West China Cement Limited

(‘WCC” or ‘The Company”)

Unaudited Interim Results for the Six Months Ended 30 June 2009

Financial Highlights

- Operating Profit increased 121% to RMB 225.2 million (June 2008: RMB 102.1 million), mainly as a result of higher cement prices and reflecting maiden sales of RMB 122 million from Ankang.
- Group Revenue rose 70% to RMB 575 million (June 2008: RMB 338 million).
- Gross Margin increased from 33.1% for the first half of 2008 to 39.6%, as a result of the higher prices achieved in the second half of 2008 being maintained, and some reduction in input costs. Average selling price has increased by 36% compared with the first half of 2008.
- Net Profit Margin increased from 25.9% for the first half of 2008 to 29.7%, despite higher finance costs.
- Other operating income of RMB 31.5 million (June 2008: RMB 16.1 million) includes RMB 26.7 million VAT rebates (June 2008: RMB 14.5 million).
- In addition to the usual interest expenses, the Group charged RMB 26.1 million to finance costs as a result of the increase in valuation of the warrants that were issued to the loan creditors.

Operational Highlights

- Sales amounted to 1.94 million tonnes (June 2008 1.54 million tonnes).
- Ankang started production and sales of cement in April 2009. It is currently producing at about 80% of its design capacity. Completion of the conveyor belt has been delayed to Q4 2009, from which time full capacity should be achieved.
- The Lantian waste heat recycling plant, which was completed in August 2008, generated 20.6 gigawatt hours of electricity during the reporting period. The Ankang waste heat recycling plant is currently undertaking a trial run and is expected to run normally by the end of October 2009.
- Both the Hanzhong plants are on schedule for completion in Q2 and Q3 2010.
- Cement demand remains buoyant. Selling price and input costs remain stable.

Robert Robertson, Non-Executive Chairman of WCC commented:

“I am delighted with WCC’s performance which has been helped by higher cement prices and margins as well as a maiden contribution from the Ankang plant. WCC is on track to produce around 7.5 million tonnes from next year and will actively seek opportunities for further growth by investment in new capacity or by acquisition.”

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Notes to Editors:

West China Cement listed on the AIM market of the London Stock Exchange on 4 December 2006, raising approximately £20.1 million net of expenses.

Prior to the listing, the Company, which is headquartered in Xi'an the provincial capital of Shaanxi Province, had operated three cement production plants in Pucheng with a combined production capacity of 1.5 million tonnes per annum since 2003.

In order to service the growing demand for cement in the region, a new plant running two cement production lines, funded by money raised at the IPO, opened in Lantian in 2007 and has a production capacity of 2 million tonnes.

The company's 1.8 million tonne third plant at Ankang started producing and selling cement in March 2009 and is expected to reach full capacity in the second half of 2009.

Approval for the building of two new cement plants, Yangxian and Mianxian, each with a capacity of 1 million tonnes per annum, was announced in March 2009. With the massive government spend on infrastructure as part of the RMB 4 trillion fiscal stimulus package and the need to rebuild in the wake of the Sichuan earthquake which occurred in this area, the Company has chosen the appropriate location to build these latest projects.

Chairman's Statement

I am delighted to report that WCC more than doubled Pre-tax Profits to RMB 186.9 million (£16.5 million) in the first half of 2009, mainly reflecting higher cement prices and margins and a maiden contribution from the Ankang plant. Net Profit amounted to RMB 170.4 million (£15.0 million) compared with RMB 87.7 million (£6.4 million) in the same period of 2008.

The Ankang plant, which was commissioned in March 2009 produced 0.4 million tonnes in the first half. The plant has operated well and has only been constrained from consistently operating at full capacity by delays in completion of the conveyor belt between the quarry and the plant. During the period limestone and clinker have been bought in and the cement plant has operated at about 80% capacity. The conveyor will operate over a distance of 7.5 kilometres, passing underneath a railway bridge and the crossing of both a river and a road. The company was always aware of the challenge of constructing a facility in the mountainous topography of the Ankang district, but we underestimated the difficulty associated with the conveyor. We expect it to be complete, and the plant to operate at full capacity of 1.8 million tonnes, from Q4 2009. We then expect to benefit fully from operating in this region, with no other local suppliers of substance.

