
BOARD OF DIRECTORS' REPORT

Respected Shareholders,

The Board of Directors of Oman Cement Company SAOG ("the Company") is pleased to present its report together with the unaudited financial statements for the period ended 31 March 2026.

During the period, the Company continued to strengthen cost control measures and operational efficiencies. Improved clinker production contributed to reduced inventory adjustments, while disciplined maintenance planning resulted in lower repair and maintenance costs. These initiatives partially offset increases in key input costs.

The Company maintained a strong focus on efficiency enhancement, productivity improvement, and cost discipline.

The Company continues to hold the following certifications:

- ISO 9001:2015 – Quality Management System
- ISO 14001:2015 – Environmental Management System
- ISO/IEC 27001:2022 – Information Security Management System
- API Spec 10A Monogram License – Manufacture and sale of Oil Well Cement

1. PRODUCTION

(i) Clinker

Clinker production during the period was 850,075 MT, compared to 829,231 MT in the corresponding previous period, representing an increase of 20,844 MT (2.51%).

(ii) Cement

Cement production stood at 857,908 MT, compared to 864,340 MT in the previous period, reflecting a marginal decrease of 6,432 MT (-0.74%).

2. TURNOVER AND PROFITABILITY

(i) Cement Sales

Cement sales volume during the period was 849,249 MT, compared to 865,417 MT in the previous period, representing a decrease of 16,168 MT (-1.87%).

In value terms, cement sales amounted to OMR 18.031 million, compared to OMR 17.668 million in the previous period, reflecting an increase of OMR 0.363 million (2.05%).

The increase in revenue was primarily driven by an improvement in average realization per metric ton of approximately 4%, which partially offset the impact of lower sales volumes.

(ii) Clinker Sales

No clinker sales were recorded during the period, compared to 17,048 MT (OMR 0.261 million) in the previous period. This aligns with the Company's strategy to optimize product mix and prioritize higher-margin cement sales.

(iii) Profit Before Tax

Profit before tax for the period stood at OMR 4.180 million, compared to OMR 3.515 million in the previous period, representing an increase of OMR 0.665 million (18.93%).

The improvement in profitability was primarily driven by operational efficiencies and cost optimization. However, these gains were partially offset by:

- Higher fuel costs
- Increase in manpower expenses
- Higher raw material costs
- Increased CSR expenditure
- Absence of interest income due to utilization of fixed deposits for dividend distribution

(iv) Profit After Tax

Profit after tax amounted to OMR 3.524 million, compared to OMR 2.986 million in the previous period, reflecting an increase of OMR 0.539 million (18.04%).

3. INVESTMENTS

The Company’s surplus funds were invested in short-term fixed-income instruments, primarily call accounts with commercial banks, in accordance with the Board-approved investment policy, ensuring liquidity and capital preservation.

4. ASSOCIATE COMPANY

Mondi Oman LLC

The Company’s share of profit from its associate amounted to OMR 53,419, compared to OMR 43,738 in the previous period. The investment has been accounted for using the equity method in accordance with IAS 28 – Investments in Associates and Joint Ventures.

5. DIVIDEND

The Company follows a balanced and sustainable dividend policy, taking into account profitability, future capital requirements, market conditions, and shareholder expectations.

The Annual General Meeting held on 28 March 2026 approved a dividend of 46.54% of paid-up share capital (OMR 15.4 million) out of retained earnings as of 31 December 2025.

- Dividend amounts relating to minority shareholders have been transferred to Muscat Clearing and Depository SAOC
- Distribution to the majority shareholder is in progress

Dividend History

Year	2021	2022	2023	2024	2025
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Dividend on paid-up					
Capital	10%	10%	120.89%	90%	46.54%

6. MARKET DEMAND AND OUTLOOK

The cement market in Oman remained highly competitive, with continued pressure from:

- Local market competition
- Imports from neighboring countries
- Supply chain challenges
- Geopolitical uncertainties

The Company adopted a dynamic pricing strategy to respond to evolving market conditions.

The Company also continued product diversification, including Portland Limestone Cement (32.5 grade – Hareer Cement) for plastering applications.

Demand for the remainder of FY 2026 is expected to remain stable, supported by ongoing infrastructure activities.

7. EXPANSION, MODERNISATION AND UPGRADATION

The Company continues to invest in initiatives aimed at efficiency enhancement, capacity optimization, and sustainability, including:

1. **Alternative Fuel Project (Kiln-1)**
Contract awarded for installation of an industrial waste feeding system to utilize shredded waste as alternative fuel, aligned with Oman Vision 2040 decarbonization goals. Project is in progress.
2. **Truck Loading Facility**
Installation of an additional semi-automatic truck loading system to enhance dispatch efficiency and capacity. Project is in progress.
3. **Municipal Solid Waste Utilization**
Evaluation of municipal solid waste-based fuel alternatives project to reduce natural gas consumption is under consideration.
4. **Duqm Expansion Project**
Proposal under consideration to establish a new cement plant in Duqm with a clinker capacity of 5,000 TPD.
5. **Carbon Black feeding system installation**

Installation of Carbon Black handling and feeding system project to receive Carbon Black in bulk trucks, unload into Kiln 2 Bypass hopper and consume by using as Alternative Fuel in Kiln 3 Calciner is under consideration.

8. KEY HIGHLIGHTS

- Average sales realization per metric ton increased by approximately 4%, reflecting effective pricing strategies
- Overall net sales revenue increased marginally by approximately 0.6%, despite lower sales volumes
- Reduction in sales volume was primarily attributable to Eid holidays and adverse weather conditions

- Performance demonstrates pricing discipline and operational resilience in a competitive market environment

ACKNOWLEDGEMENT

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

The Board also prays to Almighty Allah to grant continued guidance and good health to His Majesty Sultan Haitham bin Tariq for the prosperity and welfare of the Sultanate.

Xu Gang

Chairman of the Board of Directors