



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

Annual Report 2024



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**HIS MAJESTY
SULTAN HAITHAM BIN TARIK**

Contents





Chairman's Message	4
CEO's Message	5
CFO's Message	7
COO's Message	9
Board of Directors	11
Vision, Mission & Values	12
Our Group Companies	13
Group Structure	14
What we do?	16
Manpower	18
Growth, Innovation, and Expansion in 2024	20
Expanding Global Reach	23
Driving Digital Transformation	25
Bold Steps in Tech and Infrastructure	27
Commitment to Cutting-Edge Innovation	28
Community-Centered Focus	29
Fostering employee engagement and well-being	30
Expanding Reach, Enhancing Engagement	32
Sustainability Report 2024: Creating long-term value	34
Board of Directors' Report	36
Corporate Governance Report	44
Management Discussion and Analysis Report	57
Consolidated and separate financial statements	69



Chairman's Message



Ahmed Al Bulushi
Chairman of the Board of Directors

The year 2024 was an outstanding year for Oman Flour Mills (OFM) Group, marked not only by strong financial performance compared to 2023 but also by a firm conviction in our potential to be a food industry powerhouse for Oman. Our diversification across the food processing and value chain has positioned us for sustained growth, aligning with our core mandate to enhance the nation's food security, optimize value creation, and contribute to employment generation and economic development.

Throughout the year, OFM Group delivered solid revenue growth and a healthy net profit. A stabilizing international market for raw materials—one of the key determinants of our profitability—was a contributing factor to our success. Additionally, we effectively managed to curb losses incurred by some of our subsidiaries, turning several into profitable businesses. These achievements underscore our commitment to financial sustainability and operational excellence.

Domestically, we maintained and even expanded our market share in flour, bakery, and animal feed products. At the same time, we remain steadfast in our goal to become a more diversified player within the food sector. Our regional expansion plans include strategic forays into Saudi Arabia and the UAE, while East Africa presents a promising avenue for future growth.

Modernization remains a key pillar of our strategy. Investments in production efficiency and product quality are crucial, particularly as we explore new export markets for our expanding product portfolio. The deployment of robotic systems on the shop floor and the planned rollout of AI tools in key departments demonstrate our commitment to embracing technological advancements that enhance efficiency and competitiveness.

We take immense pride in the leadership and support extended to us by government stakeholders, which has enabled us to sustain our growth trajectory and contribute to Oman's strategic national goals in food security. We extend our sincere gratitude to the Government of His Majesty Sultan Haitham bin Tarik for fostering an environment that allows businesses like ours to thrive in alignment with the objectives of Oman Vision 2040.

Looking ahead, OFM Group remains dedicated to driving innovation, expanding our market presence, and reinforcing Oman's food security. With a clear vision, strong leadership, and unwavering commitment, we are confident in our ability to shape a future that is both prosperous and sustainable.

Chairman



CEO's Message



Haitham Al Fannah

Chief Executive Officer,
Oman Flour Mills

We are proactively implementing cutting-edge technologies to ensure that OFM remains aligned with global advancements.



We have set a end of **2025** deadline for every department to incorporate AI-driven solutions.

Dear Valued Shareholders,

As we reflect on 2024, Oman Flour Mills (OFM) Group has demonstrated remarkable progress, both in financial performance and strategic execution. We have successfully delivered key projects from our pipeline, ensuring that we stay on course toward our overarching vision. From a sustainability standpoint, our achievements have been particularly noteworthy—especially considering the relatively recent establishment of our sustainability department in late 2022. In a short span, the team has made significant strides, reinforcing our commitment to responsible business practices.

Innovation remains central to our growth. We are proactively implementing cutting-edge technologies to ensure that OFM remains aligned with global advancements. Artificial intelligence is a key focus area, with AI-powered systems already integrated into multiple facets of our operations. To further accelerate this transformation, we have set a end of 2025 deadline for every department to incorporate AI-driven solutions. Moreover, innovation is embedded in our corporate culture, with an innovation KPI established for every team member. Our goal is to enhance operational efficiency by refining procedures and leveraging automation to address key operational challenges, allowing our people to focus on higher-value tasks rather than repetitive processes. While AI will never replace human expertise, it will undoubtedly enhance efficiency and productivity across the organization.

We have also modernized workplace operations, demonstrating our agility and preparedness for remote work. In 2024, we successfully operated online throughout Ramadhan and subsequently introduced a hybrid work model, with Sundays and Thursdays designated as remote workdays. This approach has not only improved employee well-being and work-life balance but also aligns with our sustainability goals by reducing emissions and minimizing daily commutes.

At the heart of our mission is food security. We continue to prioritize profitable food security initiatives that enhance Oman's self-sufficiency. This year, we secured a 50-year lease on a 50,000-square-meter plot of land near our facilities, ensuring long-term expansion capacity for storage and logistics infrastructure. Recognizing the global disruptions in supply chains, we also took decisive steps to secure our strategic presence in Mina Al Sultan Qaboos, where our grain silos and unloading operations are based. Originally set to expire in 2026–2027, our contract has now been extended for another 50 years, reinforcing our long-term commitment to Oman's food security.



This year, we secured a 50-year lease on a 50,000-square-meter plot of land near our facilities, ensuring long-term expansion capacity for storage and logistics infrastructure.

Growth through mergers and acquisitions remains a key pillar of our strategy. We are currently evaluating two acquisition opportunities that align with our core business. As part of our ambitious five-year vision, we have set an aggressive yet achievable target of closing two M&A transactions annually. While we cannot disclose specific figures at this stage, these initiatives will be instrumental in helping us achieve our broader business objectives.

In today's business landscape, industries worldwide—including the banking and food sectors—are witnessing consolidation to drive efficiency and resilience. By joining forces, we will become a stronger, more competitive entity, better equipped to navigate market challenges.

As we continue to innovate within the food sector, one of our key focus areas is protein-based food ingredients. Global concerns around protein availability are escalating, given the challenge of feeding a growing population expected to reach 9 billion. We have evaluated various protein production models, and while some have yet to prove viable, our commitment to this space remains steadfast. Currently, we are exploring a new product using precision fermentation, a technology that is getting wide acceptability globally. Our team is eager to assess its financial feasibility, and we have already launched trials in Oman-based farms. We anticipate promising results that could redefine sustainable protein production.