The Lantian and Pucheng plants operated satisfactorily during the period.

Gross Margin increased from 33.1% in the first half of 2008 to 39.6%, building on the progress in the second half of 2008, when significant price increases were made. Demand has been robust, and average selling price has increased by 36% compared with that of 2008. Operating Profit margin rose further from 30.2% in the first half of 2008 to 39.2%, with overheads growing at a much lower rate than turnover.

WCC is expected to operate at full capacity of 5.3m tonnes from the next quarter. This capacity is scheduled to increase by 2 million tonnes next year, with commissioning of the Mianxian and Yangxian plants in the second and third quarters. These plants are in the Hanzhong district in the South-West of the province, where demand is underpinned by the reconstruction requirements following the Sichuan earthquake. Compared with the Ankang project these are very straightforward, and are on schedule and on budget, which amounts to RMB 763 million. These plants are to be financed by internally generated funds and some local debt, which is available on attractive terms.

WCC is therefore on track to produce at around 7.5 million tonnes from next year. We expect to be able to add to this by de-bottlenecking our existing plants, and will actively seek opportunities for further growth by investment in new capacity or by acquisition, particularly in our core market in Southern Shaanxi. We will also seek profit improvement projects, like the waste heat projects at Lantian and Ankang. Our Cash Flow should be strong, and opportunities ample. Given the very substantial growth in profit, cash flow and value which the company has achieved since it became public almost three years ago, we believe it is now appropriate to consider a main board listing, either in London or Hong Kong. We expect to comment further on this at the year end. In the meantime, our markets remain buoyant and we are determined to capitalise on the opportunities we face.

Robert Robertson
Non-Executive Chairman

Unaudited Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2009

	Note	*6 months ended 30/06/2009 (Unaudited)*	*6 months ended 30/06/2008 (Unaudited)*	*12 months ended 31/12/2008 (Audited)*
		RMB 000	*RMB 000*	*RMB 000*
Continuing Operations				
Revenue	***2***	574,716	338,016	866,126
Cost of sales		(347,039)	(226,300)	(556,073)
Gross profit		227,677	111,716	310,053
Other operating income	***2***	31,490	16,059	44,075
Selling and distribution costs		(7,249)	(5,660)	(12,018)
Administrative expenses		(26,681)	(20,061)	(57,289)
Operating profit		225,237	102,054	284,821
Investment income	***2***	426	536	1,023
Finance costs	***3,6***	(38,744)	(14,907)	(28,115)
Profit before income tax		186,919	87,683	257,729
Income tax expense	***4***	(16,472)	(5)	(11,566)
PROFIT FOR THE PERIOD		**170,447**	**87,678**	**246,163**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**170,447**	**87,678**	**246,163**
Profit attributable to:				
Owners of the Company		170,447	87,678	246,163
Total comprehensive income attributable to:				
Owners of the Company		170,447	87,678	246,163
Earnings per share				
Basic (RMB per share)	***5***	2.65	1.37	3.84
Diluted (RMB per share)	***5***	2.65	1.21	3.84

