

MANAGEMENT REPORT

The Management of Construction Materials Industries SAOG has the honor of submitting the report on the performance of the Company for the six months ended on 30<sup>th</sup> June 2025.

Key Performance Indicators

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| Particulars                                            | 2025<br><br>30 – Jun<br>RO | 2024<br><br>30 – Jun<br>RO | Increase /<br><br>(Decrease) | % of<br>Increase /<br><br>(Decrease) |
|--------------------------------------------------------|----------------------------|----------------------------|------------------------------|--------------------------------------|
| Sales                                                  | 1,388,080                  | 1,394,666                  | (6,586)                      | (0.47%)                              |
| Gross Profit                                           | 205,327                    | 134,871                    | 70,456                       | 52.24%                               |
| Finance Cost – Interest on<br>Lease Liability (IFRS16) | 15,041                     | 16,978                     | (1,937)                      | (11.41%)                             |
| Amortization of Lease<br>Liability                     | 41,946                     | 41,946                     | ---                          | ---                                  |
| Profit/(Loss) before Tax                               | (45,168)                   | (94,354)                   | 49,186                       | (52.13%)                             |
| Net Profit /(Net Loss) after<br>Tax                    | (45,168)                   | (94,354)                   | 49,186                       | (52.13%)                             |
| Earnings Per Share                                     | (0.0007)                   | (0.0015)                   | 0.0008                       | (52.13%)                             |
| Particulars                                            | 2025<br><br>30–Jun<br>RO   | 2024<br><br>31-Dec<br>RO   | Increase /<br><br>(Decrease) | % of<br>Increase /<br><br>(Decrease) |
| Total Assets                                           | 9,144,985                  | 8,984,720                  | 160,265                      | 1.78%                                |
| Total Liabilities                                      | 2,698,288                  | 2,492,855                  | 205,433                      | 8.24%                                |
| Net Assets                                             | 6,446,697                  | 6,491,865                  | (45,168)                     | (0.70%)                              |
| Total Number of Shares                                 | 62,500,000                 | 62,500,000                 | ---                          |                                      |
| Net Assets Per Share                                   | 0.103                      | 0.104                      | (0.001)                      | (0.70%)                              |

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OPERATING PERFORMANCE

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Production:

During the reporting period 2025, Quick Lime production has been increased by 12.71% (3,120 MT) compared to the same period last year (2025 – 27,667MT, 2024 – 24,547MT).

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**Sales:**

Sales have decreased by 0.47% (RO.6,586/-) during the reporting period 2025, compared to the same period in the previous year.

Comparative sales for the second quarter are 2025: RO.1,388,080/- and 2024: RO.1,394,666/-

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**Net Profit/Loss:**

The Company’s results during the period ending on 30<sup>th</sup> June 2025 were affected by several factors, the most important of which are:

Production from 200MTPD Quick Lime kiln was limited to 160MTper day during January till mid of April due to replacement of heat exchanger, which was done in late April 2025.

Quick Lime Kiln with 100MTPD capacity kiln was stopped production for complete revamping and modernization to raise the efficiency and increase the quality of the materials produced in line with the requirements of the market

High direct production costs such as raw material – lime stone, factory land rent and increase in custom duties in addition to an increase in water and electricity tariffs.

The decision of the Ministry of Transport to prevent the entry of (empty) land transport vehicles from neighboring countries that were transporting the company's products to water desalination plants in the neighboring countries, which greatly affected the Company’s ability to fully fulfill its obligations to supply the required materials, in addition to the highest cost of transportation.

However, the Company’s management is still striving to find possible solutions to reduce the impact of this during the coming period and achieve the best possible results under these difficult circumstances.

**On the other hand, the company still faces some obstacles of which the most important are mentioned below:**

Preventing the entry of (empty) land transportation vehicles to the Sultanate of Oman to transport hydrate lime, which had a negative impact on the company and led to a decline in its sales.

Increasing the customs tariff from the customs authority on consignments exported outside Sultanate of Oman.

Increase in customs duties imposed by neighboring countries on importing raw materials and exporting our products, the most important of which is the increase and introduction of road tolls, which negatively affect significantly in the cost of the product.

**Future Outlook:-**

The Company’s management and all employees strive diligently and continuously to find solutions to the problems and challenges facing the company through:

Developing production methods, reducing expenses and costs, and maintaining the level of product quality through the installation and operation of the new hydrated lime production unit.

Modernization, development and renovation of the limekiln with a capacity of 100 tons per day in line with the requirements of the markets, which is underway, will have a positive impact in raising the production capacity of the factory, reducing the cost and increasing the company's ability to compete in the local and foreign markets.

Opening new markets and new customers for quick lime, dololime and hydrated lime products to compensate for the negative effects that affected the company’s sales as a result of the reasons mentioned above. And as a result of the effort and continuous endeavor, negotiations are under way with some customers in foreign markets to find new markets for quick lime, dololime and hydrated lime products which heralds promising results, God willing.

Continue to follow up with relevant government authorities to obtain the necessary permits to allow the entry of land transportation (empty) in to the Sultanate, which will have a significant on the company’s ability to fulfill its obligations in supplying materials to neighboring countries and reduce the cost of transportation.

Work is underway to study some projects that will contribute to developing and modernizing production methods, reducing expenses and costs, and maintaining the level of product quality through maintenance and continuous improvement of the performance of production machines and developing the factory’s technical staff.

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