
BOARD OF DIRECTORS' REPORT

Respected Shareholders,

The Board of Directors of Oman Cement Company SAOG (“the Company”) presents this report together with the audited financial statements for the year ended 31 December 2025.

During the year, the Company focused on strengthening cost controls and operational efficiencies. Initiatives undertaken resulted in reduced consumption of packaging materials, stores, spares and consumables, lower inventory adjustments, and optimization of other manufacturing costs. These measures partially offset the impact of increases in certain key input costs. Continuous emphasis was placed on efficiency improvement, productivity enhancement, and disciplined cost management.

The Company continues to maintain ISO 9001:2015 and ISO 14001:2015 certifications and has obtained ISO/IEC 27001:2022 certification for its Information Security Management System. The Company also holds API Spec 10A (American Petroleum Institute) Monogram License certification for the manufacture and sale of Oil Well Cement.

1. PRODUCTION

(i) Clinker

Clinker production during the year amounted to 2,968,992 MT, compared to 2,871,532 MT in the previous year, representing an increase of 97,460 MT (3.39%).

(ii) Cement

Cement production stood at 3,383,932 MT as against 3,311,463 MT in the previous year, reflecting an increase of 72,469 MT (2.19%).

2. TURNOVER AND PROFIT

(i) Cement Sales

Cement sales volume during the year was 3,398,849 MT, compared to 3,302,822 MT in the previous year, an increase of 96,027 MT (2.91%).

In terms of value, cement sales amounted to OMR 68.943 million, as against OMR 67.652 million in the previous year, an increase of OMR 1.290 million (1.91%).

(ii) Clinker Sales

Clinker sales volume increased to 57,554 MT from 27,894 MT in the previous year, an increase of 29,660 MT (106%), reflecting the Company’s efforts to diversify its product mix.

In value terms, clinker sales amounted to OMR 0.905 million, compared to OMR 0.423 million in the previous year, an increase of OMR 0.482 million (113.95%).

(iii) Profit Before Tax

Profits before tax for the year amounted to OMR 9.574 million, compared to OMR 13.067 million in the previous year, a decrease of OMR 3.493 million (-26.73%).

The decline was primarily due to higher natural gas and electricity costs, increased lease rentals, absence of interest income on fixed deposits due to utilization of accumulated deposits, higher kaolin consumption, and increased depreciation on plant, machinery, and quarry equipment.

(iv) Profit After Tax

Profit after tax amounted to OMR 8.303 million, compared to OMR 11.121 million in the previous year, a decrease of OMR 2.818 million (-25.34%).

3. INVESTMENTS

Surplus funds of the Company were placed in fixed-income instrument of call accounts with commercial banks, in line with the Board-approved investment policy.

4. CORPORATE GOVERNANCE

The Company has complied with the applicable requirements of Corporate Governance. Further details are provided in:

- (i) the Management Discussion and Analysis Report; and
- (ii) the Corporate Governance Report.

These reports form an integral part of the Annual Report and reflect the Company's commitment to sound governance practices.

5. ASSOCIATE COMPANY

Mondi Oman LLC

The Company's share of profit after tax from its associate amounted to OMR 111,614 during the year, compared to OMR 236,179 in the previous year, and has been appropriately accounted for in the financial statements.

6. DIVIDEND

The Company follows a balanced dividend policy, taking into consideration profitability, market conditions, future investment requirements, and shareholders' expectations, while maintaining adequate reserves.

During the year, the Company distributed dividends amounting to 90% of the paid-up share capital, out of retained earnings as at 31 December 2024, as approved by the Annual General Meeting held on 20 March 2025.

The Board of Directors has recommended a dividend of 46.54% of the paid-up share capital out of retained earnings as at 31 December 2025, subject to shareholders’ approval.

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

7. INTERNAL CONTROL

The Company maintains adequate internal control systems commensurate with the size and nature of its operations. These systems are periodically reviewed to ensure their effectiveness and reliability.

8. MARKET DEMAND AND OUTLOOK

The cement market in Oman continued to face intense competition from local producers and imports from neighboring countries, along with supply chain constraints and geopolitical uncertainties. The Company adopted a dynamic pricing approach in response to market conditions.

The Company continued to introduce differentiated products, including Portland-limestone cement 32.5 (Hareer Cement for plastering applications), while maintaining focus on quality and cost optimization. Market demand for 2026 is expected to remain stable.

9. EXPANSION, MODERNISATION AND UPGRADATION

During the year, the Company undertook and progressed several projects aimed at enhancing efficiency, increasing capacity, and reducing reliance on fossil fuels:

- (i) The company has completed the project 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. The project is in operation.
- (ii) The company has completed the project to install a new Silo to store Fly Ash- Oil Well (CWC) cement to meet market demand. The project is in operation.
- (iii) The company has completed the project for installation of the 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. The project is in operation.
- (iv) 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

- (v) The company decided to install additional semi-automatic truck-loading facility [\[MJ1\]](#) for operational efficiency to increase the truck-loading capacity.
- (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.
- (vii) 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.

10. CORPORATE SOCIAL RESPONSIBILITY

The Company continues to implement its Board-approved CSR Policy, focusing on environmental protection, employee welfare, and community development. Initiatives during the year included energy efficiency measures, training and development programs, health and safety awareness, employee health insurance coverage, and support through the employee benevolent fund.

The Company also continued its support for social and charitable initiatives, including the provision of cement free of charge for mosque construction.

11. MAJOR HIGHLIGHTS

The Company recorded revenue growth of approximately 2.6% during 2025, reflecting stable market demand and operational resilience. However, increased lease rentals, fuel costs, and other cost factors impacted overall profitability, as explained in paragraph 2(iii).

The Board expresses its appreciation to the Government of the Sultanate of Oman, shareholders, employees, and management for their continued support and commitment. 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