
CHAIRMAN'S REPORT FOR THE 3rd QUARTER ENDED 31 MARCH 2025

On behalf of the Board of Directors, I am pleased to present to you the report on the activities and unaudited financial results of the company for the 3rd quarter ended 31 March 2025.

1. Operating Results

For the nine-month period ending March 31, 2025, the Group reported a 5% year-on-year increase in total revenue, reaching RO 7.456 million compared to RO 7.088 million in the same period of the previous year. This growth was primarily driven by the strong performance of the drilling and blasting operations in the Sultanate of Oman, despite ongoing technical challenges in the UAE operations during the first half of the fiscal year.

Looking ahead, the Group expects further improvement in overall turnover, supported by alternative arrangements already implemented for the UAE blasting operations. These measures are anticipated to restore normalcy and stabilize performance in the near term.

The parent company's financial performance mirrored this positive momentum, recording an operating profit of RO 0.762 million—more than double the RO 0.365 million achieved in the same period last year.

At the consolidated level, the Group reported an operating loss of RO 0.711 million for the nine-month period. However, this represents a significant improvement compared to the operating loss of RO 1.464 million reported in the corresponding period last year. While the consolidated figures still reflect a loss, the sustained progress in Oman offers a promising outlook for the remainder of the fiscal year.

The Group's consolidated net loss stood at RO 2.100 million for the nine months ended March 31, 2025, largely attributable to underperformance in the UAE. This marks an improvement from the net loss of RO 2.839 million recorded in the prior-year period. The reduction in losses highlights the Group's ongoing efforts to strengthen its operational base in Oman and address structural challenges in the UAE.

2. Operations

In Oman, the Group's drilling and blasting division, Technical Services and Rock Blasting Co., is experiencing strong growth, driven by the commencement of multiple infrastructure projects in the first half of the fiscal year. With additional projects anticipated in the second half, demand for these services is expected to rise further. In response, the Group is actively enhancing its operational capabilities to capitalize on this upward trend.

The Group's gypsum operations, managed by Awam Minerals Co., have significantly increased production, currently reaching between 80,000 and 100,000 tons per month. Plans are underway to further scale output to 125,000–150,000 tons per month by year-end. This expansion will play a critical role in driving revenue growth and improving the Group's cash flow position.

In the UAE, the drilling and blasting operations under Technical Drilling & Blasting Co. encountered administrative and structural challenges in the first half of the fiscal year, resulting in a temporary dip in revenue. However, management has implemented corrective measures and expects operations to normalize by the end of the fiscal year. A return to stable performance is anticipated to help the Group regain momentum in the UAE market.

Meanwhile, construction of the new explosives manufacturing facility in Siji, Fujairah—operated by Geodynamics Mideast Co.—is nearing completion. Production is scheduled to commence shortly, pending final regulatory approvals. This milestone will further strengthen the Group's footprint in the UAE's drilling, blasting, and explosives sectors, providing a substantial boost to overall business performance.

3. Health, Safety and the Environment

Your Company is operated in a safe and efficient manner in strict compliance with the highest safety standards and in accordance with the prevailing Royal Oman Police and UAE authorities Explosives Rules and Regulations.

No accidents or environmental incidents were reported during the period ended 31 March 2025.

Your Company was in compliance with the Code of Corporate Governance and other applicable rules and regulations during the 9 months ending 31st March 2025.

4. Future Outlook

The Group continues to maintain a robust order book and is strategically positioned to secure additional infrastructure projects in Oman. These upcoming projects are expected to significantly drive revenue growth across both its drilling and blasting operations, as well as the explosives division. Additionally, the Group anticipates a moderate increase in revenue from its mining segment, supported by strong market demand for gypsum and limestone.

In the UAE, drilling and blasting activities are gradually returning to normal levels, which is expected to further bolster the Group's revenue performance. Meanwhile, the Group is nearing completion of its state-of-the-art Geodynamic facility and is in the final stages of securing the necessary regulatory approvals to commence production shortly.

Looking ahead, a new explosive handling regulation set to take effect in 2025-2026 presents fresh opportunities. The Group has already implemented proactive measures to comply with this upcoming legislation, placing it in a favorable position to strengthen its market leadership in the UAE and across the Drilling and Blasting sectors.

Moreover, the Awam Gypsum Quarry is progressing well and is projected to ramp up production to approximately 125,000–150,000 tons per month by the end of the fiscal year. This increased output is expected to make a meaningful contribution to the Group's overall revenue growth and enhance its cash flow in the near term.

5. Acknowledgements

The Members of the Board wish to record their gratitude to His Majesty Sultan Haithem bin Tariq bin Taimur and the Government of Oman for the successful efforts made to improve development and prosperity within the Country.

The Directors also wish to thank the Royal Oman Police, MOI in the UAE, and all other Government bodies in Oman and UAE, our valued customers, and Bankers for their cooperation and support.

Haythem Mahmood Abd Al-Nabi Macki

Chairman