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Independent auditor's report to the shareholders of Omani Packaging Company SAOG

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **Omani Packaging Company SAOG** ("the Company"), which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 6 to 42.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independent auditor's report to the shareholders of Omani Packaging Company SAOG (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Inventory valuation	
As disclosed in note 15 of the financial statements stores and spares inventory of RO 625,328 are carried at lower of cost or net realizable value. We focused on this area because assessing net realizable value of inventory is an area of judgement, in particular, with regards to the estimation of provisions for slow-moving and obsolete inventory as described in critical accounting estimates and judgements in note 4.	We obtained assurance over the appropriateness of management's assumptions applied in calculating the net realizable value and allowance for slow moving and obsolete stores and spares inventory by: - Evaluating the design and implementation and operating effectiveness of key inventory controls ; - Assessing physical condition of inventory during attending the inventory count; - Assessing the ageing of inventories, inventory levels, consumption patterns and net realisable value to identify whether the inventory requires a write down. - Considering write down of inventories to net realisable value, by comparing current replacement cost. - Reviewing the historical accuracy of inventory allowance and the level of inventory write-offs over the years. - Determining an independent expectation of slow moving and obsolete inventory using relevant data and assumptions.

Key audit matters	How our audit addressed the key audit matters
Allowance for doubtful debts	
As disclosed in note 16 of the financial statements the Company's trade receivables amounts to RO 3,800,330 which are stated at cost less an allowance for doubtful debts. We focused on this area because the allowance for impairment of trade receivables requires the application of judgement and use of assumptions by management as described in critical accounting estimates and judgements in note 4.	We obtained assurance over the appropriateness of management's assumptions and methods applied in calculating the allowance for doubtful debts by: - Evaluating the design and implementation and operating effectiveness of key controls; - Testing the underlying data used to determine the allowance - Reviewing the historical payments pattern for major balances, checking collections subsequent to reporting date and also considering correspondence with the respective customers with overdue balances. - Reviewing the historical accuracy of the allowance and the level of write-offs over the years. - Determining an independent expectation of allowance for doubtful debts using relevant data and assumptions.

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Other information

The Board of Directors (the Board) is responsible for the other information. The other information comprises the Directors Report, Corporate Governance Report and Management Discussion and Analysis report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the financial statements

The Board is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the relevant disclosure requirements of the Commercial Companies Law of 1974, as amended and the disclosure requirements issued by the Capital Market Authority, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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Independent auditor's report to the shareholders of Omani Packaging Company SAOG (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

From the matters communicated with the Board, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Further, we report that the financial statements comply, in all material respects, with the relevant disclosure requirements of the Commercial Companies Law of 1974, as amended and the applicable disclosure requirements issued by the Capital Market Authority.

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Deloitte & Touche (M.E.) & Co. LLC
Muscat, Sultanate of Oman
31 January 2017

Signed by
Mark Dunn
Partner