Management discussions and analysis report

The goals and objectives of the company

Construction Materials Industries SAOG is a Joint Stock Company founded in 1977 in Sultanate of Oman and was registered with Ministry of Commerce and Industry on 15.06.1977 under Registration N then, the company is catering to the demand for lime and lime stone products in the local as well as International markets. The company has attained steady progress and development by increasing the products both in terms of quality and quantity. These products are strictly meeting the quality of Omani Standards. The factory is situated in Sohar Industrial Estate produces Quick Lime and Hydrated Lime is exported to neighboring countries, after meeting and covering for covering the local market demand.

The Main products are:

- Quicklime: It is used in the mining industries, brick industry, steel industry, sugar industry and chemical and petrochemical industries.
- Hydrated lime: Used in water purification and desalination plants, sewage treatment plants, exploration of oil well drilling, construction chemicals, paint, petrochemical and building materials industries.
- Ground Lime: It is used in the mining, sugar, fiberglass and aerated blocks industries.

Methods through which the company achieves its business and development proposal:

The company operates as per the directions and guidelines as detailed in the circular No. 11/2002 and further amendments issued by Muscat Security Exchange. The company has all the necessary set monitor and maintain the stipulated environmental standards and has fully complied with the Environmental requirements.

Future Plans of the company for 2025

Company management is still striving to advance the company to achieve the best results during the coming period by following up on all the obstacles facing by the company and working to follow them u government agencies. The company management is striving to reduce the cost of production to increase competitiveness in the local and foreign markets.

Current investments

The company currently owns a plant for the production of quicklime and hydrated lime in Sohar Industrial City, Sohar wilayat where quicklime, dololime and hydrated lime are produced, which is used in variou

Expansion plan

The management seeks to advance the company to achieve the best results during the coming period by maintaining the level of condition of production units and machines, improving their output an performance, and this has resulted in the following:

• The installation of a new hydrated lime production unit with a production capacity of 15 tons per hour has been completed, and this new unit is expected to begin commercial production during March 2025.

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- Work is in progress to restructure and modernize the old lime kiln with a capacity of 100 tons per day, and is expected to be completed at the beginning of the second half of the year 2025.
- Efforts are 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 througl continuous improvement of the performance of production machines and developing the factory's technical staff.

Analysis of the company's products

Founded in 1977 presently with a paid up capital of RO.6,250,000/-, CMI has grown steadily ever since its inception. With a range of pure Omani products which meets wide variety of needs, CMI caters to sand projects by its manufacturing plant. Company is producing Hydrated Lime and Quick Lime from its Lime plant located at Sohar Industrial area and exported to neighboring countries, Gulf India and Africa

The top management has been pursuing the Company to develop and train Omani professionals in order to maintain the prescribed 42% Omanisation as per the directions of the Ministry of Labour. We smoothly with our manpower resource of 83 employees constituted by professionals, technical experts, skilled and unskilled laborers.

Risks faced by the company and how to mitigate them

1. Obstacles

Perhaps one of the most important problems that the Company faces now is the availability of energy and raw materials required for the production process such as natural gas and limestone raw materials required to operate lime kiln furnaces (capacity of 100 tons and capacity of 200 tons per day) from the Sohar Industrial City (Madayn). Accordingly, we are forced to which is liquefied petroleum gas, to complete the production process. As for limestone materials, the company has long sought and is still seeking a mining license to operate the company's quarry locarea, Wilayat of Sohar.

Licenses for operations are still underway with concerned authorities to commence production of lime stone from the lime stone quarry situated at Dank area.

2. Competition

Company faces tough competition in the local and neighboring GCC markets. Other export markets are also giving a tough time to our products. Well planned pricing policies are adopted to attract customers.

3. Trained professionals

The in ability to get trained and skilled professionals and workers is one of the risks that faced by the Company. The Company strives to provide the necessary and appropriate professional and adm programs for its staff.

4. Performance Risk

Inability to satisfy the clients: The Company is always keen to provide quality products to its customers by introducing stringent quality inspections at all levels. And providing timely distinctive services all times.

5. Market Risk

It is the risk which affects the future growth prospects of the company. Any fluctuations in the international market, especially in steel and petroleum industry, also reflects in our performance. The market growth prospects of the company. Any fluctuations in the international market, especially in steel and petroleum industry, also reflects in our performance. The market growth prospects of the company.

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6. Liquidity Risk

It is the risk that the company encounters difficulties in raising funds to meet commitments associated with financial instruments. In accordance with prudent liquidity risk management, the Manageme sufficient cash and an adequate amount of committed credit facilities.

