

# Omani Packaging Company SAOG

## Financial statements for the year ended 31 December 2024

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### Notes to the financial statements

#### 1 ACTIVITIES

Omani Packaging Company SAOG ("the Company") was formed in 1993 and is registered in the Sultanate of Oman as a public joint stock company. The Company's principal activity is the manufacture and sale of corrugated packing materials.

#### 2 BASIS OF PREPARATION AND ADOPTION OF NEW AND AMENDED IFRS

##### 2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), the relevant disclosure requirements of the Financial Services Authority and the requirements of the Commercial Companies Law of the Sultanate of Oman.

The financial statements are presented in Omani Rials.

##### 2.2 New and amended IFRS adopted by the Company

The financial statements have been drawn up based on accounting standards, interpretations and amendments effective at 1 January 2024. The Company has adopted the following new and revised Standards and Interpretations issued by International Accounting Standards Board and the International Financial Reporting Interpretations Committee, which were effective for the current accounting period:

- Amendments to IAS 1 'Presentation of Financial Statements' clarify the requirements for classification of liabilities as current or non-current and non-current liabilities with covenants. The amendments clarify that if a liability is subject to covenants, the Company may only classify a liability as non-current if it meets the covenant tests as at the reporting date, even if the lender does not test compliance until a later date. The meaning of settlement of a liability is also clarified.
- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures' clarify the characteristics of supplier finance arrangements and require additional disclosure in understanding the effects of such arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.
- Amendments to IFRS 16 'Leases' (Lease liability in a sale and leaseback) explain how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

The Management believes the adoption of the above amendments has not had any material impact on the recognition, measurement, presentation and disclosure of items in the financial statements for the current accounting period.

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## Financial statements for the year ended 31 December 2024

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### Notes to the financial statements

#### 2 BASIS OF PREPARATION AND ADOPTION OF NEW AND AMENDED IFRS (Continued)

##### 2.3 New and amended IFRS which are in issue but not yet effective

At the end of the reporting period, the following significant new and revised standards were in issue but not yet effective:

- Amendments to IAS 21 'The effects of changes in foreign exchange rates' (Lack of exchangeability)
- Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures' (Classification and measurement requirements of financial instruments)
- Annual amendments to IFRS - Volume 11 amend the following:
  - IFRS 1 'First time adoption of IFRS' - Hedge accounting by a first time adopter;
  - IFRS 7 'Financial instruments: Disclosures' - Gain or loss on derecognition;
  - Guidance on implementing IFRS 7 - Credit risk disclosures and disclosures of deferred difference between fair value and transaction price;
  - IFRS 9 'Financial instruments' - Derecognition of lease liabilities and transaction price
  - IFRS 10 'Consolidated financial statements' - Determination of a 'de facto agent'
  - IAS 7 'Statement of cash flows' - Cost method
- IFRS 18 'Presentation and Disclosure in Financial Statements' replaces IAS 1 'Presentation of Financial Statements'. The new requirements on presentation and disclosure will provide information to better understand Company's financial performance, improve labelling, aggregation and disaggregation of information and disclosure of management-defined performance measures in the financial statements.

Except for the adoption of IFRS 18, the Management believes the adoption of the above amendments is not likely to have any material impact on the recognition, measurement, presentation and disclosure of items in the financial statements for future periods.

#### 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the financial statements, the Management is required to make estimates and assumptions which affect reported income and expenses, assets, liabilities and related disclosures. The use of available information and application of judgement based on historical experience and other factors are inherent in the formation of estimates that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In particular, estimates that involve uncertainties and judgements which have significant effect on the financial statements include:

- *Useful lives of property, plant and equipment*

Estimation of useful lives of the property, plant and equipment is based on Management's assessment of various factors such as the operating cycles, the maintenance programs and normal wear and tear using its best estimates.

# Omani Packaging Company SAOG

## Financial statements for the year ended 31 December 2024

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### Notes to the financial statements

#### 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

- *Provision for slow and non-moving inventories*

Provision for slow and non-moving inventories is based on Management's best estimates of the realizable value of the inventories based on the Company's provisioning policy and historical experiences considering the usage of the inventories.

- *Allowance for expected credit losses (ECLs)*

The Company applies the IFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 3 years and the corresponding historical credit losses experienced within this period.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP growth, oil prices and inflation rates to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

At every reporting date, the default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between default rates, forecast economic conditions and ECLs require the use of estimates. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

ECL on bank balances is determined using credit rating information supplied by independent rating agencies, where available. ECL on bank balances is provided if the amount is deemed material.

- *Impairment of non-financial assets*

At the end of the reporting period, the Management has assessed if there is any indicators of impairment of non-financial assets (property, plant and equipment and right of use assets). Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The computation of value in use and fair value less costs to sell require the use of estimates.

The Management has concluded based on assessment of available evidence, that impairment has not arisen in the carrying values of the non-financial assets at the end of the reporting period.

- *Estimation of lease term and right of use assets*

The Management determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Management applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease by considering all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

The Management applies judgement when electing the incremental borrowing rate to discount the lease liabilities.