Supporting Omani farmers remains a priority. We continue to procure locally grown wheat, integrating it into one of our product lines. Additionally, we are conducting trials on millet cultivation, a grain recognized globally as a superfood in 2023. With millet's potential to offer higher returns to farmers, we are working closely with the Indian Agricultural Research Institute (ICAR) to fast-track its introduction in Oman. Our goal is to develop millet-based products that offer superior nutritional benefits while promoting sustainable farming practices.

As we move into 2025, Oman Flour Mills remains committed to innovation, sustainability, and food security. With a clear vision, bold strategies, and a relentless pursuit of excellence, we are shaping a future that is not only profitable but also responsible and impactful for Oman and beyond.

CEO, Oman Flour Mills



CFO's message



Haitham Al Saadi
Chief Financial Officer

We take great pride in nurturing fresh graduates, equipping them with the necessary training, and accelerating their career growth within the company. Many of these individuals are now handling critical functions across our operations and are at the forefront of embracing new technologies.

The year 2024 was a defining one for Oman Flour Mills (OFM), marked by significant investments in infrastructure and production capacity. These strategic investments have positively contributed to our ability to expand both the quantity and variety of products we offer, driving consistent top-line growth and reinforcing our market position. Encouragingly, the returns on these investments have been evident in our financial performance.

From a cost perspective, the fluctuations in raw material prices—a key factor in profitability—began to stabilize in 2024, with market corrections leading to a gradual reduction in costs. This, combined with our smart procurement strategies, enabled us to capitalize on favorable market conditions. Meanwhile, our associate companies experienced a strong recovery compared to the previous year, largely driven by operational improvements and optimization efforts resulting from these investments.

However, a key challenge remained the cost of financing our investments and operations. The high-interest rate environment that persisted through 2023 and early 2024 put pressure on funding costs. Toward the fourth quarter of 2024, we began to see a downward trend in interest rates, largely influenced by global monetary policy responses to inflationary pressures, particularly in Europe. The effects of these adjustments typically reach our region with a lag, and we anticipate further relief moving into 2025.

That said, the year presented a mixed financial landscape, with some areas of our business performing exceptionally well while others faced headwinds. One notable challenge was the global boycott of certain food chains linked to regional conflicts/geo-political tension, which impacted the sale of our bread buns and related products. This underscored the extent to which our business is intertwined with global geopolitical dynamics. Managing financial strategy in such an environment required agility across procurement,

supply chain, and investment management. Government subsidies played an important role in mitigating the high cost of imported raw materials, providing a degree of stability.

A key focus area for us has been talent development. We take great pride in nurturing fresh graduates, equipping them with the necessary training, and accelerating their career growth within the company. Many of these individuals are now handling critical functions across our operations and are at the forefront of embracing new technologies.

In 2024, we also accelerated our digital transformation efforts. A major milestone was the seamless integration of our banking systems with our ERP, enabling more efficient financial management. Additionally, we significantly expanded the use of data science and business intelligence tools to provide accurate, real-time insights for decision-making. Our continued investment in cloud infrastructure has ensured that most of our critical systems are securely hosted, further strengthening operational resilience.



Looking ahead, AI adoption is a priority area for us. We have already taken initial steps by installing dedicated AI workstations across the organization and providing employees with training on how to harness AI for business efficiencies.

This is just the beginning of our journey, and we aim to deepen AI integration across financial management and operational processes in 2025.

In conclusion, we remain confident in our ability to sustain growth. Our production capacity is well-positioned to meet rising demand, and our strong financial standing—bolstered by solid relationships with local banks—ensures that we can navigate challenges while continuing to serve our customers effectively. Additionally, our plans to expand storage capacity and construct a multi-purpose warehouse will further enhance our ability to support future business growth. As we move forward, we remain committed to operational excellence, financial prudence, and innovation-driven growth.

CFO, Oman Flour Mills



COO's message



Ibrahim Al Amri
Chief Operations Officer



A key milestone in 2024 was the successful completion of a second feed mill line at Jibroo, significantly enhancing our ability to meet the evolving needs of our customers.

Reflecting on the operational performance of Oman Flour Mills (OFM) in 2024, I am pleased to report that we have made significant progress in strengthening our capabilities for sustained growth. Our efforts have been focused on expanding storage capacity, modernizing infrastructure, and integrating cutting-edge technology, all while upholding our core mandate to support food security.

Given the physical constraints of our milling complex in Jibroo, Muttrah—where our operations have grown exponentially since our inception in the late 1970s—we have adopted innovative solutions to ensure continued efficiency and scalability. Managing the seamless movement of around 2,000 metric tons of raw materials, semi-finished, and finished products through a single main gate is a daily challenge, but one that we have successfully optimized.

This expansion will support the development of additional silo-based storage, with nearby areas allocated for other materials and finished goods. Pending the completion of these facilities, we are repurposing existing spaces within our complex to meet short-term storage requirements.

In line with our innovation and AI drive, we are upgrading our software systems to the Buhler platform, designed to the latest global specifications, while introducing new Stock Keeping Units (SKUs) to strengthen our product portfolio across local and export markets. To further enhance operational efficiency, we continued investing in automation and smart robotics technologies. Building on the success of previous implementations in the feed mill, two additional robotic systems were installed in the flour mill in 2024, resulting in notable productivity gains.



We continued to invest in automation and smart robotics technologies, installing two additional robotic systems in the flour mill last year, following their successful deployment in the feed mill in 2023. These smart solutions have contributed to increased productivity.

Our transport operations have also seen significant improvements with the introduction of a modern fleet of silage tankers, ensuring the timely and efficient delivery of feedstock to poultry customers. These specialized vehicles enhance loading and discharge efficiency, further optimizing our logistics.

