
BOARD OF DIRECTORS' REPORT

Respected Shareholders,

On behalf of the Board of Directors of Oman Cement Company (SAOG), it gives me a great pleasure to present you the Company's performance during the nine months period ended on 30th September 2025.

Company has made its efforts to contain the cost of sales and succeed to lower the cost of packaging materials consumption, lower consumption of stores, spares and consumables, lower repair & maintenance and lower other manufacturing costs to overcome the adverse impact of rise in prices of some major elements of cost, and extensive efforts have been made in this direction in the current period with better cost management and sustained efforts to improve efficiency and productivity.

The Company continues to be an ISO 9001:2015 and ISO 14001:2015 certified Company. The Company has also been certified as an ISO/IEC 27001:2022 company for its Information Security Management System. It has also API Spec 10A (American Petroleum Institute) quality monogram certification for manufacturing and sale of Oil Well Cements.

1. **PRODUCTION**

(i) **Clinker Production:**

The company produced a total quantity of 2,134,841 MT of Clinker during the period as compared to 2,196,841 MT during the previous period, being lower by 62,000 MT (-2.82%).

(ii) **Cement Production:**

The company produced 2,427,880 MT of Cement during the period as compared to 2,463,662 MT produced during the previous period, being lower by 35,782 MT (-1.45%).

2. **TURNOVER & PROFIT**

(i) Company achieved sales of 2,443,091 MT of Cement during the period as against 2,463,533 MT sales during the previous period, being lower by 20,442 MT (-0.83%). In terms of value, the Company achieved sales of OMR 49.558 million Cement during the period as against OMR 50.598 million sales during the previous period, being lower by OMR 1.040 million (-2.05%).

(ii) The Company also achieved sales of 38,107 MT of Clinker during the period as against 1,827 MT sales during the previous period, being higher by 36,280 MT (1,986%) in its efforts to diversify the product mix. In terms of value, the Company achieved sales of OMR 0.595 million Clinker during the period as against OMR 0.029 million sale during the previous period, being higher by OMR 0.565 million (1,938%).

(iii) During the period, the Company achieved profit before tax of OMR 6.786 million as against OMR 10.444 million during the previous period, being lower by OMR 3.658 million (-35.03%). Reduction in interest on fixed income deposits, higher lease rentals on lease hold lands, increase in fuel, gas and electricity cost and lower production of clinker due to shutdowns for system upgradations are the major contributors for reduction in profit before tax during the period. However, savings in the costs of packaging materials consumption, lower consumption of stores, spares and consumables, lower other manufacturing costs have offset the above expenditure during the period.

(iv) The Company has earned profit after tax of OMR 5.876 million during the period as against OMR 8.881 million during the previous period, being lower by OMR 3.005 million (-33.84%).

3. **INVESTMENTS**

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The company has continued to place its surplus funds in fixed income instruments of call deposit accounts with commercial banks.

4. **ASSOCIATE COMPANY**

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Mondi Oman LLC

The company’s share of profit after tax in associate company amounting to OMR 101,225 during the period as against OMR 147,594 during the previous period, as reported by the associate company, has been suitably accounted for in the financial statements of the Company.

5 **DIVIDEND DISTRIBUTION**

The Company adopts a balanced policy of dividend to shareholders based on the results achieved taking into consideration the circumstances of the industry and market as well as the investors’ expectations after satisfying required reserves to strengthen Company’s competitive position in the market and to ensure a consistent dividend payout.

During the period, the Company has distributed 90% of the paid-up capital as dividends to the shareholders out of retained earnings as of 31 December 2024 as approved by the annual general meeting held on 20th March 2025.

The dividends distributed by the Company during the last five years are indicated in the table given below:

Year	2020	2021	2022	2023	2024
Dividend on paid-up capital	10%	10%	10%	120.89%	90%

6. **MARKET DEMAND & FUTURE OUTLOOK**

Cement market in Oman has continued to witness intense price competition between major suppliers, which include local cement companies as well as cement manufacturers from neighboring countries plus supply chain constraints and geopolitical risks. The company has continued with its dynamic pricing policy and adjusted responsive pricing to the market.

The company continues to innovate varieties of products including Portland-limestone cement 32.5N (Hareer Cement used solely for plastering) launched last year coupled with its high emphasis on differentiation and cost optimization while maintaining highest quality standards. Market demand for the rest of the year 2025 is challenging but expected to be stable.

7. **EXPANSION, MODERNIZATION & UPGRADATION**

The Company has undertaken several expansion, modernization and upgradation projects in order to enhance efficiency, production capacities, and reducing reliance on fossil fuel by use of alternative fuel initiatives as summarized below.

- (i) The Company's decision to set up a new cement plant at Duqm with a capacity of 5,000 TPD of Clinker is under consideration.
- (ii) The company has awarded EPC contract to upgrade capacity by debottlenecking and enhancement of existing Line-3 Cooler from 4,000 to 6,500 TPD at its existing Plant located at Muscat, through which clinker quality and production capacity will increase. The project is completed, and the performance guarantee test is in progress.
- (iii) The company has awarded an EPC contract to install a new Silo to store Fly Ash- Oil Well (CWC) cement to meet the market demand. Project work is completed and is in operation.
- (iv) The company has awarded the contract for the supply of a shredding machine to shred industrial waste in its endeavors to use alternative fossil fuel replacement in alignment to the 2040 vision of the Sultanate on the decarbonization initiatives. Project work is completed and is in operation.
- (v) The company has awarded the contract for the supply and installation of an industrial waste feeding system at Kiln-1 to feed shredded waste material from the shredding machine to use alternative fossil fuel replacement in alignment with the 2040 vision of the Sultanate on the decarbonization initiatives. Project work is in progress.
- (vi) The company is, under its alternative fuel initiatives, considering using the product from Municipal Solid Waste to reduce gas consumption towards decarbonization in line with country vision 2040.

The confidence and encouragement extended to the Board by the Government of the Sultanate of Oman and the shareholders is highly appreciated and the staff and management of the company pray Almighty Allah to continue to guide H.M. Haitham Bin Tariq Bin Taimur, Sultan of Oman, for the common welfare of the country.

Xu Gang

Chairman of the Board of Directors