

REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

On behalf of the Board of Directors, I welcome you to the 25th Annual General Meeting of your Company to present and discuss the Annual Report and Audited Financial Statements for the year ended on 31 December 2020.

That the year 2020 has been a challenging year worldwide with the Covid-19 would be an understatement. The world has never seen any disruption like this in terms of scale and magnitude in the recent past. The world continues to grapple with the Covid-19, although hopes are on the horizon with the vaccination rollout. We pray to the Almighty one for a better and healthy world in the coming months and years

Financial Results and Company Performance:

Strategy during 2020:-

The company also started feeling the impact from Covid-19 from February onwards in terms of disruption in raw material supplies and lockdowns in various of its export markets. The entire focus was to keep the company fully operational while taking proper precautions for Covid-19 as per best practices.

Despite the challenging circumstances, the company could grow its revenue by 11%, backed by improvement in pricing 5% and volume growth of 6%. The productivity of the plant improved by 3% compared to 2019. **The company's 2020 sales and production were the highest achieved by the company in its history.** The company's exports comprised 88% of its total revenues.

I want to take this opportunity to extend a deep appreciation for the entire team of Majan Glass for this improvement, given the challenging circumstances.

However, the company had to take a significant hit in expenses in importing raw material from non-traditional sources and shipping costs. Exports to profitable markets like the UK also suffered because of the lockdown, which did not enable the company to realise the budgeted overall sales pricing.

The Management conservatively estimates the bottom-line impact due to Covid-19 to be in the range of 820 K OMR and that the financial results do not fully reflect the improvement in operational parameters given the Covid-19 impact

Performance Highlights:-

Sales Revenue recorded at RO 12.139 Million versus RO 10.916 Million during the year 2019, an overall sales increase by 11%.

For the year 2020, production Volume was 393 million of Empty Glass Containers against the output of 338 million during the year 2019 (increase in production by 16%).

Earnings before Interest, Depreciation, Tax, and Amortization (EBIDTA)

The recurring Earnings before Interest, Depreciation, Tax, and Amortization EBIDTA is RO 564K for the period ended 31 December 2020 against EBIDTA of RO 1.287 MN same period last year. The company received RO 340K during 2019 as an Insurance claim on account of Rain damage in 2018. An increase in Raw Material and Freight rates due to COVID primarily contributed to a reduction in EBIDTA for the current year, which has resulted in the final EBIDTA Earnings before Interest, Depreciation, Tax, and Amortization for the period ending 31 December 2020 to an amount of RO 564K as against EBIDTA of RO 1.287K in the same period in the previous year.

Net Loss before tax for the year is RO 1.180 MN as against a Loss before tax of RO 715K in the previous year, 2019

After-tax for the current year, net Loss is RO 1.047 MN against Loss after tax of RO 608K for the same period in the previous year 2019. Due to the Outbreak of COVID 19, our business was affected by changes in country and product mix, given lockdowns in certain export markets, and increased operational expenses like increased Raw material prices and freight due to the closure of cross country borders. The Management made the best efforts to mitigate the impact by selling to markets not majorly impacted by lockdowns, which resulted in higher shipping and selling expenses. The Management conservatively estimates the Loss of OMR 820K on account of COVID impact for the period ended 31 December 2020

Dividend

After considering the financial performance and taking account of the company's cash flow requirements for various capital expenditures envisaged in 2021, the board directors do not recommend any dividend for the financial year ended 31 December 2020.

Future Outlook:-

I am happy to mention we are cautiously optimistic about the year 2021 with a good order booking/forecasts from customers to secure almost its total manufacturing capacity for 2021.

We expect operational improvements to continue, including increased output and increased efficiency.

The company is focussing on growing its presence in the food category (Bottles and Jars)

The company is also focusing on consolidating its product/customer/geographic mix to make itself more future resilient to offset the challenges in many Middle East economies, and the introduction of local VAT.

Corporate Social Responsibility:-

The company believes that giving back to society is extremely important. We provide monetary and intangible support and guidance to the organizations that are dedicated to improving the quality of life for the concerned people in the society and will continue to do so.

Internal Control:-

The Management regularly reviews the effectiveness of internal controls in discussion with the Audit Committee, Statutory Auditors, and External Internal Auditor, in line with the approved company policy and the charter. The company presently has an External Internal Audit agency, which keeps on reviewing internal controls in various areas of operations under the Audit Committee's guidance. The Board of Directors is pleased to inform the shareholders that, in their opinion, adequate and effective internal control systems are in place.


Omanisation :

The company is committed to recruiting and providing training to Omani employees to enable them to undertake responsibilities in various Operations and Administration areas. The company had an Omanization percentage of around 36 %; however, the Omanization rate at the end of 31 December 2020 was 38%. The company has been organizing various training programs (On the Job and Off the Job) to increase employees' knowledge on different relevant areas of operation.

Acknowledgments:-

On behalf of the Board of Directors and Management of the Company, we thank His Majesty Sultan Haitham bin Tariq bin Taimur for his leadership and vision— God protect him, to work for Oman and its dear people for a brighter and more prosperous future.

The company also acknowledges the continuous support and commitment from its Shareholders, Customers, Suppliers, Bankers, and the Management & the Employees' constant efforts.



Ali Mohammed Said Tabuk

Chairman

Dated: 21 February 2021



Annexure to Directors' Report 2020

Statistical Table showing dividend declared and paid during past five years

Particulars	2020	2019	2018	2017	2016	2015
Net Profit/(Loss) before taxation (in RO '000)	(1,180)	(715)	(2,611)	(1,359)	(1,687)	(1,853)
Net Profit/(Loss) after taxation (in RO '000)	(1,047)	(608)	(2,219)	(1,143)	(1,488)	(1,622)
Dividend declared %	0%	0%	0 %	0%	0%	10%
Cash Dividend Amount (in RO'000)	-	-	-	-	-	420
Stock Dividend Amount in the form of free bonus shares (in RO'000)	-	-	-	-	-	-
Net Equity ('000)	3,197	4,245	4,853	7,090	8,232	10,140

Performance highlights

Particulars	Year 2020 (Audited)	Year 2019 (Audited)	Year 2018 (Audited)	Year 2017 (Audited)	Year 2016 (Audited)	Year 2015 (Audited)	%Variance 2020 v/s Year 2019
Production(Million Bottles)	392.828	337.927	260.911	239.006	253.260	276.124	16%
Sales(Million Bottles)	382.892	340.634	282.411	203.269	204.983	282.042	12%
Sales (RO'000)	12,139	10,916	8,822	6,644	7,430	9,827	11%
(L)/PBT (RO'000)	(1,180) @	(715)	(2,611)	(1,359)	(1,687)	(1,853)	-65%

@ includes loss on account of COVID-19 RO 820K