شركة المطاحن العمانية (ش.م.ع.ع)
Oman Flour Mills Company (S.A.O.G)

Annual Report 2023

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HIS MAJESTY
SULTAN HAITHAM BIN TARIK

CONTENT

Chairman's Message

Ahmed bin Ali bin Sulaiman Al Bulushi
Chairman of the Board of Directors

OFM ranks among the top performers in the food sector in Oman as we continue to align our business growth with two key strategic national imperatives: (i) Enhancing Food Security, and (ii) Contributing to the achievement of key national socioeconomic objectives outlined in Oman's 2040 Vision.

I am pleased to provide an overview of the operational performance of Oman Flour Mills (OFM) in 2023 and our growth outlook for the Group and its subsidiaries.

2023 has been a consequential year for OFM Group as we navigated, among other challenges, headwinds stirred by the Russia-Ukraine War, grain procurement constraints, soaring inflation in international markets, and intensifying domestic and regional competition.

However, I'm pleased to say that OFM continues to operate profitably. This is noteworthy in an environment saturated with food companies experiencing financial stress as they grapple with recovering from the lingering impacts of the recent global economic downturn, compounded by the coronavirus pandemic. restructuring it slightly. OFM ranks among the top performers in the food sector in Oman as we continue to align our business growth with two key strategic national imperatives: (i) Enhancing Food Security, and (ii) Contributing to the achievement of key national socioeconomic objectives outlined in Oman's 2040 Vision.

HIGHLIGHTS OF THE YEAR:

Stake Acquisition and Relaunch of Modern Dairy Factory LLC

OFM played a vital role in giving a new lease of life to Modern Dairy Factory, one of Oman's oldest dairy brands, renowned for its popular Al Khamayil yogurt and laban products. Despite encountering challenges, such as the outbreak of Covid19, which disrupted its expansion plans, Modern Dairy Factory boasted significant brand equity, a modern processing facility usayl, and a skilled workforce. Eager to preserve this well-known Omani dairy brand, OFM's investment arm, Atyab Investments, acquired a 40% stake, while other investors took up the remaining equity. In February, we successfully relaunched the Al Khamayil brand, and the commissioning of Modern Dairy's new plant at Al Rusayl resumed immediately. When operational in 2024, our newly acquired subsidiary's capacity will more than triple, solidifying the Al Khamayil brand's dominance in the laban and yogurt segments of the market.

Maiden Direct Wheat Shipment

Another significant highlight of the year was OFM's successful import of its first-ever directly procured shipment of wheat. Delivered in Feburary at Mina Sultan Qaboos in Muscat, the 34,728-tonne shipment marked a triumph for OFM's maiden bid to manage the entire supply chain governing grain procurements, for the first time in its 40-year history, without the presence of global grain traders.

As a first step, OFM established OMAUS Pty Ltd, an Australian company, to negotiate grain purchases directly with Australian growers. This not only resulted in cost savings but also benefits like excellent consistency of grains, better screening and test weight, and most importantly, a cost-competitive price.

Encouraged by the success of this trial procurement, OFM is now embarking on a long-term strategy to secure its grain requirements through direct arrangements with growers. Given that grain imports account for a substantial 80 – 85% of our total input costs, these procurement alternatives will be given serious consideration at OFM.

Feed Mill & Premix Plant Expansion

As the domestic demand for animal feed surges in tandem with the exponential growth of the poultry, dairy, and other livestock segments of the market, OFM is enhancing its feed mill capacity by commencing a third line. This new facility was inaugurated in Dec 2023, within OFM's Jibroo Complex, will add around 20 tonnes per hour of milling capacity to the company's feed mill operations. When it goes live in 2024, it will reinforce OFM's dominance in the feed mill market in Oman.

The primary objective of our investment in a new feed mill is to support the feed requirements of our subsidiary, Gulf International Poultry Company (GIPC), which recently opened a major layer-eggs farm in the Wilayat of Ibri in Al Dhahirah Governorate. At peak production, GIPC is projected to have a feed requirement estimated at 4,500 tonnes per month, and OFM is committed to meeting that requirement in full starting early in 2024. Beyond this specific goal, OFM's new feed mill will also explore export opportunities and leverage its state-of-the-art technology to produce customized animal feed products for specific large-scale customers.

Additionally along with a new feed line a state of the art pre-mix facility has completed construction that ill enable, the production of premixes – critical vitamin and mineral supplements added to the animal feed of poultry, dairy, cattle, and other livestock.

OFM's premix mill will offset the need for Local feed users to import their premix requirements, often incurring significant costs, with the added advantage of freshly formulated premixes, offering superior nutritional benefits over imported alternatives.

Proposed New Bakery Project in Riyadh

As a market leader in bakery products in Oman, AFI a 100% subsidiary of OFM is looking to expand into the wider Gulf region, commencing with Saudi Arabia. The plan involves establishing a greenfield bakery in Riyadh in partnership with a major Saudi food company. Initial discussions have already begun with a leading Saudi firm.

An initial Memorandum of Understanding (MoU) outlining the initial phase of discussions has already been signed. AFI is now preparing to move to the second phase, focusing on the financing model, product mix, and other project requisites, with the goal of making an investment decision by the end of 2024.

Regional Expansion

With a keen eye on the potential to expand into the UAE market, OFM has signed an agreement with a leading foodstuff distributor for the distribution of its high-value retail products. Targeted for distribution in the UAE market are niche products, such as special flours, organic foods, and more.

This regional expansion strategy coincides with the rapid diversification of wholly-owned Atyab Food Industries' product range at its industrial bakery in Barka. We now offer close to 500 different product lines distributed across four main categories: Bun Line, Arabic Bread Line, Variety Line (including donuts, pastries, and cakes), and Frozen Products. With this diverse product range, OFM now supplies close to 5,000 business customers, including numerous quick-service restaurants (QSRs), five-star hotels, and other outlets.

Maximizing ROI on OFM Assets

To harness the full potential of our silos at Sohar Flour Mills, which is 60% owned by OFM, within Sohar Port, With a capacity of 160,000 tonnes of grain, this newly constructed silo complex can be utilized in various ways, capitalizing on Sohar Port's strategic location.

Complemented by a dedicated Agro Terminal and grain unloaders, this silo complex is well-positioned to support trading and export of flour and grain commodities. One option being considered is to use the Agro Berth at Sohar Port to trade with countries in East Africa that lack deep seaports or suitable maritime infrastructure for large grain carriers. These countries often depend on dhows and other small vessels for food transportation. Yemen also presents promising opportunities for grain trading.

Thus, in addition to serving as strategic grain stockpiles for Oman's Food Security Strategy, these assets under OFM's auspices also offer ample opportunity for further commercialization through grain trading and other arrangements.

Atyab International services Central Asian Foray

Recognized for its exceptional reputation in food quality testing and certification services, Atyab International Services is now establishing a presence in Central Asia, a significant region for grain production on the world stage.

As the largest private accredited lab in Oman, Atyab's quality testing services are sought after by a growing number of overseas clients, including those from grain-growing states such as Uzbekistan and Kazakhstan.

Bio-Oman

Currently under construction , Bio-Oman specializes in the production of Total Mix Rationing Products (TMRP) for the animal feed market. OFM holds a 33% ownership, with Nakheel Oman owning the majority 67%. TMRP involves blending commercial feed with bio-waste, such as grass, alfalfa, or date waste, to create value-added animal feeds. The project is set to become operational in 2025, with plans to venture into feeds based on fish waste in the next phase.

Integrated SME Food Cluster

Acknowledging that the food industry in Oman relies on imports for certain food items, OFM is pursuing a vision to support the localization of such ingredients.

A consultant has been appointed to study product profiles for development at the cluster, identifying 28 product groups for consideration. Based on market appeal and economic feasibility, this list will be narrowed down to 10 products for the consideration of SMEs.

New Products

Among the numerous new products recently launched by OFM are Patent Flour, which is essentially a low-extraction flour limited to the endosperm part of the wheat grain. We have also introduced 'Bur' flour, produced exclusively from locally cultivated wheat, available in 2kg bags for the first time.

In conclusion, 2023 has been an eventful year for OFM as we work resolutely to drive growth, innovation, and sustainability in the food sector.

Providing unwavering support for our endeavors are our Board of Directors, our parent holding company Nitaj, the Ministry of Agriculture, Fisheries, and Water Resources, and other government and public sector stakeholders. We thank the government of His Majesty Sultan Haitham bin Tarik, Sultan of Oman, for the inspiration and wisdom that continue to guide all our achievements at OFM.

Chairman

CEO’s Message

Haitham bin Mohamed bin Ali Al-Fannah
CEO, Oman Flour Mills

I am pleased to share the outstanding progress and achievements of OFM Group, a pioneering company in Oman’s food industry, over the past year.

Dear Valued Shareholders,

I am pleased to report on the remarkable progress and achievements of OFM Group in the past year. As a pivotal player in Oman’s food industry, we remain dedicated to fortifying the nation’s food security and driving sustainable growth.

Throughout the year, we have focused on expanding our presence across various segments of the food value chain, from grain imports to dairy and poultry products. Our efforts have led to robust financial growth and strategic diversification, evidenced by our successful partnerships, joint ventures, and market expansions.

Moreover, we are committed to embracing innovation and technology to modernize our operations and enhance efficiency, productivity, and quality. Our Research and Development department continues to drive product innovation, ensuring that we remain at the forefront of Oman’s food economy.

We are also proud to support initiatives that promote local talent, entrepreneurship, and employment generation, reflecting our commitment to the communities we serve.

I would like to extend my gratitude to our dedicated staff and esteemed shareholders for their unwavering support and commitment to our vision for growth.

Sincerely,

CEO, Oman Flour Mills

Chiefs' message

Mr. Haitham Al-Saadi
Chief Financial Officer

As Oman's foremost company in the strategic food sector, OFM has continued to place emphasis on the long-term viability and effectiveness of its operations, while also promoting fiscal responsibility and accountability during 2023. This approach has been our guiding philosophy as we navigated, for example, global inflationary trends, volatility in global grain markets, and fierce competition in domestic and regional consumer markets, among other challenges.

OFM continues to prioritise efficiency and cost-effectiveness in all aspects of its operations, while seeking ways to optimize resource allocation without compromising on its core objectives or product quality.

Mr. Ibrahim Al Amri
Chief Operations Officer

In 2023, OFM demonstrated robust operational performance, achieving significant growth across various metrics, including sales revenue, which soared past the OMR 100 million milestone set in 2022. The year was marked by a strategic focus on enhancing output, operational efficiency, expanding regional presence, and fostering product innovation.

One notable highlight of 2023 was the successful launch of a cutting-edge standalone feed mill with an initial capacity of 20 tons per hour, with potential for expansion to 40 tons per hour. This addition, complementing OFM's existing feed mills, substantially bolstered the company's total processing capacity to an impressive 100 tons per hour. This strategic move not only amplifies OFM's operational capabilities but also solidifies its position as Oman's leading feed manufacturer, catering to the burgeoning poultry and livestock farming sector.

Concurrently, OFM introduced a state-of-the-art Premix Plant, a pioneering facility dedicated to producing specialized supplements that fortify animal feed. With a capacity of 6 tons per hour, this plant meticulously blends essential vitamins and minerals with animal feed, ensuring the formulation of balanced diets tailored to specific livestock needs. As the sole facility of its caliber in Oman, OFM is poised to capitalize on export opportunities by offering these premium products to regional markets, further enhancing its competitive edge and market positioning.

Board of directors

Ahmed bin Ali bin Sulaiman Al Bulushi

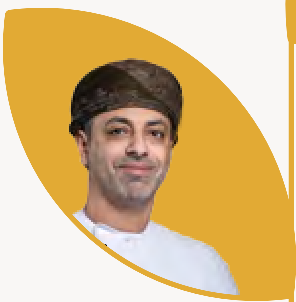
Chairman of the Board of Directors

Hamad bin Mohammed bin Hamoud Al Wahaibi

Vice Chairman of the Board of Directors

Mohammad bin Talib bin Hamad Al Busaidi

Chairman of the Audit



Hamood bin Hamad bin Rashid Al-Rashidi

Member

Mohammad bin Khamis bin Khalfan Al-Ghafili

Member

Khalifa bin Abdullah bin Musabah Al-Makhmari

Member

Saleem Pirbaksh Al Raisi

Member

Company overview

Oman Flour Mills Co. SAOG was established in 1977 with a capacity of 150 metric tonnes per day of wheat flour and allied products. The company gradually increased its flour milling capacity over the years to 800 MT per today.
In 1983, the company set up an animal feed mill with a capacity of 300 MT per day. Today the company has a capacity of 1980 MT per day for animal feed. The company sells its products under the brand names Dahabi, Barakat and Alpha. Oman Flour Mills turned from a milling company to a Group company with over 15 entities, operating in multiple industries. The group offers top quality product assortment sold both locally and aboard to top tier clients. OFM mix of assets employees more than 1,100 workers. OFM is a positive contributor to the nation with more than OMR 100 million paid back to the Government and other shareholders in the last two decades. OFM is well recognised market player with proven track record and tangible turnaround success stories.

Started in: 1977

Specialised in:
Flour & Feed Products

Capacity

Flour Mills

150 MT → 800 MT

per day

Feed Mills

300 MT → 1980 MT

per day

Oman Flour Mills: Food Industry Flagship

Overview

Established in 1977 with a mandate to fulfill the growing population's essential need for wheat flour and associated baked products, Oman Flour Mills Co SAOG (OFM) has transformed over the decades into the country's foremost food processing powerhouse.

Commencing with a wheat milling capacity of 150 metric tons (MT) per day, the company has undergone substantial growth to assert its presence throughout the processed food value chain.

A diverse portfolio now encompasses subsidiaries, affiliates, and joint venture partnerships spanning flour milling, bakery and pastry products, animal feed and premixes, poultry farming and egg production, seafood processing, food processing and quality control, lab testing services, food innovation and technology, and grain storage, procurement, and trading, among other segments.

Today, OFM stands as the undisputed flagship of Oman's pivotal food industry, achieving revenue that surpassed the OMR 100 million mark for the first time in 2022. Additionally, OFM holds a prominent position as a key member of Oman Food Investment Holding Company (Nitaj), the food security advancement arm of Oman Investment Authority (OIA).

Successive expansions over the years have elevated OFM's milling capacity to an impressive total of 800 MT per day. The company operates a significant wheat silo complex at Mina Sultan Qaboos in Muscat, with its milling and processing hub situated nearby at Jibroo. The introduction of animal feed milling capacity in 1987, starting with a 300 MT per day mill, has solidified OFM's standing in the animal feed sector, currently boasting an aggregate animal feed mill capacity of 1980 MT per day.

OFM's product offerings are epitomized by three distinct brands: Dahabi for flour, bakery, and pastry products; 'Barakat' for animal feed products; and 'Alpha' for premium horse feeds. These brands compete at the highest standards in the GCC bloc and the broader Middle East region, facilitating exports to markets across the region, East Africa, and beyond.

Acknowledging its high standards, unparalleled quality, and outstanding performance as a leader in the food industry, OFM has garnered a collection of prestigious awards, including His Majesty's Trophy for Industrial Excellence, Best Arab Food Factory 2018 (Global International Awards), Best Companies Award Performance (Economy World Awards), Best Brand Award 2022, and the Shield of Excellence for the Social Responsibility category in 2021.

Certifications obtained by the company in recent years include the Quality Management System (ISO 9001:2015), Environmental Management System (ISO 14001:2015), Occupational Health & Safety Management System (45001:2018), Food Safety Management System (ISO 22000: 2018), and 'Food Safety System Certification (FSSC 22000 V 5.1).

Brief overview of Atyab Investments subsidiaries and associates:

1) **Oman Flour Mills Company SAOG (OFM) [Parent Company]:** Public-traded OFM was one of the first Omani companies to be listed on the Omani bourse. It is majority-owned by Nitaj (51.06%).

2) **Sohar Flour Mills LLC (SFM):** Owned 60% by OFM, Sohar Flour Mills LLC launched its flour mill and silo complex at Sohar Port and Free Zone in January 2023. The silos, with a total capacity of 160k MT, open up a revenue stream for the company through the provision of grain storage services.

3) **Atyab Food Industries LLC (AFI):** Owned 100% by OFM, Atyab Food Industries operates Oman's largest industrial bakery at Barka with a capacity to produce around 300 different types of fresh and frozen bakery products. Galvanized by the success of this initiative, Atyab Food Industries launched a new branch in the UAE, which has since been operationalized.

4) **Atyab International Services LLC (AIS):** Also 100% owned by OFM, AIS has set up a fully equipped laboratory in Uzbekistan, which was due to be fully operational in 2023.

5) **Atyab Technical Services LLC (ATS):** A specialist in food technology services is 100% owned by OFM

6) **OMAUS PTY LTD:** OMAUS is 100% owned by Ayab Investments to support the direct import of wheat from growers in Australia. The company celebrated its maiden wheat shipment from Australia in the first quarter of 2023. OMAUS will also play a role in OFM's plans to acquire farmland in Australia for the cultivation of wheat for eventual export to Oman.

7) **Oman Fisheries Company SAOG (OFC):** OFM's share in this long-established fish processing company was reduced from 25.16% to 17.27% in 2022.

8) **Food Techno Park LLC (FTP):** AIS, wholly owned by OFM, has a 50% stake in Food Techno Park, which plans to invest in a food technology cluster.

9) **Bio Products Oman SAOC (BPO):** Atyab Investment LLC, the investment arm of OFM, has a 33.33% interest in BPO, with Nakheel Development holding the remaining 66.67% shares. The company, which commenced construction at Khazaen Economic City in Q4 2023, will manufacture sustainable animal feeds for livestock and aquaculture projects.

10. **Atyab IFFCO Poultry:** A joint venture of Atyab Investment (50%) and IFFCO of the UAE has investments in:

    a) **Sohar Poultry Co SAOC (SPC):** An integrated poultry farms with operations in Barka and Sohar

b) **Osool Poultry Co. SAOC:** Atyab IFFCO Poultry has a 9.9% stake in this biggest ever breeder poultry project located at Haima in Al Wusta Governorate.

11. **Arabian Food Production Company SAOC (AFPC):** OFM's Atyab Investments has a 33.33% stake in Arabian Food Production Company, a Muscat-based firm also backed by IFFCO Group of the UAE, Gulf Japan Food Fund, an Investment Fund based in Dubai and ISE Corporation, a well-established egg producer from Japan. AFPC owns the following three companies:

    a) **Modern Poultry Farms SAOC (MPF):** Modern Poultry Farm, established in 1989 in the Sultanate of Oman is one of the largest producers of commercial table eggs in Oman. It accounts for about 40% of the total egg production of the country by producing around 190 million eggs per annum.

    b) **Emirates Poultry Farms (EPF):** EPF is one of the UAE's leading egg producers.

    c) **Gulf Poultry Farms (GPF):** The Company commenced its egg producing farm in Ibri in December 2022. Covering an area of 18 million square meters, the project is one of the largest facilities for table egg production in the GCC

12. **Modern Dairy Factory LLC:** Modern Dairy Factory is a fully owned Omani Company established in the year 1972. From its humble beginnings of small scale operations in Muttrah, the factory moved into its current premises in the year 1984. By introducing modern technologies, equipment and expanding from year to year, the company is currently one of the leaders in the dairy industry, having its unique niche in Omani dairy products market.

    The company has 11 branches across the country including Nizwa, Ibri, Sur, Jalan, Mudhairib, Barkha, Nakhal, Sumail, Saham, Al Hail & Sohar.

Vision, Mission & Values

Vision

To be a leading food manufacturing company within the Sultanate of Oman. The company aims to achieve a net profit of OMR 50 million in the next 10 years by strategic diversification.

Mission

Internal Mission Statement

- Being an employer of choice
- Provide a quality, hygienic work environment

External Mission Statement

- Enhanced Customer Loyalty
- Continuous Community Development

Values

- Integrity in Business
- Commitment to tasks and relationships
- Focused diversification in businesses
- Development of in-house talent

Our Group Companies

ATYAB INVESTMENTS
أطياب للإستثمار

أطياب للخدمات الدولية
ais
ATYAB INTERNATIONAL SERVICES

أطياب للصناعات الغذائية
ATYAB FOOD INDUSTRIES

Arabian Food Production Company
الشركة العربية لإنتاج الأغذية

OMAUS

صحار
Sohar
شركة صحار للدواجن ش.م.ع.ع م
Sohar Poultry Company S.A.O.C

شركة مطاحن صحار
SOHAR FLOUR MILLS

MODERN POULTRY FARMS CO. SAOC (MPF)
شركة المزارع الحديثة للدواجن ش.م.ع.م

أطياب - افكو للدواجن
ATYAB - IFFCO POULTRY

شركة الأسماك العمانية ش.م.ع.ع
Oman Fisheries CO.S.A.O.G

مصنع الألبان الحديث ش.م.م
Modern Dairy Factory LLC

Our Brands

ذهبي
DAHABI

ريفي
REEFY

وطني
WATANI

أعلاف بركات
BARAKAT Feeds

Alpha
Excellence in Health & Performance

الخمائل
ALKHAMAYIL

ATYAB أطياب

مختبرات أطياب
Atyab Laboratories

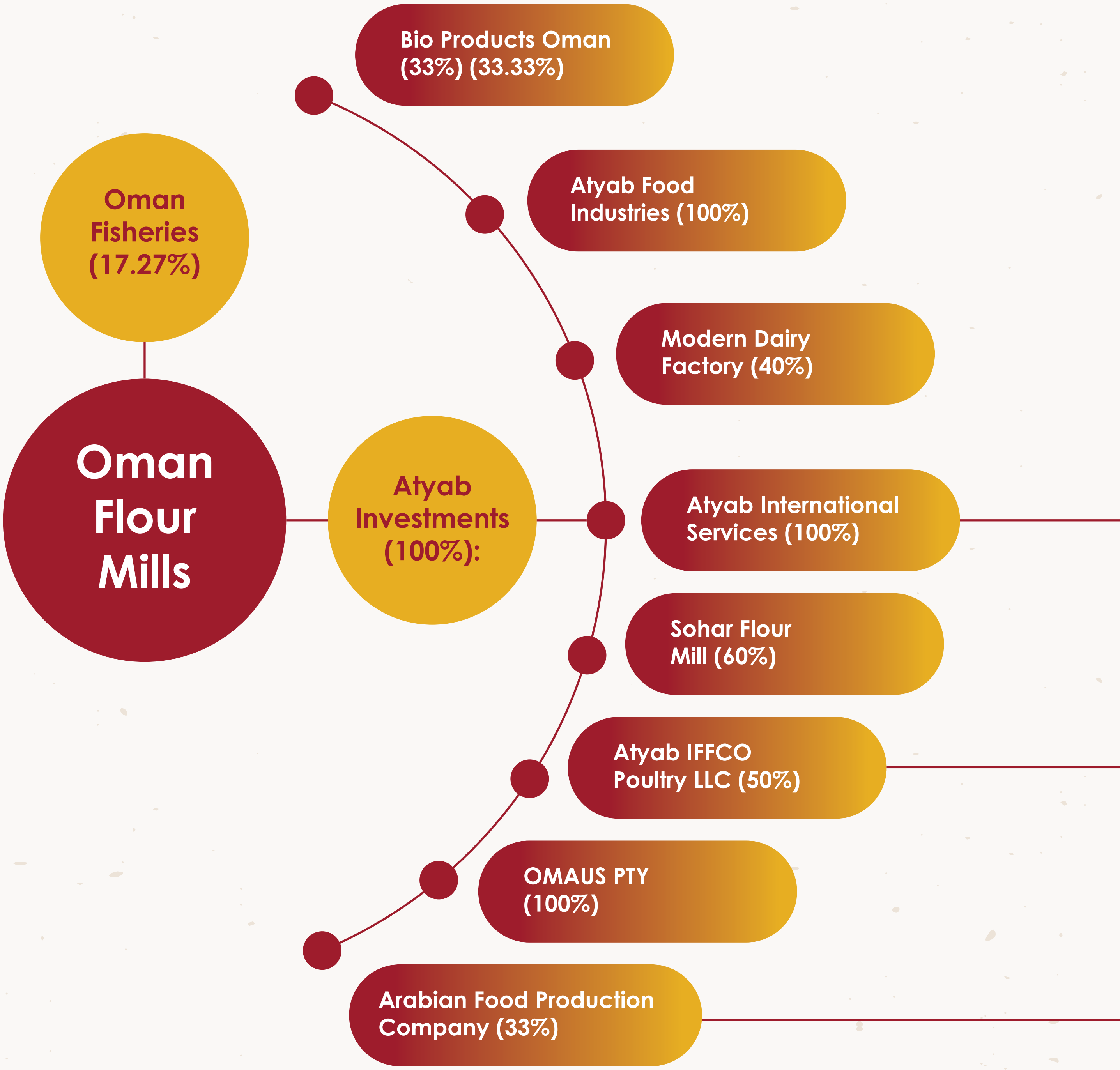
بلدي عمان
Baladi Oman

دانة
Dana
بيض عماني طازج من المزرعة
Omani farm fresh eggs

أرياف
A'Rayaf

KHALEEJ

Group structure



Group Size

RO 115 m

- Techno Park (50%)
- Agro & Foodtechno Centre, (Uzbekistan) (100%)

- Sohar Poultry Company (94.4%)
- Osool Poultry Company (9.93%)

- MPF (88.4%)
- EPF (100%)
- GIPF (100%)

What we do?

Flour Products

Grains

Health Products

Pre-mixes

Bread Baking Products

Feed Products

Barakat Cattle Feed

Alpha Premix Specialised Horse Feed

Barakat Poultry Feed

Dedicated to Energy and Environmental Sustainability

Oman Flour Mills (OFM) is unwavering in its commitment to environmental, social, and governance (ESG) principles and energy sustainability. In alignment with these commitments, the company has embarked on a series of initiatives aimed at achieving several crucial goals, including the decarbonization of its operations, bolstering energy efficiency, reducing carbon emissions, and elevating its environmental performance.

Solar PV Power Generation: A prominent step in this journey is the installation of solar PV panels to generate renewable electricity for its flour and feed mills. This strategic move is not only environmentally responsible but also promises a remarkable 25% reduction in the company's electricity bills. The solar PV project involves the placement of panels on various structures, including the company's buildings, warehouses, and car parks within its Jibroo complex in Muscat. Construction of this substantial solar PV system is set to commence in the first quarter of 2024.

Water Conservation: Another significant aspect of OFM's sustainability drive is water conservation. A state-of-the-art pallet washing machine, recently introduced at the Jibroo complex, plays a pivotal role in this endeavor. This machine effectively conserves substantial volumes of water, replacing the previously inefficient method of using a water jet to clean pallets, which resulted in the wastage of large quantities of water with no potential for reuse. The implementation of this automated system not only contributes to environmental conservation but also results in significant cost savings in both water and electricity consumption for OFM.

Dust Stop Measures: Addressing the issue of dust generated during the unloading of grain from vessels at Mina Sultan Qaboos, OFM has planned an innovative solution. A safety hopper is set to be installed to collect and contain all the dust, ensuring its safe and appropriate disposal. This becomes especially crucial in situations where a cruise ship is berthed at the port, minimizing the environmental impact and improving overall port cleanliness. The envisioned deployment of approximately five safety hoppers, collectively forming a Dust Stop system, will be a significant step toward environmental preservation.

Energy Efficiency Enhancement with "ENISCOPE": Further emphasizing its energy sustainability efforts, OFM is considering the installation of an energy-saving system named "ENISCOPE" at the Jibroo complex. This innovative system ensures that each machine or equipment receives only the electricity it requires for optimal operation. It accomplishes this by allocating the correct kilowatts of electricity to active machines while cutting off the power supply to those not in use. This process is expected to result in substantial energy savings, contributing to OFM's commitment to reducing its environmental footprint while enhancing operational efficiency.

Rising Exports

Oman Flour Mills (OFM) continues to play a pivotal role in enhancing food security in the Sultanate of Oman. Since its inception in 1977, it has been dedicated to fulfilling the Omani market's demands for flour, feed, and value-added products.

In 2022, Oman Flour Mills achieved significant growth in its exports, reaching approximately 40,449 metric tons (MT) of flour products, a substantial increase from the 32,422 MT recorded in 2021, marking a notable 25% growth.

By the end of the first half of 2023, OFM's exports continued their upward trajectory, demonstrating a remarkable year-on-year (YoY) growth of 58%. This remarkable expansion aligns perfectly with the company's overarching strategy to enhance Omani exports abroad, broaden its global market reach, and steadfastly pursue increased export volumes to extend its footprint in international markets.

This strategic approach resonates with OFM's commitment to expand its presence in foreign markets, as we firmly believe that the exploration of new markets is essential for fostering the growth and development of Omani businesses.

At present, OFM, alongside its subsidiary Sohar Flour Mills (SFM), exports its products to over 16 countries. These include the Kingdom of Saudi Arabia, Yemen, the United Arab Emirates, Qatar, Kuwait, Jordan, Somalia, Tunisia, Zanzibar, Rwanda, Syria, New Zealand, the United Kingdom, Germany, Sri Lanka, and the Maldives, to name just a few.

OFM's Export team adeptly leverages the flexibility offered by both mills in Muscat (OFM) and Sohar (SFM), strategically positioned to efficiently meet the demands of our customers in a timely manner.

Looking ahead, OFM's long-term objectives encompass further expansion into North America, the Middle East, the Levant, the European Union, and Africa.

OFM exports an array of products, including bulk and retail, to the GCC and other markets. While our focus is on expanding bulk output, we remain dedicated to establishing a robust presence for OFM's premium brand, Dahabi, in the retail markets across the GCC and soon across other MENA markets.

Oman Flour Mills exports a wide variety of products, including flour #1, flour #2 (Atta), Chakki Atta, Bur Flour, Paratha Flour, Handmade bread flour, Specialty flours, Pizza flour, Omani Wheat flour, Premium Patent Flour, Harees, and wheat.

This growth in our export business adds value across the entire value chain, benefiting local suppliers, expanding local transport capacity, and creating enhanced opportunities for Omani SMEs. It also contributes to the employment of a national workforce and supports the growth and expansion of local businesses.

While expanding globally, OFM faces competition from both regional and global flour suppliers. Drawing from our rich legacy of premium quality, experience, and unparalleled customer service, we continue to broaden our global footprint and gain more traction in international markets. However, this expansion also challenges us to adapt swiftly to rapid shifts in market dynamics, enabling us to be proactive rather than merely responsive.

OFM: Leading the Way in Food Sector R&D

As the market leader in the food sector within the Sultanate of Oman, Oman Flour Mills (OFM) underscores the paramount significance of Research & Development (R&D) in upholding the growth and enduring prosperity of the flourishing domestic food industry. R&D serves as an indispensable cornerstone in achieving essential objectives such as food safety, security, sustainability, and ensuring a robust supply chain, particularly in the face of imminent challenges posed by global warming and climate change.

The responsibility of maintaining OFM's pioneering position in innovation and R&D rests with a dedicated team of scientists and technical experts within the company. The department is currently engaged in an array of initiatives, which, upon fruition, will reinforce OFM's dominant market standing in Oman.

Here are some of the R&D projects and initiatives currently at various stages of implementation:

Antibiotics-Free Chicken Feed: In response to Oman's regulatory shift towards prohibiting antibiotics in chicken feed, in line with progressive practices observed in advanced economies, OFM has been engaged in devising viable, demonstrably safe, and effective alternatives. Collaborating closely with scientists from Sultan Qaboos University, OFM has embarked on a series of trials centered around the use of butyric acid, a probiotic that promotes intestinal growth in animals, as a replacement for antibiotics. These trials have successfully paved the way for the production of antibiotics-free supplements through a partnership with a renowned private company possessing specialized expertise in formulation. When integrated into chicken feed, these antibiotics-free supplements cater to the precise growth requirements of the poultry industry, ensuring the health and well-being of their avian stock.

Adapting to Evolving Nutritional Needs of New Poultry Breeds: With poultry breeders introducing novel chicken strains to cater to the rapidly expanding poultry sector, there exists a pressing need to optimize the nutritional requirements of these new breeds in accordance with the local context. Feed specifications require meticulous adjustments and rigorous testing before their introduction to the market. OFM stands at the forefront of this endeavor, benefiting from its prominent role in supplying animal feed to the domestic livestock and farming industry.

Product Development for Livestock Fattening: In partnership with a subsidiary of the Nitaj Group, OFM is actively exploring opportunities to enhance the fattening of livestock before they are ready for the abattoir. The successful execution of this initiative promises far-reaching benefits not only for livestock but also for larger animals such as cows, sheep, goats, and even camels. Presently, this initiative is in its exploratory phase, with promising prospects on the horizon.

Investigating Insect-Based Protein Alternatives

As part of its ongoing research into the suitability of plant or protein-based alternatives to reduce dependence on imported soya for feed production, OFM's R&D Department continues to explore a wide spectrum of options. These studies encompass a diverse array of alternatives, including maggots, duckweed, algae, and spirulina, among others.

With these ongoing initiatives, OFM ensures the sustainability, quality, and resilience of the nation's food supply.


VSCY4

Modern Feed Mill and Premix Plant

Integral to Oman Flour Mills' mission of bolstering the growth of a robust food sector in the Sultanate of Oman is the establishment of a modern, efficient, and dynamic animal feed industry.

This is because a thriving domestic poultry and livestock sector is as vital to the nation's food security as meeting the nutritional needs of its human population.

In line with this vision, OFM has undertaken a significant investment in the expansion and modernization of its feed mill division at the Jibroo complex in Muscat. This expansion involves the addition of a third mill to complement its existing two mills, significantly increasing its capacity to meet the rapidly growing demands of the country's poultry and livestock farming industry.

To house the third mill, a new structure has been erected at the Jibroo complex. This state-of-the-art facility boasts a capacity of 20 tons/hour for feed production, with expandability to a peak capacity of 40 tons/hour. When combined with the existing two mills, OFM's Feed Mill Division will have a total capacity of 100 tons/hour. The new mill is slated to commence operations in Q1 2024.