Sustainability remains a key focus of our operational strategy. We are implementing initiatives to enhance energy and water efficiency across our plants while integrating AI into procurement and manufacturing processes. Our modernization roadmap includes the phased replacement of older equipment with AI-compatible,

energy-efficient alternatives. In this regard, our collaboration with leading equipment manufacturer Buhler continues to be instrumental in guiding our strategy.

Additionally, through our partnership with Atyab International Services (AIS), we are continuously strengthening our quality assurance and control mechanisms, updating certifications, and ensuring compliance with global standards. With a clear vision, the right talent, and a commitment to operational excellence, we remain dedicated to expanding into new markets and reinforcing OFM's position as a leader in food security and innovation.

COO, Oman Flour Mills



Board of directors



Ahmed Al Bulushi
Chairman of the
Board of Directors



Hamad Al Wahaibi
Vice Chairman of the
Board of Directors



Mohammad Al Busaidi
Chairman of the Audit



Hamood Al Rashidi
Member



Mohammad Al Ghafili
Member



Khalifa Al Makhmari
Member



Saleem Al Raisi
Member

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



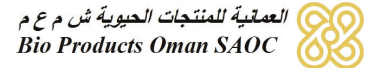
Our Group Companies



ATYAB
INVESTMENTS



Arabian Food
Production Company

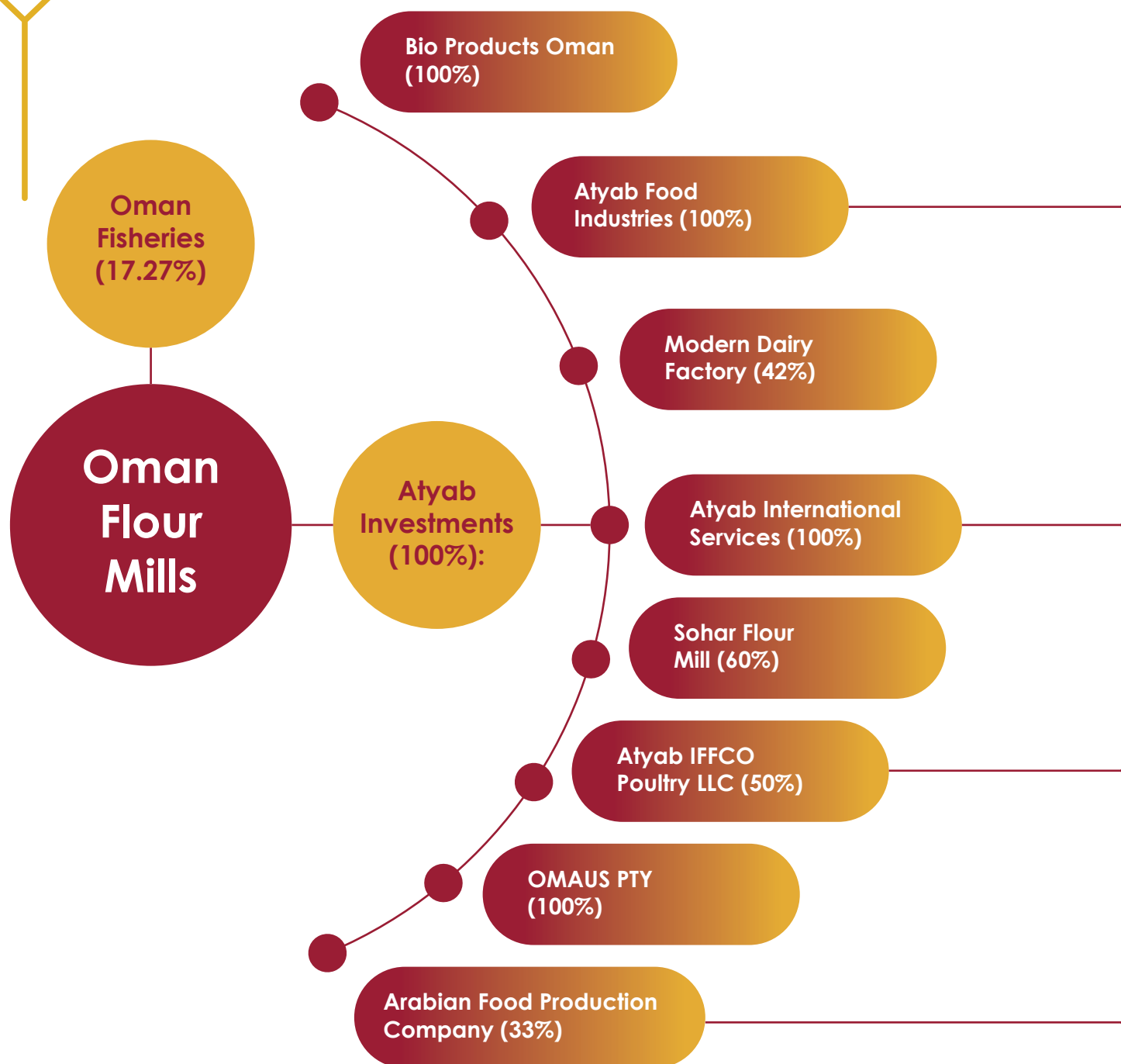


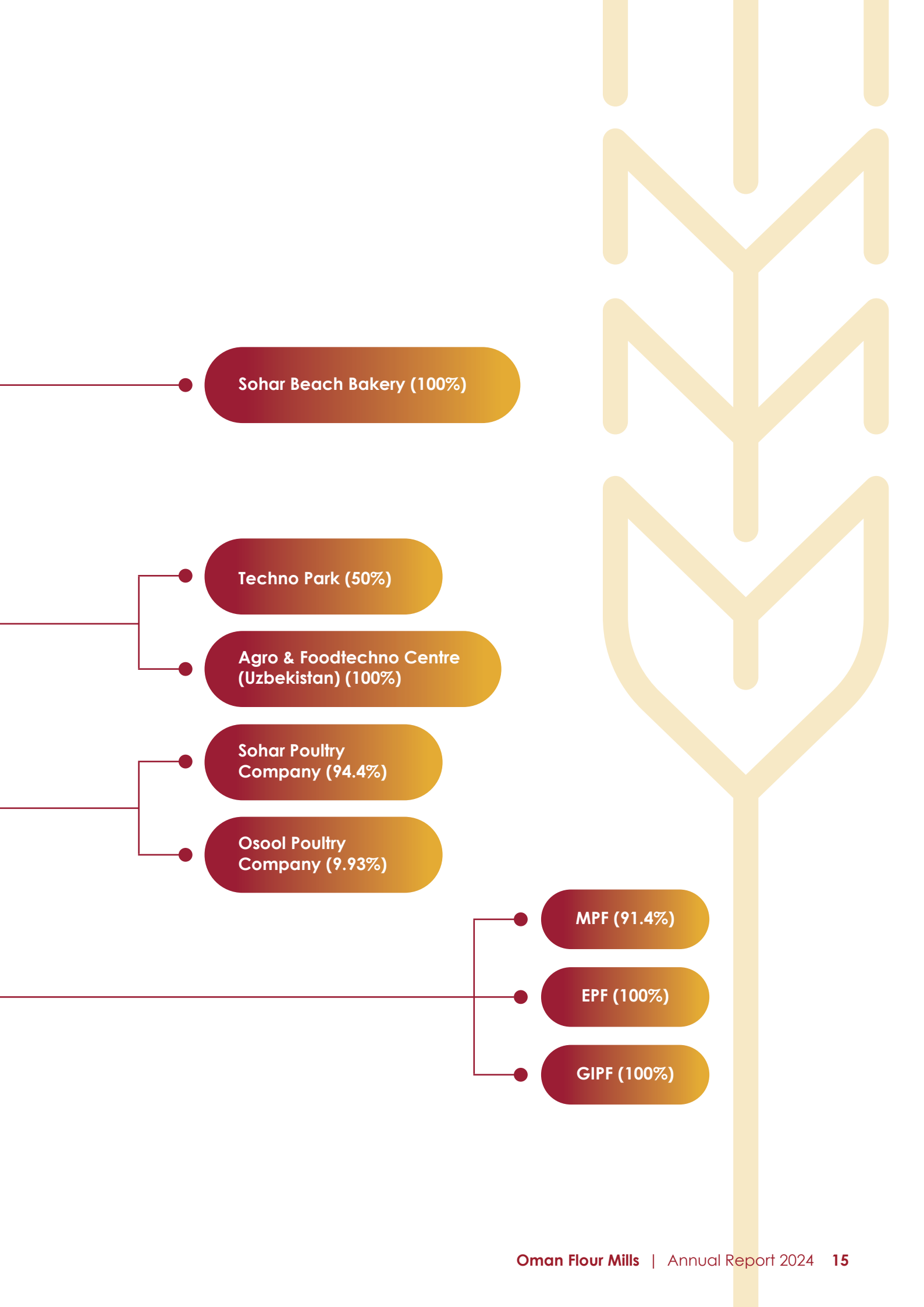
Our Brands





Group structure







What we do?



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 abroad 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**

Flour Products



Grains

OFM is Oman's most trusted source for top-quality grain and flour products



Flours

From all-purpose flour to specialty blends, OFM offers an unmatched range



Pre-mixes

OFM is a principal source of high-quality premixes for farms across the GCC region



Baked Products

Superior baked products from Oman's biggest industrial bakery

Feed Products



Barakat Cattle Feed

High nutrient feeds for all types of livestock



Alpha Specialised Horse Feed

Premium range of horse feeds your trusted source for top-quality flour and grain products



Barakat Poultry Feed

Optimised feeds for maximum yield and performance



Manpower



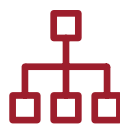
Workforce Empowerment

Oman Flour Mills takes pride in its strong Omanisation efforts, with an impressive 83% of its workforce comprising Omani nationals. Out of 308 employees, 257 are Omanis, including

38 women — highlighting OFM's commitment to gender diversity in a manufacturing-driven environment.