# Omani Packaging Company SAOG

## Financial statements for the year ended 31 December 2024

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### Notes to the financial statements

#### 4 MATERIAL ACCOUNTING POLICY INFORMATION

The following accounting policies have been consistently applied in dealing with items considered material to the Company's financial statements.

##### a) Accounting convention

These financial statements have been prepared under the historical cost convention.

##### b) Revenue from contracts with customers

Revenue is recognised at the point in time when control of the asset (finished goods) is transferred to the customer, generally on their delivery. Revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The average credit term is 90 to 120 days upon delivery.

##### c) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment. Following initial recognition at cost, expenditure incurred to replace a component of an item of property, plant and equipment which increases the future economic benefits embodied in the item of property, plant and equipment is capitalised. All other expenditures are recognised in the statement of income as an expense as incurred.

Items of property, plant and equipment are derecognised upon disposal or when no future economic benefit is expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset is included in the statement of income in the year the item is derecognised.

Capital work in progress is stated at cost and not depreciated. Depreciation is charged to the statement of income on a straight-line basis over the estimated useful economic lives of property, plant and equipment, which are as follows:

	Years
Buildings – civil works	25
Buildings – electromechanical	10
Plant, machinery and dies	8 – 20
Spare parts	10
Furniture, fixtures, office and laboratory equipment	6.67
Motor vehicles	5

##### d) Inventories

Inventories are stated at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost, which is determined on weighted average cost basis, comprises expenditure incurred in the normal course of business in bringing inventories to their present location and condition. In the case of finished goods and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.



# Omani Packaging Company SAOG

## Financial statements for the year ended 31 December 2024

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### Notes to the financial statements

#### 4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

##### e) Trade and other receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business and represent the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). They are generally due for settlement within 90 to 120 days and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing component, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

##### f) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents consist of cash and bank balances with an original maturity of less than three months.

##### g) Financial assets

###### *Recognition and initial measurement*

The Company's financial assets comprise trade and other receivables, bank balances and cash. These financial assets are classified, at initial recognition, as subsequently measured at amortised cost. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

###### Financial assets at amortised cost:

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income from financial assets, if any, is included in interest income using the effective interest rate method. Impairment losses are presented as separate line item in the statement of income.

# Omani Packaging Company SAOG

## Financial statements for the year ended 31 December 2024

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### Notes to the financial statements

#### 4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

##### h) Impairment

###### *Financial assets*

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. The Company measures the impairment using the expected credit loss (ECL) model for different categories of financial assets.

###### Trade receivables

The Company recognises allowance for expected credit losses (ECLs) applying a simplified approach for trade receivables, at an amount equal to lifetime ECLs. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the trade receivables and the economic environment.

###### Other financial assets

For other financial assets, which are subject to impairment, the ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a lifetime ECL is recognised for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

For bank balances, cash and other receivables, the ECL adjustments are made only if they are material.

###### Write off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

###### *Non-financial assets*

At the end of each reporting period, the Management assesses if there is any indication of impairment of non-financial assets. If an indication exists, the Management estimates the recoverable amount of the asset or cash generating unit (CGU) and recognises an impairment loss in the statement of income.

The recoverable amount is assessed as higher of asset's or CGU's value in use (VIU) and fair value less costs to sell. In assessing the VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects market assessments of the time value of money and other asset specific risks. The Management also assesses if there is any indication that an impairment loss recognized in prior years no longer exists or has reduced. The resultant impairment loss reversals are recognised immediately in the statement of income.

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## Financial statements for the year ended 31 December 2024

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### Notes to the financial statements

#### 4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

##### i) Employees' end of service and other benefits

Payment is made to the Government of the Sultanate of Oman's Social Protection Fund (SPF) as per Royal Decree number 52 / 2023 for Omani employees for retirement benefits and other contingencies. Effective July 2024, payment is also made to SPF for maternity leave benefits for employees.

Provision is made for amounts payable under the Sultanate of Oman's Labour Law as per Royal Decree number 53 / 2023 applicable to expatriate employees' accumulated years of service at the end of the reporting period.

##### j) Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

##### k) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company.

##### l) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

##### m) Financial liabilities

Financial liabilities are initially measured at fair value and are subsequently measured at amortised cost.

##### n) Foreign currency transactions

Foreign currency transactions are translated into Omani Rials at the exchange rate prevailing on the transaction date. Foreign currency monetary assets and liabilities are translated into Rials Omani at the exchange rate prevailing at the end of the reporting period. Exchange differences arising are taken to the statement of income.

##### o) Taxation

Taxation is provided for in accordance with the Sultanate of Oman's fiscal regulations.

Deferred taxation is provided using the liability method on all temporary differences at the reporting date. It is calculated at the tax rates that are expected to apply to the period when it is anticipated the liabilities will be settled and is based on the rates (and laws) that have been enacted at the end of the reporting period.

Deferred tax assets in relation to carry forward losses or timing differences are recognised to the extent that it is probable that future taxable profits will be achieved.