In a notable value addition to this project, OFM has also introduced a cutting-edge Premix Plant—a pioneering facility designed to create special supplements that fortify animal feed. These premixes consist of meticulously balanced combinations of vitamins and minerals, and they are blended with the feed in proportions tailored to the specific needs of the targeted livestock. The plant boasts a capacity of approximately 6 tons/hour.

When the Premix Plant becomes operational alongside the third mill, it will eliminate the necessity for poultry and livestock breeders to import their required supplements from overseas markets, often at a premium. Customers will have the convenience of sourcing their feed requirements already blended with high-quality premixes, all the while maintaining cost competitiveness.

This fully automated Premix Plant is not only geared to serve the entire domestic market in Oman but will also create opportunities for export across the Gulf Cooperation Council (GCC).

Maximizing Operational Efficiency through IT and Digital Transformation

Oman Flour Mills (OFM) has catapulted its operational success by harnessing the power of IT systems and digital tools, marking a significant leap in efficiency and productivity for the leading food processing company in Oman.

At the helm of this transformative journey is the Informational & Communications Technology (ICT) department, led by a highly qualified ICT Manager, a source of justifiable pride for OFM.

Leveraging its considerable professional and technical expertise, the ICT Department achieved remarkable milestones in 2023. Apart from implementing an Enterprise Resource Planning (ERP) system across the company, the department ensured seamless operations with zero downtime for OFM's IT infrastructure, spanning servers and network systems. In tandem, the staff participated in all prescribed training courses throughout the year, while the Department Head earned CAPM and CISM certifications, further enhancing the department's capabilities.

Aligned with the Omani government's forward-looking digitalization drive, OFM has transitioned its tendering and procurement processes entirely online. This strategic move strengthens integrity, transparency, and inclusion in all company procurements. The entire procurement spectrum, from equipment to wheat grain, is now efficiently managed through a dedicated online portal. Interested parties and vendors must register to become eligible participants in tenders, streamlining the procurement process.

One of the notable beneficiaries of this digitalization initiative is a multitude of Omani wheat farmers. OFM has committed to offtaking their output, supporting homegrown wheat cultivation. Local wheat, known as 'Bur,' can now be offered to OFM through a dedicated website, empowering growers to sell their produce. An accessible online form facilitates the submission of particulars, with the farmer awaiting a response from the company's Sales Department. This initiative has witnessed a substantial increase in offtake volumes yearly, as more farmers embrace 'Bur' cultivation, contributing to increased incomes and supporting the government's food security strategy.

Continuing its commitment to digitalization, OFM introduced an electronic payment gateway in collaboration with Bank Muscat. This innovative approach facilitates digital payments for B2B customers, enhancing the integrity and security of transactions, boosting efficiency, and ushering in a paperless era.

Looking ahead, the IT Department has a comprehensive portfolio of new digitalization initiatives, scheduled for phased implementation. One such project focuses on the rollout of a Customer Relationship Management (CRM) system, set to commence in 2024. This CRM system aims to elevate the company's relationships with individual customers, providing a platform for the Sales Department to exceed targets and foster revenue growth.

Digitalisation of Logistics

Another significant project slated for 2024 is the digitalization of logistics operations. This transformative system will streamline vehicular flows in and out of OFM's Jibroo complex, addressing the daily influx of trucks, passenger cars, and other vehicles. The new logistics system, equipped with CCTVs, electronic signages, and a high-tech gate system, will regulate vehicle movements, enhancing traffic and transportation safety. The automated system will replace the current manual transportation management at the complex.

Actively under consideration by the management is the implementation of 'Robotic Process Automation' (RPA), an application utilizing software bots to automate repetitive tasks, thus enhancing business processes and ensuring financial integrity. RPA will revolutionize inventory and accounting processes for incoming raw materials, outgoing finished products, and commodities, minimizing errors when integrated with the company's financial system.

Central to OFM's recent digitalization efforts is the deployment of Power BI (Power Business Intelligence), a robust data and analytics reporting tool. Synchronized with the company's ERP software, Power BI provides management with a comprehensive dashboard covering sales, production, operations, and key performance indicators. The significance of Power BI is underscored by the certification of 30 employees, highlighting its pivotal role in driving OFM's business success.

CSR: Fostering Meaningful Engagement with Local Communities

Aligned with its enduring commitment to active involvement within local communities, Oman Flour Mills (OFM) has championed a diverse array of initiatives aimed at uplifting economically disadvantaged segments of the local population, including those with disabilities. These initiatives span the entire year, with a particular emphasis on the holy month of Ramadan.

1) **Charity Distributions (Project 'For You'):** OFM spearheads a benevolent initiative named 'For You,' designed to meet the flour product needs of individuals and families. The establishment of the 'Flour Mills Fund' facilitates the financing of boxes containing essential flour products. These are distributed to low-income groups during Ramadan and to communities affected by adverse weather events. Notably, approximately 20,000 families have benefitted from this initiative to date.

2) **Support for Charity Organizations:** Demonstrating a commitment to empowering NGOs engaged in volunteer work, OFM has actively supported organizations such as the National Committee for People with Disabilities. Contributions from OFM have facilitated the purchase of medical equipment catering to the needs of the elderly and individuals with disabilities, positively impacting the lives of 47 individuals.

3) **Enhancing School Environments:** OFM actively participates in initiatives dedicated to supporting government schools in creating safe and healthy environments for students and teachers. An estimated 65,000 people have benefited from these efforts.

4) **Health Sector Contribution:** In a commitment to the well-being of the community, OFM has provided funding for the acquisition of specialized medical devices aimed at treating gum diseases and root canal issues at health centers.

5) **'Make A Wish' Program:** OFM's 'Make A Wish' program is directed at orphaned children, bringing joy and happiness to approximately 200 orphans whose wishes have been fulfilled by OFM.

6) **Home Restoration Project:** Collaborating with the Zakat Committee in the Wilayat of Muttrah, OFM has undertaken the funding of home restoration for several underprivileged families.

7) **Supporting Food Waste Recycling with Oman Food Bank:**

- Providing prosthetic devices for 37 people at the Oman Association for the Disabled in Ibri
- Installed shades at the Al Wafa Rehabilitation Center for Disabled Children in the Wilayat of Dima W'attayeen
- Held a beach cleaning initiative at Seeb Beach, In cooperation with the Zakat Committee of Al-Seeb, to encourage the community to preserve the environment
- Establishing a sewing workshop for needy families, in cooperation with Nidaa Al Khair, as an initiative to empower women
- Carried out the restoration and remodelling of the Child Care Home, in cooperation with the Ministry of Social Development, to make it a safe environment for the target group

Summary of all initiatives

Social Responsibility Initiatives in 2023

Environment Sector
OMR. 30,000

Health Sector
OMR. 15,000

Charities & National Committee for Disabled Care
OMR. 11,500

Education Sector
OMR. 30,000

OFM Relief Fund (Campaign for you)
OMR 40,180

Community Services
OMR. 23,320

Wish Program (orphans)
OMR. 10,000

Total cost
OMR 200,000 (2023)

Allocating no less than 20% of the annual budget to the Omani Authority for Charitable Works.
OMR 40,000

OFM Relief Fund:

The "For You" campaign aims to support individuals and families in need by providing them with flour products, particularly during the month of Ramadan and natural disasters. The charitable campaign, called "for you" is organized by the employees of the Mills who distribute boxes containing flour products in various areas, in collaboration with over 75 charitable organizations. During the campaign, approximately 80,000 families were provided with supplies for Ramadan, and a total of OMR 95,000 was spent on this initiative.

Supporting the programs of Charities and the National Committee for the Disabled Care:

We collaborate with charitable organizations and the National Committee for the Disabled Care to review their programs and identify the appropriate programs to support. As part of our efforts, we purchased and distributed approximately 300 prosthetic devices to disabled individuals in Ibri, Muscat, and Sohar, as well as charitable organizations. The total cost of this initiative was around OMR 32,699.

Maintaining a clean and hygienic school environment is crucial for ensuring the safety and well-being of students and visitors alike. Studies have shown that the overall school environment can significantly impact students' academic achievements, making it even more important to prioritize cleanliness. To support the development of a healthy school environment, we can take a variety of actions, such as ensuring proper waste disposal, regularly cleaning classrooms and common areas, and promoting good hygiene practices among students and staff. By prioritizing cleanliness and hygiene, we can create a positive learning environment that supports the health and academic success of all students. Supporting government schools in their efforts to improve and provide a healthy and safe environment for students and teachers is essential. Through a recent initiative, we were able to beautify five schools by sheltering and grassing their outer courtyards. The total cost of this initiative was approximately OMR 13,942. By investing in the development and improvement of schools, we can ensure that students and teachers have access to a conducive learning environment that promotes their well-being and academic success

Contribution and support in the development of playgrounds:

Supporting the development, improvement, and provision of a healthy and safe environment for sports fans is crucial. In a recent initiative, we modified and beautified five sports playgrounds by carrying out maintenance and grassing, as well as building toilets. The total cost of this initiative was approximately OMR 9,690. By investing in sports facilities, we can promote healthy lifestyles and provide safe spaces for sports enthusiasts to enjoy their activities. This can have a positive impact on the overall well-being of the community and help to foster a culture of physical activity and sportsmanship.

The health sector is considered an important component of sustainable development and the pillar of healthy societies:

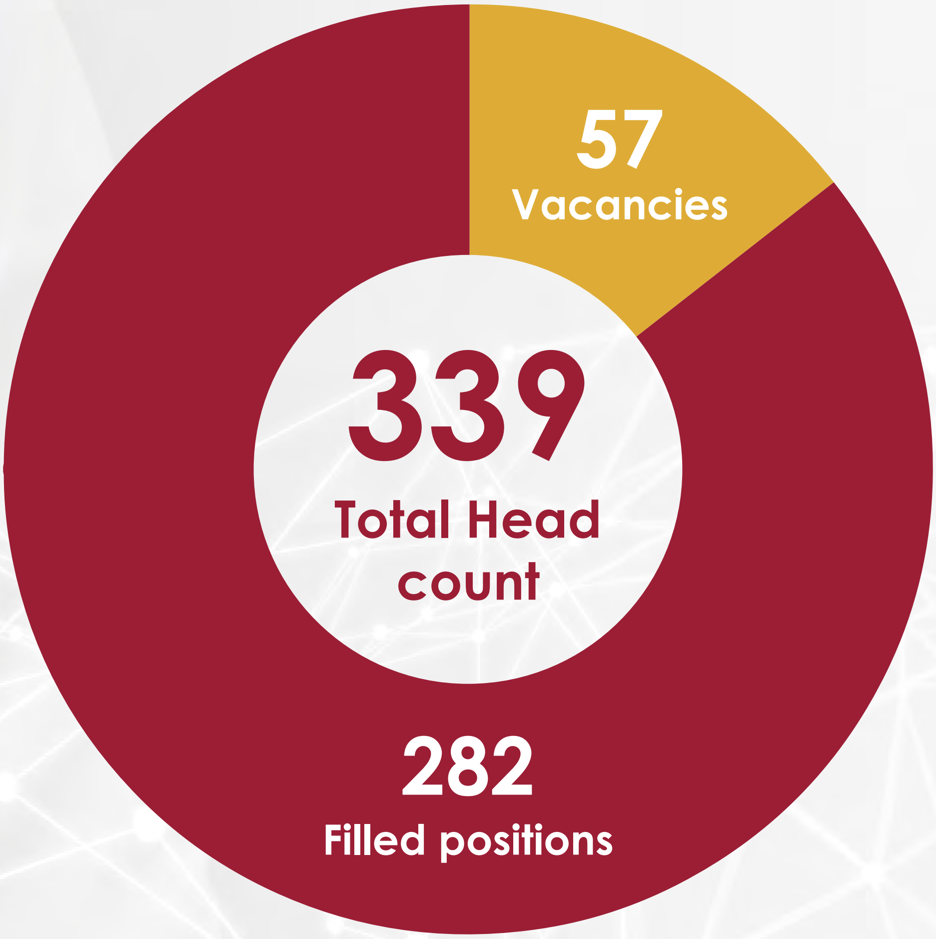
We supported some activities that have been established in health centers in Muscat, and the total amount for this initiative was about OMR 1500. The Holy Qur'an has emphasized the importance of protecting and preserving the environment, considering it a religious duty for Muslims. God Almighty has commanded us to treat the environment as a public property, which must be preserved along with its components, wealth, and resources.

In the environment sector, we have taken action by establishing a garden spanning an area of approximately 300 square meters at the courtyard of the Dima wa Taayeen State Hospital. This project serves a large segment of society in the region, providing them with a green and tranquil space to enjoy. The total cost of this initiative was approximately OMR 20,000. By investing in the environment and promoting its preservation, we can foster a culture of sustainability and protect the planet for future generations.

HR Dashboard Report 2023

Manpower Planning

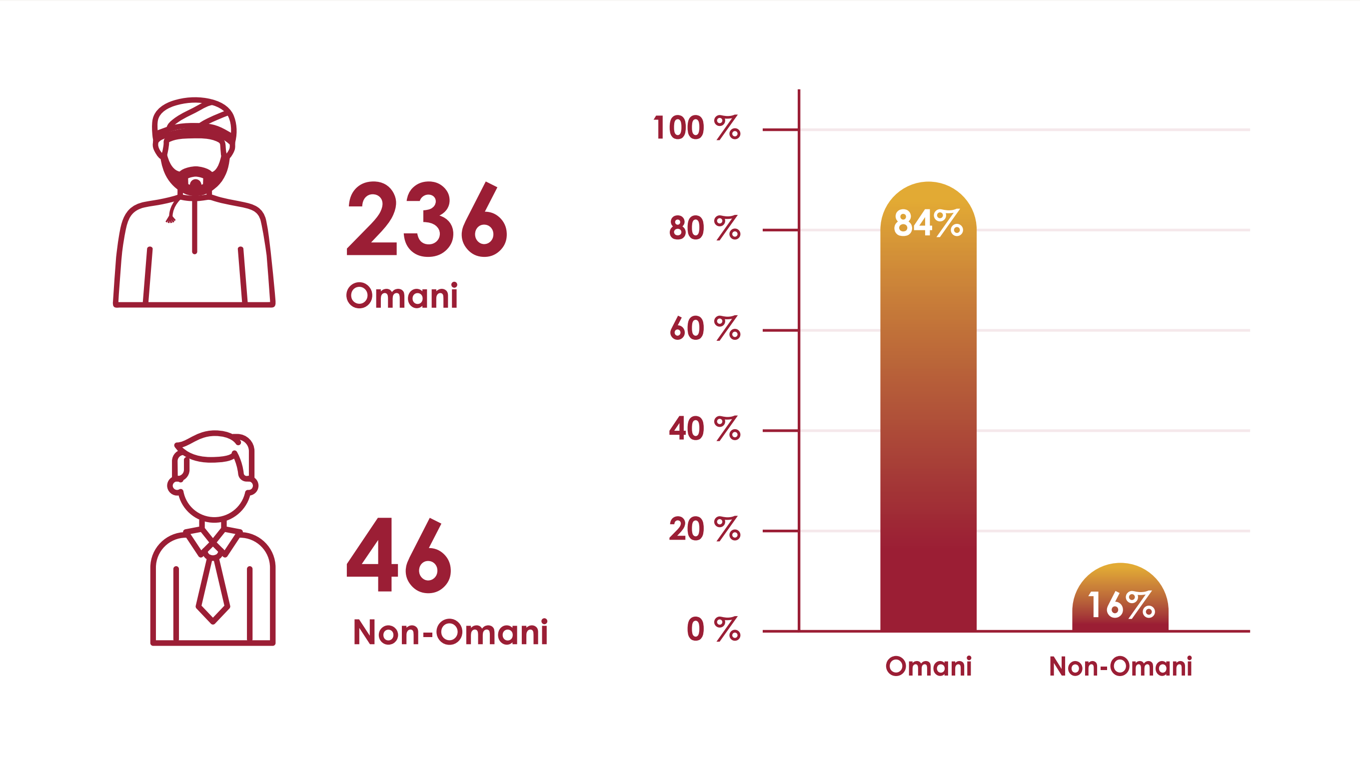
OFM Workforce up to date



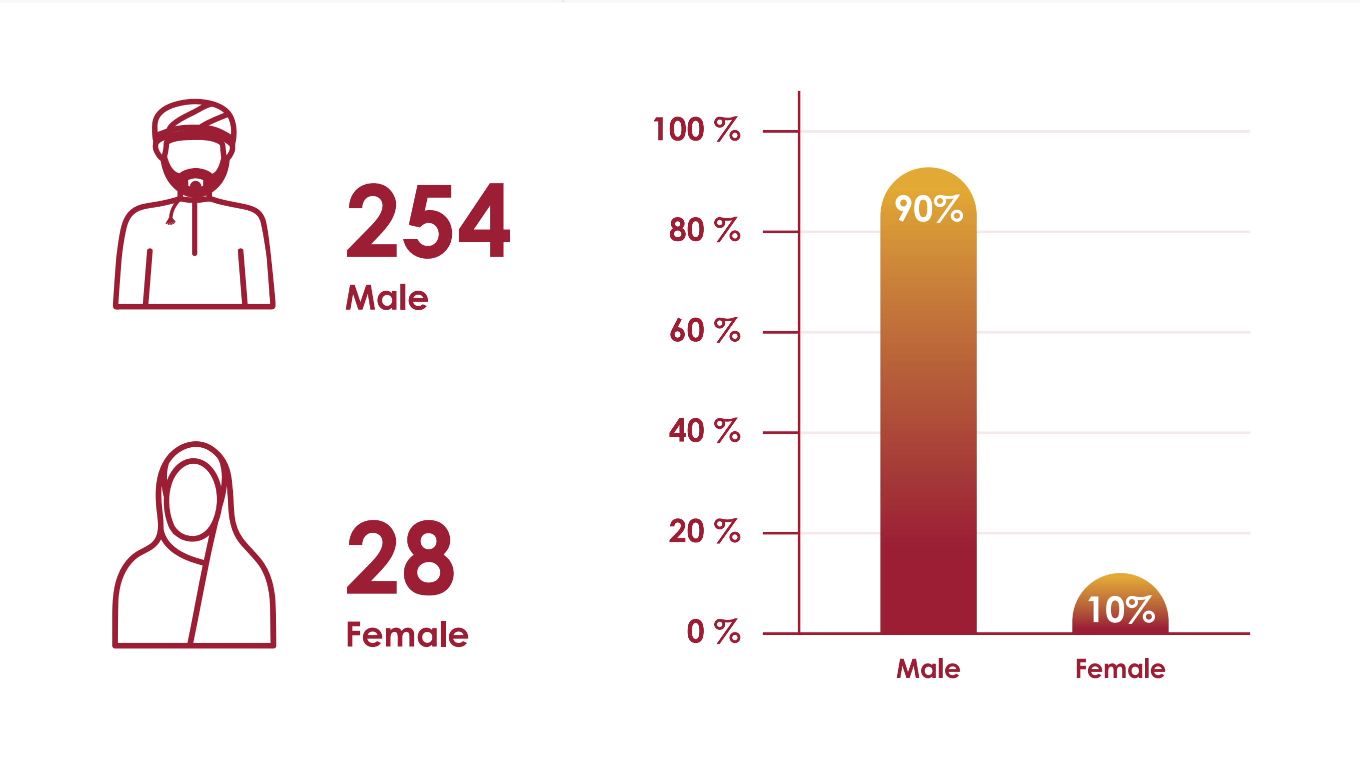
16 New Joiners up to 31 Dec. 2023

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
3	0	1	0	4	2	0	1	1	0	1	3

Omanisation



Gender



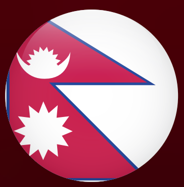
Diversity

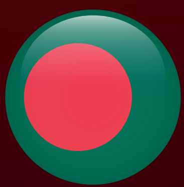

INDIA


PHILIPPINE


INDONESIA


PAKISTAN


NEPAL


BANGLADESH


SUDAN


ZIMBABWE


KENYA


SOMALIA


USA


Mauritius

Learning & Development

Training Plan Summary

59

Total number of completed Courses till 31 Dec. 2023

Academic support

12

H. Diploma (2)

Bachelors (10)

OFM Internship

Trainees till 31 Dec. 2023

15

Number of new trainees

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1	0	3	0	4	0	1	2	1	1	1	1

Culture and engagement

+15	+10	18	+25
Recognition & Reward	Well-Being	Coaching & Feedback	Engagement sessions


Linde
Areej

شركة المطاحن العمانية (ش.م.ع.ع)
Oman Flour Mills Company (S.A.O.G)

March 13, 2024

"Towards a Sustainable Growth"

OMAN FLOUR MILL

SUSTAINABILITY REPORT 2023

Table of Contents

1. About This Report

1.1 Introduction to our first Sustainability Report:

We are pleased to present our first sustainability report, a comprehensive report that underscores our ongoing commitment to sustainability and responsible corporate conduct. This report has been prepared in accordance with the MSX ESG guideline and the Global Reporting Initiative (GRI) standards, the world's leading framework for sustainability reporting. It aims to provide our stakeholders with a transparent, detailed account of our sustainability practices, achievements, and challenges over the reporting period.

Oman Flour Mills, as a leading entity in the agri-food sector in the Sultanate of Oman, recognizes the importance of sustainable development and its impact on our operations, our people, and the communities we serve. Our sustainability strategy is deeply integrated into our corporate ethos and is aligned with Oman Vision 2040 and the United Nations Sustainable Development Goals (SDGs).

This report covers the key aspects of our sustainability performance, including environmental stewardship, social responsibility, and economic prosperity. It reflects our efforts to manage our operations in an environmentally responsible manner, our commitment to being a responsible employer, and our contribution to the economic development of Oman. The primary emphasis of this report is, on the activities of OFM in Oman excluding any subsidiaries or acquisitions, from consideration. The report also highlights our initiatives in promoting sustainable agriculture, reducing waste, conserving resources, and engaging with our stakeholders.

In preparing this report, we have adhered to the GRI standards' principles for defining report content and quality. These principles have guided us in selecting the topics that are significant to our business and stakeholders, ensuring the report's accuracy, balance, and clarity.

Assurance	Contact Details	Restatement
Our financial data have undergone auditing by PricewaterhouseCoopers (PwC), Oman. However, when it comes to our non-financial data for this report, we placed our trust in an internal assurance process to guarantee our stakeholders' full confidence in the accuracy of the information provided.	If you wish to delve deeper into sustainability initiatives within our company or provide feedback, please contact us. For any inquiries specifically related to this report, please do not hesitate to contact us at abdulaziz@omanflourmills.com. We welcome your engagement and input.	Since this is our first sustainability report there is no restatement, for the year 2023.

1.2 CEO Message

Dear Shareholders,

OFM Group embodies the vision of the Omani government for evolving the Sultanate's food sector, focusing on fostering sustainability and robustness amid the challenges posed by local climate change effects and worldwide supply chain disruptions. The Sustainability Report for Oman Flour Mills (OFM) Group, presented in line with the Global Reporting Initiative (GRI) standards and Muscat stock exchange (MSX) ESG metrics, showcases the company's dedication to sustainable development as a fundamental part of its strategic vision.

This commitment aligns with the Oman Investment Authority and Nitaj's broader vision, focusing on strengthening food security and operational resilience amidst climate change and supply chain challenges. The report highlights OFM Group's significant achievements over the past year in the sustainability.

The company has embraced technological advancements and innovation to improve efficiency, productivity, and product quality, reinforcing its industry leadership. OFM Group's commitment to Omanisation, localisation, entrepreneurship, and employment generation reflects its dedication to community empowerment and economic development.

The successes detailed in the report are attributed to the clear strategies set by management, the support from the Board, and the efforts of dedicated staff, underscoring OFM Group's role as a leader in sustainability and resilience within Oman's food industry.

Thank you for your continued trust and support.

Sincerely,

Mr. Haitham bin Mohamed bin Ali Al-Fannah
CEO, Oman Flour Mills Company

2. About Oman Flour Mills

2.1 Introduction about Oman Flour Mill

Oman Flour Mills SAOG, established in 1977 with an initial capacity of 150 metric tonnes per day, has significantly expanded its operations to become a leading entity in the food industry. Originally focused on wheat flour and allied products, the company has grown its milling capacity to 800 metric tonnes per day. By 1983, it further diversified into animal feed production, starting with a capacity of 300 metric tonnes per day, which has now reached 1500 metric tonnes per day. The company markets its diverse product range under reputable brand names such as Dahabi, Barakat, and Alpha.

Over the years, Oman Flour Mills has transformed from a single milling operation into a comprehensive group with over 15 entities across various sectors, offering high-quality products both locally and internationally to premier clients. The group's diverse asset portfolio employs more than 1,100 individuals, contributing significantly to the national economy with over OMR 100 million paid back to the Government and other shareholders in the last two decades.

As a recognized market leader, OFM boasts a proven track record of success and tangible turnaround stories, underpinning its commitment to sustainability and innovation. This evolution not only highlights the company's growth and diversification but also its dedication to contributing positively to Oman's food industry and broader economic development.

Vision:

Our vision is to emerge as a leading entity in Oman's food manufacturing landscape, dedicated to sustainable growth and innovation. With an ambitious target of attaining OMR 50 million in net profit over the next decade, we are committed to strategic diversification that aligns with our sustainability objectives.

Mission:

- Aim to be the employer of choice by promoting a sustainable, healthy, and supportive work environment that encourages growth and well-being.

- Strengthen customer loyalty through sustainable, high-quality products and contribute to community development with a focus on environmental and social sustainability initiatives.

Value:

- Prioritizing environmental responsibility in all operations.
- Contributing to community well-being and development.
- Ensuring superior product standards and services.
- Streamlining processes for better resource utilization.
- Meeting and exceeding expectations of all stakeholders.

2.2 Our Products and Services

We are proud to highlight our range of sustainably produced flour products. Each category reflects our commitment to environmental stewardship, health, and quality:

Flour Products:

Bread Baking Products: Crafted for excellence, our baking products support sustainable agriculture by sourcing eco-friendly grains, ensuring every loaf contributes to a healthier planet.

Pre-mixes: Our pre-mixes are designed for convenience and sustainability, utilizing ingredients from responsible sources to minimize environmental impact while maximizing flavor and nutritional value.

Grains: We offer a variety of grains that are carefully selected from sustainable farms, promoting biodiversity and reducing our ecological footprint through responsible farming practices.

Health Products: Recognizing the growing demand for nutritious options, our health products are developed with both personal and planetary well-being in mind, using organic and non-GMO ingredients whenever possible.

Feed Products:

Barakat Cattle Feed: A sustainably produced feed, ensuring optimal health and productivity of cattle, while minimizing environmental impacts.

Alpha Premix Specialized Horse Feed: Crafted with a focus on sustainability, this feed meets the nutritional needs of horses, supporting their well-being and performance.

Barakat Poultry Feed: Developed to promote healthy poultry growth, this feed is produced using eco-friendly practices, contributing to sustainable poultry farming

2.3 Ownership Structure

Oman Flour Milles's ownership structure:

Investor Name	Ownership %
OMAN FOOD INVESTMENT HOLDING CO S A O C	51%
SOCIAL PROTECTION FUND	9.9%
Others	39.1%

Oman Flour Mills

is the central entity with a diversified portfolio including a 17.27% stake in Oman Fisheries and 100% in ATYAB Investments.

International investments include

- Techno Park (50%).
- Agro & Foodtechno Centre, Uzbekistan (100%).
- Sohar Poultry Company (94.4%) and Osol Poultry Company (9.93%).

Investment funds include MPF (88.4%), EPF, and GIPF (100% each).

is the central entity with a diversified portfolio including a 17.27% stake in Oman Fisheries and 100% in ATYAB Investments.

ATYAB Investments

owns several subsidiaries focused on sustainable practices:

- ATYAB Food Industries (100%).
- Modern Dairy Factory (40%).
- ATYAB International Services (100%).
- Sohar Flour Mill (60%).
- ATYAB IFFCO Poultry LLC (50%) and OMAUS PTY (100%).
- Arabian Food Production Company (33%).

Our Brands

Our portfolio of brands, represents our dedication to sustainability and responsible production across a range of sectors, from food to health, reflecting our commitment to excellence and environmental stewardship.

1. **DAHABI**
2. **REEFY**
3. **WATANI**
4. **BARAKAT Feeds**
5. **Alpha (tagline: Excellence in Health & Performance)**
6. **AL KHAMAYIL**
7. **ATYAB**
8. **Atyab Laboratories**
9. **DANA**
10. **A'Rayaf**
11. **Baked Oman**
12. **KHALEEJ**

2.4 Financial Performance Overview

Below is the net profit, dividend and net asset of the Group Company for the last three years.

	2023	2022	2021
Revenue (in '000)	123,944	116,811	97,337
Net Profit (after tax) (in '000)	1,544	1,744	4,742
Shareholders' Equity (in '000)	71,167	71,783	74,027
Dividend paid	12.5%	33%	60%

2.5 Awards and Recognition

- MSM Listed Company
- HM Cup (9 Years)
- Best Brand Award CSR Award

3. Sustainability at Oman Flour Mills

Sustainability at Oman Flour Mills encompasses a comprehensive approach to environmental stewardship, social responsibility, and economic viability. The company prioritizes the efficient use of resources, aiming to minimize waste and energy consumption, while supporting local communities and ensuring the long-term sustainability of its operations. By integrating sustainable practices into its business model, Oman Flour Mills is committed to contributing positively to the environment and the well-being of future generations.

3.1 Stakeholders Engagement

At Oman Flour Mills, we recognize the vital importance of engaging with our stakeholders as an integral component of our sustainability efforts. Understanding and addressing the concerns and expectations of our stakeholders is crucial for identifying material topics that impact our business and the broader community. Through a meticulous assessment process, we carefully evaluate the significance and impact of each stakeholder group to our operations and sustainability goals.

Our Stakeholder Engagement Process:

- **Assessment of Significance and Impact:** We start by identifying our key stakeholder groups and assessing the significance of their impact on our operations, as well as our impact on them. This dual perspective ensures that we prioritize issues of mutual concern, thereby enhancing our sustainability initiatives.

- **Engagement and Dialogue:** Our engagement strategy encompasses a variety of methods tailored to each stakeholder group, ensuring effective communication and meaningful dialogue. Through surveys, interviews, and direct interactions, we actively seek the insights and perspectives of our stakeholders. This inclusive approach allows us to gather a wide range of viewpoints, enhancing our understanding of the expectations and needs of our stakeholders.

Our Key Stakeholder Groups:

- **Employees:** Recognizing that our employees are at the heart of our operations, we engage them through regular feedback mechanisms, such as surveys and forums, to understand their views on workplace practices, sustainability initiatives, and areas for improvement.

- **Board of Directors:** We maintain an open and transparent dialogue with our Board of Directors, ensuring they are well-informed of sustainability issues, strategies, and progress. This engagement is crucial for aligning our sustainability efforts with our corporate governance and strategic direction.

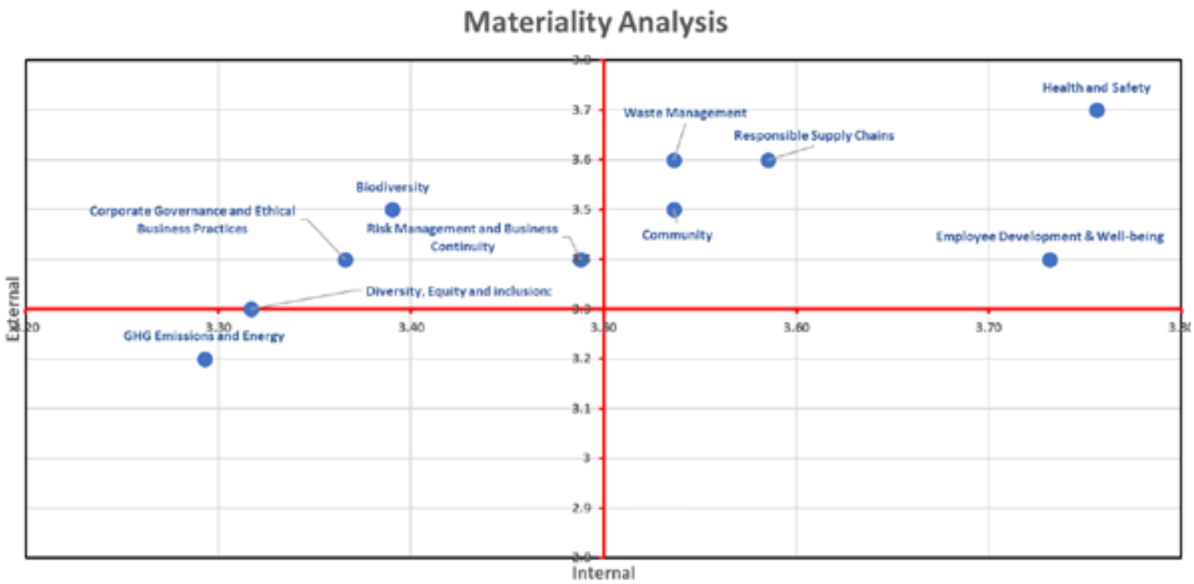
- **Regulatory Bodies:** Compliance with regulatory requirements is fundamental to our operations. We engage with regulatory bodies to stay ahead of regulatory changes, ensure compliance, and contribute to shaping policies that affect our industry and sustainability practices.

- **Customers:** Our commitment to sustainability is also reflected in how we engage with our customers. Through feedback mechanisms and direct dialogue, we gather insights on customer expectations regarding product quality, safety, and environmental impact. This helps us tailor our products and services to meet their sustainability criteria.

- **Suppliers:** Recognizing the importance of our supply chain in achieving our sustainability goals, we work closely with our suppliers to ensure they align with our sustainability standards. Through assessments and regular communication, we foster partnerships that contribute to sustainable supply chain practices.

3.2 Materiality Analysis:

The Materiality Analysis at Oman Flour Mills (OFM) represents a pivotal component of our sustainability framework, aimed at meticulously identifying and prioritizing the sustainability topics that are of utmost significance to both our operations and our diverse stakeholders. This analytical process is grounded in a structured approach that evaluates the impact of various environmental, social, and governance (ESG) issues against their importance to stakeholders, including employees, customers, suppliers, regulators, and the communities we serve. By systematically assessing these dimensions, OFM's Materiality Analysis ensures that our sustainability efforts are sharply focused on areas where we can achieve the most meaningful impact. This not only guides our strategic sustainability initiatives but also reinforces our commitment to operating responsibly and transparently, aligning our business objectives with the broader societal and environmental goals.



