

## **Directors Report**

Dear Share Holders,

On behalf of the Board of Directors, I am pleased to present to you the Thirty first Annual Report and financial results of Omani Packaging Company SAOG for the year ended December 31, 2023.

### **Turn over**

Company achieved a sales turnover of RO 10,568,292 comparing sales turnover of RO 12,786,574 for the year 2022. Increased local suppliers, aggressive competition and weak economic conditions after Covid-19 pandemic, and sluggish demand, impacted the market volumes in Oman and export markets.

Unit Sales realisation has reduced due to increased competition from Oman and GCC Corrugating box suppliers.

Export market comprises of UAE and Qatar where overall volume marginally increased in comparison with the previous year, however company maintained cautious approach on credit sales in the export market.

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

### **Financial performance**

Company has achieved a net profit of RO 766,346 before tax provision, for the current year against RO 366,296 of the corresponding previous year.

Reduction in input cost with enhanced productivity and value engineering resulted in increase in overall profitability.

The selling prices continue to be under pressure for reduction with increased supply of corrugating capacities.

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 from GCC contributing more than 10% total sales and purchase of raw materials respectively.

### **Dividend**

Keeping in view the shareholders interest and to maintain consistency in dividend distribution and upon reviewing financial performance of the company for the year ended 31 December 2023, Board of Directors recommends cash dividend of ----- 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**

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).

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 Capital Market Authority.

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

## **Future Outlook**

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

The Ukraine war and recent developments in middle east affecting supply chain, increase in raw material, freight and insurance costs, also availability of raw material may be affected. Company is reviewing the market conditions in current scenario and trying to follow prudent steps to minimize the impact.

The delay in payment by major customers shall adversely affect the working capital and cash flow of the company.

Company is trying to increase the customer base and market segments.

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

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

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

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

## **Acknowledgement**

On behalf of 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 and 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**