# Omani Packaging Company SAOG

## Financial statements for the year ended 31 December 2024

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### Notes to the financial statements

#### 4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

##### p) Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components whose operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance.

##### q) Directors' remuneration

The Company follows the Commercial Companies Law of the Sultanate of Oman, and other latest relevant directives issued by FSA, in regard to determination of the amount to be paid as Directors' remuneration and meeting attendance fees. Directors' remuneration and meeting attendance fees are charged to the statement of income in the year to which they relate.

##### r) Leases

The Company leases its factory, office premises, staff accommodation and certain motor vehicles under various leasing arrangements. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices unless it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Leases are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Lease liabilities include (wherever applicable) the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise the option, and
- penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate is used.

Lease payments are allocated between the principal and finance cost. The finance cost is charged to the statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs, if applicable.

Right of use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right of use asset is depreciated over the underlying asset's useful life.

# Omani Packaging Company SAOG

## Financial statements for the year ended 31 December 2024

### Notes to the financial statements

#### 4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

##### r) Leases (Continued)

Payments associated with short-term leases and low-value assets are recognised on a straight-line basis as an expense in the statement of income.

##### s) Dividend

The Board of Directors recommends to the shareholders the dividend to be paid out of the Company's profits. The Company's Board of Directors take into account appropriate parameters including the requirements of the Commercial Companies Law of the Sultanate of Oman, and other relevant directives issued by FSA while recommending the dividend. Dividends are recognized as a liability only in the period in which the dividends are approved by the Shareholders.

#### 5 PROPERTY, PLANT AND EQUIPMENT

- a) The movement of property, plant and equipment for the years 2024 and 2023 are set out on pages 31 and 32 respectively.
- b) Buildings have been constructed on various plots of lands leased from Madayn in the Rusayl Industrial Estate under leasing arrangements as detailed in note 6 a).
- c) The depreciation charge for the year has been allocated as follows:

	2024 RO	2023 RO (as restated – note 28)
Direct costs (note 16)	510,770	481,276
General, administration and selling (note 18)	33,895	38,130
	544,665	519,406

#### 6 LEASES

- a) At the end of the reporting period, the leasing arrangements entered into by the Company as a lessee are as follows:
  - Leasing arrangements for the staff accommodation that are for short term, the Company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16.
  - Leasing arrangements for the plots of factory land in the Rusayl Industrial Estate. These arrangements expire in December 2049 [note 5 b)].

During the year, there was a modification to the leasing arrangements, including a revision in the lease term, area and rental rates. Consequently, additional lease liabilities and the corresponding right of use assets amounting to RO 356,727 were recognised during the year [notes c) and e) below].

- b) During the year, the leasing arrangement for the motor vehicles was terminated with effect from 31 July 2024 and accordingly the lease liability was derecognized with a corresponding adjustment to the right of use asset. Consequently, a net gain on derecognition of the lease liability amounting to RO 101 was recognized under other income.

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**Notes to the financial statements**

**6 LEASES (Continued)**

- c) The movement in the right of use assets during the year is as follows:

<b>Year 2024</b>	<b>Land RO</b>	<b>Motor vehicles RO</b>	<b>Total RO</b>
At the beginning of the year	234,001	1,697	235,698
Remeasurement during the year [note a)]	356,727	--	356,727
Depreciation for the year [note g)]	(22,721)	(846)	(23,567)
Derecognised during the year	--	(851)	(851)
At the end of the year	568,007	--	568,007

  

<b>Year 2023</b>	<b>Land RO</b>	<b>Motor vehicles RO</b>	<b>Total RO</b>
At the beginning of the year	253,232	5,313	258,545
Depreciation for the year [note g)]	(19,231)	(3,616)	(22,847)
At the end of the year	234,001	1,697	235,698

- d) At the end of the reporting period, lease liabilities are analysed as follows:

	<b>2024 RO</b>	<b>2023 RO</b>
Non-current portion	594,214	253,888
Current portion	34,595	18,695
	<b>628,809</b>	<b>272,583</b>

- e) The movement in lease liabilities during the year is as follows:

	<b>2024 RO</b>	<b>2023 RO</b>
At the beginning of the year	272,583	292,793
Lease modification during the year [note a)]	356,727	--
Interest on lease liabilities expensed [note g)]	31,493	13,058
Paid during the year	(31,042)	(33,268)
Leases derecognised during the year	(952)	--
At the end of the year	<b>628,809</b>	<b>272,583</b>

- f) The contractual maturity analysis of the undiscounted cash flows of the lease liabilities is as follows:

	<b>2024 RO</b>	<b>2023 RO</b>
Upto 1 year	34,595	30,829
Between 1 year to 5 years	138,380	111,381
Above 5 years	993,300	252,552
	<b>1,166,275</b>	<b>394,762</b>



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**Notes to the financial statements**

**6 LEASES (Continued)**

g) The amounts included in the statement of income relating to leases comprise:

	2024 RO	2023 RO
Depreciation (note 16)	23,567	22,847
Interest on lease liabilities (note 20)	31,493	13,058
Payments for short term leases	47,456	46,203

h) The total cash outflow for leases amounted to RO 78,498 (2023 – RO 79,471).