Unaudited Consolidated Statement of Financial Position
as at 30 June 2009

	Note	At 30/06/2009 (Unaudited)	At 30/06/2008 (Unaudited) Restated	At 31/12/2008 (Audited)
		RMB 000	RMB 000	RMB 000
Non current assets				
Intangible assets		56,705	56,171	57,274
Property, plant and equipment		1,825,065	1,194,066	1,528,846
Deferred tax asset		798	12,364	798
		1,882,568	1,262,601	1,586,918
Current assets				
Inventories		125,387	62,837	81,507
Trade and other receivables		177,924	299,767	150,178
Pledged deposits		7,140	19,539	21,340
Cash and cash equivalents		122,171	40,632	51,698
		432,622	422,775	304,723
Total assets		2,315,190	1,685,376	1,891,641
Current liabilities				
Trade and other payables		(364,847)	(163,623)	(234,459)
Bank borrowings	*6*	(304,957)	(23,000)	(23,000)
Other borrowings		(7,400)	(3,644)	(7,400)
Financial derivative	*6*	(26,060)	-	-
		(703,264)	(190,267)	(264,859)
Net current assets (liabilities)		(270,642)	232,508	39,864
Non-current liabilities				
Bank borrowings	*6*	(442,187)	(655,905)	(637,469)
Other borrowings		(16,275)	(17,176)	(15,221)
Warrants classified as liabilities	*6*	(35,878)	(41,151)	(32,908)
Other liabilities		(11,100)	(14,800)	(11,100)
		(505,440)	(729,032)	(696,698)
Net assets		1,106,486	766,077	930,084

Unaudited Consolidated Statement of Financial Position
as at 30 June 2009 (continued)

	At 30/06/2009 (Unaudited)	***At 30/06/2008 (Unaudited) Restated***	***At 31/12/2008 (Audited)***
	RMB 000	*RMB 000*	*RMB 000*
Equity			
Share capital	93,962	93,482	93,482
Share premium	644,096	638,070	638,070
Reverse acquisition reserve	(354,452)	(354,452)	(354,452)
Share options reserve	6,157	6,253	6,708
Statutory reserve	82,002	45,188	61,996
Foreign currency translation reserve	37,158	32,404	37,158
Retained earnings	597,563	305,132	447,122
Equity attributable to equity holders of the parent company	1,106,486	766,077	930,084

Unaudited Consolidated Statement of Changes in Equity
for the six months ended 30 June 2009

	Attributable to Equity Holders of the Parent							
	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 comprehensive income for the period	-	-	-	-	-	5,720	94,364	100,084
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 comprehensive income for the period	-	-	-	-	-	-	87,678	87,678
Share options reserve	-	-	-	1,025	-	-	-	1,025
Transfer to reserve	-	-	-	-	8,768	-	(8,768)	-
Foreign exchange reserve	-	-	-	-	-	(5,067)	-	(5,067)
Balance at 30 June 2008 (restated)	93,482	638,070	(354,452)	6,253	45,188	32,404	305,132	766,077
Total comprehensive income for the period	-	-	-	-	-	1,536	158,485	160,021
Share options reserve	-	-	-	455	-	-	-	455
Transfer to reserve	-	-	-	-	16,808	-	(16,808)	-
Foreign exchange reserve	-	-	-	-	-	3,218	313	3,531
Balance at 31 December 2008	93,482	638,070	(354,452)	6,708	61,996	37,158	447,122	930,084
Total comprehensive income for the period	-	-	-	-	-	-	170,447	170,447
Exercise of warrants	480	6,026	-	(1,463)	-	-	-	5,043
Share options reserve	-	-	-	912	-	-	-	912
Transfer to reserve	-	-	-	-	20,006	-	(20,006)	-
Balance at 30 June 2009	93,962	644,096	(354,452)	6,157	82,002	37,158	597,563	1,106,486

Unaudited Consolidated Statement of Cash Flows
for the six months ended 30 June 2009

