

Directors Report

Dear Share Holders,

Greetings,

On behalf of the Board of Directors, I am pleased to present to you the Twenty Second Annual Report and financial results of Omani Packaging Company SAOG for the year ended December 31, 2014.

Turn over

The company achieved sales turnover of RO 12,286,937 comparing sales turnover of RO 11,660,764 for year 2013, increase of 5.4%. Due to increased competition comparing year 2013, unit selling prices were reduced, striving to retain the market share.

Company has maintained its competitive position in local market also increased its share of export market.

Export market comprises of mainly UAE where the volume is increased by 129%.

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

Reliance on Suppliers and Customers

Degree of reliance includes one customer from local and one supplier from GCC contributing more than 10% of total sales and purchases.

Financial performance

Company has achieved net profit of RO 302,951 before tax provisions, comparing RO 512,509 for year 2013.

Company Performance has been affected mainly due to reduction in unit selling prices, coupled with increase in paper price. Company was unable to pass on the raw material price increase to customers because of extremely competitive market thus reducing the gross margin and profitability.

Shifting of Cargo Port from Muscat to Sohar Industrial Port from August 2014 has further increased the cost of Clearing and Transportation for imports, mainly paper.

Graphical presentation highlights the steady growth achieved by the company over the years.

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 2014, Board of Directors recommends cash dividend of 10 % (RO 0.010 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		2009	2010	2011	2012	2013
DIVIDEND	CASH (%)	20	10	15	30	10
	STOCK (Bonus) (%)	--	--	--	--	--
	TOTAL (%)	20	10	15	30	10

Corporate Governance

The company has been complying with the requirements of code of Corporate Governance, as specified 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 emphasize on continuous improvement and shall strive to retain the present market share and also look for new opportunities.

Company is reviewing the market status in current scenario and trying to increase the customer base and market segments.

Natural Gas, being used for Boilers, Price increased by 100% from January 2015, with an additional 3% increase annually thereafter. This will affect company cost of production for year 2015 by about Rial 60,000.

Company is also 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 for making 2014 successful and profitable year.

Above all, we express gratitude to His Majesty Sultan Qaboos bin Said and his wise Government for continuous support, encouragement and guidance to our company and pray to Almighty to help our beloved Oman to attain further peace and development under His Majesty's wise leadership.

Bakhit Said Al Shanfari
Chairman