**7 INVENTORIES**

	2024 RO	2023 RO (as restated – note 28)
Raw materials	1,335,968	1,366,553
Spare parts	264,788	345,199
Consumables	29,030	33,588
Work-in-progress	46,909	54,032
Finished goods	33,510	46,569
	1,710,205	1,845,941
Less: provision for slow and non-moving inventories	(25,000)	(25,000)
	1,685,205	1,820,941

The following further note applies:

At the end of the reporting period, finished goods represent approximately 1 day (2023 – 2 days) of annual sales.

**8 TRADE AND OTHER RECEIVABLES**

	2024 RO	2023 RO
Trade receivables	4,456,156	4,241,298
Less: allowance for expected credit losses [note a) below]	(507,299)	(442,015)
	3,948,857	3,799,283
Amounts due from related parties [note 15 c)]	108,595	133,876
Advances, prepayments and other receivables	128,542	88,918
	4,185,994	4,022,077

# Omani Packaging Company SAOG

## Financial statements for the year ended 31 December 2024

### Notes to the financial statements

#### 8 TRADE AND OTHER RECEIVABLES (Continued)

The following further notes apply:

- a) The movement in allowance for expected credit losses is as follows:

	2024 RO	2023 RO
At the beginning of the year	442,015	490,728
Provided during the year (note 18)	65,284	--
Reversed during the year (note 17)	--	(48,713)
At the end of the year	507,299	442,015

- b) The estimation for allowance for expected credit losses has been detailed under note 26 b).

#### 9 BANK BALANCES AND CASH

	2024 RO	2023 RO
Bank balances	251,110	549,753
Cash in hand	299	660
	251,409	550,413

#### 10 SHARE CAPITAL

- a) At the end of the reporting period, the authorized, issued and fully paid-up share capital of the Company is RO 3,243,586 comprising 32,435,860 shares of RO 0.100 each (2023 – share capital of RO 3,243,586 comprising 32,435,860 shares of RO 0.100 each).
- b) At the end of the reporting period, Shareholders who own 5% or more of the Company's share capital, and the number of shares they hold are as follows:

	% of Holding	2024 and 2023 RO
Salim Saeed Hamed Al Fannah Al Araiimi	15.87	5,145,970
Al Saud Co. Ltd / Ubar Financial Investments	14.18	4,600,000
Bin Omier Investment LLC	12.56	4,073,262
Al Baraka Investments Co. LLC	11.41	3,700,485
Al Rawas Holding Company LLC	6.68	2,167,313
Bakhit Saeed Salem Al Shanfari	6.12	2,000,000
Dhofar International Development & Investment Holding Company SAOG	5.20	1,687,048

#### 11 RESERVES

- a) *Share premium*

In accordance with Article 126 of the Commercial Companies Law of Oman, the share premium reserve was established in an earlier period and relates to the excess of share issue expenses collected over expenses incurred.

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#### 11 RESERVES (Continued)

##### b) Legal reserve

In accordance with Article 132 of the Commercial Companies Law of Oman, annual appropriation of 10% of the net profit for the year is to be made to the legal reserve until the reserve equals one third of the Company's share capital. The reserve is not available for distribution but can be utilized to set off against any accumulated losses and increasing the Company's share capital by issuing shares. No transfer has been made to the legal reserve during the year as the reserve has reached the statutory minimum of one third of the share capital.

#### 12 TERM LOAN

	2024 RO	2023 RO
Term loan	--	505,000
Less: current portion	--	(505,000)
Non-current portion	--	--

The following further note applies:

Term loan was obtained from a local commercial bank and carried interest at commercial rate. During the year, the term loan was fully repaid.

#### 13 BANK BORROWINGS

- a) The Company has approved credit facilities arranged from local commercial banks in the Sultanate of Oman which carries interest at commercial rates when availed. The interest rates on bank borrowings are subject to re-negotiation with the banks upon renewal of the facilities, which generally takes place annually.
- b) The bank borrowings are secured by the following:
  - Negative pledge over the commercial registration of the Company;
  - undertaking to route proceeds from customers through the bank; and
  - pari-passu charge over trade receivables and inventories.
- c) The bank borrowings are subject to certain restrictive covenants which, if violated, could permit the lenders to demand early repayment of the facilities provided [note 26 d)].

#### 14 TRADE AND OTHER PAYABLES

	2024 RO	2023 RO
Trade payables	2,012,870	1,575,290
Accrued expenses	93,688	174,234
Advance from customers	28,500	47,481
Proposed Directors' remuneration (see note below)	36,000	45,000
Other payables	122,689	122,411
	2,293,747	1,964,416

The following further note applies:

The proposed Directors' remuneration is subject to approval at the forthcoming Annual General Meeting.