	6 months ended 30/06/2009 (Unaudited)	*6 months ended 30/06/2008 (Unaudited)*	*12 months ended 31/12/2008 (Audited)*
	RMB 000	*RMB 000*	*RMB 000*
OPERATING ACTIVITIES			
Operating profit	225,237	102,054	284,821
Adjustment for:			
Depreciation of property, plant and equipment	44,926	30,099	61,366
Amortisation of land use rights	1,228	1,065	3,212
Allowances for doubtful debts	-	-	664
Gain on disposal of property, plant & equipment	(76)	-	(308)
Share based payment	912	1,025	1,480
Movement of fair value of financial derivative	26,060	-	-
Operating cashflow before movements in working capital	298,287	134,243	351,235
(Increase)/ decrease in inventories	(43,880)	(17,184)	(35,854)
(Increase)/ decrease in receivables	(27,746)	(188,705)	(36,921)
Increase/ (decrease) in payables	121,733	(23,401)	45,508
Cash generated by operations	348,394	(95,047)	323,968
Taxes paid	(7,817)	-	(2,859)
Interest paid	(66,889)	(14,907)	(54,786)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**273,688**	**(109,954)**	**266,323**
INVESTING ACTIVITIES			
Interest received	426	536	1,023
Purchase of property, plant & equipment	(301,260)	(279,238)	(610,454)
Acquisition of land use rights	(659)	-	-
Proceeds on disposal of property, plant & equipment	981	-	1,834
Decrease in cash pledged deposits	14,200	4,797	2,996
NET CASH USED IN INVESTING ACTIVITIES	**(286,312)**	**(273,905)**	**(604,601)**

Unaudited Consolidated Statement of Cash Flows
for the six months ended 30 June 2009 (continued)

	6 months ended 30/06/2009 (Unaudited)	*6 months ended 30/06/2008 (Unaudited)*	*12 months ended 31/12/2008 (Audited)*
	RMB 000	*RMB 000*	*RMB 000*
FINANCING ACTIVITIES			
Net proceeds from bank borrowings	77,000	400,856	363,173
Net proceeds from/ (repayment of) other borrowings	1,054	(1,295)	(3,194)
Proceeds on issue of new shares (net)	5,043	-	-
NET CASH GENERATED FROM FINANCING ACTIVITIES	**83,097**	**399,561**	**359,979**
NET INCREASE IN CASH AND CASH EQUIVALENTS	70,473	15,702	21,701
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	51,698	29,997	29,997
Foreign exchange difference	-	(5,067)	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**122,171**	**40,632**	**51,698**

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
For the six months ended 30 June 2009

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 period ended 31 December 2009 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".

The policies applied are consistent with those set out in the annual report for the year ended 31 December 2008 and have been consistently applied, unless otherwise stated.

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 2008 and 30 June 2009 have been extracted from the accounting records of the Group. The balances as at 31 December 2008 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 consolidated financial statements are prepared on a going concern basis. The Group has a negative working capital position of RMB 270,642,000 as at 30 June 2009. The Directors are confident that the Group will be able to meet working capital needs and service debt obligations as and when they fall due based on strong and positive cash flows from operations. Despite the low season in the first half of 2009 (winter months and Chinese festive seasons), the Group generated RMB 273.7 million cash from operating activities. The Directors are confident that the cash flow from operations will be even stronger in the second half of 2009 and in year 2010 as Ankang plant is ramping up and the Yangxian plant is commencing operations in 1Q2010.

The results for the six months ended 30 June 2009 were approved by the Board on 28 August 2009 and are available on the Company's website www.westchinacement.com from 1 September 2009.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings using the purchase method of accounting. The results of the subsidiary undertakings acquired or disposed of during the period are included in the consolidated statement of comprehensive income 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 IFRS3 'Business Combinations'.

The Company became the legal parent of West China (BVI) by way of a share exchange agreement. 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 and the presentation currency of the Company and its subsidiary undertakings are Renminbi ("RMB"). Transactions in currencies other than RMB are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period, 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.

In the consolidated financial statements for year ended 31 December 2008, the functional currencies of West China Cement Limited and West China Cement Co. Limited were changed to Renminbi because there was a change in the underlying events and conditions, and the directors considered that the appropriate date of change was 1 January 2008. This was different to the policy adopted in the interim financial statements for period ended June 2008 but there were no significant differences other than some movements between reserves, and the comparative figures (for the period to June 2008) in these interim accounts have been restated accordingly.

