(24,617)	(30,558)
Proceeds on issue of new shares (net)	-	6,815	6,508
NET CASH GENERATED FROM FINANCING ACTIVITIES	**399,561**	**(9,853)**	**45,446**
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,702	(156,482)	(162,619)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	29,997	192,388	192,388
Foreign exchange difference	(5,067)	2,537	228
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**40,632**	**38,443**	**29,997**

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
For the six months ended 30 June 2008

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 year ended 31 December 2008 will be 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 that are applicable to companies preparing financial statements under IFRS.

This Interim Report has been prepared in accordance with UK AIM listing rules which require it to be presented and prepared in a form consistent with that which will be adopted in the annual accounts having regard to the accounting standards applicable to such annual accounts. It has not been prepared in accordance with IAS 34 “Interim Financial Reporting” and therefore is not fully in compliance with IFRS.

The policies applied are consistent with those set out in the annual report for the year ended 31 December 2007 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 and 30 June 2008 have been extracted from the accounting records of the Group. The balances as at 31 December 2007 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 2008 were approved by the Board on the 4 September 2008 and are available on the Company’s website www.westchinacement.com from 8 September 2008.

(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.

1. Principal accounting policies (continued)

(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 2008, the foreign operations' financial statements have been translated from GBP or HKD to RMB at the following exchange rates:

	At 30 June 2008	Average rates for period
RMB: GBP	13.6836	13.9379
RMB: HKD	0.8792	0.9052

2. Revenue

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

	6 months ended 30/06/2008 (Unaudited)	***6 months ended 30/06/2007 (Unaudited)***	***12 months ended 31/12/2007 (Audited)***
	RMB 000	*RMB 000*	*RMB 000*
Sales of cement	338,016	201,151	525,929
Other operating income			
VAT rebates	14,465	11,400	30,528
Rental income	45	39	91
Government incentives	700	-	5,180
Sundry income	649	403	23
Creditors written back	200	-	2,981
	16,059	11,842	38,803
Investment income			
Interest from deposits	536	730	1,534
Income from short term investment	-	292	292
	536	1,022	1,826
Total revenue	**354,611**	**214,015**	**566,558**

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 environmental-friendly enterprises for recycling industry waste as production input. Only certain approved products are entitled to this rebate. The rebate is accounted for on an accruals basis.

Government incentives include "clean" project investment incentive of RMB 700,000 (June 2007: Nil). Government incentives for year ended 31 Dec 2007 include recycling incentives RMB150,000, bulk cement sale incentive RMB230,000 and "clean" project investment incentive RMB 800,000.

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 addition these two companies are 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. The applicable tax rate are as follow:

	Shaanxi Yaobai Special Cement Ltd	***Xi'an Lantian Yaobai Cement Ltd***
Year end 2006	Tax free	N/A
Year end 2007	Tax free	Tax free
Year end 2008	7.5%	Tax free
Year end 2009	7.5%	7.5%
Year end 2010	7.5%	7.5%

In the period ended 30 June 2008, tax provision was provided for Shaanxi Yaobai Special Cement Ltd. However, there is no tax payment liabilities as the tax provision was being offset against the deferred tax assets previously provided.

The Group has recognised deferred tax assets at 31 December 2007 and 30 June 2008 of RMB12,364,000 arising principally from tax relief from capital investment under "Investment in domestic product and equipment in technology transformation" scheme. For period ended 30 June 2008, part of these deferred tax assets were used to offset against the tax liabilities incurred by Shaanxi Yaobai Special Cement Ltd.

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 30/06/2008 (Unaudited)	***6 months ended 30/06/2007 (Unaudited)***	***12 months ended 31/12/2007 (Audited)***
Profit/ (Loss) attributable to equity holders of the Company (RMB 000)	87,677	55,909	150,273
Weighted average number of ordinary shares in issue (thousands)	64,113	63,979	63,979
Earnings per share (RMB per share)	**1.37**	**0.87**	**2.35**

4. Earnings per share (continued)

Diluted earnings per share

The Company has two categories of dilutive potential ordinary shares – share options and share warrants to loan creditor. Calculation is done to determine the number of shares deemed to be issued for no consideration in respect of these options and warrants.

	6 months ended 30/06/2008 (Unaudited)	*6 months ended 30/06/2007 (Unaudited)*	*12 months ended 31/12/2007 (Audited)*
Profit attributable to equity holders of the Company (RMB 000)	87,677	55,909	150,273
Weighted average number of ordinary shares in issue (thousands)	64,113	63,979	63,979
Adjustment for dilutive potential ordinary share (thousands)	8,198	254	365
Weighted average number of ordinary shares for diluted earnings (thousands)	72,311	64,233	64,345
Diluted Earnings per share (RMB per share)	**1.21**	**0.87**	**2.34**

5. New loan facility

On 29 May 2008, the Company entered into a loan facility agreement for up to US$60 million (the "Facility") with accompanying warrants (the "Warrants"). The loan under the Facility is secured by, amongst other things, a charge over all of the shares held by the Company in West China (BVI), a pledge over the equity held by West China Cement in Shaanxi Yaobai, assignments of intercompany loans, charges over bank accounts of the Company and West China (BVI) and a fixed and floating debenture over the assets of the Company.

The loan has been fully drawn down and the proceeds are being used to finance the construction of the Ankang plant. The construction of Ankang is expected to be completed in early 2009. Interest for the facility is 13.5% per annum, payable on a quarterly basis. The interests incurred during the construction period are capitalised within the cost of construction.

50% of the loan is repayable by 6 June 2010 and the remaining 50% by 6 June 2011.

Pursuant to the Facility, the Company also issued Warrants to subscribe for 7,802,142 ordinary shares in the Company at a strike price of GBP1.358, subject to anti-dilution adjustments and strike price resets under certain circumstances. The Warrants may be exercised at any time up to 36 months after the issuance of the Warrants.

The loan is initially recorded at cost being the fair value, and then subsequently at amortised cost – i.e. not subsequently restating the fair value, but adjusting it across the life of the loan to come back to nil at the end.

The warrants, being an equity instrument, are measured at the residual amount, being the difference between the total cash received and the fair value of the debt as calculated. Any directly attributable transaction costs will then be allocated to the liabilities and the equity in proportion to the allocation of proceeds. Subsequent to the initial recognition, the warrant element will not be revalued or changed until the warrants are exercised or lapse. The liability element will be measured at amortised cost using the effective interest rate. The charge to the income statement will then be based on this effective rate.

6. Trade and other receivables

The Trade and other receivable balance as at 30 June 2008 includes a pre-payment of approximately RMB 180 million made in respect of the construction of the Ankang plant. This payment was transferred to non-current assets (Ankang construction-in-progress) in July 2008. The average credit period taken on sales of goods for the six months ended 30 June 2008 was 64 days which is in line with normal credit cycle.

INDEPENDENT REVIEW REPORT TO WEST CHINA CEMENT LIMITED

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 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 half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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 half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared using accounting policies consistent with those to be applied in the next annual financial statements.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information 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 International Standards on Auditing (UK and Ireland) 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with the AIM Rules of the London Stock Exchange.

PKF (UK) LLP
Chartered Accountants
Leeds

4 September 2008