# Omani Packaging Company SAOG

## Financial statements for the year ended 31 December 2024

### Notes to the financial statements

#### 15 RELATED PARTY TRANSACTIONS

The Company enters into transactions in the ordinary course of business with key management personnel (including Board of Directors), and entities in which the key management personnel / significant Shareholders of the Company have significant influence or control. Prices and terms of payment for these transactions are approved by the Management and the Board of Directors. These transactions are entered into on terms and conditions approved by the Management and Board of Directors and subject to Shareholders' approval at the Annual General Meeting.

a) The nature and volume of significant related party transactions were as follows:

	2024 RO	2023 RO
Revenue from contract with customers	252,265	406,152

b) The key management personnel compensation for the year comprises:

	2024 RO	2023 RO
Short term employment benefits	224,803	221,067
Employees' end of service benefits	12,206	11,015
Directors' meeting attendance fees (note 18)	52,250	52,250
Directors' remuneration (note 18)	36,000	45,000
Board advisory fees (note 18)	18,000	18,000
	343,259	347,332

c) The amounts due from related parties are unsecured, repayable on demand and not subject to interest (2023 – similar terms).

#### 16 DIRECT COSTS

	2024 RO	2023 RO (as restated – note 28)
Cost of materials consumed	6,513,695	6,623,377
Salaries and employee related costs [note 19 a)]	927,880	1,003,365
Depreciation on property, plant and equipment [note 5 c)]	510,770	481,276
Cost of spare parts consumed	102,469	119,934
Depreciation on right of use assets [note 6 g)]	23,567	22,847
Other direct costs	552,156	547,474
	8,630,537	8,798,273

#### 17 OTHER INCOME

	2024 RO	2023 RO
Scrap sales	237,349	188,400
Reversal towards end of service benefits for expatriate employees [note 19 c)]	24,390	--
Reversal of allowance for expected credit losses [note 8 a)]	--	48,713
Miscellaneous income	21,759	16,095
	283,498	253,208

**Omani Packaging Company SAOG**  
**Financial statements for the year ended 31 December 2024**

**Notes to the financial statements**

**18 GENERAL, ADMINISTRATION AND SELLING**

	2024 RO	2023 RO
Salaries and employee related costs [note 19 a)]	487,089	476,321
Transportation and vehicle expenses	349,200	333,002
Allowance for expected credit losses [note 8 a)]	65,284	--
Directors' meeting attendance fees [note 15 b)]	52,250	52,250
Legal and professional	48,631	46,347
Directors' remuneration [note 15 b)]	36,000	45,000
Depreciation on property, plant and equipment [note 5 c)]	33,895	38,130
Loss on disposal / write off of property, plant and equipment	15,517	6,531
Board advisory fees [note 15 b)]	18,000	18,000
Printing and stationery	12,376	11,684
Communication	10,188	9,900
Advertisement and sales promotion	7,786	9,728
Postage and courier	2,525	3,373
Miscellaneous	22,510	23,932
	<u>1,161,251</u>	<u>1,074,198</u>

**19 SALARIES AND EMPLOYEE RELATED COSTS**

a) Salaries and employee related costs are allocated as follows:

	2024 RO	2023 RO
Direct costs (note 16)	927,880	1,003,365
General, administration and selling (note 18)	487,089	476,321
	<u>1,414,969</u>	<u>1,479,686</u>

b) Salaries and employee related costs include the following:

	2024 RO	2023 RO
Cost of end of service benefits for expatriate employees	28,043	69,441
Contributions to defined benefits scheme for employees	14,512	39,652
	<u>24,754</u>	<u>109,093</u>

c) The movements in employees' end of service benefits liability recognised in the statement of financial position are as follows:

	2024 RO	2023 RO
At the beginning of the year	208,608	178,759
Expense for the year	28,043	38,411
Additional charge towards end of service benefits for expatriate employees [see note d) below]	--	31,030
Excess provision (reversed) towards end of service benefits for expatriate employees [see note d) below and note 17)]	(24,390)	--
Settled during the year	(43,934)	(39,592)
At the end of the year	<u>168,327</u>	<u>208,608</u>

# Omani Packaging Company SAOG

## Financial statements for the year ended 31 December 2024

### Notes to the financial statements

#### 19 SALARIES AND EMPLOYEE RELATED COSTS (Continued)

- d) On 27 July 2023, Royal Decree No. 53/2023 introduced amendments to the Sultanate of Oman's Labour Law, including provisions for end-of-service benefits applicable to non-Omani employees. In response to the initial interpretation of the law, the Company recognised a provision based on the assumption that the new requirements would be applied retrospectively to accumulated periods of service for all employees as of 31 December 2023. During the current period, the Ministry of Labour clarified that the application of the Law is prospective and will apply only to periods of service after the effective date of the Law.

Consequently, the Company reassessed the provision previously recognised and determined that the excess provision related to the retrospective application of the Law was no longer required. The reversal of the excess provision, amounting to RO 24,390, has been recognized under other income in the statement of income during the year ended 31 December 2024.