3.3 Material Topics

Material topics are important for understanding the different dimensions of sustainability that Oman Flour Mills considers important. Here is a description of these material topics:

Environmental:

- **Waste:** Management and reduction of waste generated from operations.
- **Biodiversity:** Preservation and protection of natural habitats affected by the operations.
- **Energy and GHG Emissions:** Measurement and reduction of greenhouse gas emissions and efficient use of energy and the transition to renewable sources.

Community/Social:

- **Community:** Engagement with and support for local communities.
- **Diversity, Equity, and Inclusion:** Fostering a diverse and inclusive workforce and corporate culture.
- **Health and Safety (Food Quality and Safety):** Ensuring the health and safety of employees in the workplace and ensuring that products meet high standards of quality and safety for consumers.
- **Employee Development & Well-being:** Focus on career development, retaining employees, and supporting their well-being.
- **Responsible Supply Chains:** Ensuring that supply chain partners adhere to sustainability standards.

Governance:

- **Corporate Governance and Ethical Business Practices:** Commitment to high standards of corporate governance and ethical behavior in business dealings.
- **Risk Management and Business Continuity:** Identifying, managing, and mitigating risks to ensure business continuity.

These material topics are identified as being significant for Oman Flour Mills. They represent areas where the company has the most significant sustainability impact and where stakeholders have the highest expectations. The report should elaborate on these topics, detailing Oman Flour Mills's approach, strategies, and performance in managing and improving these areas to ensure a sustainable, responsible, and ethical business model.

3.4 The alignment of our material topics with UN SDGs and Oman Vision 2040

OFM Sustainability Topics	Related SDGs	Alignment with Oman Vision 2040
Waste	SDG 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Promoting environmental sustainability
Biodiversity	SDG 15 LIFE ON LAND	Conservation of natural habitats and biodiversity

OFM Sustainability Topics	Related SDGs	Alignment with Oman Vision 2040
Energy and GHG Emissions	SDG 13 Climate Action; SDG 07 Affordable and Clean Energy	• Reducing carbon footprint for a sustainable environment • Transitioning to renewable energy sources
Health and Safety / Food Quality and Safety	SDG 02 Zero Hunger; SDG 03 Good Health and Well-Being	• Ensuring food security and safe food supply • Ensuring occupational health and safety
Community	SDG 11 Sustainable Cities and Communities	Fostering community development and participation
Diversity, Equity, Inclusion	SDG 05 Gender Equality	Promoting gender equality and workforce diversity
Employee Development	SDG 08 Decent Work and Economic Growth	Advancing employment and decent work for all
Responsible Supply Chains	SDG 17 Partnerships for the Goals	Encouraging responsible and sustainable partnerships
Corporate Governance	SDG 16 Peace, Justice, and Strong Institutions	Enhancing governance and ethical business conduct
Risk Management	SDG 09 Industry, Innovation and Infrastructure	Ensuring resilience and sustainable industrialization

4. Governance

Governance at Oman Flour Mills is characterized by transparency, accountability, and ethical leadership, ensuring that the company operates in the best interests of its stakeholders. The governance framework is designed to foster responsible decision-making, compliance with regulations, and the achievement of strategic objectives, while upholding the highest standards of corporate ethics and integrity.

4.1 Corporate Governance

Corporate governance within our organization is structured to ensure accountability, fairness, and transparency in our business practices, which are crucial to sustaining long-term stakeholder value. Our governance framework is designed to comply with the highest standards, overseen by a proficient board of directors committed to ethical conduct and strategic oversight. This framework is bolstered by rigorous policies and procedures that guide our operations, risk management, and corporate ethics. Our dedication to robust corporate governance is a cornerstone of our operational philosophy, reflecting our pledge to uphold the principles of sustainability and corporate responsibility in every aspect of our business.

A. Board of Directors:

The Board of Directors at Oman Flour Mills comprises a distinguished group of leaders, overseeing the strategic and sustainable growth of the company. Each board member, brings specialized knowledge and a commitment to corporate excellence, reinforcing the company's leadership in the industry.

Name	Position
Mr. Ahmed bin Ali bin Sulaiman Al Balushi	Chairman of the Board of Directors
Mr. Hamad bin Mohammed bin Hamoud Al Wahaibi	Vice Chairman of the Board of Directors
Mr. Mohammad bin Talib bin Hamad Al Busaidi	Chairman of the Committee
Mr. Hamood bin Hamad bin Rashid Al-Rashidi	Member
Mr. Mohammad bin Khamis bin Khalfan Al-Ghafili	Member
Mr. Khalifa bin Abdullah bin Musabah Al-Makhmari	Member
Mr.Saleem Pirbaksh Al Raisi	Member

B. Board Committees:

Executive, Nomination and Remuneration Committee:

The Executive, Nomination, and Remuneration Committee is pivotal in guiding the strategic executive decisions, overseeing the nomination process for board positions, and determining the remuneration for senior management and directors. This committee ensures that compensation is aligned with the company's objectives and governance standards, while also fostering leadership development and succession planning to maintain the company's competitive edge and adherence to best practices.

Executive, Nomination and Remuneration Committee

Name	Position
Ahmed bin Ali bin Sulaiman Al Balushi	Chairman of the Board of Directors
Hamad bin Mohammed bin Hamoud Al Wahaibi	Vice Chairman of the Board of Directors
Saleem Pirbaksh Al Raisi	Member
Khalifa bin Abdullah bin Musabah Al Makhmari	Member

Audit Committee:

The Audit Committee, comprising three members, is established in accordance with the guidelines outlined in the Tenth principle of the Code of Corporate Governance issued by CMA. The Board has endorsed the Audit Committee charter, delineating its primary responsibilities as follows: assessing the effectiveness of the Company's internal control system and risk identification processes, reviewing annual financial statements and related reports prior to submission to the Board for approval, approving quarterly financial statements submitted to regulatory authorities, evaluating the performance of statutory and internal auditors, recommending policy amendments and procedural enhancements to the Board, overseeing the Internal Audit Function including reviewing the annual internal audit plan and reports, ensuring compliance with risk management policies, disclosure requirements, legal matters, and related party transactions as prescribed by the CMA, and ensuring the adoption of appropriate accounting policies and principles.

Audit Committee

Name	Position
Mohammad bin Talib bin Hamad Al Busaidi	Chairman of the Committee
Mohammad bin Khamis bin Khalfan Al Ghafili	Member
Hamood bin Hamad bin Rashid Al Rashidi	Member

The Board of Directors is committed to implementing sustainability practices within the company in a structured manner. The company adheres to a governance policy, and a governance report is prepared for disclosure. Boards bear the responsibility of establishing and supervising policies that govern the company's conduct across environmental stewardship, social responsibility, and governance practices. They ensure the presence of robust governance structures to monitor and address sustainability risks and opportunities. As we progress towards sustainability, efforts are underway to establish a dedicated sustainability department and committee.

4.2 Ethical Business Practices

At Oman Flour Mills, we are steadfast in our commitment to uphold the highest standards of ethical business practices. Our approach is informed by a comprehensive framework of policies and procedures designed to ensure integrity and accountability across all levels of our operations.

Compliance with Laws and Regulations:

In 2021, we undertook a thorough revision of both the whistleblowing policy and the Corporate Governance Manual to ensure alignment with the stringent requirements of the Capital Market Authority Laws and the pertinent regulations set forth by the Omani Investments Authority. This meticulous effort has enabled us to uphold a pristine compliance record throughout 2023, with no notable instances of non-compliance resulting in fines or non-monetary sanctions at Oman Flour Mills. Furthermore, our Board of Directors diligently reviewed the effectiveness and sufficiency of the Company's internal controls, ensuring adherence to internal policies and regulations.

Conflict of Interest Prevention:

At Oman Flour Mills, we conduct thorough reviews of nomination forms for new board members to prevent conflicts of interest, with legal advisors overseeing this process to ensure impartiality and adherence to regulatory standards. We closely monitor cross-shareholding arrangements with suppliers and other stakeholders to mitigate any potential conflicts that may arise from such relationships. Our Purchasing and Contracts Department meticulously scrutinizes all engagements with suppliers and stakeholders, promptly flagging any instances of potential conflicts to executive management for resolution. Additionally, the presence of controlling shareholders is managed transparently to uphold principles of fair and ethical governance.

Whistle blowing Policy	Corporate Governance Policy	Quality Management Systems (QMS)	Corporate Communications Policy
A key component of our governance is the Whistleblowing Policy, which empowers employees and stakeholders to report any instances of misconduct or wrongdoing. This policy is critical for maintaining ethical practices and protecting Oman Flour Mills 's assets and reputation. It provides protection from retaliation for those who report in good faith, ensuring that all concerns can be raised without fear.	Our Corporate Governance Policy ensures that all company operations are consistent with the best governance practices, adhering to the guidelines set by the Capital Markets Authority and the laws of the Sultanate of Oman. This policy lays down guidelines for the oversight of activities from the board of directors to staff, ensuring all company dealings are conducted ethically and responsibly.	The QMS Manual specifies the policies and procedures to manage quality across Oman Flour Mills 's operations, from flour and feed processing to the delivery of products. It serves as a strategic tool to meet the company's vision and goals, ensuring continuous improvement and adherence to quality standards.	The Corporate Communications Policy outlines the standards for all communications related to Oman Flour Mills. It ensures that information dissemination is conducted in a manner that builds and maintains the brand's integrity, complying with the laws of the Sultanate of Oman and serving the collective interests of the organization and its shareholders.

Furthermore, we have established stringent anti-corruption policies and comprehensive training programs to uphold ethical and legal standards for all employees and board members. At Oman Flour Mills, we cultivate an inclusive workplace culture where every individual is valued and treated equitably, with zero tolerance for discrimination. Oman Flour Mills commitment to transparency extends to our relationships with related parties, ensuring that all transactions and outstanding balances are conducted and reported with the highest level of integrity. We extend our ethical business practices beyond our internal operations, fostering responsible engagement with our customers, suppliers, and the communities we serve.

4.3 Risk Management

At Oman Flour Mills, we understand the critical role that risk management plays in ensuring the stability and continuity of our business operations. To this end, we have established a customized internal control system that is specifically designed to match the scale and intricacy of our business activities. Our experienced internal auditors provide direct supervision of our risk management procedures, reporting directly to the Audit Committee. Moreover, we have meticulously crafted a comprehensive manual outlining policies and procedures governing all aspects of our operations. OFM has a detailed Disaster Recovery and Crisis Management Manual, ensuring preparedness for any crisis or disaster. Our first priority in such events is the safety of individuals, followed by safeguarding the organization's resources and minimizing operational downtime. This approach is pivotal in maintaining business continuity and protecting our stakeholders. With these measures in place, management is confident that our control systems comprehensively address all operational aspects and maintain adherence to industry standards.

These policies collectively form the bedrock of Oman Flour Mills ‘s governance structure, emphasizing the organization’s commitment to risk management through proactive policies and procedures that safeguard against potential threats and ensure responsible business conduct.

5. Social

Oman Flour Mills places a strong emphasis on social responsibility, actively engaging in initiatives that enhance the well-being of its employees, customers, and the broader community. Oman Flour Mills is committed to creating a positive social impact through community outreach programs, employee development, and by promoting health and safety in all its operations, thereby contributing to a more sustainable and inclusive society.

5.1 Our Employees

At Oman Flour Mills, we recognize that our employees are the bedrock of our success. We value the significance of having a diverse workforce, which not only sparks innovation but also mirrors the rich tapestry of the communities we serve. This commitment is palpable in our comprehensive efforts towards fostering Diversity, Equity, and Inclusion, alongside our unwavering dedication to Employee Development, Well-being, and Health and Safety.

5.1.1 Diversity, Equity and inclusion

Oman Flour Mills is dedicated to fostering a diverse, equitable, and inclusive environment, as we recognize the value of a varied workforce in driving innovation and reflecting the communities we serve. Our commitment is evident in our diversity statistics and our actions: Our diverse workforce brings a wealth of perspectives and experiences, enriching our organizational culture. With employees from over 10 countries and various age groups, our team embraces a global perspective. Above all, we ensure fairness for everyone.

Gender Diversity	Males	Females	Total
Number of employees in 2022	248	25	273
% of employees by gender in 2022	91%	9%	100%
Number of employees in 2023	254	28	282
% of employees by gender in 2023	90%	10%	100%

Age Group	Numbers	%
under 30 years old	56	20%
Between 30 to 50 years old	187	66%
over 50 years old	39	14%
Total	**282**	**100%**

Nationality	Numbers	%
Asia	276	97.87%
Africa	5	1.77%
North America	1	0.36%
Total	**282**	**100%**

Newly Hired Employees	2022	2023
Total Number of New Hires	25	16
Male New Hires	22	11
Female New Hires	4	5
Rate	**9.5%**	**5.6%**

Employee Turnover	2023
Total Number of Employee Turnover	8
Male Employee	6
Female Employee	2
Rate	**2.8%**

At Oman Flour Mills, we have 185 workers who are not direct employees, but perform tasks under contract in four companies. These tasks include leading, cleaning, loading, and unloading. We uphold the principle of equitable compensation, ensuring that all employees are rewarded fairly based on their expertise, qualifications, and contributions to the company, without any discrimination based on gender.

Omanisation:

Aligned with the Oman Vision 2040, OFM steadfastly upholds its pledge to cultivate an exemplary workplace environment tailored to Omani talent, leveraging a spectrum of strategic initiatives focused on both attraction and retention. These endeavors encompass partnerships with the Ministry of Labour. Notably, OFM proudly stands as a leading employer of Omani talent, with an impressive 84% of our workforce consisting of Omani nationals. In 2023, we welcomed 16 new employees to our team, with 14 of them being Omani nationals. We firmly believe it is our duty to not only attract local talent but also to provide employment opportunities that enhance national capabilities and foster career advancement, thereby playing a pivotal role in the nation's development.

Omanisation	2022	2023
Omani Employees	229	236
Non-Omani Employees	44	46
Total	273	282
% of Omani	**84%**	**84%**

5.1.2 Employee Development and Well-being

At Oman Flour Mills, we recognize that our employees are the cornerstone of our success. In 2023, we've taken significant strides to enhance our workplace culture and employee engagement, which we now term as 'Employee Experience', reflecting a broader focus on our team's overall experience within the company. Our policies and practices are designed to build a culture that values every individual, supports their well-being, and recognizes their contributions, fostering an environment where everyone feels a sense of belonging.

Employee Development:

At Oman Flour Mills, our dedication lies in investing resources and efforts to nurture our employees' skills and unlock their utmost potential. From the very onset of their journey with us, we prioritize furnishing relevant training and development avenues aimed at enhancing their performance and fostering personal and professional growth. This commitment extends to sending our employees to various Soft Skills Programs, Academic Studies, and Certified Professional Courses, ensuring they receive comprehensive opportunities for advancement and skill enrichment.

Our training and learning initiatives are carefully tailored to meet the evolving needs of our employees. All department heads submit requests outlining the skills their teams require, which are then thoroughly evaluated before final approval. In 2023, we successfully completed 59 courses for our employees. Additionally, we offered academic support, including assistance with 12 educational pursuits, including 10 bachelor's degrees and 2 diplomas. As part of our commitment to learning and community development, in 2023 we provided 15 internship opportunities to fresh Omani graduates. At Oman Flour Mills, we provide two primary types of training:

Soft Skills Training:

Soft Skills Training focuses on honing interpersonal and communication skills crucial for success in the workplace. These sessions concentrate on effective communication, teamwork, time management, leadership, problem-solving, and adaptability. Our goal is to cultivate well-rounded professionals capable of thriving in diverse work environments.

Technical Training:

Technical Training involves immersive sessions covering both practical and theoretical aspects of cutting-edge technologies and tools essential for various job roles. This includes specialized programs in areas such as feed milling, software development methodologies, data analysis, and maintenance.

Training Hours	
Male Employees	223. training hours
Female Employees	80.2 training hours
Percentage of employees receiving regular performance and career development reviews	
Total	100%
Skilled Employees	39%
Professional Employees	52%
Management Employees	7%
C - Level Employees	2%

Employee Engagement:

Team building sessions	Cost Saving Olympiad	OFM Bazaar	Logo/ Brand Awareness Session for packers
Conducted team-building sessions to foster collaboration and unity.	Organized the Cost Saving Olympiad twice to stimulate innovation and cost-effective solutions.	Collaborated with the Al Saada Team for the OFM Bazaar, promoting community and camaraderie.	Held Logo/Brand Awareness Sessions for our packers to deepen their connection with our brand identity.

Employee Well-being:

At our company, employee well-being is a top priority. We deeply value the physical, mental, and psychological health of our staff members. Here at Oman Flour Mills, we have taken several proactive measures to support their well-being. We have introduced the SMART Office initiative, which provides hybrid work-from-home options to promote flexibility and balance in their work lives. Additionally, we have initiated Roadshows to visit different sites, ensuring that we continuously enhance the work environment to meet the specific needs and well-being of our employees.

To uplift our employees' spirits and convey our appreciation, OFM places a high priority on rewarding and acknowledging their valuable contributions. We proudly honor and celebrate our top performers, retired colleagues, and winners of the Cost Saving Olympiad, emphasizing our deep recognition of their unwavering dedication and hard work. Moreover, we recently marked the remarkable achievement of surpassing OMR 100,000,000 in sales, symbolizing the collective effort and accomplishments of our team.

As we look ahead to 2024, we are excited about our ambitious lineup of planned initiatives.

- Launching Focus Groups and OFM Fitrition, a Fitness and Nutrition Campaign aimed at promoting health and wellness among our employees.
- Introducing an Employee Survey Tool for annual and pulse surveys to gather valuable feedback and enhance the overall employee experience.
- Providing personalized coaching and feedback through one-on-one sessions to support individual growth and development.
- Enhancing our office environments by introducing Hushpods for privacy and focus, as well as a Cafe Container for convenient access to nourishment.
- Welcoming new team members with Employee Welcome Gift Packs to ensure a warm reception.
- Engaging with employees through a Town Hall event to foster communication and recognize notable achievements.
- Celebrating the opening of our new feed mill with a five-day ceremony, honoring long-serving employees, and monthly birthday celebrations.
- Implementing a Virtual Office during Ramadan to accommodate flexible working conditions and support our employees.

Grievance Mechanisms:

At OFM, we prioritize fairness in all aspects of our operations, including how we handle grievances. We firmly believe in upholding the fundamental right of every employee to voice their concerns without facing any form of retaliation. Employees who feel aggrieved can trust our commitment to conducting thorough investigations and addressing their grievances transparently and effectively.

5.2 Health and Safety:

At Oman Flour Mills, we prioritize the well-being and safety of our employees above all else. Our steadfast commitment to occupational health and safety underscores our dedication to fostering a secure and healthy workplace environment. We take pride in our exemplary Health, Safety, and Environment (HSE) performance, continuously striving to align our practices with the latest regulations and standards.

At Oman Flour Mills, we implement stringent procedures to identify and evaluate work-related hazards, demonstrating our proactive approach to risk management. Through meticulous inspections, comprehensive risk assessments, and active employee participation, we effectively recognize and categorize hazards, thereby bolstering the efficiency of our safety protocols. In the event of an incident, our incident investigation protocols are thorough, encompassing a detailed examination of all aspects to prevent future occurrences. Leveraging the fishbone method, we identify root causes, and corrective actions are meticulously determined following a strict hierarchy of controls.

Our 2023 records demonstrate our proactive approach to managing work-related health issues, with 3 first aid injuries and 2 minor medical cases. We have successfully minimized work-related injuries, which remain the most commonly reported type.

At OFM, employees in the operational department are required to undergo mandatory training every two years. Additionally, optional training is available for employees in the corporate administrative department every two years. Furthermore, all employees aged 50 and above are suitable for an annual medical checkup.

Worker engagement in health and safety matters is facilitated through various platforms, including safety committees and regular meetings. These forums enable employees to voice their concerns and contribute to the development and implementation of health and safety policies, fostering a culture of shared responsibility.

5.2.1 Food Quality and Safety:

At Oman Flour Mills, we are committed to providing exceptional products while maintaining the highest standards of quality. ingredient safety, and transparency in our formulations. We are dedicated to improving our products' nutritional value with a focus on the needs of consumers.

Throughout 2023, the absence of reported non-compliance incidents regarding the health and safety impacts of our products and services showcases our exemplary adherence to regulatory standards and our unwavering commitment to safeguarding consumer well-being. This remarkable track record underscores our proactive approach to quality control and risk management, highlighting our steadfast dedication to delivering products and services that prioritize the health and safety of individuals.

We have implemented various initiatives and processes to maintain the quality of our products:

Food Quality and Safety

Compliance with Standards	Quality Monitoring	Testing and Inspections	Record-Keeping	Procedure Adherence
QA/QC systems in place to ensure adherence to Omani and international food safety standards.	Vigilant monitoring of all product quality to achieve zero quality rejections, upholding food safety.	Execution of visual and measurement tests, inspections, and audits in line with company and governmental food safety regulations.	Diligent maintenance of records for calibration, product, and raw material testing to support food safety compliance.	Proactive identification, investigation, and rectification of any QA/QC procedural breaches, with comprehensive reporting to management to ensure food safety integrity.

5.3 Community:

At Oman Flour Mills, we recognize the vital role we play in the communities where we operate. In 2023, we achieved full engagement with our local communities, reflecting our commitment to being a responsible and responsive corporate citizen. Our operations are deeply intertwined with local life, and we are proactive in assessing and acting upon the potential impact of our activities.

In 2023, we allocated 200,000 OMR towards our social responsibility initiatives. These initiatives encompass various sectors, including healthcare, environmental conservation, charitable activities, support for the National Committee for Disabled Care, education, and other community services.

Summary of our social responsibility initiatives:

Corporate Social Responsibility (CSR) Programs	Cost in Omani Rials	Number of Beneficiaries
Oman Flour Mills Relief Fund (For You Campaign). This fund is dedicated to supporting individuals and families in need with flour products, especially during the month of Ramadan, in cooperation with associations and zakat committees.	53,474.03	8,050
Supporting charitable organizations and the National Committee for Disabled Care programs.	8,050	36,197
Developing the school environment for 8 schools.	36,197	8,500
Wish Fulfillment Program (Orphans in the Wilayats of Seeb and Matrah)	8,500	40,000
Allocating no less than 20% of the annual budget in favor of the Oman Charitable Organization.	40,000	500
The 'We Are with You' Initiative to support diabetic patients with their specific devices.	500	10,000
Houses Renovation Program in the Wilayat of Matrah.	10,000	5,000
Empowering the Omani Food Bank (Dayima)	5,000	5,129
Purchasing a device to facilitate dental health services (the Almina Health Center) in the Wilayat of Matrah.	5,129	500
Supporting a training program for first aid (General Directorate of Health Services) in the Muscat Governorate.	500	500
Supporting the 'Together We Join Hands' Program to train teachers, health nurses, and psychologists in government and private schools in the Wilayat of Matrah to combat drug addiction and psychoactive substances.	500	2000
Empowering summer centers in villages of the Muscat Governorate	2000	520
Contributing to the ‘School Bag’ Initiative in the Wilayat of Matrah	520	50
Providing snacks for visitors at the Matrah Health Center for the effectiveness of social awareness campaigns.	50	11,676.89
Distribution of flour products (multi-purpose organic)	11,676.89	14,586
Development programs in collaboration with Youth Detention Center	14,586	1000
Cleanup campaign for Seeb Beach.	1000	300
Providing snacks for Sports Day for 3 schools.	300	8,050

OFM Relief Fund:

Our "For You" campaign supports individuals and families in need by distributing flour products, especially during Ramadan and natural disasters. Organized by OFM employees, the campaign partners with 75+ charitable organizations to distribute supplies to approximately 18,509 families. A total of OMR 53,474.03 was spent on this initiative.

Supporting the programs of Schools and the National Committee for the Disabled Care:

Maintaining a clean and hygienic school environment is crucial for students' safety and academic success. To support this, we undertake various actions such as waste disposal, regular cleaning, and promoting hygiene practices. Recently, we beautified eight schools by landscaping and shading their courtyards, at a cost of OMR 36,197. This investment ensures a conducive learning environment for students and teachers.

We engaged in collaborative efforts with charitable organizations and the National Committee for Disabled Care. This collaborative initiative aimed to identify and extend support to various programs undertaken by these entities. Notably, a total expenditure of OMR 8,050 was allocated towards this cause, underscoring our commitment to social responsibility and community welfare.

The health sector is considered an important component of sustainable development and the pillar of healthy societies:

We contributed approximately OMR 1500 to activities at health centers in Muscat. Recognizing the importance of environmental preservation, we established a 300 square meter garden at the Dima wa Taayeen State Hospital courtyard, costing around OMR 20,000. This initiative provides a serene green space for the community, promoting sustainability and safeguarding the environment for future generations.

We are also committed to educational development, as evidenced by our involvement in developing local schools and supporting youth programs, including care for orphans. At least 20% of our annual budget is allocated to the Omani Authority for Charitable Works, demonstrating our investment in the nation's future.

Our community initiatives include the restoration of homes in the Wilayat of Muttrah in cooperation with the Zakat Committee, showcasing our commitment to sustainable housing and community welfare. In partnership with the Ministry of Health, we focus on health promotion and disease prevention initiatives.

Furthermore, we actively participate in environmental campaigns, reflecting our understanding of the importance of ecological sustainability. Programs for juvenile development and educational projects like the Eid clothing program are also part of our comprehensive community outreach.

5.4 Responsible Supply Chain

At Oman Flour Mills, we are dedicated to a responsible supply chain that underscores our dedication to environmental, social, and governance (ESG) principles. Operating across diverse sectors such as milling, poultry, bakeries, dairy, beverages, and accredited laboratories, we ensure that every step of our supply chain, from the import of grains to the processing into flour and feed, and further integration into bakery and poultry products, reflects our sustainability commitment. Our Purchase Management Policy Manual prioritizes sustainable procurement practices, ensuring that our purchasing decisions align with environmental, social, and economic sustainability criteria.

We prioritize sustainability in all our activities and products, forging strategic business partnerships that share our values. Integration of sustainability considerations into our assets and services is paramount to positively impacting the markets we serve. Our quality team rigorously evaluates potential key suppliers based on their approach to sustainability, considering environmental, economic, and social impacts.

OFM adherence to ethical sourcing, which is anchored in internationally recognized standards. The company commits to lawful and integral business conduct, respect and dignity for workers, fair wages, and sustainability while minimizing environmental impact. These commitments are in line with the UN Guiding Principles on Business and Human Rights, and the company enforces mandatory requirements for suppliers to align with these ethical standards, ensuring a supply chain that upholds human rights and environmental care.

6 Environment

Oman Flour Mills takes great pride in its dedication to environmental stewardship and sustainability. As a conscientious corporate citizen, we hold a profound commitment to mitigating our ecological footprint through focused endeavors in energy conservation, waste management, and emission reduction. Our company has embarked on a comprehensive array of initiatives geared towards attaining pivotal objectives, including decarbonizing our operations, enhancing energy efficiency, curbing carbon emissions, and advancing our overall environmental standards.

6.1 GHG Emissions and Energy

Energy:

Reducing energy consumption serves as a multifaceted solution, not only reducing our carbon footprint but also preserving valuable natural resources and optimizing operational costs. By embracing energy-efficient equipment and state-of-the-art technology, we remain steadfast in our commitment to pioneering strategies to minimize energy usage across the spectrum, reinforcing our dedication to sustainability.

Oman Flour Mills highlights significant strides made in 2023 towards energy conservation and efficiency across our operations. A key development was the installation of new feed mill machines from FAMSUN-China at our C-MILL plant, equipped with cutting-edge technology designed to reduce power consumption during production substantially. Additionally, we undertook a comprehensive upgrade of our lighting systems, transitioning to solar-powered lights for exterior areas of the flour and feed mills, and implementing LED lighting within the facilities. These changes extended to solar lighting at main gates and along primary access routes, further underscoring our commitment to sustainable energy use.

Energy usage at OFM	
Electricity Consumption (kWh)	27,964,161
Total amount of fuel consumption (Litres)	21,517.5
Total amount of diesel consumption (Litres)	12,362
Total amount of Liquefied Petroleum Gas (Litres)	1,958,669 L

Looking ahead, our innovation department is set to introduce the INISCOPE energy monitoring system in 2024 at the flour mill, anticipating energy savings of 8% to 12% on monthly consumption. This initiative is planned to extend to the feed mill in 2025, demonstrating our proactive approach to energy management. These efforts reflect Oman Flour Mills' dedication to reducing our environmental footprint and leading by example in the industry's transition towards more sustainable energy practices.

Energy Efficiency
OFM is evaluating the adoption of a power conservation system called "INISCOPE" for their Jibroo facility. This cutting-edge system is designed to distribute electricity precisely as needed for the most efficient performance of each piece of machinery. It achieves energy efficiency by supplying the necessary kilowatts to machines in use and disconnecting power from idle equipment. Anticipated to significantly reduce energy consumption, this initiative is a strategic part of OFM's strategy to minimize its ecological impact and boost its operational productivity.

GHG Emissions:

In 2023 We have initiated the process of calculating and disclosing our greenhouse gas emissions to effectively mitigate our footprint and report on measures to minimize our carbon impact. Recognizing the substantial contribution of greenhouse gas emissions to global warming, we are committed at Oman Flour Mills to reducing our environmental footprint and mitigating our impact on the environment.

Greenhouse Gas (GHG) Emissions	
Fuel consumption (tCO2e)	49.91
Diesel consumption (tCO2e)	33.34
Liquefied Petroleum Gas consumption (tCO2e)	2938
Scope 1: Direct Emissions	**3021.25**
Electricity (tCO2e)	14732
Scope 2: Indirect Emissions	**14732**

6.2 Waste Management:

OFM is unwaveringly dedicated to reducing its environmental impact through effective waste management strategies. To uphold this pledge, Oman Flour Mills is currently in the process of implementing a comprehensive waste management system. This initiative aims to minimize waste generation, optimize resource utilization, and advocate for responsible disposal methods.

The substantial waste impacts stemming from our milling operations originate from the inputs, activities, and outputs involved. These impacts are evaluated by assessing the waste directly generated by our activities, as well as considering the waste generated upstream and downstream in our value chain. We have engaged Al Nabaa, a specialized waste collection company, for our weekly waste collection needs. This includes gathering various types of waste such as pipes, glass, steel, and old machinery. Each type of waste is meticulously itemized and transparently presented on a tender page to uphold standards of transparency and accountability.

To tackle the challenge of dust generated during the unloading of grain from vessels at Mina Sultan Qaboos, OFM has devised an innovative solution. The implementation of safety hoppers is planned to capture and contain all dust particles, ensuring their safe and proper disposal. This initiative holds particular importance, especially when cruise ships are docked at the port, as it minimizes environmental impact and enhances overall port cleanliness. The proposed deployment of approximately five safety hoppers, forming a comprehensive Dust Stop system, represents a significant stride toward environmental conservation.

We are firmly committed to tackling this issue and have outlined plans to establish a comprehensive system by the year 2024. OFM is deeply committed to implementing measures aimed at reducing waste. This dedication highlights the organization's acknowledgment of the crucial importance of environmental sustainability and responsible resource management. While specific initiatives and documentation detailing waste management processes are not currently available, OFM is actively engaged in developing strategies to minimize waste generation and enhance overall sustainability endeavors.

The introduction of a Waste Management System in 2024 will signify a significant advancement in OFM's endeavors to champion environmental stewardship and play a role in fostering a cleaner, healthier planet.

6.3 Biodiversity

Oman Flour Mills (OFM) recognizes the importance of biodiversity for the health of the planet and for the well-being of future generations. As a responsible corporate entity, we are committed to minimizing our impact on biodiversity and to contributing to its conservation.

OFM upholds a deep reverence for natural habitats. Our operational sites undergo thorough assessments to guarantee they coexist harmoniously with neighboring protected areas. We prioritize ensuring that our activities, whether in offices, manufacturing, or production, do not harm areas of significant biodiversity outside protected zones. It's a source of pride for OFM to hold ISO 14001 certification, highlighting our unwavering commitment to environmental responsibility and sustainability.

We are diligent in identifying and addressing any notable impacts our activities may have on biodiversity. OFM acknowledges the indirect, minor effects stemming from diesel emissions from transport infrastructure, noise, dust, and waste disposal. We have implemented measures to mitigate these impacts. Additionally, OFM is actively engaged in ensuring compliance with all environmental regulations concerning habitats.

We are excited to announce our forthcoming plans to reinforce our commitment to this vital cause in the year 2024. In line with our dedication to environmental stewardship, OFM is actively developing a range of initiatives aimed at bolstering biodiversity conservation efforts. One significant step in this direction is the planned implementation of Biodiversity Impact Assessment processes. These assessments will serve as a fundamental tool for evaluating and mitigating the impact of our operations on biodiversity.

We fully acknowledge the importance of prioritizing biodiversity conservation in our organizational agenda. Through proactive measures such as the Biodiversity Impact Assessment, we aspire to cultivate a culture of sustainability and environmental responsibility within Oman Flour Mills.

6.4 Water

Water scarcity is a pressing issue in numerous regions worldwide, posing a significant challenge on a global scale. The scarcity of water has emerged as a looming threat, impacting biodiversity, and the well-being of communities. At the Jibroo complex, a cutting-edge pallet washing machine has been recently introduced, marking a significant advancement in our efforts. This machine plays a crucial role by conserving substantial volumes of water, replacing the inefficient practice of using a water jet to clean pallets, which led to wasteful water consumption with no opportunity for reuse. The implementation of this automated system not only contributes to environmental conservation but also yields significant cost savings in water and electricity consumption for OFM.

