

Directors Report

Dear Share Holders,

On behalf of the Board of Directors, I am pleased to present to you the Twenty Eighth Annual Report and financial results of Omani Packaging Company SAOG for the year ended December 31, 2020.

During the year 2020, Covid-19 Pandemic adversely impacted the Global Economies including Sultanate of Oman.

Turn over

Company achieved a sales turnover of RO 11,100,690 comparing sales turnover of RO 11,900,604 for the year 2019. Covid-19 pandemic, weak economic conditions, impacted the export market, however company increased Oman market share over last year with strong customer focus.

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

Export market comprises of UAE and Qatar where overall volume significantly decreased in comparison with the previous year, mainly due to reduced market requirement, increased competition and 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 1,406,644 before tax provision, including IFRS net provisions of RO 54,058 for the current year against RO 1,328,680 of the corresponding previous year.

Reduction in input costs with enhanced productivity, value engineering resulted in increase in overall profitability.

The selling prices continue to be under pressure 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 one supplier 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 2020, Board of Directors recommends cash dividend of 25 Baisa for each share on the paid up share capital.

Dividend Policy

The company adopts a prudent dividend policy considering the current earnings and long term growth of the company. Following are the Dividend distributed by Company for the last five years.

YEAR		2015	2016	2017	2018	2019
DIVIDEND	CASH (%)	15	20	20	15	25
	STOCK (Bonus) (%)	--	--	--	--	--
	TOTAL (%)	15	20	20	15	25

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 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.

Due to Covid-19 pandemic, the overall sales revenue, profitability shall 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 reviewing the market status in current scenario and trying to increase the customer base and market segments.

The economy slowdown and fall in oil prices may affect the overall market growth which in turn adversely affect the sales volume and overall profitability.

The increasing fuel price 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 monitor 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