#### 20 FINANCE CHARGES

	2024 RO	2023 RO
Interest on lease liabilities [note 6 g)]	31,493	13,058
Interest on term loan	15,474	38,408
Interest on bank borrowings	13,416	35,385
	60,383	86,851

#### 21 OPERATING SEGMENTS

The Company operates in one business segment, that of manufacture and sale of corrugated packing materials. All relevant information relating to the primary segment is disclosed in the statement of income, statement of financial position and notes to the financial statements. The geographical information in respect of the operating segment is as follows:

	Revenue RO	2024 Trade receivables RO	Revenue RO	2023 Trade receivables RO
Sultanate of Oman	9,551,749	4,051,538	10,247,144	3,869,002
United Arab Emirates	245,407	306,805	252,064	346,426
Qatar	161,916	97,813	69,084	25,870
	9,959,072	4,456,156	10,568,292	4,241,298

Approximately 17% (2023 - 15%) of the annual sales were to one customer based in the Sultanate of Oman [note 26 b)].



# Omani Packaging Company SAOG

## Financial statements for the year ended 31 December 2024

### Notes to the financial statements

#### 22 TAXATION

	2024 RO	2023 RO (as restated – note 28)
<b>Statement of income</b>		
Current year [note d)]	67,715	109,946
Deferred tax charge / (credit) [note e)]	(22,315)	19,456
	<u>45,400</u>	<u>129,402</u>
<b>Statement of financial position</b>		
<i>Non-current assets</i>		
Deferred tax asset [note e)]	25,846	3,531
<i>Current liabilities</i>		
Current year [note d)]	67,715	109,946
Prior years	11,722	5,699
	<u>79,437</u>	<u>115,645</u>

The following further notes apply:

- a) Tax is provided at 15% (2023 – 15%) on the profit for the year adjusted for taxation purposes.
- b) The tax assessments for the years 2021 to 2023 have not been finalised by the Tax Authority. The Management believes that the tax assessed, if any, in respect of unassessed tax years would not be material to the Company's financial position at the end of the reporting period.
- c) During the year, the Management identified certain prior period errors in the Company's financial statements, as detailed in note 28. The Management intends to file revised returns for the years 2022 and 2023 which is expected to result in an additional tax liability to the Company amounting to approximately RO 13,386. The Management has established a provision in the current year for the additional tax liability.
- d) The reconciliation of tax on the accounting profit with the current tax charge for the year is as follows:

	2024 RO	2023 RO (as restated – note 28)
Tax charge on accounting profit	58,560	129,327
(Less) / add tax effect of:		
- Depreciation	(6,642)	(13,524)
- Provision and others	15,797	(5,857)
Current tax charge	<u>67,715</u>	<u>109,946</u>

# Omani Packaging Company SAOG

## Financial statements for the year ended 31 December 2024

### Notes to the financial statements

#### 22 TAXATION (Continued)

- e) The movement in deferred tax asset shown in the statement of financial position at the end of the reporting period is as follows:

	Accelerated tax depreciation RO	Provisions RO	Total RO
At 31 December 2022 (as originally stated)	92,210	(103,469)	(11,259)
Effect of restatement (note 28)	(32,701)	20,973	(11,728)
At 1 January 2023 (as restated)	59,509	(82,496)	(22,987)
Charged to the statement of income	12,545	6,911	19,456
At 31 December 2023	72,054	(75,585)	(3,531)
At 31 December 2023	72,054	(75,585)	(3,531)
Credited to the statement of income	(8,935)	(13,380)	(22,315)
At 31 December 2024	63,119	(88,965)	(25,846)

#### 23 BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of shares outstanding during the year as follows:

	2024	2023 (as restated – note 28)
Net profit for the year (in Rials Omani)	344,999	732,776
Weighted average number of shares in issue during the year	32,435,860	32,435,860
Basic earnings per share (in Rials Omani)	0.011	0.023

As there are no dilutive potential shares, the diluted earnings per share are identical to the basic earnings per share.

#### 24 NET ASSETS PER SHARE

Net assets per share is calculated by dividing the net assets at the end of the reporting period by the number of shares outstanding as follows:

	2024	2023 (as restated – note 28)
Net assets (in Rials Omani)	7,716,704	7,760,935
Number of shares outstanding at the end of the reporting period	32,435,860	32,435,860
Net assets per share (in Rials Omani)	0.238	0.239

# Omani Packaging Company SAOG

## Financial statements for the year ended 31 December 2024

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### Notes to the financial statements

#### 25 PROPOSED DIVIDEND

- a) Subsequent to the end of the reporting period, the Board of Directors of the Company, in its meeting held on 3 February 2025, has proposed a cash dividend of 10 baizas per share amounting to RO 324,359 for the year 2024, which is subject to the approval of the Shareholders at the forthcoming Annual General Meeting to be held on 3 March 2025.
- b) During the year, the proposed cash dividend of 12 baizas per share amounting to RO 389,230 for the year 2023 was approved at the Annual General Meeting held on 7 March 2024. The dividend was paid during the year.