Water Consumption	80546 m3

7. Appendix

7.1 GRI Content Index

Statement of use	Oman Flour Mills has reported in accordance with the GRI Standards for the period of January, 1 2023 - December, 31 2023
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	No GRI Sector Standards apply to Oman Flour Mills

GRI Standard	Disclosure	Location	Omission			MSX ESG Disclosure Metric
			Requirement(s) Omitted	Reason	Explanation	
General Disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	Section: no.2				
	2-2 Entities included in the organization's sustainability reporting	Section: no.1				
	2-3 Reporting period, frequency and contact point	Section: no.1				G7 and G8
	2-4 Restatements of information	Section: no.1				
	2-5 External assurance	Section: no.1				G9
	2-6 Activities, value chain and other business relationships	Section: no.2				
	2-7 Employees	Section: no.5				S5
	2-8 Workers who are not employees	Section: no.5				
	2-9 Governance structure and composition	Section: no.4				G1 and G2

GRI Standard	Disclosure	Location	Omission			MSX ESG Disclosure Metric
			Requirement(s) Omitted	Reason	Explanation	
	2-10 Nomination and selection of the highest governance body	Section: no.4				
	2-11 Chair of the highest governance body	Section: no.4				
	2-12 Role of the highest governance body in overseeing the management of impacts	Section: no.4				E8 AND E9
	2-13 Delegation of responsibility for managing impacts	Section: no.4				
	2-14 Role of the highest governance body in sustainability reporting	Section: no.4				
	2-15 Conflicts of interest	Section: no.4				
	2-16 Communi-cation of critical concerns	Section: no.4				
	2-17 Collective knowledge of the highest governance body	Section: no.4				
	2-18 Evaluation of the performance of the highest governance body	Section: no.4				

GRI Standard	Disclosure	Location	Omission			MSX ESG Disclosure Metric
			Requirement(s) Omitted	Reason	Explanation	
	2-19 Remuneration policies	Section: no.4				S2
	2-20 Process to determine remuneration	Section: no.4				
	2-21 Annual total compensation ratio	NA		Confidentiality constraints	The information classified as confidential	S1
	2-22 Statement on sustainable development strategy	Section: no.1				
	2-23 Policy commitments	Section: no.4				
	2-24 Embedding policy commitments	Section: no.4				
	2-25 Processes to remediate negative impacts	Section: no.5				
	2-26 Mechanisms for seeking advice and raising concerns	Section: no.4				
	2-27 Compliance with laws and regulations	Section: no.4				
	2-28 Membership associations	Section: no.2				
	2-29 Approach to stakeholder engagement	Section: no.3				
	2-30 Collective bargaining agreements	Section: no.5				

GRI Standard	Disclosure	Location	Omission			MSX ESG Disclosure Metric
			Requirement(s) Omitted	Reason	Explanation	
Material Topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Section: no.3				G8
	3-2 List of material topics	Section: no.3				
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	Section: no.6				E3,E4 AND E5
GRI 302: Energy 2016	Disclosure 302-1 Energy consumption within the organization	Section: no.6				
	Disclosure 302-2 Energy consumption outside the organization	Section: no.6				
	Disclosure 302-3 Energy intensity	Section: no.6				
Biodiversity						
GRI 3: Material Topics 2021	3-3 Management of material topics	Section: no.6				
GRI 304: Biodiversity 2016	Disclosure 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Section: no.6				

GRI Standard	Disclosure	Location	Omission			MSX ESG Disclosure Metric
			Requirement(s) Omitted	Reason	Explanation	
	Disclosure 304-2 Significant impacts of activities, products and services on biodiversity	Section: no.6				
	Disclosure 304-3 Habitats protected or restored	Section: no.6				
GHG Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	Section: no.6				E1,E2, AND E7
GRI 305: Emissions 2016	Disclosure 305-1 Direct (Scope 1) GHG Emissions	Section: no.6				
	Disclosure 305-2 Energy indirect (Scope 2) GHG emissions	Section: no.6				
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	Section: no.6				
GRI 306: Waste 2020	Disclosure 306-1 Waste generation and significant waste-related impacts	Section: no.6				
	Disclosure 306-2 Management of significant waste-related impacts	Section: no.6				
	Disclosure 306-3 Waste generated	Section: no.6				

GRI Standard	Disclosure	Location	Omission			MSX ESG Disclosure Metric
			Requirement(s) Omitted	Reason	Explanation	
Health and Safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	Section: no.5				S7 and S8
GRI 403: Occu-pational Health and Safety 2018	Disclosure 403-1 Occupational health and safety management system	Section: no.5				
	Disclosure 403-2 Hazard identification, risk assessment, and incident investigation	Section: no.5				
	Disclosure 403-3 Occupational health services					
	Disclosure 403-4 Worker participation, consultation, and commu-nication on occupational health and safety	Section: no.5				
	Disclosure 403-5 Worker training on occupational health and safety	Section: no.5				
	Disclosure 403-6 Promotion of worker health	Section: no.5				

GRI Standard	Disclosure	Location	Omission			MSX ESG Disclosure Metric
			Requirement(s) Omitted	Reason	Explanation	
	Disclosure 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Section: no.5				
	Disclosure 403-8 Workers covered by an occupational health and safety management system	Section: no.5				
	Disclosure 403-9 Work-related injuries	Section: no.5				
	Disclosure 403-10 Work-related ill health	Section: no.5				
Employee Development						
GRI 3: Material Topics 2021	3-3 Management of material topics	Section: no.5				
GRI 404: Training and Education 2016	Disclosure 404-1 Average hours of training per year per employee	Section: no.5				
	Disclosure 404-2 Programs for upgrading employee skills and transition assistance programs	Section: no.5				

GRI Standard	Disclosure	Location	Omission			MSX ESG Disclosure Metric
			Requirement(s) Omitted	Reason	Explanation	
	Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews	Section: no.5				
Diversity, Equity, and Inclusion						
GRI 3: Material Topics 2021	3-3 Management of material topics	Section: no.5				S2,S3, S4,S5 AND S6
GRI 405: Diversity and Equal Opportunity 2016	Disclosure 405-1 Diversity of governance bodies and employees	Section: no.5				
	Optional: Disclosure 405-2 Ratio of basic salary and remuneration of women to men	Section: no.5				
Community						
GRI 3: Material Topics 2021	3-3 Management of material topics	Section: no.5				S11
GRI 413: Local Communities 2016	Disclosure 413-1 Operations with local community engagement, impact assessments, and development programs	Section: no.5				

GRI Standard	Disclosure	Location	Omission			MSX ESG Disclosure Metric
			Requirement(s) Omitted	Reason	Explanation	
	Disclosure 413-2 Operations with significant actual and potential negative impacts on local communities	Section: no.5				
Employee Well-being						
GRI 3: Material Topics 2021	3-3 Management of material topics	Section: no.5				
Food Quality and Safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	Section: no.5				
Responsible Supply Chains						
GRI 3: Material Topics 2021	3-3 Management of material topics	Section: no.5				G4
Corporate Governance and Ethical Business Practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	Section: no.4				G5 and G6
Risk Management and Business Continuity						
GRI 3: Material Topics 2021	3-3 Management of material topics	Section: no.4				


Bread Crumbs
ATYAB

Board of Directors' Report

RESPECTED SHAREHOLDERS,

On behalf of the Board of Directors, I present Oman Flour Mills Company SAOG (the Parent Company) along with its subsidiaries (The Group's) financial statements for the year ended 31 December 2023.

GROUP PERFORMANCE HIGHLIGHTS:

The fiscal year 2023 showcased favorable financial performance for OFM Group, with aggregate revenue reaching RO 123.94m, marking a 6% increase. This growth was primarily driven by heightened revenue from OFM (Parent). Despite a marginal 3% increase in the cost of sales, gross profit surged by 32%, reaching RO 18.12m compared to RO 14.25m in 2022.

Operational efficiency played a pivotal role in boosting operating profit, which experienced a significant uplift of RO 3.96m. This improvement stemmed from strategic cost management initiatives, notably a reduction in administrative overheads across various entities within the group. However, net profit was impacted by net finance costs, amounting to RO 4.34m in 2023, representing a 77% increase from the previous year, mainly attributed to heightened finance costs in OFM Parent and SFM.

Diversified income streams contributed to the financial landscape, with investment income demonstrating a robust 54% increase, totaling RO 107k from OFM Parent. Conversely, the share of results from associates recorded a total loss of (RO -1.82m) in 2023, compared to (RO -574m) in 2022.

Consequently, the net profit after tax for 2023 amounted to RO 1.30m, reflecting a 25% reduction from the previous year's figure of RO 1.74m.

Below shows the detailed performance of the group's companies results for the year:

PARENT, SUBSIDIARY AND ASSOCIATES COMPANIES:

1- Oman Flour Mills Company SAOG (OFM): the company reported a 4.36% increase in sales revenue, equivalent to an uptick of RO 4.29m compared to the previous year. This growth was primarily driven by a 0.51% increase in sales prices and a 3.85% boost in sales volume.

In comparison to 2022, Finance cost has increased to reach RO 2.29m from RO 1.01m incurred in 2022. Despite to the increase in cost of sales and finance cost, the operating profit has increased by 79.27% to reach RO 6.03m from RO 3.36m in last year.

The losses from the investments in Subsidiaries and Associates amounted to RO 2.53m as compared with RO 1.13m recorded in 2022.

As a result of the above, OFM's profit (before tax) amounted to RO 2.49m compared with 2.55m recorded in the previous year.

Throughout the year, the Ministry of Finance took measures to stabilize fluctuating grain prices by providing subsidies. OFM received a subsidy of RO 3.314m in 2023, with RO 3m related to wheat subsidy and RO 314k related to feed subsidy. As of December 31, 2023, the total subsidy receivable stood at RO 6.42m. In January 2024, the company received RO 3.04m, settling the remaining receivable for the first period of the wheat subsidy.

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2- Sohar Flour Mills LLC (SFM) (60%): SFM successfully commenced operations of its silos on January 4, 2023, boasting a cumulative capacity of 160k MT, thereby establishing a new revenue stream for the company. Despite experiencing a decrease in revenue by RO 940k during the fiscal year, this downturn was counterbalanced by a corresponding reduction in the cost of goods sold, which diminished by RO 2.06m. SFM disclosed a net loss before tax of RO 1.44m, contrasting with the loss of RO 1.91m reported in the previous year. However, the net loss after tax was RO 1.20m following the recognition of deferred tax income amounting to RO 242k throughout the year.

3- Atyab Food Industries LLC (AFI) (100%): During the period, the company saw a revenue increase of RO 465k, representing a 3% growth. This upward trend was supported by a 0.38% reduction in the Cost of Sales, attributed to lower raw material prices. Consequently, AFI reported a profit (before tax) of RO 304k, as opposed to the previous year's profit of RO 19k.

4- Atyab International Services LLC (AIS) (100%): Throughout the year, AIS achieved a profit (before tax) of RO 54k, reflecting a considerable decline from the prior year's profit (before tax) of RO 167k. The AIS branch situated in Uzbekistan, identified as "The new foreign branch," is still in the process of becoming fully operational. However, administrative overheads for this branch amounted to RO 63k, indicating a substantial 58% increase compared to the preceding year.

5- Atyab Technical Services LLC (ATS) (100%): ATS has a net loss of RO 38.61k during the year. The losses are only related to the admin fees such as audit fees and bank charges.

6- OMAUS (100%): The Company in Australia was formed in 2022 as a part of the vision of the group to directly import the raw materials from the growers. The Company received their first shipment of wheat from Australia in the March, 2023.Recently, the company has signed a PO to get a second shipment from Growers in Australia.

7- Oman Fisheries Company SAOG (OFC): OFM had a share of loss of RO 758k in the year 2023 from the associate.

8- Food Techno Park LLC (FTP) (50%): AIS holds 50% stake in FTP. The Company has not yet commenced its commercial operations. The company has only incurred admin overheads for the year amounted RO 3.13k.

9- Bio Product Oman SAOC (BPO) (33.33%): Atyab Investment LLC holds 33.33% share of BPO and Nakheel Development holds 66.67% shares. The company is still not fully operational. It has generated a revenue of RO 107k in 2023, an increase of RO 77k compared to the last year. The company has incurred a net loss during the year around RO 54.62k.

10- Atyab IFFCO Poultry (50%):

a. **Sohar Poultry Co SAOC (SPC):** SPC had an increase in revenue of RO 961k (10%). During the year, the Company has reported a profit of RO 156K as compared to the last year of RO 270K in the previous year.

b. **Osool Poultry Co. SAOC:** The share of Atyab IFFCO amounted to 9.9% of the Company's capital as of 31 December 2023. The Company reported a net loss of RO 1.81m during the year. The Company is not fully operational.

11- Arabian Food Production Company SAOC (AFPC) (33.33%):

a. **Modern Poultry Farms SAOC (MPF):** MPF has reported a net loss of RO 376k as compared to the loss of RO 441k in the previous year.

b. **Emirates Poultry Farms (EPF):** The Company has reported a net loss of RO 1.48m as compared to the loss of RO 267k in the previous year.

c. **Gulf Poultry Farms (GPF):** During the year the Company has reported a net loss of RO 648k as compared to the loss of RO 249k in the previous year.

12- Modern Dairy Factory S.A.O.C (MDF) (40%): after the relaunching of MDF's products, the company managed to achieve a topline of RO 1.4m revenue and managed to generate a positive GP of RO 303k. As the capacity building is still working progress the overheads and the financing cost were not fully absorbed hence, the company has reported a net loss of RO 560k.

AWARDS AND ACHIEVEMENTS:

1. The most trusted brand in B2C
2. The most trusted brand in food category
3. AL Roya Economic Award 2023 for the industrial establishments' category.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

The AGM held on 28th March 2023 approved a budget of RO 200,000 for CSR activities. Appropriate projects covering a wide range of activities/beneficiaries such as sponsoring schools, youth training, sporting events, SME development, Ramadan initiatives, and other humanitarian aids will be taken up to achieve the objectives of the shareholders.

PROJECTS & INVESTMENT PLANS:

OFM growth plan is actively pursuing growth opportunities. We are currently engaged in finalizing our strategic roadmap to venture into new segments within the food industry.

Some of the initiatives are discussed below:

- Through a potential Acquisition of Assets - Atyab Investments has submitted a bid to acquire a company's assets that is engaged in the sweet & confectionary business.
- Feed Player Acquisition - A technical consultant has been appointed to conduct a factory assessment evaluation of the target.
- Bakery Acquisition - AFI is looking to acquire a leading bakery in Oman, the consultant is in the final stages of completion the CDD and Valuation process.
- KSA Bakery Expansion – discussion with potential partners to finalize a detailed feasibility for the opportunity.
- Integrated Industrial Cluster - The final report (Detailed Market feasibility, Shortlisted Opportunities, Financial Model) shall be completed by the end of March 2024.
- Corporate Strategy - The Strategic roadmap shall be completed in March 2024.
- Second OMAUS Shipment - A second shipment of 33,000 MT of APW has completed loading in March 2024. The shipment marks a second successful shipment of buying directly from growers. The ship is scheduled to arrive in Muscat in the second week of March.

THANKS AND APPRECIATIONS:

The Members of the Board of Directors would like to extend their most sincere appreciation and gratitude to the wise government for the continuous support under the leadership of His Majesty Sultan Haitham bin Tariq, may God protect and preserve him.

Best Regards,

Ahmed Ali Al Bulushi
Chairman, Board of Directors

Corporate Governance Report

The purpose of corporate governance is to set out processes by which corporates are controlled and directed to create efficient enterprises contributing to building a strong, transparent and competitive national economy. The aim of such process is to mitigate any adverse impact on the national economy, the stakeholders and the local community arising from failure to comply with corporate governance best practices. Therefore, the CMA corporate Governance for public listed companies is the principal code and driver of corporate Governance practices in the Sultanate of Oman.

In accordance with the Capital Market Authority (CMA) guidelines, we are pleased to present the Corporate Governance Report of Oman Flour Mills Co SAOG (the Company) for the year ended 31 December 2023.

Company's Philosophy

At the core of Governance practice is the Board, which oversees how the management serves and protects the long - term interests of the stakeholders of the Company. We believe that an active, well – informed and independent Board is necessary to ensure the highest standards of corporate governance.

Main pillars followed by Directors and Management are as follows:

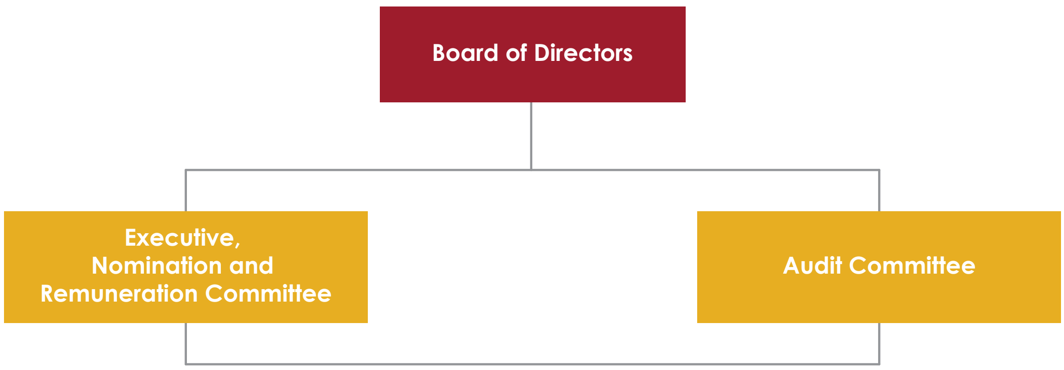
- Be transparent and maintain a high degree of disclosure.
- Satisfy the spirit of the law and not just the letter of the law
- Performance of duties with honesty and integrity.
- Acting with prudence, care and diligence.

The Board and the Committees meet frequently to discuss strategic and essential matters. The Company has adopted and implemented all the provisions of the corporate governance code as laid down by the CMA.

During the financial year 2023, the Company applied most necessary principles and recommendations of the new Code of Corporate Governance for MSX listed companies.

Board of Directors

The structure of the Board of Directors of OFM



The Company follows Commercial Company Law where the process of nomination of directors is stipulated clearly. The Directors are severally and jointly liable before shareholders in achieving the Company's goals and objectives. They shall be primarily concerned with the Company's interests. The Board is responsible for overseeing the Company's management and business affairs and makes all major policy decisions for the Company. The Board also responsible for the Company's compliance with the applicable rules and regulation. The Board continuously protects and enhances shareholder's value by looking after the Company's overall corporate governance. The Board members have acknowledged that they shall, during the term of Board, remains compliant with the applicable rules and regulations, and they shall inform the Companies of any changes in their category or status.

The functions of the Company's Board of Directors, comply with the functions laid down as per the Code of Corporate Governance by CMA. These include, amongst others, the following:

- Approve business and financial policies to meet the objectives of the Company.
- Review and approve the Company's annual budget.
- Review and approve the Company's financial statements.
- Nominate members of sub-committees.
- Ensure compliance with regulatory requirements, policies, procedures and laws.
- Appoint and evaluate senior management executives.
- Review effectiveness of systems and procedures of internal control.
- Evaluate and approve investment decisions.

The Management provides the Board with adequate information to enable them to make appropriate decisions.

Composition and classification of the board

The Board of Directors consists of seven directors elected by the shareholders in the AGM held on 28 March 2023.The term of office of the Board of Directors will expire in March 2026.

The composition of the Board and Members' attendance is as follows:

Composition and classification of the Board					
Name of Director	Category	Type of Representation	No of Directorship	Attended last AGM	Membership of other OFM Committees
Mr. Ahmed Ali Al bulushi (Chairman of Board of directors and Chairman of Executive , Nomination and Remuneration Committee)	Non – executive	independent	3	Yes	Executive & Nomination and Remuneration Committee (chairman)
Mr. Hamed Mohamed Al Wahibi (Deputy Chairman)	Non – executive	independent	2	Yes	Executive & Nomination and Remuneration Committee

Composition and classification of the Board					
Name of Director	Category	Type of Representation	No of Directorship	Attended last AGM	Membership of other OFM Committees
Mohamed Talib Al Busaidi (Chairman of Audit Committee)	Non – executive	independent	-	Yes	Audit Committee (chairman)
Mr. Saleem Pir Baksh Shahdad Al Raisi	Non – executive	independent	2	Yes	Executive & Nomination and Remuneration Committee
Mr. Khalifa Abdullah Al Makhamari	Non – executive	independent	-	Yes	Executive & Nomination and Remuneration Committee
Mr. Mohamed Khamis Al Ghufaili	Non – executive	independent	3	Yes	Audit Committee
Mr. Hamood hamed Al Rushaidi	Non – executive	independent	1	Yes	Audit Committee

Board Members

The Company has an active Board of Directors to lead the company, follow-up and control its business. The Board is collectively responsible for the Company's success in achieving its long-term objectives, and the Board should work with the executive management, without interfering in its day-to-day tasks.

Below is brief profile of the Board Members

Ahmed Bi Ali Al Bulushi, is the Group Chief Executive Assets Management at Asyad, Oman's global integrated logistics provider. A veteran with 25 years of experience in the private and public sectors, Ahmed has accumulated a wealth of knowledge across multiple industries, including logistics, transportation, telecommunications, audit and management. During his tenure as the CEO of Oman National Transport Company (Mwasalat) from 2015 to 2021, Ahmed led a transformational journey undertaking institutional overhaul projects, such as Mwasalat's rebranding project, and overseeing the introduction of its public bus service in Oman. He was also instrumental in driving cultural change throughout the organization and improving customer satisfaction in service functions. In addition to his executive role, Ahmed held various leadership and board positions, including Chairman and Vice-Chairman of major entities operating in logistics, investment, telecommunications, ports, energy and manufacturing. Ahmed holds a master's degree in IT management and a bachelor's degree in IT from Bond University in Australia, as well as a higher diploma in accounting from the Institute of Public Administration in Oman.

Mr. Hamad bin Mohammed Al Wahibi, He has practical experience of more than 22 years in the field of investment, asset management, business development, project finance and the financial sector. He is currently the Director General of Investments at the Ministry of Defense Pension Fund. He is a member of the Board of Directors of Oman Flour Mills Company, National Bank of Oman and Renaissance Services Company. He holds a Master of Business Administration

"MBA", a Chartered Financial Analyst (CFA), a Chartered Alternative Investment Analyst (CAIA), and a Certificate in Investment Performance Measurement (CIPM).

Mr. Saleem Bin Pir Bakhsh Al Raisi, Principal Director of The Investment Department (Civil Servants Retirement Fund) and board member of Oman Flour Mills Company SAOG holds a bachelor's degree in commerce and economics since 1996 with more than 20 years of experience in the fields of investment, and has sufficient experience on the boards of directors of companies.

Eng. Khalifa Bin Khamis Al Makhmari is appointed as an Independent Board member on the Board of Directors of Oman Flour Mill. Khalifa holds Bachelor of Science (BSc) in Mechanical Engineering, University of Leeds, United Kingdom and have a Master of Science (MSc) in Material Science, University of Leeds, United Kingdom. Khalifa held various technical and leadership roles with over 20 years of experience and he is currently holding a Technical Services Vice President position at OQ Refineries & Petroleum Industries (OQRPI) .

Eng. Hamood Bi Hamad Al Rushidi: He held professional career spans over 20 years in key economic sectors such as oil and gas, petrochemicals, and real estate development. He has held several leadership, technical, and commercial positions in various government and private companies, contributing to the development of projects costing billions of dollars. He possesses extensive experience in leading institutional transformation, strategic planning, managing government and private institutions, business development, policy and strategy design, establishing new institutions, and diversifying experiences in energy and food security sectors. His expertise includes managing strategic transformation labs and business accelerators, designing clear developmental programs for economic and financial sectors, designing performance measurement indicators, and dealing with partners and decision-makers in both government and private sectors. The economic lab he managed contributed to sectors such as energy, mining, information and communication technology, the fourth industrial revolution, education, and fisheries, resulting in a significant number of projects with a total cost exceeding 7 billion Omani rials and providing approximately 15,000 direct jobs for Omanis. Additionally, he has contributed to the development of governance in some economic sectors, adopting governance systems for the energy and mining sectors, and promoting investment.He holds a Bachelor's degree in Mechanical Engineering from the University of Leeds in the UK, a Master's degree in Petroleum Engineering from the Texas Tech University in the USA, and a Master's degree in International Business Management from Deakin University in Australia. He is also a certified project management professional accredited by the Project Management Institute (PMI).d during the year. He is a member of the Board of Directors of Oman Flour Mills Company.

Mr. Mohammed Bin Khamees Al Ghafli serves as the Chief Operations Officer at OMRAN and is a board member of Oman Flour Mills Company (SAOG). He has also worked in supporting companies such as YTDC and served as the Chief Operations Officer at ASAAS. He has held executive positions and demonstrated creativity in working with all aspects of leadership and business development. Additionally, he has extensive experience in project management.

Mr. Mohammed Bin Talib Al Busaidi holds an ACCA (Association of Chartered Certified Accountants) qualification and a Bachelor's degree in Accounting from Sultan Qaboos University. Currently, he serves as the Financial Manager at BP Oman. He has extensive experience in various fields including ports, free zones, and aviation. Additionally, he has been a member of the National Program for Financial Balance Achievement. He is a member of the Board of Directors of Oman Flour Mills Company.

Board of Directors meetings held during the year 2023:

Director	26/02/23	28/03/23	10/05/23	9/8/23	25/9/23	9/11/23	18/12/23
Mr. Ahmed Ali Al bulushi (Chairman of Board of directors and Chairman of Executive , Nomination and Remuneration Committee)	-	✓	✓	✓	✓	✓	✓
Mr. Hamed Mohamed Al Wahibi (Deputy Chairman)	-	✓	✓	✓	✓	✓	✓
Mohamed Talib Al Busaidi (Chairman of Audit Committee)	-	✓	✓	✓	✓	✓	✓
Mr. Saleem Pir Baksh Shahdad Al Raisi	-	✓	✓	✓	✓	✓	✓
Mr. Khalifa Abdullah Al Makhamari	-	✓	✓	✓	✓	✓	✓
Mr. Mohamed Khamis Al Ghufaili	-	✓	✓	✓	✓	✓	✓
Mr. Hamood hamed Al Rushaidi	-	✓	✓	✓	✓	✓	Not attend
Former members							
Sheikh/ Salah bin Hilal Al Maawali (Chairman of the Board of Directors, and Chairman of the Nomination and Rewards Committee)	✓	-	-	-	-	-	-
Engineer/ Salem bin Saif Al-Abduli	✓	-	-	-	-	-	-
Mr. Khamees bin Abdullah Al Farisi	✓	-	-	-	-	-	-
Mr. Muslim bin Mohammed Al Baraimi	✓	-	-	-	-	-	-
Mr. Ahmed bin Mohammed Al Kind	✓	-	-	-	-	-	-

Nomination of the Board Of directors

Anyone who wishes to stand as a candidate for the Board and is eligible for the same as per regulations as well as the Articles of Association, is required to submit an application form (as prescribed by the Capital Market Authority) not later than 2 days before date fixed for the General meeting for election of the Board members.

A candidate who stands for election to the Board is elected at the General Meeting by following the procedures laid down in the Commercial Companies Law, and rules and regulations issued by the CMA. The directors shall be elected by direct issued by Royal Decree NO .18/2019 secret ballot by the shareholders.

Audit Committee

The Audit Committee, consisting of 3 members is formed as per the guidelines specified under Tenth principle of the Code of Corporate Governance issued by CMA.

The Board has approved the Audit Committee charter. The main responsibilities are as follows:

- Assess the effectiveness of the Company's system of internal control over its operations and the process of identifying risks.
- Review the annual financial statements along with the related reports prior to them being sent to the Board for their approval.
- Review and approve the quarterly financial statements submitted to regulatory authorities.
- Review and assess the performance of statutory and internal auditor.
- Review and recommend to the Board any amendment of policies and measures for improving internal procedures.
- Oversee the Internal Audit Function in general and with particular reference to reviewing the scope of the annual internal audit plan, reports submitted by internal audit pertaining to critical areas, efficacy and adequacy of internal audit and control systems and ensuring full access to all relevant documentation;
- Review the risk management policies;
- Review compliance with disclosure requirements prescribed by the CMA, legal matters and related party transactions;
- Ensure the for adoption of appropriate accounting policies and principles;

Details of Audit Committee meetings held during the year 2023:

Director	26/02/23	7/03/23	10/05/23	8/08/23	7/11/23
Mr. Mohammed bin Talib Al Busaidi (Chairman of the Audit Committee) Committee)	-	-	✓	✓	✓
Mr. Mohammed bin Khamees Al Ghafili	-	-	✓	✓	✓
Mr. Hamoud bin Hamad Al Rashidi	-	-	✓	✓	✓
Former members					
Mr. Hamad bin Mohammed Al Wahibi (Chairman of the Audit Committee)	✓	✓	-	-	-
Mr. Ahmed bin Mohammed Al Kindi	✓	✓	-	-	-
Mr. Muslim bin Mohammed Al Baraimi	✓	✓	-	-	-

Executive Nomination and Remuneration Committee

As per the requirement of the new code of corporate governance, remuneration committee was formed and existing Executive committee members became members of it. The role of remuneration and executive increased and its main responsibilities are mentioned below. The committee is comprised of 4 members and chaired by the chairman of the board of directors.

The Committee's main responsibilities are:

- Review the compensation structure of the senior management.
- Succession planning of management
- Look for and suggest positions of senior management as and when required.
- Ensure that the investments are in accordance with the investment policies approved by the Board.

- Monitor the performance of the investments held by the Company.
- Identify and review new investment opportunities.
- Review the annual budgets and recommend to Board for approval. Regularly monitors the performance against the budget.

Details of Executive, Nomination and Remuneration Committee Meetings held during the year 2023 are as follows:

Director	06/2/23	15/3/23	28/3/23	15/5/23	7/8/23	24/9/23	6/12/23	18/12/23
Mr. Ahmed bin Ali Al Balushi (Chairman of the Board of Directors)	-	-	-	✓	✓	✓	✓	✓
Eng. Hamad bin Mohammed Al Wahibi (Vice Chairman of the Board of Directors)	-	-	-	✓	✓	✓	✓	✓
Mr. Saleem Pir Baksh Al Raisi	-	-	-	✓	✓	✓	✓	✓
Mr. Khalifa bin Abdullah Al Mukhaimari	-	-	-	✓	✓	✓	✓	✓
Former Members								
sheikh/ Salah bin Hilal Al Maawali (Chairman of the Board of Directors, and Chairman of the Nomination and Rewards Committee)	✓	✓	✓	-	-	-	-	-
Engineer/ Salim bin Saif Al-Abduli	✓	✓	✓	-	-	-	-	-
Mr. Khamees bin Abdullah Al Farisi	✓	✓	✓	-	-	-	-	-
Mr. Saleem Pir Baksh Al Raisi	✓	✓	✓	-	-	-	-	-

Remuneration to Directors

Chairman of the Board is paid RO 450 and the other members are paid RO 350 as sitting fees for every Board meeting. The chairmen of other committees and the other members are all paid OMR 200 as sitting fees for every committee meeting.

During the financial year 2023, the Directors were paid a total sum of RO 28k (previous year RO 29k) towards sitting fees for attending Board and Committee Meetings.

The Directors were paid remuneration of amount RO 35,000 during the year (previous year 35,000) as approved in the AGM held on 28 March 2023. remuneration of amount of OMR 115,000 was disbursed in 2022 by Aytab Investment Company, a wholly-owned subsidiary of Oman Flour Mills, as approved in the Annual General Meeting held on March 28, 2023.

During the year, amount paid for official travel expenses for directors amounted to RO NIL (previous year RO NIL).

Directors' remuneration proposed for the year 2024 is RO 125,000 and this is subject to approval of the AGM that is proposed to be held on 28 March 2024.

In addition to above sitting fees and remuneration, the Directors also been paid sitting fees of RO 10,100 from Atyab Investments LLC (a 100% Subsidiary of the Company).

Details of Related Parties

Details of Related Parties transactions for the years 2023 and 2024					
Name	**Relation**	**Details**	**Year 2022 OMR '000**	**Year 2023 OMR '000**	**Remark**
Mazoon Dairy SAOG	Ultimate subsidiary	Sale of feed	5,273	2,437	Subject to business continuity
Gulf International Poultry Farms	Ultimate subsidiary	Sale of feed	1,208	3,841	
Modern Poultry Farms Co. SAOG	Related Party	Sale of animal feed	1,484	5,318	
Sohar Poultry Co. SAOG	Related Party	Sale of animal feed	2,305	2,475	
Atyab Food Industry LLC	Ultimate subsidiary	Sale of flour	(504)	2,126	
Sohar Flour Mills	Ultimate subsidiary	Sale of Grain and flour	60	1,123	
Al Bashayer Meat Co. SAOC	Related Party	Sale of animal feed	(151)	141	2024 till now no business. Expecting to resume operations.
Atyab International serves Trading and Services LLC	Ultimate subsidiary	Rent Income	4,454	60	Due to company relocation, rental income will no longer be received.
Sohar Flour Mills	Ultimate subsidiary	Interest income	(157)	308	2024 till now no business. Future business subject to OFM management decision.
Sohar Flour Mills	Ultimate subsidiary	Purchase of Grain and flour	197	(210)	

Details of Related Parties transactions for the years 2023 and 2024					
Name	**Relation**	**Details**	**Year 2022 OMR '000**	**Year 2023 OMR '000**	**Remark**
Gulf Plastics	Related Party	Purchase of PP bags	504	(162)	Day to day vendor, consumption shall depend on requirements, estimated to increase by 10%
Oman Oil	Related Party	Supply of diesel	(6)	(208)	Day to day vendor, consumption shall depend on requirements, estimated to increase by 10%
Marafi Asyad	Related Party	Stevedoring services & rent of sheds at port.	(327)	(779)	Day to day vendor, consumption shall depend on requirements, estimated to increase by 10%
National Bank of Oman	Financier	Interest Paid for working capital funding	(445)	(125)	May decrease due to expected reductions in interest rates
Petrovision Group	Related Party	Supply Of 8-TPH Steam and its Accessories	(174)	(152)	Expected to decline. 2023 was an exception as OFM procured a boiler from the vendor

Executive Management

The daily management of the Company is entrusted with the Chief Executive Officer who is assisted by a team of executives. The senior management ensure that the policies and procedures as laid down by the Board of Directors are complied with in the day-to-day management. A brief profile of the executive management is given below:

Chief Executive Officer – **Mr. Haitham Mohamed Ali Al Fannah** was appointed from 1 April 2018. During the past 17 years at Al-Sulaimi Group, he has held a variety of leadership roles within Al-Sulaimi Group Holding. Haitham Al Fannah holds an MBA from the University of Strathclyde, UK and a Bachelor's Degree in Business Administration from the University of Missouri St.Louis, USA. He is one of the second batch of National CEO Program.