The following exchange rates have been used:

	At 30 June 2009	Average rates for period	At 30 June 2008	Average rates for period
RMB: GBP	11.3379	10.2127	13.6836	13.9379
RMB: HKD	0.8815	0.8814	0.8792	0.9052
RMB: USD	6.8319	6.8327	6.8591	7.0579

2. Revenue and Income

The Group's revenue and income, all generated from continuing operations, comprises:

	6 months ended 30/06/2009 (Unaudited)	*6 months ended 30/06/2008 (Unaudited)*	*12 months ended 31/12/2008 (Audited)*
	RMB 000	*RMB 000*	*RMB 000*
Sales of cement	574,716	338,016	866,126
Other operating income			
VAT rebates	26,618	14,465	39,167
Rental income	-	45	129
Government incentives	2,000	700	1,454
Sundry income	2,232	649	650
Exchange gain	374	-	1,577
Profit on disposal of PPE	266	-	-
Creditors written back	-	200	1,098
	31,490	16,059	44,075
Investment income			
Interest from deposits	426	536	1,023
Total revenue and income	**606,632**	**354,611**	**911,224**

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 of RMB 2 million relates to incentives for the Lantian waste heat recycling project. The incentives for year 2008 included recycling incentives of RMB 300,000, bulk cement sale incentive of RMB 450,000, industrial development subsidy RMB 700,000 and government subsidies.

3. Finance costs

	6 months ended 30/06/2009 (Unaudited)	*6 months ended 30/06/2008 (Unaudited)*	*12 months ended 31/12/2008 (Audited)*
	RMB 000	*RMB 000*	*RMB 000*
Interest and bank charges	53,474	14,907	67,722
Movement of fair value of financial derivative	26,060	-	-
	79,534	14,907	67,722
Less: Interest capitalised	(40,790)	-	(39,607)
	38,744	14,907	28,115

4. Income tax

The Group is subject to income tax on an entity basis on profits arising on or derived from the jurisdictions in which members of the Group are domiciled and operate. The operating and income generating subsidiaries are entitled to the preferential tax rate of 15% under the China Western Development Plan which run till 2010.

In addition, Shaanxi Yaobai Special Cement Co. Ltd and Xi'an Lantian Yaobai Cement Co. Ltd 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 rates are as follows:

	Shaanxi Yaobai Special Cement Co. Ltd	***Xi'an Lantian Yaobai Cement Co. Ltd***	***Ankang Yaobai Cement Co. Ltd***
Year end 2006	Tax free	N/A	N/A
Year end 2007	Tax free	Tax free	N/A
Year end 2008	7.5%	Tax free	N/A
Year end 2009	7.5%	7.5%	15%
Year end 2010	7.5%	7.5%	15%

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

The Group had recognised deferred tax assets at 31 December 2007 and 30 June 2008 of RMB12,364,000, of which RMB 11,343,000 arose from tax relief from capital investment under the "Investment in domestic product and equipment in technology transformation" scheme. For the year ended 31 December 2008, RMB 6,091,000 offset the tax liabilities incurred by Shaanxi Yaobai Special Cement Co. Ltd. The unutilised portion of RMB 5,475,000 was reversed out and charged as an expense in the year ended 31 December 2008.

The Group's income tax expenses comprise:

	6 months ended 30/06/2009 (Unaudited)	***6 months ended 30/06/2008 (Unaudited)***	***12 months ended 31/12/2008 (Audited)***
	RMB 000	*RMB 000*	*RMB 000*
PRC corporation tax			
Current tax	16,472	-	-
Deferred tax	-	5	11,566
	16,472	**5**	**11,566**

5. Earnings per share

Basic 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.

	6 months ended 30/06/2009 (Unaudited)	*6 months ended 30/06/2008 (Unaudited)*	*12 months ended 31/12/2008 (Audited)*
Profit attributable to equity holders of the Company (RMB 000)	170,447	87,678	246,163
Weighted average number of ordinary shares in issue (thousands)	64,414	64,113	64,113
Earnings per share (RMB per share)	**2.65**	**1.37**	**3.84**

Diluted earnings per share

The Company has two categories of dilutive potential ordinary shares – share options and share warrants to the loan creditor. For the period ended 30 June 2009 and the year ended 31 December 2008, the options and warrants were not dilutive.