#### 26 FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company's activities expose it to various financial risks, primarily being, market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The risk management is carried out internally in accordance with the approval of the Board of Directors.

##### a) Market risk

###### *Currency risk*

The Company operates in international markets and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar, UAE Dirham, Euro and Japanese Yen.

As the Omani Rial and UAE Dirham are pegged against the US Dollar, the Management does not believe that the Company is exposed to any material currency risk from these currencies. The exposure to Euro and Japanese Yen was not material to the Company's financial position at the end of the reporting period.

###### *Interest rate risk*

The Company is exposed to interest rate risk on its interest-bearing liabilities (lease liabilities and bank borrowings). The Company manages its exposure to interest rate risk by ensuring that significant borrowings are on a fixed rate basis. Additionally, the Company borrows at interest rates on commercial terms and constantly monitors the changes in interest rates and avails lower interest-bearing facilities.

For every 0.5% change in interest rate, the impact on the statement of income will approximate to RO 3,144 (2023 – RO 4,888) based on the level of financial liabilities at the end of the reporting period.

##### b) Credit risk

###### Trade receivables

Credit risk primarily arises from credit exposures to customers, including outstanding receivables and committed transactions. The Company has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

The carrying value of trade and other receivables approximate their fair values due to the short-term nature of those receivables. 24% (2023 – 25%) of the trade receivables are due from 3 customers.

# Omani Packaging Company SAOG

## Financial statements for the year ended 31 December 2024

### Notes to the financial statements

#### 26 FINANCIAL RISK AND CAPITAL MANAGEMENT (Continued)

##### b) Credit risk (Continued)

###### *Expected credit losses (ECL)*

The Company applies the IFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables and amounts due from related parties.

The expected loss rates are based on the payment profiles of sales over a period of 3 years before 31 December 2024 or 31 December 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. On that basis, the expected credit losses were determined for trade receivables as follows:

	0 - 120 days	121 - 180 days	181 – 365 days	Above 365 days	Impaired	Total
31 December 2024						
Expected loss rate %	2.64	4.88	13.70	18.70	100.00	
Carrying value	2,933,901	546,489	370,580	310,956	294,230	4,456,156
Loss allowance	77,476	26,658	50,780	58,155	294,230	507,299
31 December 2023						
Expected loss rate %	2.12	7.04	11.88	23.19	100.00	
Carrying value	2,829,740	574,939	251,402	356,133	229,084	4,241,298
Loss allowance	60,034	40,449	29,869	82,579	229,084	442,015

###### Amounts due from related parties

Amounts due from related parties are expected to have low credit risk. Accordingly, no expected credit losses on such dues have been provided.

###### Bank balances

Credit risk from bank balances maintained in current accounts with local commercial banks are managed by ensuring balances are maintained with reputed banks only. The ECL on bank balances are not expected to be material to the Company's financial position at the end of the reporting period and have accordingly not been provided.

###### Other receivables

The Management has estimated that the ECL on other financial assets are not expected to be material to the Company's financial position at the end of the reporting period and have accordingly not been provided.

# Omani Packaging Company SAOG

## Financial statements for the year ended 31 December 2024

### Notes to the financial statements

#### 26 FINANCIAL RISK AND CAPITAL MANAGEMENT (Continued)

##### c) Liquidity risk

The Company maintains sufficient bank balances and has availed credit facilities from banks to meet its obligations as they fall due for payment. Accordingly, the Company is not subject to significant liquidity risk.

The maturity analysis in respect of the lease liabilities is disclosed in note 6 e). All other financial liabilities are expected to be repaid within 6 months from the end of the reporting period.

##### d) Capital management

The Company's objectives when managing capital are:

- to safeguard its ability to continue as a going concern, so that it can continue to provide returns for Shareholders and benefits for other stakeholders, and
- to provide an adequate return to Shareholders by pricing services and goods commensurate with the level of risk.

The Company sets capital in proportion to risk and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the Shareholders, return capital to Shareholders or raise additional capital.

In the context of managing capital, the Company has also covenanted with banks providing external debt to maintain specified ratios. At the end of the reporting period, the Company is in material compliance with the covenants.

#### 27 COMMITMENTS

The Company has the following commitments arising in the normal course of business at the end of the reporting period:

	2024 RO	2023 RO
Purchase commitments	1,129,958	869,627
Capital commitments	--	33,633
	<u>1,129,958</u>	<u>903,260</u>

#### 28 PRIOR PERIOD RESTATEMENTS

During the year, management identified prior period adjustments relating to the capitalization of consumable spare parts. These spare parts, which were previously classified as part of inventories under IAS 2 "Inventories", meet the recognition criteria of IAS 16 "Property, Plant and Equipment". As a result, these spare parts should have been capitalized as part of property, plant, and equipment rather than being classified under inventories and expensed on consumption.

In accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the management has corrected this classification by restating the relevant financial statement line items.