Leveraging digitalization to enhance efficiency and employee experience



Boosting employee morale through a focus on engagement, rewards, and recognition



Enhancing employee well-being has been a major priority

Diversity

INDIA

PHILIPPINE

INDONESIA

PAKISTAN

NEPAL

BANGLADESH

SUDAN

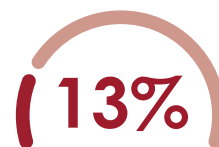
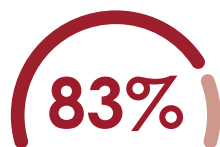
ZIMBABWE

KENYA

SOMALIA

USA

Mauritius



Complementing the robust Omani component of the workforce is a diverse team of expatriate staff

Working together, they bring a mix of international experiences to OFM's growing skills base the HR team is focused on career development, working on ensuring that every employee has a clear pathway in the near future for growth within the company.



Growth, Innovation, and Expansion in 2024

2024 has been a transformative year for Oman Flour Mills (OFM) Group, marked by significant achievements across multiple fronts—growth strategy, product innovation, digitalization, mergers and acquisitions, and geographical expansion. These milestones have reinforced OFM's core mission of strengthening Oman's food sector and enhancing national food security.

A key highlight of the year was the successful direct import of high-quality Australian wheat for the second consecutive year. The 34,500 MT consignment of Australian Premium White (APW) wheat was procured by OMAUS Ltd, a wholly owned OFM subsidiary.

By sourcing directly from Australian farmers, OFM is achieving cost efficiencies, securing superior quality, and ensuring consistency in wheat supply. Moving forward, OFM is exploring shared farming models with Australian growers to unlock further cost advantages.

In the bakery segment, The Group expanded its market share through the acquisition of Sohar Beach Bakery, one of Oman's leading industrial bakeries. Established in 1989 as a small outlet in Sohar, the bakery grew into a national leader with 13 production facilities and a distribution network covering 130 outlets. With this acquisition, Atyab Food Industries market share in the bakery segment has surged to nearly 40%, positioning it as a dominant force in Oman's baked goods industry.



OFM increased its stake in Omani Bio-Products Company from 33% to full ownership. This major animal feed and aquatic food facility under construction in Khazaen Economic City represents a major investment. The plant is designed to convert agricultural by-products into high-value animal and marine feed, recycle date by-products such as kernels, pulp, and palm fronds, and produce 48,000 MTA of TMR Feeds and 15,000 MTA of marine life feed annually.

