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Steppe Cement Limited
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Steppe Cement Limited

Preliminary results for the quarter ended 31 March 2009

In the first quarter of 2009, Steppe Cement Limited sold 147,701 tonnes of cement for 1,232 million tenge, which compares with 155,669 tonnes of cement for 1,968 million tenge in the first quarter of 2008.

Average price for the current quarter for delivered cement was 8,340 tenge per tonne (ex VAT) compared with 12,642 tenge per tonne in the corresponding quarter of 2008.

Ex-factory the price for the current quarter stood at 7,233 tenge per tonne representing US\$60.30 per tonne before the tenge devaluation and US\$48.20 per tonne adjusted for the tenge devaluation.

The volume of cement sales in Kazakhstan decreased by 33% quarter on quarter but the market share of Steppe Cement increased from 14% in 2008 (17% in the fourth quarter of 2008) to 22% in the first quarter of 2009.

The Company maintains its estimate of cement market of 4.5 million tonnes for 2009, representing a decline of 22% from 2008.

Steppe's 100% subsidiary Karcement recognized in the current quarter a foreign exchange loss of 1,961 million tenge during the quarter. The predominant cause being the devaluation of the tenge against the US\$ from 120.8 on 1 January 2009 to 151.4 as at 31 March 2009.

Karcement began to recognize depreciation as a production cost on Line 6 from 1 March 2009 in line with the commencement of production on that line. The depreciation charge for Line 6 for the month of March 2009 stood at 54.7 million tenge.

Karcement also started recognizing the full interest expense relating to financing of Line 5 in the profit and loss account from 16 January 2009 when the project development was placed on hold. Prior to 16 January 2009, interest expense relating to the project was capitalised as it was incurred under the asset category of 'Construction Work in Progress'.

Interest expense related to the cost of developing Line 6 has been expensed through the profit and loss account since 1 November 2008 when Line 6 was substantially completed. The total interest expense for both Line 5 and Line 6 amounted to 156 million tenge in the profit and loss account for the first quarter of 2009.

More details will be published in 2009's half-year accounts.

The Company's Nominated Adviser is RFC Corporate Finance Ltd.

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