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Steppe Cement Limited
16 April 2008

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Annual results, update on operations and progress with cement plant refurbishment

Results

Steppe Cement Ltd ("Steppe Cement" or "the Company") is pleased to announce its preliminary annual results for the year ended 31 December 2007:

	Year ended 31-Dec-07	Year ended 31-Dec-06	Inc/ (Dec) %
Sales (tonnes)	820,287	740,322	11%
Consolidated turnover (USD Million)	100.8	55.6	81%
Consolidated profit before tax (USD Million)	53.6	21.5	150%
Consolidated profit after tax (USD Million)	37.2	14.4	158%
Earnings per share (USD)	0.33	0.13	
Shareholders' funds (USD Million)	110.5	69.2	60%
Exchange rate (USD/KZT)	122.5	126.0	

2007 witnessed an increase in sales volume of 11%, whilst average Tenge selling prices rose by 60% and consolidated profit after tax increased by 158% compared to the previous year.

Dividends

Although cash flow and profits have shown substantial improvement over the last year the group still has heavy capital expenditure commitments on plant refurbishment in the short term which precludes the payment of a dividend from profits for the 2007 year.

Wet lines operations

The wet lines performed in line with our expectations and we intend to increase their output marginally in 2008 as a consequence of the implementation of a new chain system inside the kilns.

The Company completed the refurbishment of cement mill 7 in the wet lines area during 2007 and intends to refurbish cement mill 6 during 2008. This will enable the Company to utilize the wet lines as a completely independent unit from the dry lines.

Dry Lines Refurbishment

In 2007 Steppe Cement invested USD 62 m in the refurbishment of lines 5 and 6. Delays were experienced with the project due to problems relating to the clearance of materials from customs during the summer as a consequence of Kazakh legislation that was subsequently amended in November 2007. The Company had custom cleared the main materials for line 6 by February 2008.

Furthermore, the cement plant was subject to a very cold winter that slowed the progress of work on site and some suppliers extended the delivery period agreed beforehand due to global material constraints.

Present expectations are that the Company will commence testing line 6 (1 million tonnes production capacity) in June 2008 and continue with its commissioning during the summer. Line 5 (1.4 million tonnes production capacity) is currently scheduled to be completed by the end of 2008.

All contracts for line 6 have been signed and the remaining contracts for line 5 are under tender.

Expenditure between lines 5 and 6 has been redistributed and the Company has increased the investment in the main electrical system, compressor, boiler, heating, cement mills and delivery area. Overall, the capital expenditure is now expected to total USD78 m for line 5 and USD51 m for line 6.

Financing

EBRD

In addition to cash flow generated from operations during 2007, the Company drew down USD25 m from EBRD and at the end of 2007 the undrawn proportion of the EBRD facilities stood at USD17 m, of which USD7 m was subsequently drawn down during April 2008.

KKB

By March 2008 the Company had drawn USD16 m from the KKB facility and an additional USD7m was committed for the settlement of outstanding letters of credit. The company is currently seeking to renegotiate this credit line with other banks.

It is intended to finance the balance of the project with the remaining USD10 m from EBRD and internal cash flow.

Market

Until September 2007, the Company experienced an accelerating construction sector due to the inflow of funds to the Kazakh banks in the first half of 2007.

Due to the recent impact of international credit tightening, the tendency started to reverse in October and continues to date.

The total market for 2007 reached 7.6 million tonnes, a 20% increase over 2006 with imports accounting for 44% of the market.

For 2008, Steppe Cement expects a decline of the market, an increase of local supply (mainly arising from Steppe Cement's increased production) and a decrease in imports from Russia (due to high prices and demand in Russia). The Company anticipates that imports will represent less than 20% of the market in 2008 and less than 10% in 2009 once all local plants reach their expected capacity.

Costs

The Kazakh government announced 18% inflation for 2007 with food and utilities leading the way during the second half. The Kazakh government is making efforts to contain inflation.

Personnel

During 2007 the Company increased the number of both the project personnel and line 6 operation team. As of April 2008, the Company has employed 35 expatriates on site and over 125 local employees that will assist to start-up the dry lines. Approximately 700 construction workers are present on site.

Annual report and Annual General Meeting 2008

Steppe Cement expects to release its 2007 annual report on its web site www.steppecement.com during the week commencing 21 April 2008.

The Company's Annual General Meeting will take place in London at Hanson Westhouse offices in One Angel Court, London EC2R 7HJ on 16 May 2008 at 2:30pm.

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