This project can be scaled in future to produce upto 100,000 MTA of TMR feeds and 300,000 MTA of Aquafeeds. With this strategic move, OFM is strengthening its presence in the feed sector, with plans to expand into total mixed rations (TMR) and aqua feed. The facility is set to commence operations in H2 2025.

As OFM continues to expand its operations, securing grain storage capacity has become crucial. Its silos at Mina Al Sultan Qaboos currently hold a maximum of 120,000 MT. In response to growing demand and supply chain uncertainties,

OFM secured government approval to expand capacity to 200,000 MT. The expansion includes new infrastructure development, with land agreements signed with Omran Group to support additional storage and distribution hubs across 60,000 sqm at Mina District. Once completed, OFM's post-expansion capacity will total 200,000 MT in silos and 76,600 MT in horizontal warehouses.

New projects and initiatives:

In an effort to streamline logistics and improve efficiency, OFM is conducting a feasibility study for a centralized distribution company that would consolidate the logistics operations of its subsidiaries. This initiative aims to reduce costs by eliminating overlapping distribution networks, improve efficiency and synergy across the Group, and strengthen last-mile delivery capabilities. If deemed viable, this move will integrate individual distribution assets into a single, high-performance entity.



OFM is actively pursuing a 60% stake in Oman National Livestock Development, which operates a key feed mill in Salalah.

In the feed market, OFM is actively pursuing a 60% stake in Oman National Livestock Development, which operates a key feed mill in Salalah. This acquisition will enhance OFM's access to Dhofar's livestock and farming sector, position the company for feed exports via Salalah Port, and strengthen its footprint in the GCC animal feed market. A valuation exercise has been completed, and legal and financial due diligence is currently underway.

To enhance governance and operational oversight, OFM is rolling out a Group-wide Asset Management Framework. This initiative aligns with Oman's push for improved corporate governance and will streamline performance monitoring across the Group.



In the area of sustainability and innovation, OFM is exploring alternative protein sources.

In the area of sustainability and innovation, OFM is exploring alternative protein sources. Research is underway on microalgae-based protein substitutes to reduce dependency on soybean meal in animal feed. The R&D team has evaluated chlorella and algae cultivation as potential high-protein alternatives, with global site visits and assessments ongoing to determine feasibility.

OFM is also evaluating a mill integration strategy, given its current operations under three separate flour mills: Oman Flour Mills, Sohar Flour Mills, and Bio-Products. The integration would streamline operations, unlock synergies, and drive efficiency across the Group.

Other projects under study include the establishment of a baby food plant in Uzbekistan, the launch of an industrial bakery in Saudi Arabia, the expansion of an accredited lab in Saudi Arabia, the introduction of UHT dairy and yogurt products, consultancy and mill management in Libya, and contract poultry farming projects.



With a bold vision for the future, OFM has set an ambitious target of reaching \$1 billion in annual revenue within the next five years.

With a bold vision for the future, OFM has set an ambitious target of reaching \$1 billion in annual revenue within the next five years. This strategy is built on five key pillars: organic growth of subsidiaries, value chain integration by increasing equity positions in key subsidiaries to enable forward and

backward integration, expansion into B2C segments through high-margin, value-added food products, strategic mergers and acquisitions to accelerate growth, and geographical expansion into new international markets.



OFM remains committed to driving innovation, strengthening Oman's food security, and expanding its footprint in local and international markets.

As 2025 unfolds, OFM remains committed to driving innovation, strengthening Oman's food security, and expanding its footprint in local and international markets. The company's unwavering focus on sustainability, efficiency, and value creation ensures a future of continued growth and success.





EXPANDING GLOBAL REACH

Leveraging Oman's strategic position as a gateway to the Middle East, East Africa, and beyond, Oman Flour Mills (OFM) continues to expand its export footprint, strengthening its position in international markets. In 2024, the company recorded an impressive 36% surge in flour exports, reaching 51,616 metric tons (MT)—a significant leap from 2023 figures. Export revenues also climbed 10% year-on-year, hitting OMR 7.354 million, underscoring the company's sustained growth trajectory.

Oman Flour Mills (OFM) continues to expand its export footprint, strengthening its position in international markets. In 2024, the company recorded an impressive 36% surge in flour exports, reaching 51,616 metric tons (MT) — a significant leap from 2023 figures.

OFM's relentless efforts to diversify its overseas market base have taken its products as far as New Zealand in the South Pacific and the Maldives in the Indian Ocean. Within the Gulf region, the company maintains a strong presence in Saudi Arabia, Bahrain, Kuwait, Qatar, and the UAE, while further expansion has cemented its reach in Yemen, Iraq, Jordan, Tunisia, and Somalia. Looking ahead, 2025 will see the company targeting new frontiers in Europe and North America.

Every single export market registered growth in both volume and revenue in 2024, demonstrating not only OFM's export strength but also the growing international appeal of its products. Yemen led the way with a staggering 110% increase in export volume and a 75% rise in revenue. The UAE followed closely, recording a 64% volume increase and 37% revenue growth.

Saudi Arabia saw a 10% rise in volume and 7% revenue growth, while Bahrain reinstated its market presence with 2% volume growth and 1% revenue growth. Meanwhile, Kuwait achieved a remarkable 31% surge in both import volume and revenue.



