



شركة ريسوت للأسمنت (ش.م.ع.ع.)

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



Dear Shareholders,

Performance for the half year ended on 30th June 2014

It gives me a pleasure to present the Financial Statements for the period ending on 30th June, 2014.

While there are positive vibes for the developments and growth in the construction industry across the GCC countries including in Oman, the supply base of cement is currently overtaking the demands in UAE. This is leading to a large volume of supplies coming from UAE to Oman creating undue competitions in the local 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 period ended on 30th June 2014 stood at RO 17.48 Million against RO 16.38 Million earned in the corresponding period of previous year, an increase of about 6.7%.

Profit before tax earned by the parent Company in Oman for the period ended 30th June 2014, stood at RO15.17 Million (LY:RO13.89 Million). Profit earned by subsidiaries like Pioneer stood at RO RO2.85 Million (LY: RO 2.42 Million), and Raybulk at RO 0.46 Million (LY: RO 0.14 Million). Raysea Navigation has incurred a loss of RO 0.03 Million (LY: RO 0.07 Million) during the same period.

Profit before tax includes dividend received from its joint venture Mukulla Raysut Trading Company in Yemen and also from other investments totaling to RO 1.1 Million (LY: RO 0.13 Million).

Revenue

During the period ended on 30th June 2014, the group has earned a Revenue of RO 49.50 Million (net of inter company transactions of RO 2.21 Million) against RO 49.52 Million (net off inter company transaction of RO 2.34 M) in the corresponding period of the previous year. The group has retained the volume of Cement and Clinker sale at similar level as of the previous year, in spite of the increased competitions in several markets.

The Parent Company, out of its Salalah Operations, has achieved a Sales Revenue of RO 35.61 Million during the period ended on 30th June 2014, against RO 36.33 Million achieved during the corresponding period of the previous year. 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 2%.

Pioneer Plant generated revenue of RO14.54 Million during the period ended on 30th June 2014 against RO 14.19 Million earned during the corresponding period of the previous year, an increase of 2.5%.

The revenues of subsidiaries like shipping companies constitute the part of inter company transactions. Revenue of Pioneer, as above, includes inter company transactions of RO 0.65 Million (LY: RO1.0 M),

Sales

The group as a whole has sold 1982394 Tons of Cement (excluding inter company sales of 32860 Tons) during the period ended on 30th June, 2014 against 1,970,053 Tons of Cement (net off inter company sale of 53,692 Tons) sold during the corresponding period of previous year. There is a marginal increase in sales volume of about 1%. The Group also has sold 17433 Tons of Clinker during the period against 27900 Tons sold in the same period of the previous year.

The Parent Company has sold 1,295,000 Tons of Cement and 17,433 Tons of Clinker during the period ended on 30th June, 2014, against 1,324,926 Tons of Cement and 27900 Tons of Clinker in the corresponding period of the previous year. The total volume sales declined by 3%.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 and African market provided the opportunities for larger volume during the period.

During the period ended on 30th June, 2014, Pioneer Cement has sold 720254 Tons of Cement against 698,819 Tons of Cement sold in the corresponding period of the previous year, an increase of 3%. 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 1663600 Tons of Clinker and 1971737 Tons of Cement during the period ended on 30th June 2014, against 1,676,399 Tons of Clinker and 1,955,121 Tons of Cement produced during the corresponding period of the previous year. Production of Cement and Clinker for the group changed marginally in comparison to that of previous year.

During the period ended on 30th June 2014, 1,072,604 Tons of Clinker and 1,250,999 Tons of Cement were produced by RCC in its plant in Oman against 1,087,275 Tons of Clinker and 1,262,742 Tons of cement produced during the same period of previous year. There is a marginal decline in volume of clinker and cement by 1.3% and 0.9% 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 590,996 Tons and 720,738 Tons against 589,124 Tons and 692,379 Tons respectively during the corresponding period of previous year. While Clinker production remained at similar level, the Cement production increased by 4%.

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 wheel loader 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 in 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