7. Currency Risk

It is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The company is exposed to foreign currency risk in respect of capital commitments. T company are following up the rates and believe the effect, if any, may not be substantial.

Financial Performance during 2024

Particulars	31/03/2024	30/06/2024	30/09/2024	31/12/2024
	R.O.	R.O.	R.O.	R.O.
Turnover	731,370	1,394,666	2,125,407	2,848,554
Cost of Sales	(659,942)	(1,259,795)	(1,855,482)	(2,371,128)
Gross Profit	71,428	134,871	269,925	477,426
Other Income	2,000	2,000	7,315	82,775
Sales & Marketing Expenses	(21,460)	(42,906)	(64,686)	(86,838)
General & Administration Expenses	(92,471)	(172,960)	(252,293)	(414,411)
Finance Income / (Expenses) - net	2,347	1,619	(1,435)	(4,657)
Finance Cost – (IFRS-16)	(8,602)	(16,978)	(25,216)	(35,032)
Net profit/(loss) before Tax	(46,758)	(94,354)	(66,390)	19,263
Taxation	()	()	()	(3,460)
Net profit/(loss) attributed to ordinary Shareholders	(46,758)	(94,354)	(66,390)	15,803
STATEMENT OF ACCUMULATED PROFIT/(LOSSES) Accumulated Profit / (Losses) at 1st January	(144,016)	(144,016)	(144,016)	(144,016)
Net Profit for the period after transfer to legal reserve	(46,758)	(94,354)	(66,390)	14,223
Balance	(190,774)	(238,370)	(210,406)	(129,793)

ofit and loss Historical Overview last five years

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Particulars	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024
	R.O.	R.O.	R.O.	R.O.	R.O.
nover	3,707,553	4,041,630	3,017,216	2,456,006	2,848,554
st of Sales	(3,039,862)	(2,992,916)	(2,398,137)	(2,125,625)	(2,371,128)
oss Profit	667,691	1,048,714	619,079	330,381	477,426
ner Income	20,374	2,290	40,775	69,910	82,775
neral & Administration penses	(335,985)	(394,209)	(404,504)	(451,118)	(414,411)
es & Marketing Expenses	(92,182)	(85,709)	(91,620)	(96,011)	(86,838)
erest (Net)	(37,121)	(33,699)	(15,562)	(22,467)	(39,689)
t Profit / (loss) before Tax	222,777	537,387	148,168	(169,305)	19,263
t From / (loss) before Tax	222,111	337,367	140,100	(109,303)	19,203
ferred Tax	(1,126)	(36,589)	27,872	23,588	(3,460)
t profit / (loss) attributed to linary Shareholders	221,651	500,798	176,040	(145,717)	15,803
rnings per share	0.0026	0.0059	0.0030	(0.0023)	0.0003
are Holder's Equity					
are Capital	8,500,000	8,500,000	6,250,000	6,250,000	6,250,000
gal Reserve	302,394	352,474	370,078	370,078	371,658
cained profit / (loss)	(2,701,203)	(2,250,485)	157,951	(144,016)	(129,793)
t Shareholder Equity	6,101,191	6,601,989	6,778,029	6,476,062	6,491,865
Assets per share	0.072	0.078	0.108	0.104	0.104

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

- Increase in the custom duties imposed by one of our neighboring countries on the import of raw materials and the export of lime products, as well as the development of high-priced road charges, significant impact on the cost of the products.
- The sharp competitions we are facing even in the local market from the opponents of the neighboring countries are very tough: we are not able to pass on these additional expenses to our customers.
- The decision of the Ministry of Transport to prevent the entry of land transport (empty) to the Sultanate had a great impact on the company's inability to comply with its commitments to supply hyd desalination plants outside the Sultanate of Oman.

Prospects

The company continues its efforts to expand and diversify its products to meet diverse customer requirements through innovative products and strategies to reach the widest range of the regional market. The growth plans will be coupled with the success of its efforts to capitalize on the growth and diversification of market demand by delivering its products in a timely manner with high quality and with a focus of efficiency, improving costs and developing the skills of the company's workforce to meet market requirements and meet the growing market needs. Although the near future represents an element of uncertain the current economic conditions in the region, the company believes that it is in a good position in its business sector due to its cautious approach and strong business relationships.

In order to improve the company's performance level, work is underway to study some strategic projects to develop the company's performance and reduce the cost of production and to increase the company compete in local and foreign markets.

The company's management and team are also looking forward to entering the local and foreign market with promising products, which will have a positive impact on the results of the company's business.

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