



شركة ريسوت للأسمنت (ش.م.ع.ع)

**Raysut Cement Company** (S.A.O.G.)



**Dear Shareholders,**

### **Performance for the period ended on 30<sup>th</sup> September 2014**

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It gives me a pleasure to present the Financial Statements for the nine month period ending on 30<sup>th</sup> September, 2014.

During the period the group profit and revenue have gone up in spite of severe competitions in all segments of the markets. While there are positive signs of growth in Oman market, the same is not being translated into cement demand due to sever competitions from the UAE suppliers. The competitions are also experienced in the Yemen and east African markets. UAE is still to engineer significant growth so that the local supplies can be absorbed instead of being offloaded to Oman. So this has caused a considerable pressure on volume and price in the north market for RCC Plant. While Pioneer, a subsidiary, could increase its sale in Oman over past period to tide over the crises in UAE market.

Given the above back ground, the Company has met with challenges effectively by holding on to its sales and enlarging the profit for the group as a whole by optimizing sales in varied markets.

#### **Profit Before Tax:**

Profit before tax for the group during the nine month period ended on 30<sup>th</sup> September 2014 stood at RO 23.26 Million against RO 21.52 Million earned in the corresponding period of previous year, an increase of about 8%.

Profit before tax earned by the parent Company in Oman for the period ended 30<sup>th</sup> September 2014, stood at RO 20.25 Million (LY:RO19.31Million). Profit earned by subsidiaries like Pioneer stood at RO 3.42 Million (LY: RO 3.23 Million), Raybulk at RO 0.67 Million (LY: RO 0.12 Million) and Raysea Navigation at RO 0.03 Million ( LY: Loss of RO 0.10 Million)

Profit before tax of parent Company includes the dividend received from its joint venture Mukulla Raysut Trading Company in Yemen and other investments amounting to RO 1.25Million ( LY: RO 0.1.16 Million).

#### **Revenue**

During the period ended on 30th September 2014, the group has earned a Revenue of RO70.76 Million (net of inter company transactions of RO 3.25 Million) against RO 70.19 Million (net off inter company transaction of RO 3.17

Million) in the corresponding period of the previous year. The group as a whole has sold more volume of Cement and Clinker compared with that in the previous period, in spite of the increased competitions in several markets.

The Parent Company has achieved a Sales Revenue of RO 50.43 Million (LY: 50.89 Million) during the period ended on 30<sup>th</sup> September, 2014. In spite of competitions in the northern markets and volatility in the export markets, the Parent Company could largely cover the revenue of previous period with a smaller decline of 1%.

Pioneer Plant generated revenue of RO21.14 Million (LY: RO 20.46 Million), an increase of 3.3%

The revenues of subsidiaries like shipping companies constitute a part of inter company transactions. Revenue of Pioneer, as above, includes inter company transactions of RO 0.82 Million (LY: RO1.16 M),

## **Sales**

The group as a whole has sold 2,830,158 Tons of Cement (excluding inter company sales of 41079 Tons) during the period ended on 30<sup>th</sup> September, 2014 against 2,792,256Tons of Cement (net off inter company sale of 61311 Tons) sold during the corresponding period of previous year. There is an increase in sales volume of about 1.4%. The Group also has sold from its Salalah Plant 31113 Tons of Clinker during the period against 52906 Tons sold in the same period of the previous year.

The Parent Company has sold 1,827,234 Tons of Cement and 31,113 Tons of Clinker during the period ended on 30<sup>th</sup> September, 2014, against 1,845,424 Tons of Cement and 52,906 Tons of Clinker in the corresponding period of the previous year. The total volume sales declined by 2.1%.The severe competitions from UAE suppliers have impacted sales in the northern region, while the Company ensured to sell the shortfall in the southern market as well as in export segment. Yemen market provided the opportunities for larger volume during the period.

During the period ended on 30<sup>th</sup> September, 2014, Pioneer Cement has sold 1,044003, Tons of Cement against 1,008143 Tons of Cement sold in the corresponding period of the previous year, an increase of 3.6%. Pioneer also has faced severe competition in UAE market out of surge in supplies relative to demand. Consequently Pioneer explored supplies in the North of Oman to keep its higher volume sales.

## **Production**

The group as a whole has produced 2,461,305 Tons of Clinker and 2813005 Tons of Cement during the period ended on 30<sup>th</sup> September 2014, against 2,473,426 Tons of Clinker and 2,786,836 Tons of Cement produced during the

corresponding period of the previous year. Production of Clinker and Cement for the group changed by 0.5% and 1% respectively in comparison to that of previous year.

During the period ended on 30<sup>th</sup> September 2014, 1,595,062 Tons of Clinker and 1,770,802 Tons of Cement were produced by RCC in its plant in Oman against 1,602,765 Tons of Clinker and 1,789,647 Tons of cement produced during the same period of previous year. There is a marginal decline in volume of clinker and cement by 0.5% and 1.1% respectively due to some of the regular maintenance work carried out in the plant during the period.

At Pioneer plant in UAE, the productions of Clinker and Cement stood at 866243 Tons and 1042203 Tons against 870661 Tons and 997189 Tons respectively during the corresponding period of previous year. While the Clinker production remained at similar level, the Cement production increased by 4.5%.

**Projects:** The Company has undertaken a few projects in hand like setting up of a distribution terminal in Duqm, additional Silo capacity in the Salalah Plant, Off shore un-loader and Blow Pump system in the north to facilitate bulk cement handling. The work is in progressive stage for some of these projects and the Company would reap benefits from these starting from the early part of next year. The Company also is exploring avenues of spreading its marketing potentials beyond Oman market.

### **Acknowledgement**

Before I conclude, on behalf of the Board of Directors and on my personal behalf, I take this opportunity to express our deep sense of gratitude to His Majesty and His Government for their unstinted support and guidance.

I would like to thank you for your support and confidence in us. I would also like to thank our associates, dealers, customers, the management team and all our employees for their contributions and continued support.

**Sh. Ahmed bin Alawi bin Abdulla Al Ibrahim**  
**Chairman of the Board of Directors**