Chief Operations Officer – **Mr. Ibrahim Al Amri** possess a rich and varied experience of more than 15 years. During his career he has held various operational leadership positions at Oman Mining Company and Mineral Development, Oman. Mr. Ibrahim holds a Mechanical Engineering degree from the University of Leeds, UK. Mr. Ibrahim was part of the second batch of the National CEO program.

Chief Financial Officer – **Mr. Haitham Al Saadi** holds MBA from Sultan Qaboos University, a bachelor of commerce and finance (Accounting) from Sultan Qaboos University, Fellow member of the Association of Chartered Certified Accountants (ACCA) he is also alumni of the National CEO program. He has extensive experience in this field for more than 15 years. During his career he held server leadership position in Mineral Development Company, Oman Air and Oman shipping company.

Remuneration to Management

Basic salary, allowances and perquisites, performance bonus, gratuity and social insurance paid/accrued to the top 4 employees of the parent company in the financial year 2023 (12 months) aggregated ,The amounts are as follows:

Mr. Haitham bin Mohammed Al Fannah (CEO) has an amount of 171,758 Omani Rials.

Mr. Ibrahim Al Amri (COO) has an amount of 128,128 Omani Rials.

Mr. Haitham bin Shakhbout Al Saadi (CFO) has an amount of 118,376 Omani Rials.

Mr. Talal bin Saeed Al Zadjali (CIA) has an amount of 58,172 Omani Rials.

To **The total amount** RO 418,262. The Company does not provide stock options to employees of the Company. Performance bonus is paid, based on Company's profitability and the employee's achievements and commitment to the Company. Bonus is distributed after it is approved by the Board.

In addition to the above, in the year 2023 (12 months) official travel and training cost incurred on these top four executives of the Parent Company amounted to RO 7,107 (previous year RO NIL).

Employment contracts are usually for two years and they are automatically renewed. The severance notice period for senior management is three months and other employees one month. For Omani employees, in accordance with the Omani Social Insurance Scheme, monthly contributions are made to the Scheme. End of service benefit for expatriates is as per Oman Labour Law.

Social Responsibility

Our company pays high attention in achieving social responsibility, and believes of its continuous role in ethical behaviour and its contribution into economic development. With considering improvement of life quality of the work force, their families, local and public community. In the last AGM held on 28-March-2023, the shareholders have approved a budget of RO 200,000 for CSR activities.

20% of the total CSR budget was allocated to Oman Charitable Organization (OCO) as Oman Flour Mills CSR contribution. This percentage is to be contributed every year to OCO in accordance with the CMA Decision No. 172/2021.

Details of non-compliance

The Board of Directors is pleased to advise shareholders that there were no non-compliance related penalties imposed upon the Company by Muscat Securities Exchange or the Capital Market Authority in 2023.

Means of communication with shareholders and investors

The following are the means of communication with shareholders and investors:

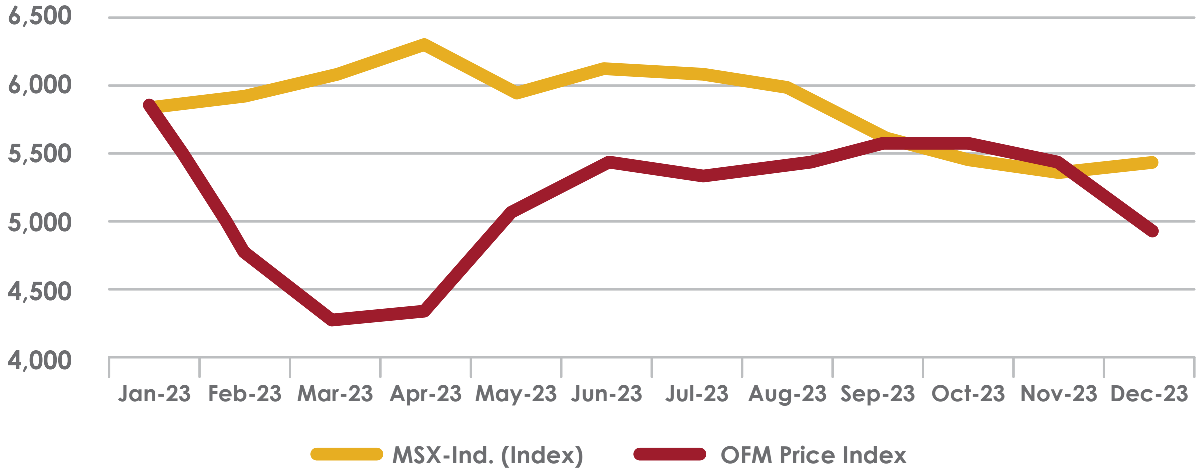
- The Company publishes its annual audited and quarterly un-audited financial statements in two newspapers, as required by the CMA regulations.
- The Company sends its financial results and news to MSX web site.
- The Company also has its own web site, www.omanflourmills.com which is an effective means of communication between the Company and its shareholders and customers.
- The Management, Discussion and Analysis Report, forms a part of the Annual report which provides meaningful information to the shareholders.
- The Company has appointed an Investor Relations Officer as a single point of contact for investors and shareholders.

Share price data

The movement of the Company's share price during the period from Jan 2023 to December 2023 is below:

Month	High (OMR)	Low (OMR)	Volume
January 2023	0.632	0.632	500
February 2023	446.0	0.644	27,492
March 2023	0.6	0.6	500
April 2023	0.578	0.554	707
May 2023	0.522	225.0	15,335
June 2023	0.524	225.0	8,861
July 2023	0.58	75.0	10,450
August 2023	0.57	55.0	13,774
September 2023	565.0	0.565	537
October 2023	0.536	0.536	1,000
November 2023	0	0	0
December 2023	0.51	984.0	6,917

Company's share performance as compared with the Index of Manufacturing sector on MSX:



Convertible Instruments

There are no convertible financial instruments that impact or may impact the capital of the Company as at 31 December 2023.

Major Shareholders

At 31 December 2023 the following is the analysis of shareholders holding 5% or more shares:

Name of shareholder	Number of Shares	Percentage
Oman Food Investment Company SAOC	80,418,100	51.1%
Civil Services Employees' Pension Fund	20,020,267	12.7%

The analysis of 1,421 shareholders is as follows:

Shareholding range	Number of shareholders	Total Shares
1- 10,000	1021	3,446,189
10,001- 100,000	332	9,583,293
100,001 – 500,000	47	9,623,781
500,001 – 1,000,000	13	10,321,889
1,000,001 – 5,000,000	4	9,114,695
5,000,001 and above	4	115,410,153
Total	**1,421**	**157,500,000**

External Auditors

The shareholders of the company appointed PricewaterhouseCoopers (PwC) as the auditors of the company for the year 2023. PwC is a network of firms comprising more than 364,232 employees working in 151 countries across 688 cities worldwide, making it the largest provider of professional services in the world. The company is committed to delivering quality services in the areas of assurance, taxes, and consulting (including consulting, deals, and strategy practices). Through this, it helps build trust in society, enabling its clients to maximize opportunities and solve critical business issues.

PwC has been operating in the Middle East for over 40 years. Its network collectively employs nearly 10,800 people in the Middle East, including over 450 partners and 630 managers working from 30 offices (in 22 locations) across 12 countries: Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, Palestinian Territories, Qatar, Saudi Arabia, and the United Arab Emirates. 41% of the employees in the Middle East are female. It is one of the fastest-growing PwC networks globally and the largest consulting services company in the Middle East.

PwC is strongly committed to Oman, recognizing it as one of the leading companies in providing quality business consulting services. Its Oman office started its operations in 1971, with 8 partners, including one Omani, and 7 directors, including two Omanis, and approximately 139 employees working from offices in the Sultanate.

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please visit www.pwc.com/structure for further details.

During the year 2023, PWC billed an amount of RO 10,000 towards professional services rendered to the Company (1,000 Omani Rials is an amount for preparing the Corporate Governance report certificate for the company only, and 1,000 Omani Rials for the XBRL review and 5,000 additional fees. In additional the OFM subsidiaries fees during the year was **26,267**,

The Internal Auditor

In order to ensure the compliance with statutory regulation and internal controls, the company has a full time audit unit, to carry on an independent and reports directly to Audit Committee.

In line with the capital Market Authority (CMA) decision 10/2018, the Internal Auditors duties & responsibilities are in accordance with the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors (IIA).

Compliance

Last year, we updated the whistleblowing policy and the Corporate Governance Manual to ensure compliance with the Capital Market Authority Laws and the applicable requirements by Omani Investments Authority laws. Correspondingly, there are no compliance violations this year.

The Board of Directors confirms the following

- The Separate and Consolidated financial statements are prepared by the Company in accordance with the International Financial Reporting Standards and the disclosure requirements of Capital Market Authority as per its circulars issued in this regard.

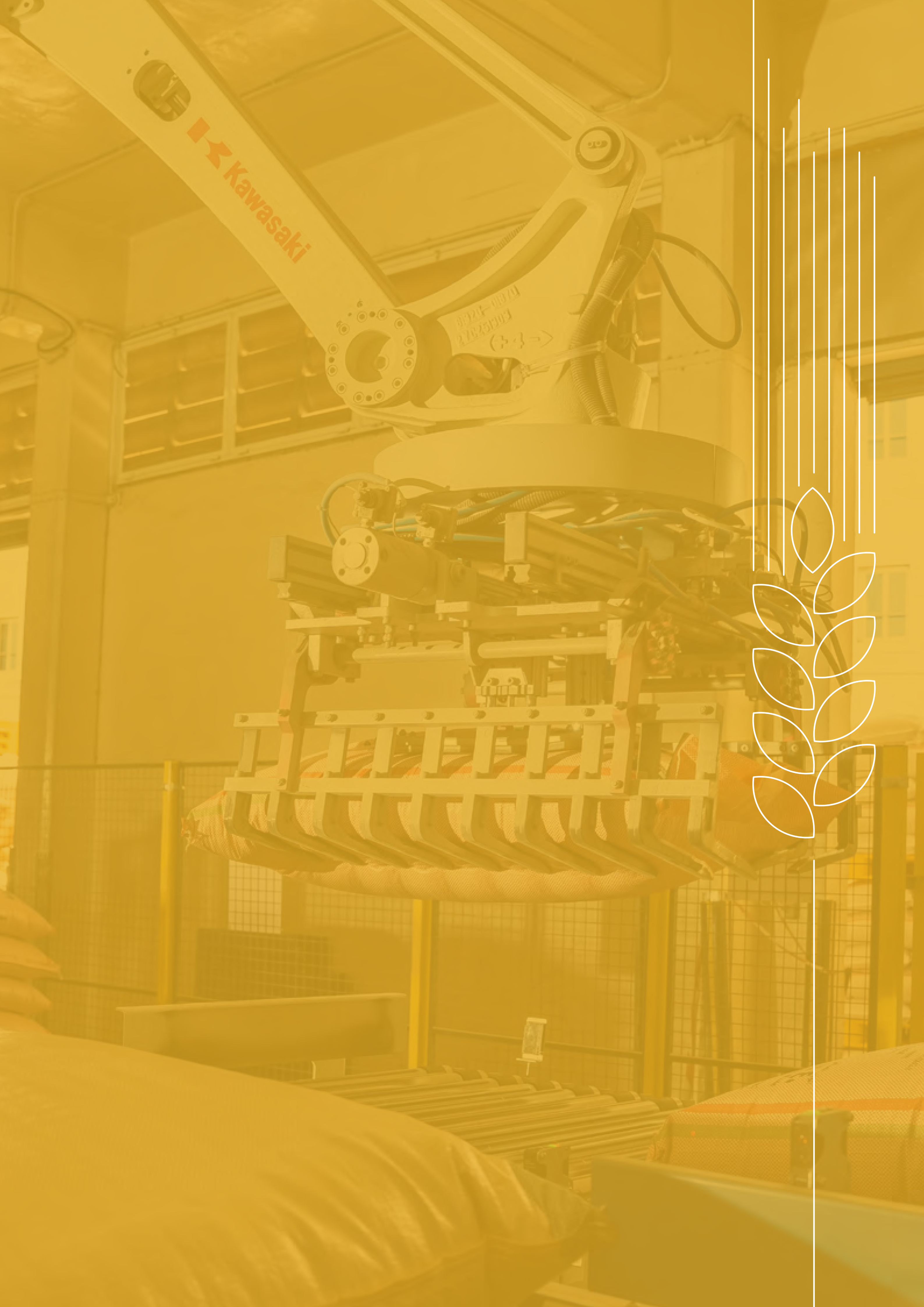
- They reviewed the efficiency and adequacy of the internal controls of the Company and its compliance with the internal rules and regulations.

- There are no material factors that would affect the Company to continue its operation in the forthcoming financial year.

- All Board Members are aware of the Code of Corporate Governance and its requirements.

Mr. Ahmed Ali Al Bulushi
Chairman

Mr Mohamed Talib Al Busaidi
Chairman Audit Committee


Kawasaki

Management Discussion and Analysis Report

For the year ended 31 December 2023

The Management of Oman Flour Mills Company (SAOG) ("the Company") is pleased to present this report on our industry covering the Company's structure, current performance, future outlook and other relevant matters for its shareholders.

Company/group objectives and structure

OFM Vision:

The Company aims to be a leading food manufacturer in the Sultanate of Oman and.

Keeping this objective in mind, the Company through its subsidiaries and associates has expanded its activities into poultry, bakery products, fisheries, dairy, and an enabler in food and agriculture sector by focusing on providing services in R&D, Consultancy, training, technology and innovation.

OFM Mission:

It is the mission of OFM to:

a) Enhance customer loyalty;

b) Continuous Community Development through Corporate Social Responsibility;

c) Being an employer of choice; and

d) Provide a quality hygienic work environment.

Group Portfolio:

The core business of the Company continues to be flour and feed Milling. The Company is producing flour and animal feed products with the objective of giving quality flour and animal feed products to its customers. Quality is the cornerstone for the company and excellence in quality is what the group strives for, this has ensured that the best practices are adopted to deliver products that meet the highest standards.

The Company was established in 1977 as a joint stock company with a modest wheat milling capacity of 150 tons/day, which has increased through expansions to the current 800 tons/day. In addition to flour milling, the Company commissioned an animal feed mill in 1982. The installed capacity of the animal feed mill has currently been increased to 1500 tons/day. Major expansions have taken place in 1981, 1985, 1989, 1993, 1996, 2005 and 2020. The Company is currently working on the expansion plan of new feed mill.

The Company also has a substantial grain storage and ship unloading facility at Port Sultan Qaboos to service the milling operations. The silos have a storage capacity of 120,000 tons. Oman flour mills have 2 unloaders that have a combined unloading installed capacity of 750 Tons/Hour.

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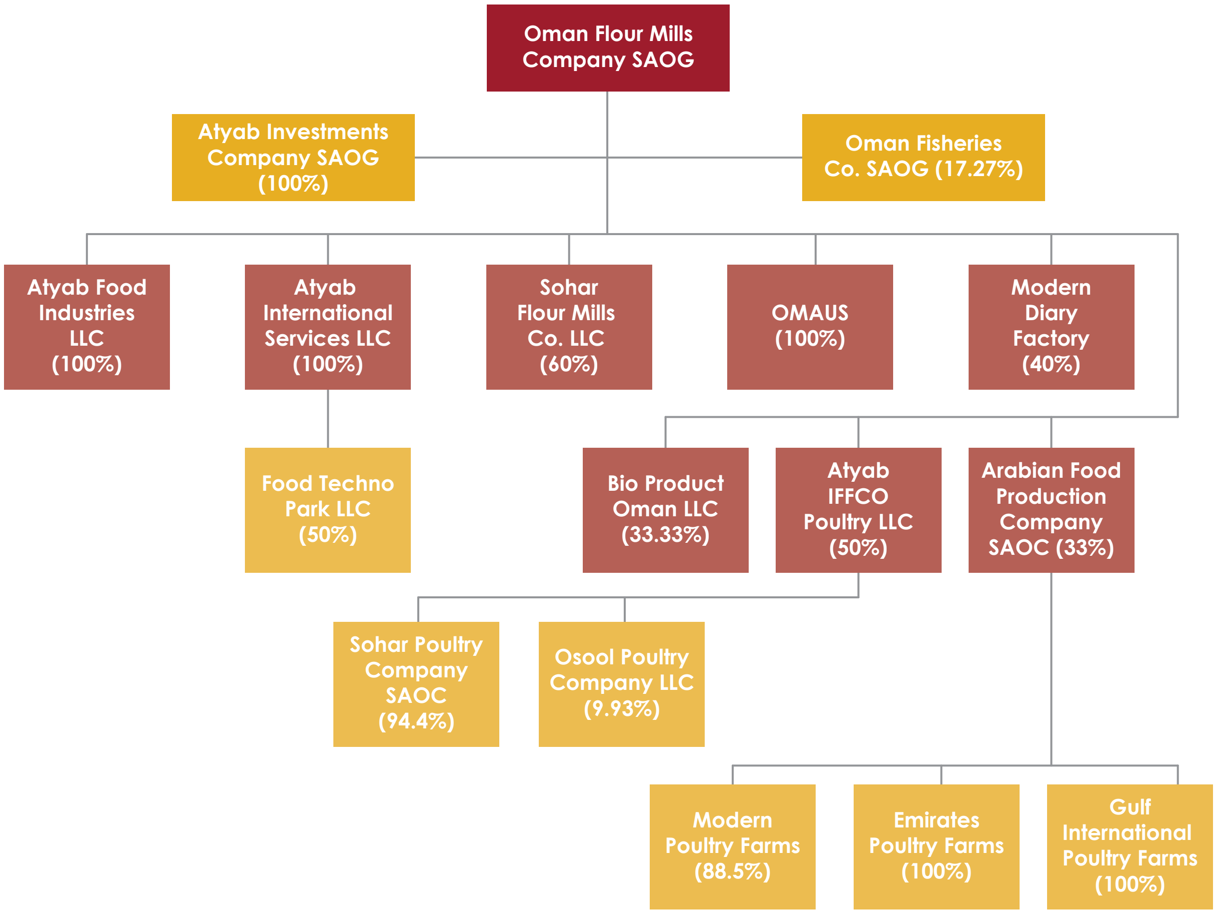
The Company markets its flour products under the brand name "DAHABI" meaning gold, more than 20 varieties of flour and allied products are produced under this brand name. The Company also produces more than 20 different types of animal feeds under the brand name "BARAKAT". The Bakery Products of the group are marketed under the Dahabi, Atyab and Bon Vivant Brand names. Fresh Chicken is marketed and sold under the A'Rayaf brand names whereas table eggs are sold and marketed under the Dana and Baledi brands in Oman and the GCC.

The Group Structure is depicted below



Group Financial Performance:

Parent Company:

Oman Flour Mills (OFM) parent company, is the flagship company of the group whose businesses include flour and animal feed milling. OFM contributes about 80% of the group sales revenue.

Revenue: RO 102.69 million

Cost of sale and overheads: RO 96.66 million

Profit before tax & subsidiary and associates results: RO 5.03 million

Subsidiaries:

1. **Subsidiary - Atyab Investments LLC (100%)-** Atyab Investments LLC serves as the management and investment arm of OFM. Atyab Investments is a 100% subsidiary of OFM. The companies under Atyab Investments are:-

2. **Atyab Food Industries LLC (AFI) (100%)** - Net revenue in the current year was RO 15.18 million as compared to RO 14.72 million in the previous year, an increase of 3%. The company made a net profit before tax of RO 304K as compared to a profit of RO 20K in the previous year. Besides the improvements in the gross profit, the increase in profit is mainly due to the decrease in admin overheads by 28% as compared to the last year. Also, the reduction of 43% in the finance cost has played an essential role in the increase of the net profit. The Company has expanded its presence in the region, has started a new Company in UAE since 2022. The branch is fully operational and expected to be a reliable revenue stream in coming years.

3. **Atyab International Services LLC (AIS) (100%)**. Atyab International Services is a world class food service company. It offers various services to Agriculture, Food and allied industries, cosmetics, water and chemical industries in the fields of testing, halal consultancy, pest management and QHSE consultancy and certification. The Company has started its new branch in Uzbekistan.

   The profit for the year after tax was RO 38K as compared to RO 149K in the previous year.

4. **Atyab Technical Services LLC (ATS) (100%)**. ATS was the Net loss after in the current year is RO 38.61k as compared to net loss of RO 28.85k in the previous year. The reduction in the profit is due to the provision provided against receivables during the year.

5. **Sohar Flour Mills (SFM) (60%):** SFM achieved a significant milestone by launching its silos on January 4, 2023, with a combined capacity of 160k MT, introducing a new revenue stream. Despite a decrease in revenue by RO 940k, this was offset by a corresponding reduction in the cost of goods sold, down by RO 2.06m. The net loss before tax stood at RO 1.44m, an improvement from the previous year's loss of RO 1.91m. After recognizing deferred tax income of RO 242k, the net loss after tax was RO 1.20m.

6. **OMAUS (100%):** In the current year, our Australian subsidiary was established as part of the group's vision to directly source raw materials from growers. Anticipated to receive its second wheat shipment in the first quarter of 2024, the company generated an after tax profit amounting to RO 8k during the year.

7. **Associate – Atyab Iffco Poultry LLC (50%):** Atyab Iffco Poultry LLC (an equal partnership with IFFCO, a UAE based company) holds about 94.3% of the capital in Sohar Poultry Company SAOC (SPC) and 9.9% of the capital of Osool Poultry Company LLC. In the current year, SPC made a post-tax profits of RO 156K as compared to RO 270K achieved in 2022. Osool Poultry recorded a loss of RO 1.81m, mainly due to finance cost and depreciation charges with the Company.

8. **Associate - Arabian Food Production S.A.O.C (AFPC) (33.33%):** AFPC is established jointly with IFFCO Group of UAE and Gulf Japan Food Fund (GJFF) to take over the running business of Modern Poultry Farm (MPF), Emirates Poultry Farm (EPF), and to establish a new table eggs producing facility, Gulf International Poultry Farm (GIPF), in Ibri. MPF has reported a net loss of RO 376k as compared to a loss of RO 441k in last year. EPF has incurred a net loss of RO 1.48m in 2023 compared to the previous year loss of RO 266k. The increase in cost was due to the onetime write-off the flocks in 2023. The Company commenced its new farm producing eggs in Ibri in December 2022. GIPF has incurred net loss of RO 648k in the current period.

9. **Associate - Food Techno Park LLC (AFTP) (50%):** Atyab FoodTech holds 50% stake in FTP, the company is yet to start its activities. It has incurred admin overheads of RO 3.13k in 2023.

10. **Bio Product Oman LLC (BPO) (33.33%):** Atyab Investment LLC holds 33.33% share of BPO and Nakheel Development holds 66.67% shares. BPO net loss of RO 55k during the year. The Company is still not fully operational and the construction of the plant is to commence in Q1-2024.

11. **Modern Diary Factory (MDF) (40%):** Atyab Investment LLC has re-operated the brand "Al Khamayel" in February 2023, MDF has earned a revenue of RO 1.45m during 2023 and incurred a net loss of RO 560K.

Analysis of segment - wise performance

The Group's revenue can be segregated into four broad categories', namely flour and related products, animal feed and related products, egg sales and bakery products. The comparative performances of these main revenue sources are in the following table.

Revenue sources	2023 RO'000	%	2022 RO '000	%
Flour and related products	43,544	35%	42,516	36%
Feed and related products	63,078	51%	57,195	49%
Eggs and others	2,135	2%	2,379	2%
Bakery products	15,186	12%	14,721	13%

The main financial indicators of the Company and the Group are given below:

- Revenue of the Group at about RO 123.94 million is higher than the previous year by 6% mainly due to increase in volume and change in product mix.
- The Company's and its subsidiaries' (Group) net profit after tax for the year is RO 1.30m as compared to RO 1.74 million in the previous year.
- Net profit margin of the Group was 1.05% as compared to 1.49% in the previous year.
- Earnings per share of the Group has slightly decreased to 8 baizas in 2023 from 11 baizas in 2022.
- Parent Company's total quantity sales for the year was about 616k MT, which is higher by 4% compared to the previous year.
- Parent company's net profit after tax is RO 1.78m compared to RO 2.00m in the previous year.
- Gross profit margin of the Parent Company in the current year is 11% as compared to 9% in the previous year.
- Net Investment, interest and other income is RO 1.08k, as compared to RO 1.09K in the previous year.

Below is the net profit, dividend and net asset of the Group Company for the last five years

RO'000	2023	2022	2021	2020	2019
Revenue	123,944	116,811	97,337	94,051	86,887
Net Profit (after tax)	1,302	1,744	4,742	9,009	5,709
Shareholders' Equity	72,070	72,298	74,027	78,420	77,664
Dividend paid	12.5%	33%	60%	50%	50%

Opportunities and Threats

Price fluctuation

In 2023, global grain prices saw a decline after earlier increases due to factors like adverse weather conditions, political tensions, rising energy prices, and increased shipping costs. Oman's government played a role in stabilizing prices by offering subsidies.

Logistic of raw materials

To address challenges in shipping and transportation logistics, we proactively procure materials ahead of time, anticipating potential delays due to weather, strikes, or shortages. This strategic approach not only prevents stock shortages but also positions our company to maintain lower material costs compared to competitors.

Suppliers

Our procurement team consistently identifies new suppliers to secure competitive pricing and minimize risks associated with unreliable delivery schedules and quality issues. Thorough due diligence is conducted before selecting new suppliers to ensure their suitability for our needs.

Competition

We're actively working to expand our local market share in flour and feed. Our sales and marketing strategies are geared towards solidifying our position. Despite two new flour mills entering the scene and heightened competition, our Sohar flour mill holds a steady 7%-10% share of the local market.

Milling equipment and storage space

Established in 1977, our flour mill maintains operational efficiency through continuous equipment replacement and repairs. A dedicated in-house maintenance team ensures prompt and effective repairs, contributing to the sustained functionality of our operations. Planned upgrades are in progress to enhance capacity and meet future demand. Investments are being made in state-of-the-art laboratory equipment, underscoring our commitment to quality control. Additionally, we are expanding warehouse space to accommodate bagged raw materials efficiently.

In a significant development, our new Feed Mill & Premix Plant commenced operations in December 2023, boasting a production capacity of 20 tonnes per hour. This strategic addition allows us to produce premix raw materials in-house, reducing dependency on imported premixes and subsequently lowering associated costs for the company. This move aligns with our focus on operational self-sufficiency and cost optimization in the dynamic market landscape.

Marketing opportunities

Despite our established position as market leaders in the local sector, we are confronting heightened competition that necessitates a proactive response to maintain our stronghold in the flour segment. To effectively address this challenge, we are strategically considering the introduction of new product lines.

The diversification of our offerings serves a dual purpose: it enables us to cater to evolving consumer preferences and sets us apart from competitors, reinforcing our reputation for innovation and adaptability in the market.

In addition to product line expansion, we are taking bold steps to explore new export markets beyond the confines of saturated traditional markets. This deliberate move is aimed at broadening our reach, diversifying our customer base, and mitigating the impact of increased competition in our domestic market.

Through these strategic initiatives, we are not only safeguarding our existing market share but also positioning ourselves for sustained growth and resilience amid dynamic market conditions.

Manpower planning

OFM is developing a pool of strong Omani professionals by giving them an opportunity to work in a competitive environment. Following is Omanisation rate achieved from 2020-2023 period:

Year	2023	2022	2021	2020
Omanization%	84%	83%	86%	76%

Omani employees have been identified to attend a variety of specialized milling and baking courses, and administration and management diplomas. The company also gets professional trainers to conduct in house practical training courses in flour and feed milling. Our employees are our assets and hence we continue to invest in them.

Risks and concerns

Raw material prices, availability and logistic

Grains and other raw material prices are volatile, impacting availability and increasing the risk of defaults and delays. In Australia, a company was established in the current year to directly import raw materials from growers.

The company has received the 1st shipment in March 2023, and we are expecting to receive the 2nd shipment in 2024.

Mortality in the poultry industry

The poultry industry faces mortality risks, which can have a significant impact on feed industry production and poultry businesses. Health challenges are mainly attributed to the location of poultry and egg farms.

Stringent bio-security measures are being implemented to address these challenges and reduce mortality rates.

Investments in MSX:

Investments in the MSX carry inherent market risks, given the potential for fluctuations in value.

However, the company engages in periodic portfolio reviews and conducts discussions with the fund managers. These proactive measures aim to minimize exposure to market volatility and ensure a strategic approach to investment management.

At the end of 2023, the company has started the liquidation process of stocks in the portfolios.

Strategic investments

Management is assessing investment opportunities and industry-related projects to enhance shareholder returns and broaden profit generation. Adverse market scenarios and conditions may impact the profitability of these considered investments.

Investments undergo feasibility studies, proper evaluation, and continuous risk and impact assessments at the group level.

Debt recoverability

The company has managed customer outstanding in recent years by obtaining financial guarantees and/or land mortgages. Clean credit is extended to selected customers after thorough evaluation. Tight liquidity in the current market may result in delayed payments and/or bad debts.

An active credit control/collection process is adopted to minimize the risk of defaults.

Internal control systems and their adequacy

The company has implemented a robust internal control system across all operational areas, aligning with the scale and nature of its business. Internal auditors, who meet the necessary qualifications, report to the Audit Committee. Additionally, a comprehensive policy and procedure manual for all operations is in place.

In the management's perspective, the control systems currently in use adequately cover all aspects of the company's operations. They are confident that these systems align with regulatory requirements set forth by relevant authorities.

Future outlook

OFM growth plan is in full swing, we are currently engaged in finalizing our strategic roadmap, our plan to venture into new segments within the food industry.

Some of the initiatives are discussed below:

- Through a potential Acquisition of Assets - Atyab Investments has submitted a bid to acquire a company's assets that is engaged in the confectionary business.
- Feed Player Acquisition - A technical consultant has been appointed to conduct a factory assessment evaluation of the target.
- Bakery Acquisition - AFI is looking to acquire a leading bakery in Oman, the consultant is in the final stages of completion the CDD and Valuation process.
- KSA Bakery Expansion – discussion with potential partners to finalize a detailed feasibility for the opportunity.
- Integrated Industrial Cluster - The final report (Detailed Market feasibility, Shortlisted Opportunities, Financial Model) shall be completed by the end of March 2024.
- Corporate Strategy - The Strategic roadmap shall be completed in March 2024.
- Second OMAUS Shipment - A second shipment of 33,000 MT of APW has completed loading in March 2024. The shipment marks a second successful shipment of buying directly from growers. The ship is scheduled to arrive in Muscat in the second week of March 2024.

Haitham Mohamed Ali Al Fannah
Chief Executive Officer

CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Independent auditor's report to the shareholders of Oman Flour Mills Company SAOG

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements of Oman Flour Mills Company SAOG ("the Parent Company") and the consolidated financial statements of the Parent Company and its subsidiaries (together, "the Group") present fairly, in all material respects, the respective financial positions of the Parent Company and the Group as at 31 December 2023, and their respective financial performance and their respective cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The financial statements of the Parent Company and the consolidated financial statements of the Group (together "these financial statements") comprise their respective:

- statement of comprehensive income for the year ended 31 December 2023;
- statement of financial position as at 31 December 2023;
- statement of changes in equity for the year then ended;
- statement of cash flows for the year then ended; and
- notes to these financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of these financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independences

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of these financial statements in the Sultanate of Oman. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our audit approach

Overview

Key Audit Matter	• Impairment assessment of non-financial assets in subsidiary, Sohar Flour Mills LLC ("the Group")

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in these financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Independent auditor's report to the shareholders of Oman Flour Mills Company SAOG (continued)

Our audit approach (continued)

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on these financial statements as a whole, taking into account the structure of the Parent Company and the Group, the accounting processes and controls, and the industry in which the Parent Company and the Group operate.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of these financial statements of the current period. These matters were addressed in the context of our audit of these financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Impairment assessment of non-financial assets in subsidiary, Sohar Flour Mills LLC ("the Group") As at 31 December 2023, the total non financial assets at Sohar Flour Mills LLC, a subsidiary amounted to RO 19.2 million which represent 26% and 11% of the Group's total non-current assets and total assets respectively. Given the prolonged low-capacity utilization and continuous poor performance of Sohar Flour Mills LLC, there is an identified risk of significant impairment to its property, plant, and equipment (PPE) which will result in significant impairment of the Group's total consolidated PPE as of 31 December 2023. Investments in subsidiaries and associates are accounted in the separate financial statements by using the equity method, accordingly, the investment amount in Sohar Flour Mills LLC is fully impaired in the separate financial statements. In accordance with IAS 36, 'Impairment of assets', the Group is required to assess at each reporting date, whether there are any indications of impairment amongst others for investment in non-financial assets. If indicators of impairment exist, an impairment test is carried out by comparing the carrying amount of the non-financial assets with its recoverable amount.	We performed the following audit procedures in our audit as described below: We obtained the discounted future cash flow forecasts for property, plant and equipment prepared by management. We assessed the appropriateness of the methodology used by management and assessed the reasonableness of the key assumptions used in the discounted future cash flow forecast. Specifically, we tested the mathematical accuracy of the calculations derived from the cashflow forecast and tested the key inputs in the calculations, which we determined to be revenue growth rate, discounting rate and perpetual growth rate, by reference to historic results, management's forecasts and our own industry experience. Our testing included performing sensitivity analyses over key assumptions. We used our internal valuation experts to assist in the process, where specific valuation expertise was required.

