

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 2022, and the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and 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' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in the 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.

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 period. 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.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
OMANI PACKAGING COMPANY SAOG (continued)**

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Inventories and allowance for slow moving and obsolete inventories (refer note: 6)</i>	
<p>The value of inventories and the allowance for slow moving and obsolete inventories at the end of the reporting period amounts to RO 2,539,481 and RO 164,815 respectively. The inventories consist of raw materials, spare parts, consumables, work-in-progress and finished goods.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Considering the write down of inventories to net realizable value, by comparing current estimated selling price obtained through a review of future market conditions and selling price to the cost of inventories; ▪ Assessing the physical condition of inventories while attending the stock count; ▪ Understanding and challenging management's assumptions on provision for slow moving inventories and independently assessing whether the provision created at the end of the reporting period is adequate.
<p>We considered this area as a key audit matter due to the materiality of the amount involved. Further, assessing the net realizable value of the inventory and the allowance for slow moving and obsolete inventories involves significant management judgment and estimation in determining the carrying value of inventories.</p>	
<i>Trade receivables and allowance for expected credit losses on trade receivables (refer note: 7)</i>	
<p>Trade receivables and the allowance for expected credit losses amounting RO 5,431,567 and RO 490,728 respectively represent a significant balance in the statement of financial position. Further, the allowance for expected credit loss is a significant estimate.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Testing the accuracy of the aging of trade receivables; ▪ Assessing the operating effectiveness of the credit process; ▪ Verifying the data underlying the expected credit loss computation; ▪ Reviewing the methodology used and assess the reasonableness of assumptions used in preparing the estimate.
<p>We considered this area as a key audit matter due to the materiality of the balances and the allowance for expected credit losses involves judgment and must reflect information about past events, current conditions and forecasts of future conditions, as well as the time value of money.</p>	

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
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Other information included in the Company's 2022 Annual Report

Management is responsible for the other information. The other information comprises the information included in the Company's 2022 Annual Report, but 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 or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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 management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the disclosure requirements of the Capital Market Authority and the applicable provisions of the Commercial Companies Law of the Sultanate of Oman, and for such internal control as management 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, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
OMANI PACKAGING COMPANY SAOG (continued)**

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 ISAs, we exercise professional judgment 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 risks, 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence 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 disclosures 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 represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
OMANI PACKAGING COMPANY SAOG (continued)**

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

We also provide those charged with governance 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, actions taken to eliminate threats or safeguard applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period 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

We report that the financial statements of the Company as at and for the year ended 31 December 2022, comply in all material respects, with the applicable provisions of the Commercial Companies Law of the Sultanate of Oman, and the relevant disclosure requirements for Public Joint Stock Companies, issued by the Capital Market Authority.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Tom C Mathew.

CROWE MAK GHAZALI LLC



Tom C Mathew
Engagement Partner

Muscat, Sultanate of Oman
01 February 2023

