Preliminary annual results (unaudited) for the year ended 31 December 2009

Steppe Cement Ltd ("Steppe Cement" or "the Company") is pleased to announce its preliminary annual results (unaudited) for the year ended 31 December 2009:

Key financials	Year ended 31-Dec-09	Year ended 31-Dec-08	Inc/ (Dec) %
Sales (tonnes of cement)	930,297	805,000	+16%
Consolidated turnover in USD Million	59.1	91.5	(35%)
Consolidated profit (loss) before tax (USD Million)	(19.0)	26.6	(171%)
Consolidated profit (loss) after tax (USD Million)	(16.5)	18.6	(188%)
Earnings (loss) per share (US cents)	(12)	16	(175%)
Shareholders' funds (USD Million)	102.0	128.9	(21%)
Average exchange rate (USD/KZT)	147.8	120.3	(23%)
Exchange rate as at year end (USD/KZT)	148.4	120.8	(23%)

CEO Statement

Steppe Cement completed its first full year of operation with increasing capacity at a time when the cement market weakened, as both prices and volumes decreased significantly. The decision of the Government to devalue the Tenge in February 2009 increased the effective cost of servicing and repaying our USD denominated debt facilities and prompted us to issue new equity in May 2009. The market has improved from the summer 2009 and we expect to benefit in the coming years as we shall enjoy the lower production cost from the dry lines.

The market decreased by 10% in 2009 but we expect a recovery in 2010
The Kazakh cement market in 2009 was 5.1 million tonnes, being 10% down from the 5.7 million tonnes in 2008 and continued the declining trend from 2007 when the peak consumption of 7.6 million tonnes was recorded. However the Kazakh cement market reached similar sizes in the second half of 2009 as in second half of 2008 and above our previously announced forecast. Our expectations are that overall market demand in 2010 will be at least similar to that in 2008.

Import volumes halved in 2009 from 2008 and the share of the market of the local producers increased from 65% to 78%. Average cement prices decreased by 34% in Tenge and by 47% in USD to USD 55 per tonne ex factory or approximately USD 63 per tonne delivered.

In spite of poor market conditions Steppe Cement managed to increase its volumes by 16% and its market share from 14% to 18%. The Company is seeking to increase sales volumes by 15% in 2010 and its market share to 20%. Alongside this trend, we expect prices to increase during 2010.

Improvement in the dry lines will help reduce our costs and increase volumes
The four wet lines produced 637,000 tonnes during 2009 while the operating dry line (line 6) contributed 293,000 tonnes. These figures will be reversed in the coming years as the reliability and

capacity of the dry line increases. The second string of the pre-heater in line 6 was commissioned and improvements in the pre-heater fans, cooler and the burner will allow us to increase its capacity to 2,300 tonnes per day of clinker (the equivalent of 2,900 tonnes per day of cement).

We have improved the cement mills and they should allow us to produce over 150,000 tonnes of cement per month. We intend to run the wet lines and line 6 to their maximum capacity during the summer months and carry as much stock as we can during the winter months.

Dry line number 5 (1.4 million tonnes per year capacity) continues on stand-by. We shall study the demand and the cement pricing this summer and the Board will then decide the timing of its commissioning during 2010. We estimate that an additional USD25 million is needed to complete line 5.

Costs were contained in 2009 but we expect some cost increases in 2010
During 2009 we managed to reduce the labour cost and maintain the cost of coal, electricity and transportation. However, in 2010 we expect costs of main inputs to increase by 5 to 15% especially electricity and transportation. Nevertheless, the increased productivity from the dry line will result in lower energy consumption per unit of production.

The labour count stands at 1,125 as of March 2010 compared with 1,313 in March 2009. We have 831 employees on the wet lines and 294 on the dry line.

The Kazakh economy has stabilized and we expect increasing demand from the government infrastructure programmes particularly in road construction
The increase in oil prices and Government spending accelerated the economic recovery and is having the desired effect in the construction sector. Some of the main banks opted to restructure their debts and cut sharply the credit to the construction companies and businesses at large. The Kazakhstan Government supported the financial sector and, early in the year, decided to devalue the currency to support the exporting industries and arrest the flight of capital. GDP was in negative territory most of the year although it just edged ahead in the last few months of 2009. The Government expects moderate growth in 2010.

The VAT and income tax rate remain at 12% and 20% respectively and it seems that further revisions are unlikely during 2010.