Independent auditor's report to the shareholders of Oman Flour Mills Company SAOG (continued)

Our audit approach (continued)

Key audit matter (continued)	How our audit addressed the Key audit matter (continued)
Recoverable amount is defined as the higher of fair value, less cost of disposal and value-in-use ("VIU"). The recoverable amount was based on the VIU method, using discounted future cash flow forecasts, over which management made judgments on certain key inputs including the revenue growth rate, discount rate and perpetual growth rate. Based on the results of the impairment assessment of non financial assets ("PPE"), management determined that no impairment charge was required for the year ended 31 December 2023 in relation to the PPE as the recoverable amount was higher than the carrying value of the PPE. We focused on this area due to the significance of the amounts involved and because management's assessment of the recoverable amount of the PPE of the subsidiary involved judgments about the future performance of the subsidiary and other key inputs including the revenue growth rate, discount rate and perpetual growth rate applied to the future cash flows. Refer to note 17(f) for the disclosures made by management with respect to the above in the financial statements.	In addition, we evaluated the adequacy of the disclosures made in note 17(f) to the financial statements.

Other information

The directors are responsible for the other information. The other information comprises, the Board of Directors' Report, the Corporate Governance Report and Management Discussion & Analysis Report (but does not include these financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report and the Group's Annual Report, which is expected to be made available to us after that date.

Our opinion on these financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of these financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with these financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Independent auditor's report to the shareholders of Oman Flour Mills Company SAOG (continued)

Other information (continued)

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Group's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors.

Responsibilities of the directors for these financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the relevant requirements of the Capital Market Authority of the Sultanate of Oman and the applicable provisions of the Commercial Companies Law of 2019, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, the directors are responsible for assessing the Parent Company and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Parent Company and the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of these financial statements

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of these financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Company's and/or the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's and/or the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company and/or the Group to cease to continue as a going concern.

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Independent auditor's report to the shareholders of Oman Flour Mills Company SAOG (continued)

Auditor's responsibilities for the audit of these financial statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of these financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Further, as required by the relevant requirements of the Capital Market Authority of the Sultanate of Oman and the applicable provisions of the Commercial Companies Law of 2019, we report that these financial statements have been prepared and comply, in all material respects, with those requirements and provisions.

Pricewaterhouse Coopers

Husam Elnaili
Muscat, Sultanate of Oman
15 April 2024

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C.R. No 1230865
PricewaterhouseCoopers LLC

CONSOLIDATED AND PARENT COMPANY'S STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

		Group		Parent company	
	Notes	**2023**	2022 Restated*	**2023**	2022 Restated*
		RO (000)	RO (000)	**RO (000)**	RO (000)
Revenue from contract with customers	6	**123,945**	116,676	**102,698**	98,408
Cost of sales	7	**(105,823)**	(102,864)	**(91,656)**	(90,426)
Gross profit		**18,122**	13,812	**11,042**	7,982
Selling and distribution expenses	8	**(5,060)**	(4,605)	**(734)**	(737)
General and administration expenses	9	**(7,115)**	(5,865)	**(4,493)**	(3,536)
Net impairment release/(loss) on financial assets		**107**	(1,212)	**169**	(340)
Other income	11	**247**	992	**345**	565
Other gains/(losses)- net	12	**1,240**	268	**328**	264
Profit from operations		**7,541**	3,390	**6,657**	4,198
Finance costs	13	**(4,236)**	(2,066)	**(2,311)**	(1,014)
Finance income	13	**379**	313	**687**	510
Share of results in subsidiaries	20(a)	**-**	-	**(1,776)**	(1,061)
Share of net results of associates	20(b)	**(1,821)**	(574)	**(759)**	(73)
Profit before taxation		**1,863**	1,063	**2,498**	2,560
Income tax	14	**(563)**	686	**(717)**	(552)
Profit for the year		**1,300**	1,749	**1,781**	2,008
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Changes in the fair value of equity investments at fair value through other comprehensive income		**45**	-	**45**	-
Total comprehensive income for the year		**1,345**	1,749	**1,826**	2,008
Total comprehensive income attributable to:					
Equity holders of the Parent Company		**1,826**	2,008	**1,826**	2,008
Non-controlling interest		**(481)**	(259)	**-**	-
		1,345	1,749	**1,826**	2,008
Basic and diluted earnings per share (RO)	15	**0.012**	0.013	**0.012**	0.013

* Please refer note 38 for details regarding the restatement.

The notes and other explanatory information on pages 116 to 170 form an integral part of these Parent Company and consolidated financial statements.

Independent auditor's report - pages 105 to 109.

CONSOLIDATED AND PARENT COMPANY'S STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Group			Parent company		
		31 December 2023	31 December 2022 Restated*	1 January 2022 Restated*	**31 December 2023**	31 December 2022 Restated*	1 January 2022 Restated*
		RO'000	RO'000	RO'000	**RO'000**	RO'000	RO'000
ASSETS							
Non-current assets							
Properly, plant and equipment	17	**46,906**	43,809	50,782	**14,612**	10,815	11,509
Investment properties	18	**12,244**	11,133	1,750	**2,219**	2,000	1,750
Intangible assets	19	**17**	23	37	**-**	-	-
Investment in subsidiaries	20(a)	**-**	-	-	**19,389**	20,482	19,119
Investment in associates	20(b)	**9,217**	10,138	9,953	**563**	1,322	1,395
Financial assets at fair value through other comprehensive income	20(c)	**400**	355	355	**400**	355	355
Right-of-use assets	21	**3,256**	3,310	3,507	**40**	47	56
Deferred tax asset	14	**1,552**	849	-	**-**	-	-
Total non-current assets		**73,592**	69,617	66,384	**37,223**	35,021	34,184
Current assets							
Inventories	22	**24,368**	31,201	33,244	**21,506**	28,478	30,578
Trade and other receivables	23	**42,797**	39,259	21,365	**32,875**	29,069	14,316
Due from subsidiaries	34(e)	**-**	-	-	**13,243**	13,172	8,364
Due from related parties	34(e)	**9,607**	4,701	3,469	**9,420**	4,164	3,104
Financial assets at fair value through profit or loss	20(c)	**1,555**	1,493	1,519	**1,555**	1,493	1,519
Term deposits	25	**7,500**	7,500	5,500	**7,500**	7,500	5,000
Cash and cash equivalents	24	**5,407**	5,792	10,071	**4,404**	4,308	7,937
Total current assets		**91,234**	89,946	75,168	**90,503**	88,184	70,818
Total assets		**164,826**	159,563	141,552	**127,726**	123,205	105,002
EQUITY AND LIABILITIES							
Equity							
Share capital	26	**15,750**	15,750	15,750	**15,750**	15,750	15,750
Legal reserve	27	**6,217**	6,628	6,626	**5,250**	5,250	5,250
General reserve	28	**2,500**	2,500	2,500	**2,500**	2,500	2,500
Retained earnings		**47,560**	47,318	50,510	**48,529**	48,717	51,907
Fair value reserve		**150**	105	105	**150**	105	105
Equity attributable to the equity holders of the Parent Company		**72,177**	72,301	75,491	**72,179**	72,322	75,512
Non-controlling interest		**(779)**	(29)	(76)	**-**	-	-
Total equity and non-controlling interest		**71,398**	72,272	75,415	**72,179**	72,322	75,512

* Please refer note 38 for details regarding the restatement.

The notes and other explanatory information on pages 116 to 170 form an integral part of these Parent Company and consolidated financial statements.

Independent auditor's report - pages 105 to 109.

CONSOLIDATED AND PARENT COMPANY'S STATEMENT OF FINANCIAL POSITION (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Group			Parent company		
		31 December 2023	31 December 2022	1 January 2022	**31 December 2023**	31 December 2022	1 January 2022
			Restated*	Restated*		Restated*	Restated*
		RO'000	RO'000	RO'000	**RO'000**	RO'000	RO'000
LIABILITIES							
Non-current liabilities							
Bank borrowings	29	**21,892**	21,725	21,950	**-**	-	-
Lease liabilities	30	**3,806**	3,770	3,881	**35**	46	52
Deferred tax liability	14	**933**	484	1,005	**513**	484	459
Provisions	33	**-**	535	535	**-**	535	535
Provision for employee's end of service benefits	32	**787**	632	543	**93**	64	33
Total non-current liabilities		**27,418**	27,146	27,914	**641**	1,129	1,079
Current liabilities							
Bank borrowings	29	**52,551**	49,677	23,353	**47,598**	44,912	17,370
Provisions	33	**535**	-	-	**535**	-	-
Contract liabilities		**-**	563	39	**-**	619	18
Lease liabilities	30	**124**	107	80	**10**	9	11
Trade and other payables	31	**11,774**	9,042	13,384	**6,087**	3,628	9,824
Taxation	14	**1,026**	756	1,367	**676**	586	1,188
Total current liabilities		**66,010**	60,145	38,223	**54,906**	49,754	28,411
Total liabilities		**93,428**	87,291	66,137	**55,547**	50,883	29,490
Total equity and liabilities	20 (d)	**164,826**	159,563	141,552	**127,726**	123,205	105,002
Net assets per share		**0.458**	0.459	0.478	**0.458**	0.459	0.479

* Please refer note 38 for details regarding the restatement.

These financial statements on pages 6 to 62 were approved by the board of Directors on 14/4/2024 and were signed on their behalf by:

Chairman

The notes and other explanatory information on pages 116 to 170 form an integral part of these Parent Company and consolidated financial statements.

Independent auditor's report - pages 105 to 109.

STATEMENT OF CHANGES IN EQUITY – GROUP
FOR THE YEAR ENDED 31 DECEMBER 2023

	Total equity attributable to the shareholder of the Parent Company							
	Share capital RO'000	Legal reserve RO'000	General reserve RO'000	Retained earnings RO'000	Fair value reserve RO'000	Total RO'000	Non controlling Interest RO'000	Total RO'000
At 1 January 2022	15,750	6,626	2,500	50,510	105	75,491	(76)	75,415
Total comprehensive income for the year	-	-	-	2,008	-	2,008	(259)	1,749
Transactions with owners:								
Transferred to legal reserve	-	2	-	(2)	-	-	-	-
Dividend paid	-	-	-	(5,198)	-	(5,198)	-	(5,198)
Transaction with non-controlling interests	-	-	-	-	-	-	306	306
Total transactions with owners	-	2	-	(5,200)	-	(5,198)	306	(4,892)
At 31 December 2022	15,750	6,628	2,500	47,318	105	72,301	(29)	72,272
At 1 January 2023	**15,750**	**6,628**	**2,500**	**47,318**	**105**	**72,301**	**(29)**	**72,272**
Comprehensive income:								
Profit for the year	**-**	**-**	**-**	**1,781**	**-**	**1,781**	**(481)**	**1,300**
Other comprehensive income:								
Changes in the fair value of equity investments assets at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**45**	**45**	**-**	**45**
Total comprehensive income	**-**	**-**	**-**	**1,781**	**45**	**1,826**	**(481)**	**1,345**
Transactions with owners:								
Transferred within legal reserve	**-**	**(411)**	**-**	**411**	**-**	**-**	**-**	**-**
Dividend paid	**-**	**-**	**-**	**(1,969)**	**-**	**(1,969)**	**-**	**(1,969)**
Transaction with non-controlling interests	**-**	**-**	**-**	**19**	**-**	**19**	**(269)**	**(250)**
Total transactions with owners	**-**	**(411)**	**-**	**(1,539)**	**-**	**(1,950)**	**(269)**	**(2,219)**
At 31 December 2023	**15,750**	**6,217**	**2,500**	**47,560**	**150**	**72,177**	**(779)**	**71,398**

The notes and other explanatory information on pages 116 to 170 form an integral part of these Parent Company and consolidated financial statements.

Independent auditor's report - pages 105 to 109.

STATEMENT OF CHANGES IN EQUITY - PARENT COMPANY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital RO'000	Legal reserve RO'000	General reserve RO'000	Retained earnings RO'000	Fair value reserve RO'000	Total RO'000
At 1 January 2022	15,750	5,250	2,500	51,907	105	75,512
Total comprehensive income for the year	-	-	-	2,008	-	2,008
Transactions with owners:						
Dividend paid	-	-	-	(5,198)	-	(5,198)
At 31 December 2022	15,750	5,250	2,500	48,717	105	72,322
At 1 January 2023	**15,750**	**5,250**	**2,500**	**48,717**	**105**	**72,322**
Comprehensive income:						
Profit for the year	**-**	**-**	**-**	**1,781**	**-**	**1,781**
Other comprehensive income:						
Changes in the fair value of equity investments assets at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**45**	**45**
Total comprehensive income	**-**	**-**	**-**	**1,781**	**45**	**1,826**
Transactions with owners:						
Dividend paid	**-**	**-**	**-**	**(1,969)**	**-**	**(1,969)**
At 31 December 2023	**15,750**	**5,250**	**2,500**	**48,529**	**150**	**72,179**

The notes and other explanatory information on pages 116 to 170 form an integral part of these Parent Company and consolidated financial statements.

Independent auditor's report - pages 105 to 109.

CONSOLIDATED AND PARENT COMPANY'S STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Group		Parent company	
		2023	2022	**2023**	2022
		RO'000	RO'000	**RO'000**	RO'000
CASH FLOWS FROM OPERATING ACTIVTIES					
Cash generated from operations	35	**10,470**	(14,505)	**7,346**	(18,971)
Interest paid		**(3,841)**	(1,801)	**(2,287)**	(969)
Income taxes paid	14	**(522)**	(1,294)	**(598)**	(1,128)
Net cash generated from/ (used in) operating activities		**6,107**	(17,600)	**4,461**	(21,068)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant, and equipment	17	**(6,753)**	(5,293)	**(5,170)**	(635)
Proceeds from sale of property, plant and equipment		**96**	19	**-**	15
Investment in subsidiaries	20 (a)	**-**	-	**(683)**	(2,424)
Investment in associates	20 (b)	**(900)**	(759)	**-**	-
Maturity / placement of short- term deposits	25	**-**	(2,000)	**-**	(2,500)
Proceeds from investments at fair value through profit or loss	20(c)	**47**	26	**47**	26
Interest income received	13	**379**	313	**687**	510
Net movement in non - controlling interest		**-**	306	**-**	-
Dividend income	13	**57**	114	**57**	114
Net cash used in investing activities		**(7,074)**	(7,274)	**(5,062)**	(4,894)
CASH FLOWS FROM FINANCING ACTIVITIES					
Lease liabilities paid	30	**(323)**	(306)	**(20)**	(11)
Repayment of short term loans and borrowings		**(1,967)**	(7,589)	**-**	(4,500)
Proceed from the short term loans and borrowings		**2,199**	3,271	**-**	-
Repayment of loans against trust receipts		**(81,341)**	(52,498)	**(78,010)**	(47,934)
Proceed from the loans against trust receipts		**85,061**	82,722	**80,696**	79,976
Repayment of term loan		**(1,207)**	(1,750)	**-**	-
Proceeds from term loan		**-**	1,648	**-**	-
Dividend payment		**(1,969)**	(5,198)	**(1,969)**	(5,198)
Net cash generated from financing activities		**453**	20,300	**697**	22,333
Net (decrease)/ increase in cash and cash equivalents during the year		**(514)**	(4,574)	**96**	(3,629)
Cash and cash equivalents at the beginning of the year		**5,497**	10,071	**4,308**	7,937
Cash and cash equivalents at the end of the year		**4,983**	5,497	**4,404**	4,308
Cash and cash equivalents at the end of the year comprise of:					
Bank balances and cash		**5,407**	5,792	**4,404**	4,308
Bank overdrafts	24	**(424)**	(295)	**-**	-
		4,983	5,497	**4,404**	4,308

The notes and other explanatory information on pages 116 to 170 form an integral part of these Parent Company and consolidated financial statements.

Independent auditor's report - pages 105 to 109.

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1 Legal status and principal activities

(a) Oman Flour Mills Company SAOG ("the Parent Company")/ ("OFM") is a public joint stock Company registered in the Sultanate of Oman. The principal activity of the Parent Company is milling of wheat and other cereals and sale of flour and the processing and sale of animal feed.

The consolidated financial statements as at and for the year ended 31 December 2023 comprise the Parent Company and its subsidiaries and associates, together referred to as the "Group" [refer notes b) and c) below)].

The Parent Company is the subsidiary of Oman Food Investment Holding Company SAOC ("OFIC"), the ultimate Parent Company.

(b) At the end of the reporting period, the investments directly owned by OFM and the percentage holdings are as follows:

	2023	2022
Investments	**%**	%
Subsidiary:		
- Atyab Investments LLC ("AI") [see note "c") below]	**100.00**	100.00
Associate:		
- Oman Fisheries Company SAOG ("OFC")	**17.27**	17.27

(c) Atyab Investments LLC ("AI") is a wholly owned subsidiary of OFM. AI is a limited liability Company and is engaged in investments in the food sector and related industries in the Sultanate of Oman. At the end of the reporting period, the investments directly owned by AI (indirectly by OFM) and the percentage holdings are as follows:

Investments	**Principal activities**	**2023**	2022
Subsidiaries:		**%**	%
- Atyab Food Industries LLC ("AFI")	Manufacture of fresh and frozen bakery products	**100.00**	100.00
- Atyab International Services LLC ("AIS")	Providing laboratory services for testing of materials	**100.00**	100.00
- Atyab Technical Services LLC ("ATS")	Providing sponsorship services for various businesses	**100.00**	100.00
- Sohar Flour Mills Company LLC ("SFM")	Manufacturing, importing and exporting of wheat and flour	**60.00**	60.00
- Omaus Ply Limited ("OPL") [see note d) below]	Procurement of wheat from Australia	**100.00**	100.00
- Atyab International Services (Uzbekistan) ("AIS-U") / (see note below)	Laboratory services for testing of chemicals and consultancy services	**100.00**	100.00
Associate:			
- Atyab IFFCO Poultry LLC ("AIP")	Investing activities in food sector	**50.00**	50.00
- Arabian Food Production Company SAOC ("AFP")	Investing activities in food sector	**33.33**	33.33
- Food Techno Park LLC ("FTP")	Providing innovation in the food sector - operations not commenced	**50.00**	50.00
- Bio Products Oman SAOC ("BPO")	Production of cattle feed – operations not commenced	**33.33**	33.33
-Modern Dairy Factory	Production of dairy products	**40.00**	0.00

1 Legal status and principal activities (continued)

(d) Omaus PTY Limited ("OPL") is a wholly owned subsidiary of AI registered in Australia in the state of Victoria. OPL is limited liability company and is formed for facilitating the Parent Company's procurement of wheat from Australia.

2 Basis of Preparation

(a) Compliance with IFRS

The consolidated financial statements of the Group and the financial statements of the Parent Company (together referred to as "these financial statements") have been prepared in accordance with IFRS Accounting Standards. These financial statements also comply with the applicable requirements of the Commercial Companies Law of 2019 of the Sultanate of Oman and the rules and guidelines on disclosure issued by the Capital Market Authority.

The accounting records are maintained in Omani Rial, which is the functional and reporting currency for these financial statements. These financial statements numbers are rounded to the nearest thousand except when otherwise indicated.

The preparation of these financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these financial statements are disclosed in note 5.

(b) New and amended standards adopted by the Group

These financial statements have been drawn up based on accounting standards, interpretations and amendments effective for periods ending on or before 31 December 2023. The Group 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:

The Group has applied the following relevant standards and amendments for the first time for their annual reporting period commencing 1 January 2023:

- Disclosure of Accounting Policies- Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates- Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction- Amendments to IAS 12.
- International Tax Reform- Pillar Two Model Rules-amendments to IAS 12.

The amendments listed above did not have any impact on the amounts recognised in the prior and current periods.

(c) New standards and interpretations not yet adopted:

The following standards, amendments and interpretations to existing standards have been published and are not mandatory for the 31 December 2023 reporting periods and have not been early adopted by the Group. The Group is currently assessing the impact of these standards, amendments or interpretations on the financial statements.

- Classification of Liabilities as Current or Non-current- Amendments to IAS 1
- Lease Liability in a Sale and Leaseback- Amendments to IFRS 16
- Supplier finance arrangements- Amendments to IAS 7 and IFRS 7

2 Basis of Preparation (continued)

(c) New standards and interpretations not yet adopted: (continued)

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 Summary of material accounting policies

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

3.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (including structured entities) and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties
- rights arising from contractual arrangements; and
- any additional facts and circumstances that indicate that the company has or does not have the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributable to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3 Material Accounting Policies (continued)

3.1 Basis of consolidation (continued)

(i) Business combinations
The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired and any amount of any non-controlling interest in the acquiree. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in the statement of comprehensive income immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in statement of comprehensive income.

Any contingent consideration payable is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within scope of IFRS 9 Financial instruments, is measured at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at FV at each reporting date with changes in fair value are recognised in statement of comprehensive income

(ii) Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in these consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Non-controlling interests
Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iv) Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Revenue from services is recognised at the point in time when services are rendered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the services.

The normal credit term is 30 to 90 days upon delivery of goods or upon completion of services.

3 Material Accounting Policies (continued)

3.2 Revenue from contracts with customers (continued)

Variable consideration

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., fixed and progressive rebates). In determining the transaction price for the sale of goods, the Management considers the effects of variable consideration and consideration payable to the customer (if any).

Rebates

The Group offers two types of rebates i.e. fixed rebate and volume rebate.

Fixed rebate

Fixed rebate is extended for certain contracts against the overall value of sales undertaken and are irrespective of any criteria to be complied with. Fixed rebates are accounted simultaneously through a credit note when the revenue is accounted and effectively reduced from revenue.

Volume rebates

The Group provides volume or progressive rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold.

The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates. The Group reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly.

Right of return

Right of return asset represents the Group’s right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventories, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

Refund liability

For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

3.3 Other income

Other income represents income generated by the Company that arises from activities outside of the trading of flour and feed sales.

3.4 Finance cost

Finance costs comprise interest expense on lease liabilities and borrowings recognised in consolidated statement of comprehensive income.

3.5 Finance income

Finance income comprises interest income on funds invested that is recognised in the consolidated statement of comprehensive income. Interest income is recognised as it accrues in statement of comprehensive income, using the effective interest method.

3 Material Accounting Policies (continued)

3.6 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Taxation is provided in accordance with Omani regulations.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is ecogniz or the liability is settled, based on laws that have been enacted at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be recognised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recognizd. Unrecognised deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Current and deferred tax for the year

Current and deferred tax are recognized in statement of comprehensive income, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

3.7 Directors' remuneration

The Company follows the Commercial Companies Law of 2019, and other latest relevant directives issued by the Capital Market Authority, in regard to determination of the amount to be paid as Directors' remuneration. Directors' remuneration is charged to statement of comprehensive income in the year to which it relates.

3.8 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements only in the period in which the dividends are approved by the Company's shareholders.

3.9 Property, plant and equipment

Property and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is charged to statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

3 Material Accounting Policies (continued)

3.9 Property, plant and equipment (continued)

	Group (Years)	Parent Company (Years)
Buildings	5 to 40	5 to 40
Plant, machinery and tools	5 to 25	15
Furniture, fittings and equipment	3 to 10	3 to 5
Motor vehicles	4 to 6.67	4
Crates, dollies, pans, etc	3 to 5	-

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that it replaces is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in statement of comprehensive income as the expense is incurred. When each major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognising of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in statement of comprehensive income in the period the asset is derecognised.

The assets' residual values, useful lives and methods are reviewed, and adjusted prospectively, if appropriate, at each financial year end.

Capital work-in-progress is stated at cost and includes all expenditures incurred on engineering, design work and costs directly attributable to the project engineering, procurement and construction / installation until such time the assets are put to use, when these will be allocated to property, plant and equipment. Capital work-in-progress is not depreciated.

3.10 Investment properties

Property, which is held for rental or capital appreciation, is classified as investment property. The carrying amount of investment property is the fair value of the property as determined on a recurring basis by a registered independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Changes in the fair value are recognised in the statement of income.

3.11 Intangible assets

Software

Intangible asset comprises the cost of ERP software. Computer software costs that have probable economic benefit exceeding more than one year are recognised as intangible asset. Intangible asset is amortised using the straight-line method over their estimated useful life of 3 years and any impairment losses are recognised.

3 Material Accounting Policies (continued)

3.11 Intangible assets (continued)

Goodwill

Goodwill arising on acquisition of subsidiary is initially recognised at cost, being the excess of cost of business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill is subsequently measured at cost less accumulated impairment losses. Negative goodwill is recognised immediately in the consolidated statement of income. Impairment losses, if any, in respect of goodwill arising on consolidation are assessed on an annual basis.

3.12 Investment in subsidiaries and associates

Investments in subsidiaries and associates - Parent Company

Investments in subsidiaries and associates are accounted in the separate financial statements by using the equity method. Investments in subsidiaries and associates are initially recorded at cost and the carrying amount is increased or decreased to recognise the Parent Company's share of the profits or losses of the subsidiary / associate and other comprehensive income after acquisition.

The carrying amount of these investments is reduced to recognise any impairment of the value of the individual investment. If the Parent Company's share of losses exceeds its interest in the investment, the carrying value of that investment is reduced to nil and the recognition of any further losses is discontinued unless the Parent Company has an obligation to make further funding contributions to that subsidiary or associate.

Investments in subsidiaries – Group

An entity over which the Group exercises control is classified as a subsidiary. Control is achieved where the Group has power over the investee, that exposes or gives rights to variable returns from its involvement with the investee and is able to use its power to affect the amount of returns from the investee. Generally, control is achieved with a shareholding of more than one half of the voting rights over the relevant activities of the investee.

Investments in associates – Group

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. When the Group accounts are prepared, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases.

Dividend received is reduced from the carrying value of the investment in the associates in the year in which the dividend is received.

Initial recognition and measurement:

At the date of acquisition, any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the subsidiary and associate is recognised as goodwill. The Group's share in the subsidiaries and associates is the aggregate of the holdings in that entity by the Parent Company and its subsidiaries.

3 Material Accounting Policies (continued)

3.13 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The fair values of quoted investments are determined with reference to the closing prices in organized financial markets at the end of the reporting period.

The fair values of the non-quoted equity investments have been estimated using a discounted cash flow model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in Management's estimate of fair value for these non-quoted equity investments.

However, when sufficient more recent information is not available to measure fair value or when there is a wide range of possible fair value measurements, and cost represents the best estimate of fair value in the range, the non-quoted investments are carried at cost.

3.14 Inventories

Inventories are stated at lower of cost and net realisable value. Net realisable value is a price at which inventories can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective items.

The cost of grains (raw materials) is determined by the weighted average price method. Other raw materials and packing materials are determined by the first-in first-out method and spares are determined by the weighted average cost method. The cost of finished goods is determined by the first-in first-out method. In case of finished goods, cost includes an appropriate share of overheads based on normal operating capacity.

Work in progress comprises direct materials, direct labour costs and other variable overheads.

3 Material Accounting Policies (continued)

3.15 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents consist of bank deposits, bank balances and cash with maturity of three months or less from the date of acquisition, net of bank overdrafts, if any.

Bank borrowings that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.16 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and represent the Group'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 30 to 90 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 components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

3.17 Financial assets

Initial recognition

The Group's financial assets comprise trade and other receivables, bank balances and cash, short term deposits, amounts due from subsidiaries and related parties, investments at fair value through other comprehensive income and investments at fair value through profit and loss. These financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables, that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, 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 Group'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.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

3 Material Accounting Policies (continued)

3.17 Financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets across the various categories are analyzed as follows: Financial assets at amortised cost:

The Group 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 these financial assets is included in finance income using the effective interest rate method. Impairment losses are presented as separate line item under general and administration expense in the statement of income.

Equity instruments at fair value through other comprehensive income (FVOCI)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments, which are not held for trading, as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of income. Equity investments designated at FVOCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss (FVTPL)

The Group classifies the following financial assets at fair value through profit or loss (FVTPL):

- debt investments that do not qualify for measurement at either amortised cost or FVOCI;
- financial assets that are held for trading, and
- equity investments for which the Group has not elected to recognise fair value gains and losses through OCI

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of income.

Dividend income

Dividend income from investments is accounted when the right to receive payment is established.

Impairment

Financial assets

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

Trade receivables

The Group recognises allowance for expected credit losses (ECLs) applying a simplified approach for trade receivables, at an amount equal to lifetime ECLs. The Group 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.

3 Material Accounting Policies (continued)

3.17 Financial assets (continued)

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 amounts due from related parties (including subsidiaries and associates), other receivables, bank balances and cash and short-term deposits, the ECL adjustments are made only if they are material.

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

The Group 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 Group 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 Group'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 nonfinancial assets. If an indication exists, the Management estimates the recoverable amount of the asset and recognizes an impairment loss in the statement of income. 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 or reversals are recognized immediately 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.

3.18 Financial liabilities

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

3.19 Employees' end of service benefits

End of service benefits are accrued in accordance with the terms of employment of the Group employees at the reporting date, having regard to the requirements of the Oman Labour Law 2023 as amended and in compliance with IAS-19: 'Employee Benefits'. Employee entitlements to annual leave and leave salary are recognised when they accrue to employees and an accrual is made for the estimated liability as a result of services rendered by employees up to the reporting date. These accruals are disclosed in current liabilities, while that relating to end of service benefits is disclosed as a non-current liability.

Contributions to a defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with the Omani Social Insurance Law of 1991 are recognised as an expense in the statement of comprehensive income as incurred.

3 Material Accounting Policies (continued)

3.20 Foreign currency transactions

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

3.21 Provisions

A provision is recognised in the statement of financial position when the Group 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, and a reliable estimate of the amount thereof can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.22 Operating segments

An operating segment is component of the Group 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 Group's other components. All operating segment's operating results are reviewed by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.23 Leases

The Group leases its office equipment, quay space and factory lands under various leasing arrangements. Contracts may contain both lease and non-lease components. The Group 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 Group. 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 Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option, and
- penalties for terminating the lease, if the lease term reflects the Group 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 Group'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.

3 Material Accounting Policies (continued)

3.23 Leases (continued)

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

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

Lessor

Lease income from the investment properties where the Group is a lessor is recognised on a straight-line basis over the lease term. The investment properties are included in the statement of financial position of the Group.

3.24 Borrowing

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date

3.25 Contract liability

A contract liability is the obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods 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 Group performs under the contract.

3.26 Deferred financing costs

The cost of obtaining long-term financing is deferred and amortised over the term of the long-term loan using the effective interest rate method. Deferred financing costs less accumulated amortisation are offset against the drawn amount of long-term loans. The amortisation of deferred financing costs is charged to the statement of income.

3.27 Government subsidy

A government subsidy that becomes receivable as compensation for expenses already incurred or for the purpose of giving immediate financial support to the Company is recognised as a deduction from the cost of sales in the year in which it becomes receivable. Any unused amount of government subsidy is deferred and netted off against subsidy receivable.

3.28 Rental income

Rental lease income from the grain silos where the Group is a lessor is recognised as income on a straight-line basis over the lease term.

4 Financial risk management

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks including the effects of changes in credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out by the management under policies approved by the Board of Directors.

(a) Market risk

(i) Foreign exchange risk

The Group and Parent Company is exposed to foreign exchange risk arising from various currency exposures primarily relating to UAE Dirhams, US Dollars and Euros. The Company's exposure to foreign currencies at the end of the reporting period is as follows:

	Group		Parent company	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Trade receivables	**367**	2,200	**70**	708
Bank balances	**939**	1,122	**841**	1,002
Trade payables	**306**	832	**69**	307
Borrowings	**90**	1,441	**-**	-
	1,702	5,595	**980**	2,017

However, majority of the Group's financial assets and financial liabilities which are denominated in foreign currencies are fixed against Rials Omani. Hence the Management believes that there would not be a material impact on the Group's and Parent Company's profitability if the remaining foreign currencies weakens or strengthens against the Rials Omani with all other variables held constant.

ii) Interest rate risk

The Group and the Parent Company have bank deposits, borrowings, which are interest bearing and exposed to changes in market interest rates. The relevant interest rates are disclosed in notes 29 and 25 to the financial statements.

The Management analyses interest rate exposure on a regular basis, renegotiates interest rates at terms favorable to the Group and ensures that they are as far as possible on a fixed rate basis. The bank deposits and bank borrowings are at fixed interest rates which expose the Group to fair value interest rate risk. The Group analyses its interest rate exposure on a regular basis and reassesses the source of borrowings and renegotiates interest rates at terms acceptable to the Group. If the interest rate was to shift by 1%, there would be a maximum increase or decrease in the interest expense by RO 744,000 (2022 - RO 714,000).

iii) Price risk

The Group is exposed to price risk.

The Parent Company's investments are subject to market price risk arising from uncertainties about future prices of equities. Market price risk is managed through the diversification of the investments, thereby avoiding concentration of investments in individual securities. Furthermore, the Parent Company's investments are managed according to the guidelines provided by the Board of Directors.

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

iii) Price risk (continued)

The Parent Company's quoted investments are publicly traded in the Muscat Stock Exchange. Assuming that:

- the MSX index indices would have changed by 5%.
- the Parent Company's equity instruments move according with the historical correlation with the index; and
- all other variables are constant.

the impact on the net profit of the Group and Parent Company would approximate to RO 74,548 (2022 - RO 73,550).

(b) Credit risk

Credit risk primarily arises from credit exposures to customers, including outstanding receivables and committed transactions. The Group 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 and amounts due from related parties (including dues from subsidiaries in Parent Company) approximate their fair values due to the short-term nature of those receivables.

The credit exposure of trade receivables is further analyzed as follows:

- 25% of Group's trade receivables are due from 5 customers (2022 - 31% from 5 customers).

  35% of Parent Company's trade receivables are due from 5 customers (2022 - 43 % from 5 customers).
- 49% of related party dues are receivable from subsidiaries in the Parent Company's financial statements (2022 -55%).