# Omani Packaging Company SAOG

## Financial statements for the year ended 31 December 2024

### Notes to the financial statements

#### 28 PRIOR PERIOD RESTATEMENTS (Continued)

The impact on the line items in the financial statements of the adjustments for the comparative years ended 31 December 2023 and at 1 January 2023 are as follows:

Line item in the financial statements	As previously stated RO	Effect of restatement RO	As restated RO
<b>1 January 2023</b>			
<i>Statement of financial position</i>			
Property, plant and equipment	4,215,248	320,026	4,535,274
Inventories	2,374,666	(360,721)	2,013,945
Retained earnings	3,051,885	(34,666)	3,017,219
Deferred tax asset	11,259	11,728	22,987
Taxation	77,529	5,699	83,228
<i>Statement of changes in equity</i>			
Net profit and total comprehensive income for the year	3,051,885	(34,666)	3,017,219
<b>Basic earnings per share</b>	0.009	(0.003)	0.012
<b>Net assets per share</b>	0.228	(0.001)	0.227
<b>Year 2023</b>			
<i>Statement of financial position</i>			
Property, plant and equipment	3,906,765	487,762	4,394,527
Inventories	2,253,565	(432,624)	1,820,941
Retained earnings	3,378,919	46,717	3,425,636
Deferred tax asset	229	3,302	3,531
Taxation	103,923	11,722	115,645
<i>Statement of changes in equity</i>			
Net profit and total comprehensive income for the year	651,393	81,383	732,776
<i>Statement of comprehensive income</i>			
Direct costs	8,894,105	(95,832)	8,798,273
Taxation	114,953	14,449	129,402



# Omani Packaging Company SAOG

## Notes to the financial statements

**5 PROPERTY, PLANT AND EQUIPMENT (Continued)**

## Year 2024

Year 2024	Buildings - civil works	Buildings - electro mechanical	Plant, machinery and dies	Spare parts RO	Furniture and fixtures RO	Office equipment RO	Laboratory equipment RO	Motor vehicles RO	Capital work in progress RO	Total RO
<b>Cost</b>										
At 31 December 2023										
(as restated – note 28)	2,109,592	737,032	8,628,986	859,168	154,876	154,394	41,799	376,620	45,301	13,107,768
Additions during the year	--	--	140,870	154,992	3,528	1,333	--	35,595	--	336,318
Written off during the year	--	--	(74,115)	--	(1,722)	(30)	--	--	--	(75,867)
Transfers during the year	--	--	45,301	--	--	--	--	--	(45,301)	--
At 31 December 2024	2,109,592	737,032	8,741,042	1,014,160	156,682	155,697	41,799	412,215	--	13,368,219

## Depreciation

[illegible]

## Net book values

Net book values				
At 31 December 2024	723,779	14,813	2,750,403	571,032
				17,015
				37,087
				3,143
				53,291
				--
				4,170,563

[illegible]

# Omani Packaging Company SAOG

## Financial statements for the year ended 31 December 2024

### Notes to the financial statements

#### 5 PROPERTY, PLANT AND EQUIPMENT (Continued)

##### Year 2023

<b>Cost</b>	<b>Buildings - civil works RO</b>	<b>Buildings - electro mechanical RO</b>	<b>Plant, machinery and dies RO</b>	<b>Spare parts RO</b>	<b>Furniture and fixtures RO</b>	<b>Office equipment RO</b>	<b>Laboratory equipment RO</b>	<b>Motor vehicles RO</b>	<b>Capital work in progress RO</b>	<b>Total RO</b>
At 31 December 2022 (as restated – note 28)	2,108,842	735,932	7,268,922	632,977	157,379	126,511	41,462	378,900	1,315,738	12,766,663
Additions during the year										
(as restated – note 28)	750	1,100	90,195	226,191	4,825	2,571	4,082	7,170	52,291	389,175
Transfers during the year	--	--	1,290,228	--	--	32,500	--	--	(1,322,728)	--
Disposals / written off during the year	--	--	(20,359)	--	(7,328)	(7,188)	(3,745)	(9,450)	--	(48,070)
At 31 December 2023 (as restated – note 28)	2,109,592	737,032	8,628,986	859,168	154,876	154,394	41,799	376,620	45,301	13,107,768
<b>Depreciation</b>										
At 31 December 2022 (as restated – note 28)	1,252,299	710,589	5,359,768	312,951	135,754	100,063	38,343	321,622	--	8,231,389
Charge for the year										
(as restated – note 28)	66,656	6,457	342,167	58,455	6,579	11,978	962	26,152	--	519,406
Relating to disposals / write off	--	--	(12,874)	--	(7,135)	(6,698)	(1,399)	(9,448)	--	(37,554)
At 31 December 2023 (as restated – note 28)	1,318,955	717,046	5,689,061	371,406	135,198	105,343	37,906	338,326	--	8,713,241
<b>Net book values</b>										
At 31 December 2023 (as restated – note 28)	790,637	19,986	2,939,925	487,762	19,678	49,051	3,893	38,294	45,301	4,394,527
At 31 December 2022 (as restated – note 28)	856,543	25,343	1,909,154	320,026	21,625	26,448	3,119	57,278	1,315,738	4,535,274