Financial cost and loans
In 2009 we charged nearly a full year of depreciation against line 6 totaling USD 4 million and we expensed the full interest cost on debt facilities associated with the dry line refurbishment of both dry lines 5 and 6 totaling USD 3.9 million.

During 2009 and the first quarter of 2010 we used most of our cash flow and the USD15 million proceeds from the May 2009 share issue to service and repay debt facilities. At 31 December 2009 our total indebtedness was USD 80.7 million of which USD 74.6 million corresponded to EBRD, HSBC and the bond holders.

In addition we have short term credit lines available from Halik Bank of up to USD 10 million and Bank Center Credit of up to USD 4 million to finance our working capital needs.

Dividends will not be proposed in respect of the 2009 year and it is not expected that a dividend will be proposed in respect of the 2010 year.

Javier del Ser
Chief Executive Officer

Annual Report and Annual General Meeting 2010

Steppe Cement expects to release its 2009 Annual Report on its web site www.steppecement.com during the week commencing 20 April 2010.

The Company's Annual General Meeting will take place in its Malaysian Office at Suite 10, 10th Floor, West Wing, Rohas Perkasa, 8 Jalan Perak, Kuala Lumpur Malaysia on Monday, 10 May 2010 at 2.00 p.m.

Steppe Cement's AIM nominated adviser is RFC Corporate Finance Ltd.
Contact Stephen Allen or Trinity McIntyre on +61 8 9480 2500.

STEPPE CEMENT LTD
(Incorporated in Labuan FT, Malaysia under the Labuan Companies Act, 1990)
AND ITS SUBSIDIARY COMPANIES

INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

	The Group		The Company	
	2009 USD	2008 USD	2009 USD	2008 USD
Revenue	59,128,534	91,525,652	100,000	100,000
Cost of sales	(41,301,565)	(40,859,535)	-	-
Gross profit	17,826,969	50,666,117	100,000	100,000
Selling expenses	(7,600,633)	(7,536,189)	-	-
General and administrative Expenses	(9,864,821)	(13,892,248)	(550,667)	(591,711)
Operating Profit	361,515	29,237,680	(450,667)	(491,711)
Investment income	88,945	21,545	406	-
Finance costs	(6,825,090)	(2,804,520)	-	-
Other (expense)/ income, net	(12,625,398)	180,640	61,582	2,524
(Loss)/profit before income tax	(19,000,028)	26,635,345	(388,679)	(489,187)
Income tax credit/(expense)	2,483,108	(7,993,412)	-	-
(Loss)/Profit for the year	(16,516,920)	18,641,933	(388,679)	(489,187)
Attributable to:				
Shareholders of the Company	(16,516,920)	18,641,933	(388,679)	(489,187)
(Loss)/Earnings per share:				
Basic (cents)	(12)	16		

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

	The Group		The Company	
	2009	2008	2009	2008
	USD	USD	USD	USD
(Loss)/Profit for the year	(16,516,920)	18,641,933	(388,679)	(489,187)
Other comprehensive (Loss)/Income:				
Effects of changes in tax rate	810,328	-	-	-
Exchange differences arising on translation of foreign subsidiary companies	(26,263,752)	(189,393)	-	-
Total comprehensive (Loss)/Income for the year	(41,970,344)	18,452,540	(388,679)	(489,187)
Attributable to:				
Shareholders of the Company	(41,970,344)	18,452,540	(388,679)	(489,187)

STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2009

	The Group		The Company	
	2009	2008	2009	2008
	USD	USD	USD	USD
Assets				
Non-Current Assets:				
Property, plant and equipment	135,126,257	172,250,501	-	-
Investment in subsidiary companies	-	-	26,500,001	26,500,001
Advances paid	6,704,505	9,145,506	-	-
Other assets	28,181,945	33,492,095	-	-
Total Non-Current Assets	170,012,707	214,888,102	26,500,001	26,500,001
Current Assets				
Inventories, net	14,275,514	20,508,732	-	-
Trade receivables, net	825,764	957,932	-	-
Amount owing by subsidiary companies	-	-	10,889,037	746,873
Other receivables, advances and prepaid expenses	7,483,068	8,950,510	3,836	3,467
Short-term investments	-	2,391,437	-	-
Cash and bank balances	6,545,329	729,636	3,885,860	135,408
Total Current Assets	29,129,675	33,538,247	14,778,733	885,748
Total Assets	199,142,382	248,426,349	41,278,734	27,385,749

