China Gengsheng minerals reports Q3 2008 financial results

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China Gengsheng Minerals, Including a materials technology company in China with products capable of withstanding high temperature, saving energy and boosting productivity in certain industries such as steel and oil, recently announced its financial results for the Q3 and January to September ended September 30, 2008.

For the Q3 of 2008, revenue rose 25.1% to USD 12.9 million from the same period of 2007. It is said that sales contribution from the refractory products was 90.5% versus 95.5% in Q3 2007; industrial ceramics, 2.1% versus 3.7% in Q3 2007; and fracture proppants, 7.5% versus 0.9% in Q3 2007.

Nine months 2008 financial results

For the January to September ended September 30th 2008, revenue rose 27.8% to USD 36.8 million from the same period of 2007.

Sales contribution from the refractory products was 88.5% versus 93.9% in the same period of 2007; industrial ceramics were 3.3% versus 5.4% in the same period of 2007; and fracture proppants were 8.3% versus 0.7% in the same period of 2007.

Gross profit was USD 13.1 million compared with USD 11.7 million in the same period of 2007. Gross margin was 35.5% compared with 40.7% in the same period of 2007. Total operating expenses were USD 7.5 million compared with USD 5.7 million in the same period of 2007. The effective tax rate was 9.2% compared with 13.9% in the same period of 2007.

Net income was USD 4.7 million compared with USD 5.0 million in the same period of 2007. Earnings per diluted share were USD 0.19 compared with USD 0.23 in the same period of 2007.

Mr Shunqing Zhang, chairman, president & CEO of Gengsheng said that "Despite the dramatic downturn in the Chinese steel industry, we continued to achieve revenue growth in the Q3. During the quarter, we experienced pressure arising from higher raw material prices and production cutbacks due to Chinese government's policy during the Beijing Olympics. Steel factories were especially hard hit as a result."

He said that "I am encouraged by the recent USD 589 billion stimulus package unveiled by the Chinese government in addition to the lowering of interests rates. The emphasis on improvements in rural construction and in roads and ports could indeed revive demand for our large customers' products in the steel and oil sectors. While we wait for the economy to strengthen, management has taken several steps to adjust to the current environment:

Mr Zhang said that "For the Q4 of 2008, we expect to see a slight improvement in our revenue and net income over the Q3 with the upside depending upon the government stimulus and the thawing of the global credit market. And this new outlook replaces our earlier guidance."