	6 months ended 30/06/2009 (Unaudited)	*6 months ended 30/06/2008 (Unaudited)*	*12 months ended 31/12/2008 (Audited)*
Profit attributable to equity holders of the Company (RMB 000)	170,447	87,678	246,163
Weighted average number of ordinary shares in issue (thousands)	64,414	64,113	64,113
Adjustment for dilutive potential ordinary shares (thousands)	-	8,198	-
Weighted average number of ordinary shares for diluted earnings (thousands)	64,414	72,311	64,113
Diluted Earnings per share (RMB per share)	**2.65**	**1.21**	**3.84**

6. Bank Borrowings and related liabilities

On 29 May 2008, the Company entered into a loan facility agreement for US$60 million with accompanying warrants. The interest rate is 13.5% per annum. As part of the loan facility the Company also entered into a warrant agreement.

The warrant holders received warrants to subscribe for 7,802,142 ordinary shares in the Company at a strike price representing a 15% premium to the average equivalent closing price per share over the 20 trading days immediately preceding the date of the facility agreement, 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. The warrant holders are given the option to put the outstanding warrants ("Put Option") for an amount that would provide an internal rate of return of 19% on the whole loan and therefore the warrants have been classified as liabilities. The Put Option can be exercised after 30 months in certain circumstances or earlier in the event of default. Should the warrant holders choose to exercise their warrants in the normal course, they can opt for either share or cash settlement on exercise of the warrants, and the settlement option gives rise to a financial derivative. The comparatives to 30 June 2008 have been restated to reflect the Put Option associated with these warrants being classified as a liability.

50% of the loan is repayable on a date falling 24 months from the date of utilisation and the remaining 50% on a date falling 36 months from the date of utilisation of the Facility. The Company shall use its commercially reasonable efforts to achieve a "Qualifying Re-listing" with various other conditions within 30 months from the date of utilisation of the Facility. No assurance is, however, given by the Company to investors as to the achievability of this undertaking. However, should such a Qualifying Re-listing not take place, the Company must repay the principal of the loan outstanding and the warrant holders can exercise the Put Option on the portion of the outstanding warrants.

The loan was initially recorded at cost of US$53,106,000, being the fair value, and subsequently at amortised cost. The Put Option was recognised in other liabilities at cost, US$4,413,000, being the fair value, and amortised over a 30 month period. The fair values of the loan and put option were calculated by discounting the future cash flow of the loan and interest payments. The directly attributable transaction costs were debited to the loan liability.

The Directors have identified that the settlement option of the warrants attached to the US$60 million loan facility was an embedded derivative. The value of the settlement option is derived from the strike price, the Company's share performance and the cash flow relating to the Put Option. The settlement option is therefore a financial derivative, which is classified as a financial liability at "fair value through profit or loss". This derivative therefore has the potential to bring volatility in the future periods as there could be significant movements in the fair value of the financial liability. At 30 June 2009, the fair value of this financial liability has been valued at RMB 26 million, and finance charges in the Consolidated Statement of Comprehensive Income include a charge of RMB 26 million for the period. These warrants have been valued using the Black-Scholes model with the following main assumptions:

Date of grant	29 May 2008
Spot price as at 30 June 2009	GBP1.80
Expected volatility	60%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous year. As an illustration of the volatility of the warrants valuation, the charge to the Consolidated Statement of Comprehensive Income at 30 June 2009 would have been RMB 114.6m if the share price had been GBP3.00.

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 2009 which comprises the Unaudited Consolidated Statement of Comprehensive Income, Unaudited Consolidated Statement of Financial Position, Unaudited Consolidated Statement of Changes in Equity and Unaudited Consolidated Statement of Cash Flows 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 note1, 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 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 2009 is not prepared, in all material aspects, in accordance with the AIM Rules of the London Stock Exchange.

PKF (UK) LLP
Chartered Accountants
Leeds 28 August 2009