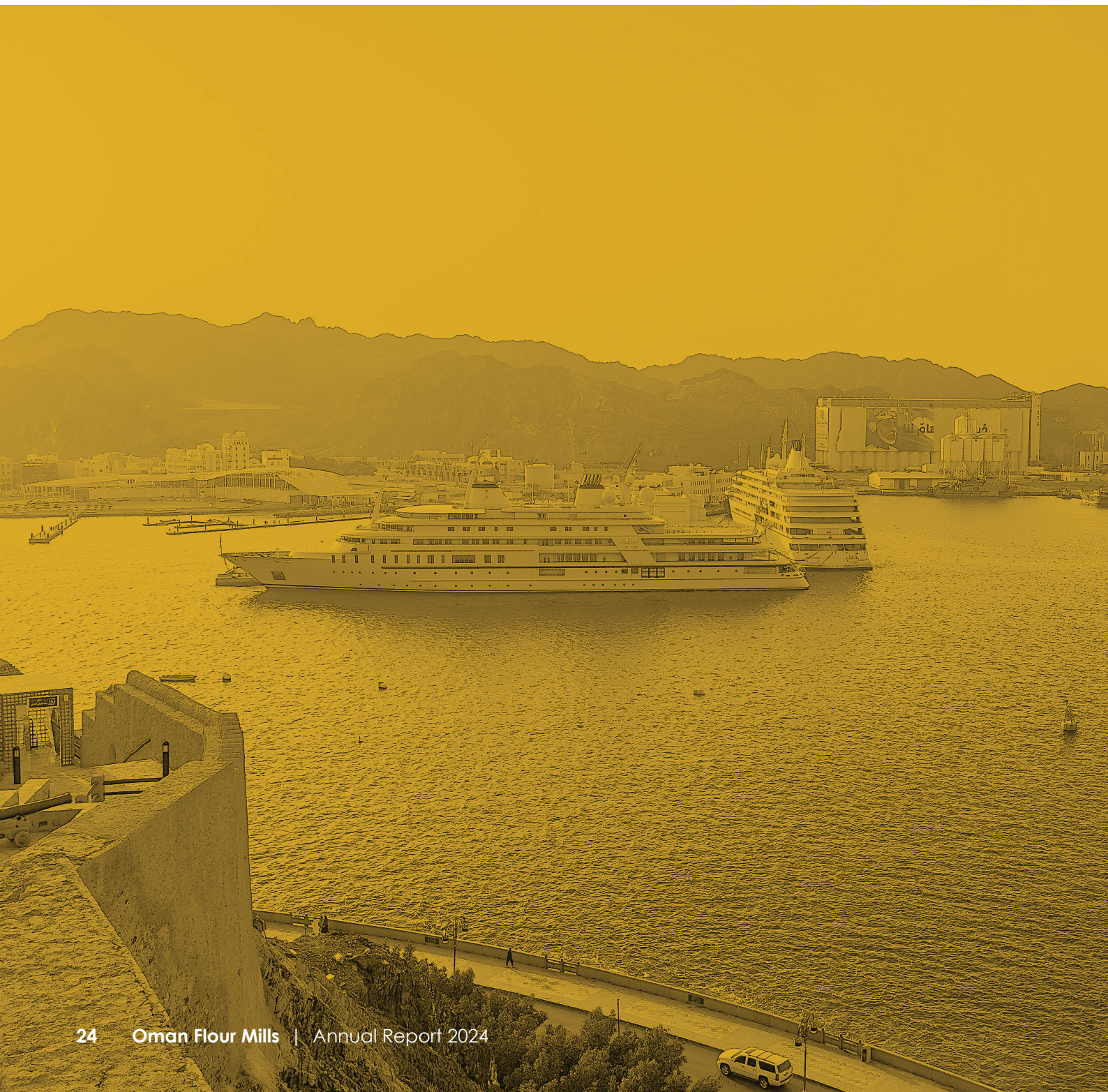
By the end of the year, OFM had expanded its footprint to over 12 international markets, welcoming New Zealand and the Maldives to its growing export portfolio. A key pillar of OFM's export growth strategy is its commitment to strengthening the Omani National Brand (Made in Oman).

A major development in 2024 was the appointment of a local agent in Iraq, revitalizing the market for OFM's retail products. Additionally, the launch of Patent Flour, the company's flagship product, further strengthened its product lineup.

OFM's export success is driven by the high quality and cost-competitiveness of its diverse product range, which includes harees, white flour, atta flour, super premium flour, chakki atta, Patent Flour, and cleaned wheat. The company operates through a robust network of local and regional agents to ensure wide market reach.

A key pillar of OFM's export growth strategy is its commitment to strengthening the Omani National Brand (Made in Oman). The company actively promotes its products at international trade events and exhibitions, proudly showcasing the 'Made in Oman' emblem on all its flour products. In parallel, OFM is strategically expanding its retail presence through its flagship 'DAHABI' brand, enhancing global visibility and brand equity in the international retail space.

With its sights set on new markets and continued investment in brand-building, Oman Flour Mills is poised for even greater success on the global stage in the years ahead.





Driving Digital Transformation

Throughout 2024, several key ICT initiatives were launched to boost efficiency, productivity, and performance standards. OFM introduced Power BI dashboards across departments, new Enterprise Resource Planning (ERP) system, Electronic Document Recording Management System (EDRMS) and ICT Business Continuity Plan.

Oman Flour Mills (OFM) stands out as an integrated company that, while focused entirely on the food industry, places great emphasis on its ICT capabilities to drive growth, streamline operations, and enhance decision-making.

To modernize and optimize B2B payment services, OFM successfully rolled out a new Enterprise Resource Planning (ERP) system based on Microsoft Dynamics 365 Finance & Operations. This robust platform serves as an advanced invoicing and payment gateway, significantly enhancing accounting and financial management functions. By automating and streamlining financial transactions, the system has strengthened operational transparency and efficiency.

In addition, OFM introduced Power BI dashboards across departments such as Procurement, Sales, and Finance. This dynamic tool provides real-time performance tracking, KPI analysis, and business intelligence insights. For executive management, this means instant access to key data, enabling informed decision-making on investment priorities, performance gaps, and strategic direction.

A major enhancement in ICT infrastructure was the introduction of Electronic Document Recording Management System (EDRMS). Previously, access to IT systems was limited to employees physically present on-site. Now, with Web Access Protocol (WAP) technology, staff can securely access company systems from anywhere, facilitating remote work and ensuring business continuity. This system has proven to be a game-changer, particularly in mitigating disruptions caused by global crises like the COVID-19 pandemic and extreme weather events.