	The Group		The Company	
	2009	2008	2009	2008
	USD	USD	USD	USD
Equity and Liabilities				
Capital and Reserves				
Share capital	1,540,000	1,140,000	1,540,000	1,140,000
Share premium	41,296,193	26,646,982	41,296,193	26,646,982
Revaluation reserve	4,673,006	3,364,936	-	-
Translation reserve	(20,863,615)	5,400,137	-	-
Retained earnings/ (Accumulated loss)	75,354,419	92,369,081	(2,756,873)	(2,368,194)
Total Equity	102,000,003	128,921,136	40,079,320	25,418,788
Non-Current Liabilities				
Bonds	18,034,674	22,064,099	-	-
Loans	43,031,506	55,089,531	-	-
Deferred tax liabilities, net	6,420,953	9,547,207	-	-
Total Non-Current Liabilities	67,487,133	86,700,837	-	-
Current liabilities				
Trade payables	6,445,945	12,341,535	-	-
Other payables and accrued liabilities	3,213,763	3,663,239	747,793	666,191
Loans	19,682,609	14,987,979	-	-
Amount owing to subsidiary companies	-	-	451,621	1,300,770
Taxes payable	312,929	1,811,623	-	-
Total Current Liabilities	29,655,246	32,804,376	1,199,414	1,966,961
Total Liabilities	97,142,379	119,505,213	1,199,414	1,966,961
Total Equity and Liabilities	199,142,382	248,426,349	41,278,734	27,385,749

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009

The Group	Share capital	Non-distributable Share Premium	Revaluation reserve	Translation reserve	Distributable Retained earnings/(Accumulated loss)	Total/Net
	USD	USD	USD	USD	USD	USD
Balance as at 1 January 2009	1,140,000	26,646,982	3,364,936	5,400,137	92,369,081	128,921,136
Loss for the year	-	-	-	-	(16,516,920)	(16,516,920)
Effects of change in tax rate	-	-	2,459,440	-	(1,649,112)	810,328
Exchange differences arising on translation of foreign subsidiary companies	-	-	-	(26,263,752)	-	(26,263,752)
Depreciation of revaluation surplus	-	-	(1,151,370)	-	1,151,370	-
Total comprehensive income/(loss) for the year	-	-	1,308,070	(26,263,752)	(17,014,662)	(41,970,344)
Issue of shares	400,000	14,688,578	-	-	-	15,088,578
Share issue expenses	-	(39,367)	-	-	-	(39,367)
Balance as at 31 December 2009	1,540,000	41,296,193	4,673,006	(20,863,615)	75,354,419	102,000,003

The Group	Share capital	Non-distributable Share Premium	Revaluation reserve	Translation reserve	Distributable Retained earnings/(Accumulated loss)	Total/Net
	USD	USD	USD	USD	USD	USD
Balance as at 1 January 2008	1,140,000	26,646,982	4,601,668	5,589,530	72,490,416	110,468,596
Profit for the year	-	-	-	-	18,641,933	18,641,933
Exchange differences arising on translation of foreign subsidiary companies	-	-	-	(189,393)	-	(189,393)
Depreciation of revaluation surplus	-	-	(1,236,732)	-	1,236,732	-
Total comprehensive income/(loss) for the year	-	-	(1,236,732)	(189,393)	19,878,665	18,452,540
Balance as at 31 December 2008	1,140,000	26,646,982	3,364,936	5,400,137	92,369,081	128,921,136

The Company	Share capital	Non-distributable Share Premium	Accumulated loss	Total/Net
Balance as at 1 January 2008	1,140,000	26,646,982	(1,879,007)	25,907,975
Total comprehensive loss for the year	-	-	(489,187)	(489,187)
Balance as at 31 December 2008	1,140,000	26,646,982	(2,368,194)	25,418,788
Balance as at 1 January 2009	1,140,000	26,646,982	(2,368,194)	25,418,788
Total comprehensive loss for the year	-	-	(388,679)	(388,679)
Issue of shares	400,000	14,688,578	-	15,088,578
Share issue expenses	-	(39,367)	-	(39,367)
Balance as at 31 December 2009	1,540,000	41,296,193	(2,756,873)	40,079,320