



Directors Report

Dear Share Holders,

On behalf of the Board of Directors, I am pleased to present to you the Thirtieth Annual Report and financial results of Omani Packaging Company SAOG for the year ending December 31, 2022.

Turn over

The company achieved a sales turnover of RO 12,786,574 comparing a sales turnover of RO 11,332,203 for the year 2021.

The paper prices increased exorbitantly during the year, however, the effect could not be passed on to the customers because of the extremely competitive market. Unable to increase the selling price in proportion to the increase in raw material prices

The export market comprises UAE and Qatar where overall volume decreased compared to the previous year, mainly due to the cost of logistics, competition, and the company's cautious approach to credit sales in the export market.

The graphical presentation represents the sales revenue achieved by the company over the years.

Financial performance

The company has achieved a net profit of RO 366,296 before tax provision, including IFRS net provisions of RO 71,824 for the current year against RO 954,637 of the corresponding previous year in a very challenging business environment

The exorbitant increase in input cost, mainly paper resulted in a reduction in overall profitability.

The selling prices continue to be under pressure with the increased supply of corrugating capacities in Oman and the region

The graphical presentation highlights the growth achieved by the company over the years.

Reliance On Suppliers and Customers

Degree of reliance includes one customer in Oman and two suppliers Oman and UAE contributing more than 10% of total sales and purchase of raw materials respectively.

Dividend

Keeping in view the shareholder's interest and to maintain consistency in dividend distribution and upon reviewing the financial performance of the company for the year ended 31 December 2022, Board of Directors recommends a cash dividend of 10 Baiza for each share on the paid-up share capital, subject to shareholders approval in company Annual General Meeting.

Dividend Policy

The company adopts a prudent dividend policy considering the current earnings and long-term growth of the company.



Corporate Governance

The company has been complying with the requirements, principles, and best practices of good Corporate Governance, as specified in the Code of Corporate Governance by the Capital Market Authority (CMA).

The detailed report on Corporate Governance together with a certificate from the Statutory Auditors in compliance with CMA regulations is attached forming part of this report.

Management Discussions & Analysis form part of this report complying with the requirements of the Capital Market Authority.

The Board of Directors has reviewed the effectiveness of internal controls and laid down procedures and policies for effective controls on a continuous basis.

Future Outlook

The company emphasizes continuous improvement and shall strive to retain the present market share and look for new opportunities.

The international prices of paper kept increasing and seem to stabilize by the end of the Year 2022

The after-effects of Covid 19 pandemic, and the war in Ukraine continue to affect the economies, raw material availability, logistics, and financial stability in the market. The company is reviewing the market conditions in the current scenario and trying to follow prudent steps to minimize the impact.

The company is trying to increase its customer base and market segments.

The increasing raw material prices and any other economic reforms in subsidies, taxation, and duties resulting in an increase in the present direct and indirect cost of production shall adversely affect the company's profitability.

In line with market practice in the region, the company is constrained to extend credit to customers. Management continuously monitors customer credit with prior appraisals, however, nonrecovery may affect the profitability of the company.

The company is continuously working to reduce costs in all spheres of operation to improve the margin.

The company has always believed in investing in human resources and maintaining the level of omanisation. Higher education and training are being imparted to Omani staff to take up responsible positions.

Acknowledgment

On behalf of the Board of Directors of the company, I take this opportunity to thank all customers, shareholders, and staff for their valuable support to the company.

We express gratitude to His Majesty Sultan Haitham bin Tareq bin Taimour and his wise Government for continuous support, encouragement, and guidance to our company we wish him all success in leading Oman, and we pledge our continued commitment and support to achieve greater progress and prosperity for our beloved nation.

Bakhit Said Al Shanfari
Chairman