Expected credit losses:
The Group and the Parent Company applies the IFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables. The expected credit losses was determined as follows for trade receivables:

GROUP		**Past due by more than**					
Year 2023	**Current**	**0 - 90 days**	**91 - 180 days**	**181-270 days**	**Above 270 days**	**Specific debts**	**Total**
Carrying value (RO)	**14,215**	**3,410**	**1,680**	**751**	**3,929**	**833**	**24,818**
Expected loss rate	**3.10%**	**3.06%**	**9.65%**	**15.08%**	**31.18%**	**100.00%**	**-**
Loss allowance (RO)	**482**	**104**	**162**	**113**	**1,225**	**833**	**2,920**

GROUP		Past due by more than					
Year 2022	Current	0 - 90 days	91 - 180 days	181-270 days	Above 270 days	Specific debts	Total
Carrying value (RO)	10,242	3,996	2,279	1,180	2,577	651	20,925
Expected loss rate	4.50%	4.20%	6.85%	9.75%	48.97%	100.00%	
Loss allowance (RO)	461	168	156	115	1,262	651	2,813

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

PARENT		**Past due by more than**					
Year 2023	**Current**	**0 - 90 days**	**91 - 180 days**	**181-270 days**	**Above 270 days**	**Specific debts**	**Total**
Carrying value (RO)	**6,832**	**2,331**	**1,477**	**640**	**2,021**	**670**	**13,971**
Expected loss rate	**1.80%**	**1.16%**	**8.33%**	**16.09%**	**3.27%**	**100.00%**	**-**
Loss allowance (RO)	**123**	**27**	**123**	**103**	**66**	**670**	**1,112**

GROUP		Past due by more than					
Year 2022	Current	0 - 90 days	91 - 180 days	181-270 days	Above 270 days	Specific debts	Total
Carrying value (RO)	7,147	2,669	1,783	540	1,233	637	14,009
Expected loss rate	2.15%	4.23%	6.45%	14.26%	15.00%	100.00%	
Loss allowance (RO)	154	113	115	77	185	637	1,281

Bank balances and short-term deposits:

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

Amounts due from related parties.

Amounts due from related parties (including dues from subsidiaries in Parent Company) are expected to have low credit risk. Accordingly, no expected credit losses on such dues have been provided.

(c) Liquidity risk

The Management monitors liquidity requirements on a regular basis and ensures that sufficient funds are available including unutilized credit facilities to meet all liabilities as they fall due. The Group and Parent Company manages liquidity risk of maintaining adequate reserves, banking facilities and borrowing facilities by continuously monitoring forecast and actual cash flows.

The maturity analysis in respect of the lease liabilities and borrowings has been provided in notes 30 (b) and 29(f) respectively. All current financial liabilities are expected to be repaid within three to six months from the end of the reporting period.

(d) Capital risk management

The Groups' objectives when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The capital requirements of the Group are determined by the Commercial Companies Law of the Sultanate of Oman.

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(d) Capital risk management (continued)

The capital of the Group Companies comprises share capital, accumulated losses and borrowings. Management's policy is to maintain an optimum capital base to maintain investor, creditor and market confidence to sustain future growth of business as well as return on capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'Total equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 31 December 2023 and 2022 were as follows:

	2023	2022
Group	**RO'000**	RO'000
Total borrowings including lease liabilities	**78,373**	75,279
Less: cash and cash equivalents	**(5,407)**	(5,792)
Net debt	**72,966**	69,487
Total equity	**72,860**	72,301
Total capital employed	**145,826**	141,788
Gearing ratio	**50%**	49%

	2023	2022
Parent	**RO'000**	RO'000
Total borrowings including lease liabilities	**47,643**	44,967
Less: cash and cash equivalents	**(4,404)**	(4,308)
Net debt	**43,239**	40,659
Total equity	**72,859**	72,322
Total capital employed	**116,098**	112,981
Gearing ratio	**37%**	36%

5 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below;

- ***Useful lives of property, plant and equipment and intangible assets***

The Management determines the estimated useful lives of property, plant and equipment and intangible assets for calculating depreciation and amortization, respectively. The estimation of useful lives of property, plant and equipment and intangible assets is based on Management's assessment of various factors such as the supplier's technical estimates, operating cycles, the maintenance programs and normal wear and tear. The Management reviews, on an annual basis, whether intangible assets have suffered any impairment.

5 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 estimates of the realizable value of the inventories based on the Group's provisioning policy or otherwise, historical experiences considering the technical usage of the inventories.

- ***Share of unaudited results of a subsidiary***

Share of results in a subsidiary (OMAUS) are based on the unaudited financial statements at 31 December 2023. Based on past practice and experience, the Management believes that the share of results of the subsidiary based on the unaudited financial statements at 31 December 2023 is not likely to be materially different from the audited results. The level of transactions in the subsidiary is not material and accordingly the management does not believe that the audited results would be materially different.

- ***Estimation of lease term***

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.

- ***Expected credit losses (ECLs)***

Management estimates the expected loss rates based on historical credit loss experience which are adjusted to reflect current and forward-looking information based on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified Gross Domestic Product "GDP" and per capita income of Oman to be the most relevant factors and accordingly, adjust the historical loss rates based on expected changes in the factor.

- ***Impairment of non-financial assets***

At the end of the reporting period, the Management has assessed if there are any indicators of impairment of nonfinancial assets (property, plant and equipment, investment properties, intangible assets, investment in subsidiaries and associates 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 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.

- ***Going concern assumption in SFM***

The following events or conditions on the face of it could indicate a material uncertainty exists that may cast doubt on SFM's ability to continue as a going concern:

- during the year, SFM incurred a net loss of RO 1,202,721 (2022 - RO 646,354) and the accumulated losses at the end of the reporting period amounted to RO 7,940,686 (2022 - RO 6,737,965) which has fully eroded (2022 - 100%) of the share capital of SFM; and
- at the end of the reporting period, the current liabilities of SFM exceeded its current assets by RO 10,355,577 (2022 - RO 9,096,136).

5 Critical accounting estimates and judgements (continued)

• *Going concern assumption in SFM (continued)*

However, SFM's management have concluded that no material uncertainty exists and the financial statements of SFM have been prepared on a going concern basis as:

- SFM has entered into an agreement with The Public Authority for Stores & Food Reserve ("PASFR") which has started generating income in the current year since the construction of the grain silos have been completed;
- A significant portion of SFM's trade and other payables included under current liabilities, is towards amounts due to a Shareholder; and
- SFM's Shareholders have confirmed that they will provide adequate funds to continue operations, if required.

• *Government subsidy*

The method of calculation of the flour and feed subsidy receivable from the Government of the Sultanate of Oman as referred to in note 23(d). The Management has taken the view that the methods of calculation of wheat subsidy as set out initially by the Ministry of Agriculture, Fisheries and Water Resources ('MOAFW') will apply and that there will not be any change in the methods of calculation arising from an assessment currently being carried out by MOAFW and Ministry of Finance ('MOF') as explained in note 23(d) to the financial statements. The Management's view is that even if there is 'any' change in the methods of calculation, the change would not be retrospective and the current amounts receivable of RO 6,421,297 (2022 – RO 4,524,173) against flour and feed subsidy will therefore remain recoverable.

• *Fair value of investment properties*

Estimation of the fair values of investment properties is generally based on independent valuer's assessment of the properties. If it is not practicable to obtain an independent valuation, the Management estimates are used to determine the fair values based on their knowledge and experience of the present value of future expected cash flows to be generated from the investment properties.

The valuations, whenever undertaken, are performed by an accredited independent valuer with a recognized and relevant professional qualification and recent experience of the location and category of the investment property being valued.

The fair valuation model is consistent with the principles in IFRS 13 'Fair value measurements' and requires the use of significant estimates and judgments.

• *Deferred taxation*

Significant management judgement is required to determine the amount of deferred taxation that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

6 Revenue from contract with customers

The company derives revenue from transfer of goods at a point in time and transfer of services point over time in the following major product lines and geographical regions:

	Group		Parent company	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Sales of flour products:				
Local	**33,328**	31,488	**15,574**	17,572
Export	**8,808**	10,471	**6,877**	8,871
Sales of feed products:				
Local	**61,432**	56,823	**62,257**	56,823
Export	**822**	372	**822**	372
Related party sales	**-**	-	**17,168**	14,770
Sales of bakery products:				
Local	**12,472**	13,408	**-**	-
Export	**2,715**	1,313	**-**	-
Revenue from services	**4,368**	2,801	**-**	-
	123,945	116,676	**102,698**	98,408

7 Cost of sales

	Group		Parent company	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Cost of raw materials consumed	**98,188**	95,803	**89,991**	87,897
Less: Government subsidy [note 23(d)]	**(5,219)**	(4,451)	**(5,219)**	(4,451)
	92,969	91,352	**84,772**	83,446
Employee salaries and its associated costs (note 10)	**4,775**	4,373	**2,219**	1,914
Depreciation on property, plant and equipment [note 17(e)]	**3,319**	2,851	**1,247**	1,221
Depreciation on right-of-use assets	**191**	197	**7**	9
Provision for slow and non-moving inventories (note 22)	**(256)**	(7)	**188**	(116)
Other overheads	**4,825**	4,098	**3,223**	3,952
	105,823	102,864	**91,656**	90,426

The Parent Company is entitled for Government subsidy on consumption of wheat and certain raw materials relating to animal feed production which effectively limits the maximum cost consumption by the Parent Company.

8 Selling and distribution expenses

	Group		Parent company	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Employee salaries and associated costs (note 10)	**2,417**	2,172	**416**	391
Advertising, sales promotion and other overheads	**1,889**	1,720	**312**	342
Vehicle expenses	**752**	709	**4**	1
Depreciation [note 17(e)]	**2**	4	**2**	3
	5,060	4,605	**734**	737

9 General and administration expenses

	Group		Parent company	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Employee salaries and its associated costs (note 10)	**3,436**	3,397	**2,628**	2,333
Professional fees	**207**	405	**147**	249
Repairs and maintenance	**98**	281	**67**	170
Depreciation [note 17(e)]	**259**	278	**124**	105
Rent, utilities and insurance	**622**	233	**425**	78
Corporate social responsibility	**194**	150	**194**	150
Directors' remuneration	**147**	150	**147**	35
[note 34(a)]	**102**	101	**57**	28
Communication expenses	**28**	42	**28**	29
Directors' meeting attendance fees [note 34(a)]	**60**	40	**66**	16
Travelling expenses				
Amortisation of intangible assets (note 19)	**6**	14	**-**	-
Miscellaneous	**1,956**	774	**610**	343
	7,115	5,865	**4,493**	3,536

10 Employee salaries and its related costs

(a) Employee salaries and its related costs are included in the statement of income and are analyzed as follows:

	Group		Parent company	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Cost of sales (note 7)	**4,775**	4,373	**2,219**	1,914
Selling and distribution expenses (note 8)	**2,417**	2,172	**416**	391
General and administration expenses (note 9)	**3,436**	3,397	**2,628**	2,333
	10,628	9,942	**5,263**	4,638

10 Employee salaries and its related costs (continued)

(b) Employee salaries and its related costs included under cost of sales, selling and distribution, general and administration expenses comprise:

	Group		Parent company	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Salaries, wages and other benefits	**9,489**	9,491	**4,897**	4,300
Contributions to defined retirement plan for Omani employees	**413**	308	**334**	308
Provision for employee's end of service benefits obligations (note 32)	**726**	143	**32**	30
	10,628	9,942	**5,263**	4,638

11 Other income

	Group		Parent company	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Rental income	**96**	456	**96**	94
Commission income	**-**	162	**-**	162
Dividend income	**57**	114	**57**	114
Miscellaneous	**94**	260	**192**	195
	247	992	**345**	565

12 Other gains/(losses)

	Group		Parent company	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Fair value changes in investment properties (note18)	**1,111**	250	**219**	250
Gain on disposal of investments at fair value through profit or loss[note 20(c)]	**72**	32	**72**	32
Fair value changes in investments at fair value through profit or loss [note 20(c)]	**37**	(33)	**37**	(33)
Gain on disposal of property, plant and equipment	**20**	19	**-**	15
	1,240	268	**328**	264

13 Finance income and costs

	Group		Parent company	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Finance income				
Interest on amounts due from a related party	**-**	-	**308**	197
Interest income on deposits	**379**	313	**379**	313
	379	313	**687**	510
Finance costs				
Interest on leases (note 30)	**(376)**	(222)	**(10)**	(2)
Portfolio management fees	**(14)**	(43)	**(14)**	(45)
Interest on bank borrowings	**(3,846)**	(1,801)	**(2,287)**	(967)
	(4,236)	(2,066)	**(2,311)**	(1,014)
	(3,857)	(1,753)	**(1,624)**	(504)

14 Income tax

	Group		Parent company	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Statement of comprehensive income				
- Current tax in respect of current year	**817**	683	**688**	526
- Deferred tax (release)/ charge in respect of current year	**(254)**	(1,369)	**29**	26
	563	(686)	**717**	552
Statement of financial position				
The movement in the current taxation liability as follows:				
Beginning of the year	**756**	1,367	**586**	1,188
Charge for the year	**792**	683	**688**	526
Payment during the year	**(522)**	(1,294)	**(598)**	(1,128)
At the end of the year	**1,026**	756	**676**	586

	Group		Parent company	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Deferred tax (liabilities)/assets				
Beginning of the year	**365**	(1,004)	**(484)**	(458)
Movement for the year through statement of comprehensive income	**254**	1,369	**(29)**	(26)
At the end of the year	**619**	365	**(513)**	(484)

14 Income tax (continued)

(a) The deferred tax asset/ (liability) and the deferred tax (release) / charge in the statement of income are attributable to the following items:

Parent Company	**Accelerated tax depreciation**	**Provisions and others**	**Total**
	RO'000	**RO'000**	**RO'000**
At 1 January 2022	(605)	147	(458)
(Release) / charged to the statement of comprehensive income	41	(66)	(26)
At 31 December 2022	(564)	80	(484)
At 1 January 2023	**(564)**	**80**	**(484)**
(Release) / charged to the statement of comprehensive income	**(271)**	**242**	**(29)**
At 31 December 2023	**(835)**	**322**	**(513)**

Group -Deferred tax assets	Accelerated tax depreciation	Accelerated tax depreciation	Provisions and others	Carry forward tax losses
	RO'000	RO'000	RO'000	RO'000
At 1 January 2022				
(Release) / charged to the statement of comprehensive income	(461)	225	1,085	849
At 31 December 2022	(461)	225	1,085	849
At 1 January 2023	**(461)**	**225**	**1,085**	**849**
(Release) / charged to the statement of comprehensive income	**(386)**	**1,119**	**(30)**	**703**
At 31 December 2023	**(847)**	**1,344**	**1,055**	**1,552**

(b) Taxation is provided at [xxx] (2022 - 15%) on the profit for the year adjusted for tax purposes. The reconciliation of taxation on the accounting profit with the taxation charge in statement of income for the year is as follows:

	Group		**Parent company**	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Tax charge on accounting profit of taxable companies	**493**	(434)	**411**	(384)
(Add)/ less tax effect of:				
Income exempts from tax	**(74)**	131	**(344)**	131
Prior period excess	**-**	13	**-**	-
Deferred tax	**254**	1,369	**(29)**	(26)
Non-deductible expenses	**(1,236)**	(393)	**(755)**	(273)
Current taxation charge for the year	**(563)**	686	**(717)**	(552)

14 Income tax (continued)

(c) The status of the tax assessments of the Companies within the Group pending to be finalised by the Tax Authority is as follows:

Group Companies	Assessments pending for years
Oman Flour Mills Company SAOG	2020 to 2022
Atyab Investments LLC	2018 to 2022
Atyab Food Industries LLC	2019 to 2022
Atyab International Services LLC	2019 to 2022
Atyab Technical Services LLC	2019 to 2022
Sohar Flour Mills LLC	2019 to 2022

(d) In accordance with Ministerial Decision number 103 / 2019, SFM is exempt from income tax for a period of five years from 30 January 2019 to 29 January 2024.

(e) In 2022, AIS's, ATS's and SFM's tax assessment for the year 2018 were finalised by the Tax Authority with no additional demand for tax and the Parent Company's tax assessment for the years 2018 and 2019 were finalised by the Tax Authority with an additional demand for tax amounting to RO 30,995 which was paid during the year.

15 Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the profit for the year attributable to ordinary equity holder of the Parent Company by the weighted average number of shares outstanding during the year as follows:

	Group		Parent company	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Profit for the year (RO'000) attributable to equity holders of the Parent Company	**1,826**	2,008	**1,826**	2,008
Weighted average number of shares outstanding for the year (number in thousand)	**157,500**	157,500	**157,500**	157,500
Basic and diluted earnings per share (RO)	**0.012**	0.013	**0.012**	0.013

No figure for diluted earnings per share has been presented, as the Parent Company has not issued any instruments which would have an impact on earnings per share when exercised.

16 Dividends

The Directors have proposed a dividend of baisa 12.5 per share for the year ended 31 December 2022 amounting to RO 1,968,750. This was approved by the Company's shareholders at the Annual General Meeting held on 28 March 2023 and was paid in April 2023. The Board of Directors has proposed a dividend of RO 1,745,100 (2022 - RO 1,968,750) which is subject to Shareholders' approval at the forthcoming Annual General Meeting.

17 Property, Plant And Equipment

(a) The factory buildings and plant facilities of AFI are built on a plot of leasehold land in Barka under a lease agreement that is valid until 30 May 2034.

(b) The grain silos and plant and machinery of SFM are built on land leased from Sohar Industrial Port under a 25 year non-cancellable and renewable lease agreement.

17 Property, Plant And Equipment (continued)

(c) Property, plant and equipment of SFM are mortgaged against term loans and bank borrowings availed from local commercial banks (notes 29).

(d) The Group's capital work in progress of RO 4.4 million (2022 - RO 1.4 million) mainly includes costs incurred by the Parent Company towards packing machinery, cleaning machineries and chain belt which are awaiting installation at the end of the reporting period.

(e) The depreciation on property, plant and equipment for the year has been allocated as follows:

	Group		Parent company	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Cost of sales (note 7)	**3,319**	2,851	**1,247**	1,221
Selling and distribution (note 8)	**2**	4	**2**	3
General and administration expenses (note 9)	**259**	278	**124**	105
	3,580	3,133	**1,373**	1,329

(f) At 31 December 2023, the Group assessed for impairment of non-financial assets of its subsidiary Sohar Flour Mills LLC ("SFM") considering the recoverable amount of property, plant and equipment ("PPE") and their carrying value as at 31 December 2023. The recoverable amount of the PPE is the value in use of the PPE based on the present value of the estimated future cashflows. Based on the Group's impairment assessment, as the recoverable amount based on the value in use of CGU is estimated to be significantly over the carrying amount, no impairment loss was recognized on the PPE for the year.

Key assumptions adopted by the management of the Group in the value in use calculation for the recoverable amount of the PPE CGU are as follows;

- Growth rates for revenue and cost of sales ranging between 5% to 10% per annum are applied in the cashflow projection;
- Terminal growth rate 2%;
- Pre tax discount rate of 12% is adopted based on the analysis performed by the management which reflects current market assessments of the time value of money and the risks associated with it.

Assuming individual key inputs are changed as below, with all the other key inputs remaining constant, the recoverable amount of the PPE CGU as at 31 December 2023 continues to be higher than the carrying value of the PPE CGU, thus resulting in no impairment.

Change in key input	**Impact on impairment**
Discount rate	
- absolute change of +1%	No impairment noted
Exit yield/terminal value	
- absolute change of - 0.5%	No impairment noted
Revenue growth rate	
- absolute change of -1%	No impairment noted

17 Property, Plant And Equipment (continued)

Group

	Freehold land RO'000	Buildings on freehold land RO'000	Buildings on leasehold land and leasehold improvements RO'000	Plant, machinery and tools RO'000	Furniture, fittings and equipment RO'000	Motor vehicles RO'000	Crates, dollies, pans, etc. RO'000	Capital work-in-progress RO'000	Total RO'000
Cost									
At 1 January 2023	489	22,924	9,632	58,037	3,347	2,194	871	1,435	98,929
Additions	-	-	-	911	141	31	126	5,544	6,753
Transferred from capital work in progress	-	1,562	-	809	83	38	-	(2,492)	-
Disposals	-	-	(79)	-	(4)	(14)	-	(11)	(108)
At 31 December 2023	489	24,486	9,553	59,757	3,567	2,249	997	4,476	105,574
Accumulated Depreciation									
At 1 January 2023	-	13,066	578	35,895	2,930	1,990	661	-	55,120
Charge for the year	-	540	266	2,232	211	223	108	-	3,580
Disposals	-	-	(14)	-	(4)	(14)	-	-	(32)
At 31 December 2023	-	13,606	830	38,127	3,137	2,199	769	-	58,668
Net book value									
At 31 December 2023	489	10,880	8,723	21,630	430	50	228	4,476	46,906

At 31 December 2023, capital work in progress includes RO 4.476Mn incurred towards construction of feed mills of the Parent Company and other ongoing improvements in the plant machinery and office premises of the subsidiaries.

17 Property, Plant And Equipment (continued)

Group

	Freehold land RO'000	Buildings on freehold land RO'000	Buildings on leasehold land and leasehold improvements RO'000	Plant, machinery and tools RO'000	Furniture, fittings and equipment RO'000	Motor vehicles RO'000	Crates, dollies, pans, etc. RO'000	Capital work-in-progress RO'000	Total RO'000
Cost									
At 1 January 2022	219	22,316	5,189	51,538	3,063	2,229	760	17,531	102,845
Additions	270	508	1	131	286	39	111	3,947	5,293
Transferred from capital work in progress	-	100	9,518	10,425	-	-	-	(20,043)	-
Transferred to investment properties (note 18)	-	-	(5,076)	(4,057)	-	-	-	-	(9,133)
Disposals	-	-	-	-	(2)	(74)	-	-	(76)
At 31 December 2022	489	22,924	9,632	58,037	3,347	2,194	871	1,435	98,929
Accumulated Depreciation									
At 1 January 2022	-	12,535	409	33,817	2,759	1,974	569	-	52,063
Charge for the year	-	531	169	2,078	173	90	92	-	3,133
Relating to disposals	-	-	-	-	(2)	(74)	-	-	(76)
At 31 December 2022	-	13,066	578	35,895	2,930	1,990	661	-	55,120
Net book value									
At 31 December 2022	489	9,858	9,054	22,142	417	204	210	1435	43,809

17 Property, Plant And Equipment (continued)

	Freehold land	Buildings	Plant, machinery and tools	Furniture, fittings and equipment	Motor vehicles	Capital work-in-progress	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Cost							
At 1 January 2023	219	15,191	34,159	2,253	198	1,285	53,305
Additions	-	41	32	62	-	5,035	5,170
Transferred from capital work in progress	-	1,516	846	17	-	(2,379)	-
At 31 December 2023	219	16,748	35,037	2,332	198	3,941	58,475
Accumulated Depreciation							
At 1 January 2023	-	11,153	29,143	2,023	171	-	42,490
Charge for the year	-	342	949	72	10	-	1,373
At 31 December 2023	-	11,495	30,092	2,095	181	-	43,863
Net book value							
At 31 December 2023	219	5,253	4,945	237	17	3,941	14,612

At 31 December 2023, capital work in progress includes RO 3.941 Mn incurred towards construction of feed mills of the Parent Company.

17 Property, Plant And Equipment (continued)

Parent company

Year 2022	Freehold land	Buildings	Plant, machinery and tools	Furniture, fittings and equipment	Motor vehicles	Capital work-in-progress	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Cost							
At 1 January 2022	219	15,091	33,516	2,124	218	1,551	52,719
Additions	-	-	31	129	29	446	635
Transferred from capital work in progress	-	100	612	-	-	(712)	-
Disposals	-	-	-	-	(49)	-	(49)
At 31 December 2022	219	15,191	34,159	2,253	198	1,285	53,305
Accumulated Depreciation							
At 1 January 2022	-	10,820	28,221	1,953	216	-	41,210
Charge for the year	-	333	922	70	4	-	1,329
Relating to disposals	-	-	-	-	(49)	-	(49)
At 31 December 2022	-	11,153	29,143	2,023	171	-	42,490
Net book values							
At 31 December 2022	219	4,038	5,016	230	27	1,285	10,815

18 INVESTMENT PROPERTIES

Parent Company	**Freehold land**	
	2023	2022
	RO'000	RO'000
At 1 January	**2,000**	1,750
Fair value changes during the year	**219**	250
At 31 December	**2,219**	2,000

Parent Company	Freehold land
Year 2022	RO
At 1 January 2022	1,750
Fair value changes during the year	250
At 31 December 2022	2 000

Group	**Freehold land**	**Grain silos and related plant and machinery**	**Total**
	RO'000	**RO'000**	**RO'000**
At 1 January 2023	**2,000**	**9,133**	**11,133**
Fair value changes during the year	**219**	**892**	**1,111**
At 31 December 2023	**2,219**	**10,025**	**12,244**

Group	Freehold land	Grain silos and related plant and machinery	Total
	RO'000	RO'000	RO'000
At 1 January 2022	1,750	-	1,750
Transferred from property, plant and equipment during the year (note 17)	-	9,133	9,133
Fair value changes during the year	250	-	250
At 31 December 2022	2,000	9,133	11,133

(a) Freehold land comprises of land owned by the Parent Company situated in Al-Khuwair that is leased to third parties subject to renewal on an annual basis. The fair value of the investment properties based on an independent valuer's report dated 22 December 2023 amounted to RO 2,219,117 (2022 - RO 2,000,000) which was based on the market value approach using the appropriate rate per square meter through recent transactions.

(b) Grain silos and plant and machinery are constructed by SFM on land leased from Sohar Industrial Port, under a 25 year non-cancellable and renewable lease agreement. The construction was completed in 2022 and accordingly, the investment properties were capitalised in 2022 (note 17). The fair value of the investment properties based on an independent valuer's report dated 14 November 2023 amounted to RO 10,025,247 which was based on the DRC method used to value these assets taking into considerations that they would rarely ever sold, except as part of a sale of the entire operation of which they form part.

18 INVESTMENT PROPERTIES (continued)

(c) The investment properties amounting to RO 10,025,247 are mortgaged with a local commercial bank as security for the term loan availed by SFM note 29.

19 INTANGIBLE ASSETS

Group

	2023	2022
	RO'000	RO'000
Software		
Cost		
At 1 January and at 31 December	**61**	61
Accumulated Amortization		
At 1 January 2023	**38**	24
Charge for the year (note 9)	**6**	14
At 31 December 2023	**44**	38
Net book value	**17**	23

20 INVESTMENTS

(a) Investment in a subsidiary

The carrying value of investment in a subsidiary is eliminated in the process of consolidation in the Group's financial statements. In the Parent Company, the investment in a subsidiary is accounted using the equity method. The movements in the carrying value of the investment in a subsidiary in the Parent Company is as follows:

	2023	2022
Atyab Investments LLC (AI)	**RO'000**	RO'000
At 1 January	**20,482**	19,119
Investment during the year	**683**	2,424
Share of results for the year	**(1,776)**	(1,061)
At 31 December	**19,389**	20,482

(i) The investment of RO 19.389 million (2022 - RO 20.482 million) includes AI's ownership of the registered share capital of RO 250,000 (2022 - RO 250,000) and an additional RO 22.151 million (2022 - RO 21.251 million) that is categorised as share capital pending registration in the financial statements of AI as it is awaiting formal registration as share capital.

20 INVESTMENTS (continued)

(a) Investment in a subsidiary (continued)

(ii) AI holds 60% shareholding in SFM that has non-controlling interest. The results of SFM, not adjusted for proportion of ownership and inter-company eliminations, are summarized as follows:

	2023	2022
	RO	RO
Assets		
Non-current assets	**33,727**	33,733
Current assets	**3,995**	3,123
Total assets	**37,722**	36,856
Liabilities		
Non-current liabilities	**25,503**	25,380
Current liabilities	**14,166**	11,734
Total liabilities	**39,669**	37,114
Revenue	**7,679**	8,619
Net loss and total comprehensive loss	**(1,203)**	(646)

(b) Investment in associates:

The Group applies equity method of accounting for the investment in associates. The movement in the carrying value of Group's and Parent Company's investment in associates during the year are as follows:

				Group			
	Parent Company OFC	**FTP**	**BPO**	**AFP**	**AIP**	**MDF**	**Group Total**
2023	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**
At 1 January	**1,322**	**46**	**872**	**5,252**	**2,646**	**-**	**10,138**
Acquired during the year	**-**	**-**	**-**	**-**	**-**	**900**	**900**
Share of results for the year	**(759)**	**-**	**(18)**	**(800)**	**40**	**(284)**	**(1,821)**
At 31 December	**563**	**46**	**854**	**4,452**	**2,686**	**616**	**9,217**

	Parent Company OFC	FTP	BPO	AFP	AIP	Group Total
2022	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
At 1 January	1,395	48	165	5,598	2,747	9,953
Acquired during the year	-	-	759	-	-	759
Share of results for the year	(73)	(2)	(52)	(346)	(101)	(574)
At 31 December	1,322	46	872	5,252	2,646	10,138

(i) OFC is a public joint stock company whereas AFP is a closed joint stock Company, and both are registered in the Sultanate of Oman.

AIP, MDF and FTP are limited liability companies and BPO is a closed joint stock Company registered in the Sultanate of Oman and are engaged in investing activities and for innovations in food sector.

(ii) The financial year ending of OFC, FTP, BPO and AFP is 31 December and the financial year ending of AIP is 30 June. However, these financial statements incorporate the results of all the associates for the year ended 31 December 2023.

20 INVESTMENTS (continued)

(b) Investment in associates: (continued)

(iii) FTP and BPO have not commenced their operations as at the end of the reporting period.

(v) The results of associates and their assets and liabilities, not adjusted for proportion of ownership, are summarized as follows:

	FTP	**BPO**	**OFC**	**AFP**	**AIP**	**MDF**
2023	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**
Assets						
Non-current assets	-	2,758	3,516	35,157	1,337	2,423
Current assets	97	267	7,625	(7,114)	3,450	499
Total assets	97	3,025	11,141	28,043	4,787	2,922
Liabilities						
Non-current liabilities	-	-	1,260	11,199	55	2,045
Current liabilities	1	437	6,739	1,767	2,013	1,077
Total liabilities	1	437	7,999	12,966	2,068	3,122
Revenue	-	108	8,895	19,608	10,814	1,459
Net (loss)/income and total comprehensive loss	(5)	(55)	(3,513)	(2,842)	95	(560)

	FTP	BPO	OFC	AFP	AIP
2022	RO'000	RO'000	RO'000	RO'000	RO'000
Assets					
Non-current assets	-	1,948	6,988	30,751	4,140
Current assets	97	762	7,338	5,517	3,395
Total assets	97	2,710	14,326	36,268	7,535
Liabilities					
Non-current liabilities	-	-	1,170	14,624	361
Current liabilities	1	68	6,501	5,145	1,667
Total liabilities	1	-	7,671	19,769	2,028
Revenue	-	30	12,797	13,346	8,786
Net loss and total comprehensive loss	(5)	(158)	(1,169)	(1,039)	(202)

20 INVESTMENTS (continued)

(c) Other investments

	Fair value hierarchy	Group and Parent Company 2023 RO'000	2022 RO'000
Financial assets at fair value through profit or loss (quoted)			
At 1 January		**1,493**	1,519
Purchases during the year		**366**	557
Sales during the year		**(413)**	(582)
Net realised gain on sales during the year		**72**	32
Fair value changes during the year		**37**	(33)
At 31 December	Level 1	**1,555**	1,493
Financial assets at fair value through other comprehensive income (un-quoted)	Level 2	**400**	355
		1,955	1,848

(i) At the end of the reporting period, the sector-wise analysis of the Group's and Parent Company's carrying value of investments at fair value is as follows:

	2023 RO'000	2022 RO'000
MSX quoted investments:		
Banks and investment	**1,100**	1,057
Industrial	**234**	96
Services	**157**	318
	1,491	1,471
Cash balance with Portfolio Managers	**64**	22
	1,555	1,493
Un-quoted investments:		
Fund for Development of Youth Projects SAOC	**400**	355

(ii) Investments at fair value through profit or loss comprises of local marketable securities and are measured at fair value at the close of business on 31 December 2023 (2022 - 31 December 2022).

(iii) Investments at fair value through profit or loss with a carrying value of RO 715,193 (2022 - RO 732,429) are registered in the name of Portfolio Managers who hold it in trust for and on behalf of the Parent Company.

(iv) At the end of the reporting period, none of the Parent Company's investments at FVTPL represent 10% or more of the investees' share capital (2022 - none)

(v) At the end of the reporting period, none of the Parent Company's investments at FVTPL represents 10% of the market value of the Parent Company's investments portfolio (2022 - 10%).

20 INVESTMENTS (continued)

(d) 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:

	Group		Parent company	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Net assets (in Rials Omani)	**72,177**	72,301	**72,179**	72,322
Number of shares outstanding	**157,500**	157,500	**157,500**	157,500
Net assets per share (in Rials Omani)	**0.458**	0.459	**0.458**	0.459

21 Right-of-use assets

(a) The Group has entered into the following lease arrangements:

- OFM has leased lands in Mina Sultan Qaboos for the purpose of silos and in Jibroo for the purpose of factory. The lease terms for both the lands are for a period of 9 and 15 years, respectively.
- AI has leased a plot of land in Barka for factory premises from the Ministry of Housing for and on behalf of AFI under an operating lease agreement that will expire on 30 May 2034.
- SFM has entered into leasing arrangements for quay space and lands in the Sohar Industrial Port area, in the Sultanate of Oman. The average lease term for the quay space is around 25 years and 18.5 years for the lands.
- AIS has entered into a leasing arrangement for office equipment, wherein the ownership of the asset will be transferred to the Company at the end of the lease term. The lease term is 5 years.