Another milestone in OFM's digital transformation was the successful implementation of an Integrated IT Policy and Procedures framework, modernizing the original policy established in 2007. The new framework consolidates policies on IT hardware, software, security protocols, and digital governance. Crucially, it incorporates an ICT Business Continuity Plan (BCP), ensuring rapid data retrieval in the event of system disruptions. A comprehensive Disaster Recovery Plan (DRP) was also developed, rigorously tested, and successfully deployed.



In a groundbreaking move, OFM introduced a Virtual Office Platform in collaboration with UK-based Kumospace, the world's leading virtual office software provider. This innovative solution creates a fully immersive, interactive office environment

where employees can engage with colleagues, hold meetings, and collaborate in real-time—regardless of location. The system is both secure and private, making it particularly beneficial for non-technical departments such as HR, Administration, Procurement, Finance, Sales, Marketing, and Warehousing. Following its implementation, OFM introduced flexible work-from-home options on Thursdays and Sundays for eligible staff, enhancing work-life balance without compromising productivity.

Looking ahead to 2025, OFM is set to embark on even more advanced ICT initiatives. The company plans to transition its core systems to cloud computing, enhancing scalability, security, and accessibility. In parallel, Artificial Intelligence (AI) adoption will take center stage with the deployment of Microsoft Co-Pilot, an AI-powered assistant designed to optimize workflows and enhance decision-making within Finance, Procurement, and Marketing departments.

By strategically investing in digital transformation, OFM is reinforcing its position as an industry leader—not just in food production, but also in leveraging technology to drive operational excellence, efficiency, and long-term sustainability.





Bold Steps in Tech and Infrastructure

Oman Flour Mills (OFM) has significantly enhanced its operational capabilities through a series of technological upgrades, equipment overhauls, and a new wave of automation. These advancements have modernized milling, packaging, and bulk handling operations, positioning OFM as one of the most automated food processing firms in the region.

In 2024, a major refurbishment of flour milling machinery was completed, incorporating advanced technology and system modifications to improve efficiency. The entire palletizing system has been upgraded, and new automated packaging lines for 25 kg and 50 kg packs have been introduced.

A 10 kg packaging line is set for early 2025 to provide further flexibility. Plans are also underway to fully automate bagging operations, including robotic bag filling and stitching, further enhancing productivity and reducing energy consumption.

Additionally, bulk loading operations will be modernized in 2025 to enhance flexibility and market responsiveness. These improvements will not only mitigate potential operational disruptions but also facilitate the handling of diverse grains and commodities. Large customers will benefit from reduced waiting times, improving supply chain efficiency and convenience.

Ongoing upgrades to milling lines, which began in 2023, are leveraging cutting-edge solutions from Buhler, a global leader in food and feed processing. These enhancements are expected to optimize OFM's production capabilities while lowering energy consumption. Similar improvements are planned for the feed mill and premix sections.

The Jibroo complex in Muscat, home to OFM's milling operations, is undergoing a transformation to improve traffic flow, safety, and operational efficiency. Upgraded facilities for contract laborers and bulk customer staff will provide improved waiting areas. New road markings, pedestrian pathways, designated forklift routes, and enhanced fire safety and electrical systems are also being implemented. Additionally, the control room overseeing operations will be upgraded to maintain consistent production quality and minimize human error.

A major expansion of warehousing capacity is also in the pipeline. OFM plans to increase silo storage from 120,000 MT to nearly 200,000 MT, with new warehousing facilities at the Jibroo complex and the nearby port area. Land vacated by a private school relocation will be repurposed to store grain feedstock and finished products. To support this initiative, OFM is engaging consultants to develop a robust warehousing expansion strategy.

These strategic investments reflect OFM's commitment to innovation, efficiency, and long-term growth, ensuring it remains at the forefront of the food processing industry.



Commitment to Cutting-Edge Innovation

At Oman Flour Mills (OFM), innovation is more than just a concept—it is an essential pillar of the company's success and leadership in the food processing industry. The Innovation Department stands at the forefront of this commitment, constantly exploring new ideas, technologies, and strategies to ensure OFM remains at the cutting edge of its field. Comprised of a team of forward-thinking experts, the department's initiatives span all critical aspects of OFM's operations, including administration, technology, energy efficiency, and workplace enhancements.

One of the most impactful achievements of the year has been the successful implementation of an advanced energy management system, resulting in a remarkable 12% reduction in electricity consumption. This milestone was made possible through upgrades in cabling and electrical infrastructure, alongside the deployment of technology that optimizes transformer operations.

A major transformation in workplace conditions has also been realized with the installation of an elaborate dust suppression system. By significantly reducing airborne particles, OFM has created a healthier and cleaner environment for employees and visitors alike — enhancing both well-being and operational efficiency.



Automation and artificial intelligence have been central to OFM's innovation drive. AI-powered palletizers and robotic systems have been introduced to streamline the handling of finished products, boosting both productivity and precision.

Looking ahead, AI-driven tools are set to be deployed across key departments, including Finance, Administration, Human Resources, and even the CEO's Office. This strategic integration of AI will enhance decision-making, optimize workflows, and drive efficiency across all levels of the organization.

With an unwavering commitment to progress, Oman Flour Mills continues to harness the power of innovation to redefine industry standards, improve sustainability, and elevate operational excellence. Through its bold initiatives, the Innovation Department is ensuring that OFM not only keeps pace with change but actively shapes the future of food processing in the Sultanate of Oman.



Community-Centered Focus

At Oman Flour Mills (OFM), Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) efforts are led by the Sustainability Department, a dedicated team driving sustainability values across the Group's businesses. While this department is relatively new,

OFM's commitment to CSR has been deep-rooted and steadfast, reflected in a wide range of charitable, social, and community-driven initiatives. In 2024, the CSR team distributed food packages containing 10kg of OFM flour and harees during Ramadhan, benefiting approximately 35,000 people.

Many of OFM's CSR activities align with religious and national milestones, ensuring their impact resonates across Omani society. In 2024, for example, the CSR team distributed food packages containing 10kg of OFM flour and harees during Ramadhan, benefiting approximately 35,000 people.

