

REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

On behalf of the Board of Directors, I welcome you to the 27th Annual General Meeting of your Company to present and discuss the Annual Report and Audited Financial Statements for the year ended on 31 December 2022.

Financial Results and Company Performance:

The company clocked its highest ever sales of OMR 13 Million during the current year which is 12% higher when compared to the of Previous year's sales. The sales increase was largely driven by improvement in average selling prices driven by price increase and improvement in product/customer mix.

However, the company faced major headwinds on the cost front in its raw material (mainly Soda Ash) and packaging costs. The annual contracts of Soda Ash were cancelled and replaced by spot pricing by our suppliers citing force majeure (Geo-Political situation driving energy increases and increased logistics costs and improvement in demand given post covid revival thereby disturbing the supply-demand balance) which largely negated the revenue improvement.

The company progressed significantly in its plan implementation to increasingly drive its twin strategy of increasing sales to the food sector and also higher export sales to more developed markets.

Performance Highlights:

| Particulars | Ye 2022 | Ye 2021 | Change +/- % |
|------------------------------------|---------|---------|--------------|
| Statistics | | | |
| Sales Million Bottles | 361 | 357 | 1% |
| Production Million Bottles | 347 | 355 | -2% |
| Operational data RO million | | | |
| Sales | 13.023 | 11.624 | 12% |
| Gross Profit | 1.556 | 1.526 | 2% |
| Net Profit/(Loss) before Tax | -0.654 | -0.843 | 22% |
| Net Profit After Tax | -0.985 | -1.069 | 8% |
| EBITDA | 0.591 | 0.779 | -24% |

Dividend

After considering the financial performance and taking account of the company's cash flow requirements for various capital expenditures envisaged in 2023, the Board of Directors do not recommend any dividend for the financial year ended 31 December 2022.

Future Outlook:-

I am happy to mention we are cautiously optimistic about the year 2023 with a good order booking/forecasts from customers to secure almost its total manufacturing capacity for 2023. Our focus continues to optimise our Customer/Market Mix to driver higher pricing and further grow the food category. The company is negotiating higher pricing with its customers given the cost increases in 2022 and is receiving positive response from almost all its customers.

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

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 Omanisation percentage of around 48% at the end of 31 December 2022.

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 & Employees' constant efforts.

Chairman

Dated: 05 March 2023



Annexure to Directors' Report 2022

Statistical Table showing dividend declared and paid during past five years

| Particulars | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|-------|--------|---------|-------|---------|---------|
| Net Profit/(Loss) before taxation (in RO '000) | (654) | (844) | (1,180) | (715) | (2,611) | (1,359) |
| Net Profit/(Loss) after taxation (in RO '000) | (985) | (1069) | (1,047) | (608) | (2,219) | (1,143) |
| Dividend declared % | 0% | 0% | 0% | 0% | 0 % | 0% |
| Cash Dividend Amount (in RO'000) | | | - | - | - | - |
| Stock Dividend Amount in the form of free bonus shares (in RO'000) | | | - | - | - | - |
| Net Equity ('000) | 1,144 | 2,129 | 3,197 | 4,245 | 4,853 | 7,090 |