(b) The right-of-use asset on the land lease and office equipment lease arrangements has been recognised as follows:

Parent Company		
	2023	2022
	RO'000	RO'000
Cost		
At 1 January 2023 and 31 December 2023	**84**	84
Amortisation		
At 1 January	**37**	28
Amortisation for the year [note f) below]	**7**	9
At 31 December	**44**	37
Net book value		
At 31 December	**40**	47

21 Right-of-use assets (continued)

Group	**Office equipment RO'000**	**Quay space RO'000**	**Factory lands RO'000**	**Total RO'000**
Cost				
At 1 January 2023	**7**	**2,768**	**1,314**	**4,089**
Additions during the year	**-**	**-**	**137**	**137**
At 31 December 2023	**7**	**2,768**	**1,451**	**4,226**
Amortisation				
At 1 January 2023	**3**	**453**	**323**	**779**
Amortisation for the year	**1**	**110**	**80**	**191**
At 31 December 2023	**4**	**563**	**403**	**970**
Net book values				
At 31 December 2023	**3**	**2,205**	**1,048**	**3,256**

Group	Office equipment RO'000	Quay space RO'000	Factory lands RO'000	Total RO'000
Cost				
At 1 December 2022 and at 31 December 2022	7	2,768	1,314	4089
Amortisation				
At 1 January 2022	2	340	240	582
Amortisation for the year [note f) below]	1	113	83	197
At 31 December 2022	3	453	323	779
Net book values				
At 31 December 2022	4	2,315	991	3,310

22 INVENTORIES

	Group		**Parent company**	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Raw materials	**21,672**	27,117	**19,805**	26,540
Finished goods	**1,716**	1,464	**1,337**	1,166
Packing materials and spares	**2,171**	3,485	**1,362**	1,958
Work in progress	**-**	582	**-**	-
	25,559	32,648	**22,504**	29,664
Provision for slow and non-moving inventories [note a) below]	**(1,191)**	(1,447)	**(998)**	(1,186)
	24,368	31,201	**21,506**	28,478

22 INVENTORIES (continued)

(a) The movement in the provision for slow and non-moving inventories is as below:

	Group		Parent company	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
At 1 January	**1,447**	1,839	**1,186**	1,664
Reversed during the year (note 7)	**(256)**	(7)	**(188)**	(116)
Written-off during the year	**-**	(385)	**-**	(362)
At 31 December	**1,191**	1,447	**998**	1,186

(b) Certain inventories of the Group are under commercial mortgage with a local commercial bank providing credit facilities (notes 29).

23 TRADE AND OTHER RECEIVABLES

	Group		Parent company	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Trade receivables	**24,818**	20,925	**13,971**	14,009
Less: allowance for expected credit losses (ECL) [see note (b) below]	**(2,920)**	(2,813)	**(1,112)**	(1,281)
	21,898	18,112	**12,859**	12,728
Advances to suppliers	**11,001**	11,555	**11,001**	7,726
Subsidy receivable [note (d) below]	**6,421**	4,524	**6,421**	4,524
Advances, other receivables and prepayments	**3,477**	5,068	**2,594**	4,091
	42,797	39,259	**32,875**	29,069

(a) Except for certain trade receivables of the Parent Company amounting to RO 6.54 million (2022 -RO 6.34 million) which are secured by bank guarantees and secured through mortgages of land and property, the remaining Group's and Parent Company's trade receivables are unsecured. Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days credit (2022 - same terms).

(b) The movement in allowance for expected credit losses against trade receivables is as below:

	Group		Parent company	
	2023	2022	**2023**	2022
At 1 January	**2,813**	1,601	**1,281**	941
Provision/(reversal) for impairment during the year	**107**	1,212	**(169)**	340
At 31 December	**2,920**	2,813	**1,112**	1,281

(c) Certain trade receivables of the Group have been assigned to a local commercial bank against facilities availed (notes 29).

23 TRADE AND OTHER RECEIVABLES (continued)

(d) The subsidy receivable from the Government of the Sultanate of Oman represents a subsidy on purchase of wheat and certain raw materials relating to animal feed production (refer note 5). The subsidy receivable of RO 6,421,297 (2022 - RO 4,524,173) for the period May 2023 to December 2023 is awaiting certification by professional consultants and subject to final approval by the Ministry of Finance following which the payments are to be settled. The Management is confident that the outcome of the assessment would not materially impact the amount of the subsidy receivable claimed of RO 6,421,297 (2022 – RO 4,524,173), as the amount has been determined based on a method of calculation prescribed by the MOAFW. The subsidy receivable amount relating to 2022 has been fully received during the year.

(e) The information about the credit exposure for trade receivables is detailed in note 4.1(b).

24 Cash and cash equivalents

	Parent company		Consolidated	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Cash in hand	**104**	-	**14**	-
Cash at bank	**2,018**	2,096	**1,105**	612
Call deposits	**3,285**	3,696	**3,285**	3,696
	5,407	5,792	**4,404**	4,308

Call deposits are placed with a commercial bank and that have maturities on demand.

25 Short term deposits

	Group		Parent company	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Short term deposits		7,500		7,500

Although the maturity periods of the deposits range between 1 year to 2 years, the Management has an option to withdraw the amounts at short notice and accordingly the entire amount has been classified under current assets. The short-term deposits earn interest in the range of 4.25% to 5.80% (2022 - 4.25% to 4.75%) per annum.

26 Share capital

(a) The Parent Company's authorised, issued and paid-up share capital is RO 15,750,000 (2022 - RO 15,750,000) comprising of 157,500,000 (2022 - 157,500,000) shares of RO 0.100 each (2022 - RO 0.100 each).

(b) At the end of the reporting period, shareholders who own 10% or more of the Parent Company's shares, and the number of shares they hold are as follows:

	Number of shares	**2023 %**	Number of shares	2022 %
Oman Food Investment Holding Company SAOC	**80,418,100**	**51.06**	80,418,100	51.06
Civil Services Employees' Pension Fund	**20,020,267**	**12.71**	20,020,267	12.71

27 Legal reserve

Parent Company:

Article 132 of the Commercial Companies Law of 2019 requires that 10% of Parent Company's profit for the year be transferred to a non-distributable legal reserve until the amount of legal reserve becomes equal to one-third of the Company's issued share capital. This reserve is not available for distribution.

28 General reserve

The general reserve is a voluntary distributable reserve, created in 1982 on completion of the animal feed mill by a transfer from the specific reserve set aside towards construction and equipment costs. No transfers have been made during the current year (2022 - nil).

29 Bank borrowings

	Consolidated		Parent	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Non-current				
Term loan 1	**43**	1,441	**-**	-
Term loan 2	**7,669**	8,083	**-**	-
Term loan 3	**16,144**	15,628	**-**	-
	23,856	25,152	**-**	-
Less: unamortised transaction cost	**-**	(256)	**-**	-
	23,856	24,896	**-**	-
Less: current portion	**(1,964)**	(3,171)	**-**	-
Total non-current portion	**21,892**	21,725	**-**	-
Current				
Current portion of term loans	**1,964**	3,171	**-**	-
Loans against trust receipts	**48,979**	45,259	**47,598**	44,912
Short term loan	**1,184**	952	**-**	-
Bank overdraft	**424**	295	**-**	-
	52,551	49,677	**47,598**	44,912

(a) Term loan 1 was obtained from a local commercial bank by AFI. The loan is denominated in US Dollars and converted to RO in 2023 with revised interest rate of 5.5% per annum (2022 - 3.5% plus 3 months USD Libor per annum). The loan is repayable in equal quarterly installments commencing after two years from the date of first disbursement. The loan is secured by a corporate guarantee and an undertaking letter from the Parent Company.

(b) Term loan 2 was obtained from a local commercial bank by SFM. The loan is repayable in 21 half yearly installments of variable amounts which commenced from October 2022. The interest on the loan is 6% per annum (2022 - 6% per annum).

(c) Term loan 3 was obtained from a local commercial bank by SFM, is subject to interest at 5.78% per annum which is to be reset annually with a margin of 2.20% (2022 -2.20%) over the latest announced CBO rate of interest for private sector time deposits, with a floor rate fixed at 5.75% per annum (2022 - 5.25% per annum). The sanctioned loan amount is RO 17,409,250 which has been fully disbursed during the year (2022 - RO 15,627,600). The loan is repayable in 46 equal quarterly installments of RO 339,730 each which will commence from 2023, on completion of 3.5 years moratorium period.

29 Bank borrowings (continued)

(d) The term loans 2, 3 and the bank borrowings are secured by the following:

- usufruct mortgage on SFM's lands leased for factory and office premises located at Sohar Industrial Port (note 21);
- commercial charge over the entire assets of SFM;
- assignment of the insurance policies over all assets of SFM;
- assignment of guarantees provided by SFM's contractors
- assignment of SFM's trade receivables;
- corporate guarantee of SFM's Shareholders; and
- subordination of SFM's Shareholders' current accounts.

(e) The term loan agreements for loans 1,2,3 contain certain restrictive covenants which, if violated, could permit the banks to cancel or reduce the facilities. The term loan facilities related to Sohar Flour Mills Company LLC contains certain covenants relating to leverage ratio, gearing ratio, current ratio, and DSCR ratio. As at 31 December 2023, all the above covenants could not be met and the management has obtained a waiver letter for the noncompliance of the covenants from the bank and accordingly, the term loan amounts are classified as non-current hence this does not affect the overall classification and presentation of loans. As at 31 December 2023, AFI has maintained their specific financial ratios on the covenants relating to their bank and no non-compliance were noted.

(f) The maturity profile of the non-current portion of term loans (including unamortised transaction cost) based on the remaining period to maturity from the end of the reporting period is as follows:

	Group	
	2023	2022
	RO'000	RO'000
Between 1 and 2 years	**3,885**	1,900
Between 2 and 5 years	**5,763**	8,755
Over 5 years	**12,244**	11,070
	21,892	21,725

(g) The Parent Company has approved credit facilities arranged from Islamic / commercial banks in the Sultanate of Oman which carry profit / interest at commercial rates when availed. During the year, the Parent Company has acquired loans against those facilities amounting to RO 47.59 million (2022 - RO 44.91 million). Loans against trust receipts and bank overdraft obtained from various local commercial banks, carry interest ranging from 6% to 7.2% per annum (2022 - 3.25% to 6.25% per annum).

(h) Short term loan is obtained from local commercial bank and carries interest at 7.5% per anum (2022- 6.4% per annum). The short term loan has a maturity of less than 6 months from the end of the reporting period.

(i) The interest rates on bank borrowings are subject to quarterly review with banks.

29 Bank borrowings (continued)

(j) Net debt reconciliation:

	Group		Parent company	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Net debt				
Cash and cash equivalents	**5,407**	5,792	**4,404**	4,308
Borrowins – repayable within one year	**(52,551)**	(49,677)	**(47,598)**	(44,912)
Borrowins – repayable after one year	**(21,892)**	(21,725)	**-**	-
Net debt	**(69,036)**	(65,610)	**(43,194)**	(40,604)
Cash and cash equivalents	**5,407**	5,792	**4,404**	4,308
Gross debt – fixed interest rate	**(23,856)**	(24,896)	**-**	-
Gross debt – variable interest rate	**(50,587)**	(46,506)	**(47,598)**	(44,912)
Net debt	**(69,036)**	(65,610)	**(43,194)**	(40,604)

Parent

31 December 2023	**Other assets**	**Liabilities from financing activities**		
	Cash and cash equivalents	**Borrowings due within one year**	**Borrowings due after one year**	**Total**
	RO'000	**RO'000**	**RO'000**	**RO'000**
Net debt as at				
1 January 2023	**4,308**	**(44,912)**	**-**	**(40,604)**
Cash flows	**96**	**(2,686)**	**-**	**(2,590)**
Net debt as at 31 December 2023	**4,404**	**(47,598)**	**-**	**(43,194)**

31 December 2022	Other assets	Liabilities from financing activities		
	Cash and cash equivalents	Borrowings due within one year	Borrowings due after one year	Total
	RO'000	RO'000	RO'000	RO'000
Net debt as at				
1 January 2022	7,937	(17,370)	-	(9,433)
Cash flows	(3,629)	(27,542)	-	(31,171)
Net debt as at 31 December 2022	4,308	(44,912)	-	(40,604)

29 Bank borrowings (continued)

(j) Net debt reconciliation: (continued)

Group

31 December 2023	**Other assets**	**Liabilities from financing activities**		
	Cash and cash equivalents	**Borrowings due within one year**	**Borrowings due after one year**	**Total**
	RO'000	**RO'000**	**RO'000**	**RO'000**
Net debt as at 1 January 2023	**5,792**	**(49,677)**	**(21,725)**	**(65,610)**
Cash flows	**(385)**	**(2,874)**	**(167)**	**(3,426)**
Net debt as at 31 December 2023	**5,407**	**(52,551)**	**(21,892)**	**(69,036)**

31 December 2022	Other assets	Liabilities from financing activities		
	Cash and cash equivalents	Borrowings due within one year	Borrowings due after one year	Total
	RO'000	RO'000	RO'000	RO'000
Net debt as at 1 January 2022	10,071	(23,353)	(21,950)	(35,232)
Cash flows	(4,279)	(26,324)	225	(30,378)
Net debt as at 31 December 2022	5,792	(49,677)	(21,725)	(65,610)

30 Lease Liabilities

(a) The movement in lease liabilities during the year is as follows:

	Group		**Parent company**	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
At 1 January	**3,877**	3,961	**55**	64
Interest on lease liabilities (note 13)	**376**	222	**10**	2
Payments during the year	**(323)**	(306)	**(20)**	(11)
At 31 December	**3,930**	3,877	**45**	55

	Group		**Parent company**	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Non-current portion	**3,806**	3,770	**35**	46
Current portion	**124**	107	**10**	9
	3,930	3,877	**45**	55

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

30 Lease Liabilities (continued)

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

	Group		Parent company	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Up to 1 year	**320**	315	**11**	11
Between 1 year to 5 years	**1,568**	1,257	**36**	45
Above 5 years	**4,576**	5,159	**4**	17
	6,464	6,731	**51**	73

(c) The land leased for the factory and office premises by SFM is under usufruct mortgage with a local commercial bank providing facilities to SFM [note 29 d)].

31 TRADE AND OTHER PAYABLES

	Group		Parent company	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
		(restated)		(restated)
Trade payables	**5,760**	4,617	**2,946**	2,391
Accrued expenses and other payables	**5,519**	4,253	**2,554**	1,187
Amounts due to related parties [notes 34(f)]	**345**	22	**438**	12
Directors' remuneration	**150**	150	**150**	38
	11,774	9,042	**6,088**	3,628

32 Provision for employees' end of service benefits

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

	Group		Parent company	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
At 1 January	**632**	543	**64**	33
Charge for the year (note 10)	**726**	143	**32**	30
Transferred from a Subsidiary	**-**	-	**-**	2
Payments made during the year	**(571)**	(54)	**(3)**	(1)
At 31 December	**787**	632	**93**	64

33 Provisions

	Group		Parent company	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
		(restated)		(restated)
Provisions associated with the disposal of the investment in a subsidiary (refer to note below)	**535**	535	**535**	535
	535	535	**535**	535

33 Provisions (continued)

At the end of the reporting period, the Parent Company has closing provision of RO 535,386 (2022 - RO 535,386) towards potential liabilities likely to arise as specified under the sale-purchase agreement relating to the disposal of the investment in Modern Poultry Farms Company SAOC ('former subsidiary') in the year 2019.

During the year, the management has reassessed their provision towards the sale-purchase agreement and confirmed that the settlement will be made within the next twelve months and accordingly classified as current in the financial statements.

34 Related parties

Related parties comprise the shareholders, directors, key management personnel and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions. Pricing policies and the terms of these transactions are approved by the Group's management.

	Group		Parent company	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Revenue				
Subsidiaries:				
- Sale of grains to SFM	**-**	-	**1,123**	4,454
- Sale of flour to AFI	**-**	-	**2,126**	2,305
Related parties:				
- Sale of feed to Modern Poultry Farms Company SAOC (MPF)	**5,318**	5,282	**5,318**	5,273
- Sale of feed to Sohar Poultry Company SAOC (SPC)	**2,475**	1,225	**2,475**	1,208
- Sale of feed to Mazoon Dairy Company SAOC (MDC)	**2,437**	1,810	**2,437**	1,484
- Sale of feed to National Livestock and Development Company SAOC (NLDC)	**-**	12	**-**	36
- Sale of feed and flour to Bio Products Oman LLC (BIO)	**28**	-	**28**	14
- Sale of feed to Oman Fisheries Company SAOG (OFC)	**-**	20	**-**	-
- Sale of feed to Al Naama Poultry Company SAOC (ANPC)	**-**	-	**-**	106
- Sale of feed to Al Bashayer Meat Company SAOC (ABMC)	**141**	235	**141**	504
Sale of feed to Gulf International Poultry Farms (GIPF)	**3,840**	-	**3,840**	-
Other income				
Subsidiaries:				
- Interest income from SFM	**-**	-	**308**	197
- Rental income from AIS	**-**	-	**60**	60
Expenses				
Subsidiaries:				
- Laboratory services fee to AIS	**-**	-	**(517)**	(504)
- Purchase of flour from SFM	**-**	-	**(210)**	(157)
Related party:				
- Purchase of packing material from Gulf Plastics Company SAOC	**(162)**	(151)	**(162)**	(151)

34 Related parties (continued)

(a) The key management personnel compensation for the year comprises:

	Group		Parent company	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Short term employment and end of service benefits	**648**	644	**305**	393
Directors' remuneration [note b) below]	**147**	150	**147**	35
Directors' meeting attendance fees	**28**	42	**28**	29
	186	192	**175**	64
Directors' and key management personnels' traveling expenses	**8**	10	**8**	10
	842	846	**376**	467

(b) The Directors' meeting attendance fees and Directors' remuneration of the Parent Company are subject to Shareholders' approval at the forthcoming Annual General Meeting.

(c) The amounts due from and due to subsidiaries and related parties are payable on normal credit terms. Except for amounts due from a related party of RO 8,142,056 (2022 - RO 2,999,347), in the Parent Company, which is subject to interest at 6% per annum (2021 - 6% per annum), all other amounts are not subject to interest (2022 - similar terms).

(d) Amounts due from subsidiaries and related parties at the end of the reporting period are as follows:

	Group		Parent company	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Subsidiaries:				
- Sohar Flour Mills Company LLC	**-**	-	**7,024**	5,678
- Atyab Investments LLC	**-**	-	**2,186**	1,851
- Omaus Ply Limited	**-**	-	**2,797**	3,829
- Atyab International Services	**-**	-	**-**	256
- Atyab Food Industries LLC	**-**	-	**1,227**	1,549
- Bread House LLC	**-**	-	**9**	9
	-	-	**13,243**	13,172
Affiliated companies:				
- Modern Poultry Farms Company SAOC	**2,982**	2,855	**2,982**	2,709
- Mazoon Dairy Company SAOC	**3,289**	1,412	**3,139**	1,065
- Gulf International Poultry Farms	**1,907**	-	**1,907**	-
- Sohar Poultry Company SAOC	**932**	69	**932**	59
- Oman Oil Seeds Company SAOC	**32**	11	**-**	-
- Oman Fisheries Company SAOG	**-**	18	**-**	-
- Atyab IFFCO Poultry LLC	**6**	1	**1**	1
- Al Bashayer Meat Company SAOC	**66**	219	**66**	215
- A'Naama Poultry SAOC	**108**	106	**108**	106
- Bio Products LLC	**283**	7	**283**	7
- Omani National Livestock Development Company SAOC	**2**	3	**2**	2
	9,607	4,701	**9,420**	4,164

34 Related parties (continued)

(e) Amounts due to related parties at the end of the reporting period are as follows:

	Group		Parent company	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Subsidiaries:				
- Atyab International Services LLC	**-**	-	**428**	-
	-	-	**428**	-
Affiliated companies:				
- Sohar Vegetables Oils LLC	**335**	-	**-**	-
- Oman Food Investment Holding Company SAOC	**9**	14	**9**	9
- Gulf Plastics Company SAOC	**1**	-	**1**	3
- Nakheel Oman Development Company SAOC	**-**	8	**-**	-
	345	22	**10**	12

35 Cash generated from/(used in) operations

The reconciliation of the profit for the year before taxation to the cash generated from operations is shown below:

		Group		Parent company	
	Notes	**2023**	2022	**2023**	2022
		RO'000	RO'000	**RO'000**	RO'000
Profit before income tax		**1,863**	1,063	**2,498**	2,560
Adjustments for:					
Share of results in a subsidiary	**20 (a)**	**-**	-	**1,776**	1,061
Share of results in associates	**20(b)**	**1,821**	574	**759**	73
Depreciation on property, plant and equipment	**17**	**3,580**	3,133	**1,373**	1,329
Amortisation on intangible assets	**19**	**6**	14	**-**	-
Depreciation on right of use assets	**21**	**191**	197	**7**	9
Fair value changes in investment properties	**18**	**(1,111)**	(250)	**(219)**	(250)
Directors' meeting attendance fees and remuneration		**-**	192	**-**	64
Loss on disposal of plant and equipment	**12**	**(20)**	(19)	**-**	(15)
Loss on disposal of investments at fair value through profit or loss	**12**	**(72)**	(32)	**(72)**	(32)
Net interest expense/ (income)	**13**	**3,843**	1,710	**1,610**	461
Dividend income	**11**	**(57)**	(114)	**(57)**	(114)
Provision for employees' end of service benefits	**32**	**726**	143	**32**	30
Provision for slow and non-moving inventories (net)	**22**	**(256)**	(7)	**(188)**	(116)
Provision for impairment on financial assets	**23**	**107**	1,212	**(169)**	340
Changes in fair value of investments through profit or loss	**12**	**(37)**	33	**(37)**	33
Net movement in non - controlling interest		**(250)**	-	**-**	-

35 Cash generated from/(used in) operations (continued)

	Notes	Group		Parent company	
		2023	2022	**2023**	2022
		RO'000	RO'000	**RO'000**	RO'000
Operating results before payment of end of service benefits and working capital changes		**10,334**	7,849	**7,313**	5,433
Payment of employees' end of service benefits	**32**	**(571)**	(54)	**(3)**	(1)
Working capital changes:					
Inventories		**7,089**	2,050	**7,160**	2,216
Trade and other receivables		**(3,645)**	(19,106)	**(4,081)**	(15,093)
Dues from subsidiaries and related parties		**(4,906)**	(1,210)	**(4,883)**	(5,923)
Trade and other payables including contract liability		**2,169**	(4,034)	**1,840**	(5,603)
Cash generated from/(used in) operations		**10,470**	(14,505)	**7,346**	(18,971)

36 Commitments and contingencies

(a) Commitments

At the end of the reporting period, the Group and the Parent Company had the following purchase commitments in the normal course of business:

	Group		Parent company	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Capital commitments	**340**	1,226	**-**	820
Purchase commitments	**21,896**	25,810	**21,756**	23,265
Letters of credit	**-**	5,794	**-**	5,794
	22,236	32,830	**21,756**	29,879

(b) Contingent liabilities

At 31 December 2023, the Group and Parent Company had the following bank guarantees and performance bonds issued in the normal course of business:

	Group		Parent company	
	2023	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000
Corporate guarantees	**23,813**	26,318	**23,813**	26,318
Bank guarantees	**463**	250	**300**	250
Performance bonds	**22**	61	**-**	-
	24,298	26,629	**24,113**	26,568

(i) The corporates guarantees are issued by the Parent Company to local commercial banks in relation to the financing transactions of Sohar Flour Mills Company LLC related to the construction of grains silos, construction of flour mills, and working capital financing.

37 Segment information

The Group has four reportable segments, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's CEO reviews internal management reports on a regular basis. The following summary describes the operations in each of the Group's reportable segments.

- Flour Mill: Includes the milling and sale of flour from wheat and other cereals.
- Feed Mill: Includes the milling and sale of animal feed from various raw materials.
- Bakery: Includes selling and distribution of fresh and frozen bakery products, confectionary items and other flour related products.
- Others: Includes investments in other companies.

Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as Management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. intersegment pricing is determined at arm's length basis.

37 Segment information (continued)

	Flour Mill		Feed Mill		Bakery		Others		Group	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	RO'000	RO'000	**RO'000**	RO'000	**RO'000**	RO'000	**RO'000**	RO'000	**RO'000**	RO'000
External revenue										
- Local sales	**38,492**	39,361	**62,254**	56,823	**12,472**	13,408	**2,135**	2,379	**115,353**	111,971
- East Africa	**836**	1,600	**-**	-	**-**	-	**-**	-	**836**	1,600
- Others	**7,972**	8,871	**822**	372	**2,715**	1,313	**-**	-	**11,509**	10,556
Total external revenue	**47,300**	49,832	**63,076**	57,195	**15,187**	14,721	**2,135**	2,379	**127,698**	124,127
Inter segment sales	**(3,249)**	(6,790)	**-**	-	**-**	-	**(504)**	(661)	**(3,753)**	(7,451)
Total revenue	**44,051**	43,042	**63,076**	57,195	**15,187**	14,721	**1,631**	1,718	**123,945**	116,676
Segment gross profit	**3,697**	5,464	**8,179**	2,228	**5,385**	4,938	**861**	1,182	**18,122**	13,812
Overheads	**(1,639)**	(2,592)	**(4,238)**	(2,952)	**(5,095)**	(4,868)	**(1,096)**	1,270)	**(12,068)**	(11,682)
Segment operating profit	**2,058**	2,872	**3,941**	(724)	**290**	70	**(235)**	(88)	**6,054**	2,130
Finance costs	**(3,195)**	(1,542)	**(1,387)**	(398)	**(72)**	(126)	**-**	-	**(4,654)**	(2,066)
Investment and other income	**2,179**	1,263	**3**	-	**87**	58	**15**	2	**2,284**	1,323
Segment results	**1,042**	2,593	**2,557**	(1,122)	**305**	2	**(220)**	(86)	**3,684**	1,387
Taxation	**(474)**	-	**-**	-	**(74)**	-	**(15)**	-	**(563)**	686
Share of result in associates	**(1,821)**	-	**-**	-	**-**	-	**-**	-	**(1,821)**	(574)
Non-controlling interest	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Net profit for the year	**(2,295)**	2,593	**2,556**	(1,122)	**231**	2	**(224)**	(86)	**1,300**	1,749
Segment assets	**98,995**	111,504	**24,219**	16,809	**15,780**	16,803	**30,023**	28,380	**169,017**	173,496
Investment in subsidiaries	**-**	-	**-**	-	**-**	-	**-**	-	**(19,389)**	(20,482)
Investments	**-**	-	**-**	-	**-**	-	**-**	-	**1,955**	1,848
Due from related parties	**-**	-	**-**	-	**-**	-	**-**	-	**13,243**	4,701
Total assets	**94,760**	97,571	**24,219**	16,809	**15,780**	16,803	**30,023**	28,380	**164,826**	159,563
Segment liabilities	**66,519**	60,586	**14,833**	16,248	**4,134**	5,881	**5,983**	3,820	**91,469**	86,535
Taxation/ deferred taxation liabilities	**-**	-	**-**	-	**-**	-	**-**	-	**1,959**	756
Total liabilities	**66,519**	60,586	**14,833**	16,248	**4,134**	**5,881**	**5,983**	**3,820**	**93,428**	87,291
Non-controlling interest	**-**	-	**-**	-	**-**	-	**-**	-	**(779)**	(29)
Depreciation	**976**	1,713	**424**	414	**899**	868	**1,282**	138	**3,580**	3,133
Capital expenditure	**2,234**	1,446	**3,463**	477	**282**	-	**773**	3,370	**6,753**	5,293

38 Comparative information

Certain items in the statement of comprehensive income, statement of financial position and statement of cash flows for the comparative period have been reclassified to comply with the requirements and to better present certain line items in accordance with IFRS. Such reclassifications and changes in presentation are considered as restatements as per IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which are made retrospectively.

Impact of restatements on the Consolidated statement of comprehensive income: **Group**

	2022 As previously reported	**Adjustments**	**2022 Restated**	**Notes**
Revenue from contracts with customers	**100,391**	**(1,983)**	**98,408**	Sales rebates have been reclassified from "cost of sales" to "revenue from contracts with customers" to comply with IFRS 15.
Cost of sales	**(92,409)**	**1,983**	**(90,426)**	
General and administrative expenses	**(3,876)**	**340**	**(3,536)**	Reclassified "Net impairment losses on financial assets" from "General and administrative expenses" to comply with the requirement for separate presentation of impairment losses on financial assets under IAS 1.
Net impairment losses on financial assets	**-**	**(340)**	**(340)**	
Investment, finance and other income (net)	**75**	**(75)**	**-**	Reclassified to present other income, other gains and finance income and finance costs on a gross basis, as opposed to net basis to comply with IAS 1.
Other income	**-**	**565**	**565**	
Other gains/(losses)	**-**	**264**	**264**	
Fair value changes in investment properties	**250**	**(250)**	**-**	Fair value changes in investment properties have been incorrectly presented below the profit from operation in the face of the statement of comprehensive income reclassified to other gains/(losses)
Finance costs	**-**	**(1,014)**	**(1,014)**	Reclassified to present other income, other gains and finance income and finance costs on a gross basis, as opposed to net basis to comply with IAS 1.
Finance income	**-**	**510**	**510**	

38 Comparative information (continued)

Impact of restatements on the Consolidated and Separate statement of financial position:

	31 December 2022 As previously reported	Adjustments	31 December 2022 Restated	Notes
	RO'000	RO'000	RO'000	
Group				
Trade and other payables	9,577	(535)	9,042	Reclassified non-current provision from trade and other payables to a separate line item to comply with IAS 1.
Non-current provision	-	535	535	
Parent				
Trade and other payables	4,163	(535)	3,628	
Non-current provision	-	535	535	

	1 January 2022 As previously reported	Adjustments	1 January 2022 Restated	Notes
	RO'000	RO'000	RO'000	
Group				
Trade and other payables	13,919	(535)	13,384	Reclassified non-current provision from trade and other payables to a separate line item to comply with IAS 1.
Non-current provision	-	535	535	
Parent				
Trade and other payables	10,359	(535)	9,824	
Non-current provision	-	535	535	

38 Comparative information (continued)

Impact of restatements on the Consolidated statement of cash flows - Group:

	2022 As previously reported	Adjustments	2022 Restated
Statement of cash flows (extract)	**RO'000**	**RO'000**	**RO'000**
Net cash used in operating activities			
Interest paid (note 2 below)	**-**	**(1,801)**	**(1,801)**
Net cash used in investing activities			
Net interest (expenses) /income (note 2 below)	**(1,488)**	**1,488**	**-**
Interest income (note 2 below)	**-**	**313**	**313**
Net movement in short term loans (note 3 below)	**(4,318)**	**4,318**	**-**
Cash flows from financing activities			
Repayment of short term loans and borrowings (note 3 below)	**-**	**(7,589)**	**(7,589)**
Proceed from the short term loans and borrowings (note 3 below)	**-**	**3,271**	**3,271**
Repayment of loans against trust receipts (note 1 below)	**-**	**(52,498)**	**(52,498)**
Proceed from the loans against trust receipts (note 1 below)	**-**	**82,722**	**82,722**
Net movement in term loans (note 4)	**(102)**	**102**	**-**
Repayment of term loan (note 4)	**-**	**(1,750)**	**(1,750)**
Proceeds from term loan (note 4)	**-**	**1,648**	**1,648**
Net cash used in financing activities			
Net decrease in cash and cash equivalents during the year	**(34,798)**	**30,224**	**(4,574)**
Cash and cash equivalents at the beginning of the year (note 1 below)	**(4,964)**	**15,035**	**10,071**
Cash and cash equivalents at the end of the year (note 1 below)	**(39,762)**	**45,259**	**5,497**
Cash and cash equivalents at the end of the year comprise of:			
Cash and cash equivalents	**5,792**	**-**	**5,792**
Bank borrowings/bank overdrafts (note 1)	**(45,554)**	**45,259**	**(295)**
Total cash and cash equivalents in the consolidated statement of cash flows	**(39,762)**	**45,259**	**5,497**

38 Comparative information (continued)

Impact of restatements on the Consolidated statement of cash flows - Parent:

Statement of cash flows (extract)	2022 As previously reported RO'000	Adjustments RO'000	2022 Restated RO'000
Net cash used in operating activities			
Interest paid (note 2 below)	-	(969)	(969)
Net cash used in investing activities			
Net interest (expenses) /income (note 2 below)	(459)	459	-
Interest income (note 2 below)	-	510	510
Net movement in short term loans (note 3 below)	(4,500)	4,500	-
Cash flows from financing activities			
Repayment of short-term loans and borrowings (note 3 below)	-	(4,500)	(4,500)
Repayment of loans against trust receipts (note 4 below)	-	(47,934)	(47,934)
Proceed from the loans against trust receipts (note 4 below)	-	79,976	79,976
Net cash used in financing activities			
Net decrease in cash and cash equivalents during the year	(35,671)	32,042	(3,629)
Cash and cash equivalents at the beginning of the year (note 1 below)	(4,933)	12,870	7,937
Cash and cash equivalents at the end of the year (note 1 below)	(40,604)	44,912	4,308
Cash and cash equivalents at the end of the year comprise of:			
Cash and cash equivalents	4,308	-	4,308
Bank borrowings/bank overdrafts (note 1)	(44,912)	44,912	-
Total cash and cash equivalents in the consolidated statement of cash flows	(40,604)	44,912	4,308

During the current year, the management has identified that the presentation of certain line items within the statement of cash flows is not in accordance with IAS 7.

1. In prior years, Loans Against Trust Receipts (LTRs) were incorrectly classified as a component of cash and cash equivalent in the statement of cash flows despite being correctly classified under current liabilities in the statement of financial position. The Parent Company/Group's repayment tenors does not meet the definition of cash and cash equivalent as per IAS 7, hence management has reclassified the LTRs from cash and cash equivalents to the financing activities.
2. The interest expense paid on the short term (working capital) loans and the interest payments on leases have been combined together and incorrectly classified under "investing activities" in statements of cash flow statements in the same line as interest received. Management has reclassified the interest paid from investing activities to operating activities as allowed by IAS 7.
3. Cash flows related to short term loans and borrowings incorrectly presented under investing activities and on a net basis are reclassified cash flows from financing activities and presented on a gross basis in accordance with IAS 7.
4. Term loans previously presented on a net basis in the financing activities were presented on a gross basis in accordance with IAS 7.

39 Non-adjusting event after reporting period

On the reporting date, SFM's shareholders are embroiled in an active legal dispute. The court scheduled a hearing for 18 February 2024, during which it elected to refer the case to a technical expert for their expert opinion and assessment. The next hearing is scheduled for 28

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