Beyond food aid, OFM actively supports the agricultural sector. In collaboration with the government, the company is providing free animal feed to Omani farmers in North Al Batinah over a two-year period (2024–2025). The education sector is also a key beneficiary of OFM's CSR efforts. On Sports Days, the company distributes healthy snacks to schools, while its flagship initiative focuses on installing large shaded areas in government schools to create outdoor learning and recreation spaces. In 2024, eight schools benefited from this initiative, with a similar number planned for 2025. Additionally, OFM funds the provision of cameras, TV sets, and other educational tools based on individual school needs.

Community welfare remains a priority. Charity institutions in Jibroo, home to OFM's headquarters, regularly receive support. In 2024, a government-run orphanage received donations of garments, shoes, and essential supplies for its residents, while breast cancer patients were gifted custom outfits to wear during their treatment. During Ramadhan, OFM collaborated with the local Zakat Committee to sponsor iftar meals for 53 students from the Middle East College. In line with its commitment to sustainability and the circular economy, OFM also funded a student-led research project at Nizwa, which explores the use of palm tree and fish waste as animal feed for goats. Furthermore, in Muttrah, where OFM's headquarters are located, the company funds home restoration projects for low-income Omani families, completing a few homes annually based on recommendations from the local Zakat Committee.

Overseeing these initiatives is a team of 16 dedicated OFM employees who volunteer their time to bring these projects to life. Their contributions extend beyond CSR events, as they regularly visit hospitals to uplift cancer patients and the elderly, organize beach-cleaning activities, and engage with the Zakat Committee to support its community programs. Through these diverse and meaningful efforts, OFM continues to make a lasting impact, reinforcing its role as a responsible corporate citizen deeply embedded in the community.



Fostering employee engagement and well-being

At Oman Flour Mills (OFM), HR goes beyond recruitment, training, and talent management—it is fundamentally about employee engagement and well-being. This commitment has been instrumental in creating a motivated, goal-driven, and dedicated workforce.

OFM takes pride in its strong Omanisation efforts, with an impressive 83% of its workforce comprising Omani nationals. Out of 308 employees, 257 are Omanis, including all 38 female employees — highlighting OFM's commitment to gender diversity in a manufacturing-driven environment.

A key milestone in 2024 was the department's success in leveraging digitalization to enhance efficiency and employee experience. Traditional attendance machines have been replaced with a mobile app that allows employees to sign in and out, submit leave requests, and track their attendance seamlessly. Employees involved in ship-loading operations can use the same app to log performance-based incentives. Medical claims have also transitioned to a paperless system, with employees now using digital health cards instead of manual paperwork. Additionally, every employee's profile is linked to their job description and can be accessed through the HR system, ensuring greater transparency and efficiency.

Employee morale and productivity have been significantly boosted through a three-pronged approach focusing on engagement, rewards and recognition, and well-being. The HR Department's 'Al Sa'ada Team' organizes team-building activities, outdoor events, and workplace competitions to strengthen

camaraderie. Prior to Ramadhan, employees participated in outdoor camp-style barbecue sessions, creating opportunities for social interaction outside the office. Other initiatives include informal engagement spaces such as coffee stations stocked with snacks, as well as the popular all-women's bazaar. To build on this momentum, barbecue sessions are now scheduled every quarter.

Enhancing employee well-being has been a major priority, with efforts focused on creating a more comfortable and collaborative work environment. Office layouts have been modernized to encourage communication, moving away from closed cubicles to open, interactive spaces. To ensure consistently high standards in employee amenities, unannounced checks are conducted at the cafeteria, particularly during iftar in Ramadhan, to verify the quality of meals. For outdoor staff and contract workers, shaded areas have been installed to provide relief from the sun, while cool water dispensers, beverage stands, and cooling fans have been made available to help employees stay refreshed.

The Rewards and Recognition scheme is designed to incentivize performance, with rewards distributed based on quarterly KPIs. Employees who demonstrate initiative by contributing to cost savings, productivity improvements, or operational efficiency are recognized for their efforts.



Office layouts have been modernized to encourage communication, moving away from closed cubicles to open, interactive spaces. To ensure consistently high standards in employee amenities.

A major achievement in 2024 was the rollout of the virtual office, allowing employees to work from home while maintaining real-time communication with their teams. This initiative has significantly enhanced productivity and reduced commuting time, particularly during Ramadhan when employees are required to be in the office only when absolutely necessary.

Looking ahead to 2025, the HR team is focused on career development, working on ensuring that every employee has a clear pathway in the near future for growth within the company. Additionally, an AI-powered recruitment tool is set to be introduced, streamlining the hiring process and enabling the company to attract top-tier talent more effectively.





Expanding Reach, Enhancing Engagement

OFM's Sales & Marketing Department has evolved in response to the company's expanding product portfolio, international reach, and the rise of digital marketing technologies. Beyond traditional sales, the department plays a strategic role in brand management, market expansion, customer engagement, and revenue growth.

Key marketing functions include enhancing brand visibility for OFM, Dahabi, Barkat, and other brands, while ensuring strong recognition in domestic and international markets. Market research and insights inform decision-making, guiding the development of targeted advertising and promotional campaigns across digital, print, and in-store platforms. Social media marketing is integral, leveraging channels like Facebook, Instagram, LinkedIn, and Google Ads for customer engagement. Additionally, corporate communication, PR, and event participation enhance brand reputation and market reach. Continuous product innovation further supports marketing efforts by introducing new SKUs and specialty products to meet evolving consumer demands.

Sales efforts are focused on expanding OFM's presence in B2B and B2C markets, with particular emphasis on supermarkets, bakeries, restaurants, and export markets.

Strong relationships with distributors and retailers are key to ensuring product availability and market coverage. Customer loyalty is enhanced through personalized communication, while participation in trade shows and business development activities supports new client acquisition and international growth. Sales analytics are utilized to track performance, refine strategies, and maintain competitiveness.

Marketing efforts for retail and wholesale markets include in-store promotions, shelf space optimization, and packaging redesigns. For e-commerce, strategic partnerships with platforms like Talabat, Noon, and Amazon UAE drive sales growth. Traditional marketing also includes outdoor advertising and trade show participation, ensuring comprehensive market coverage.

Marketing Strategy

OFM's marketing strategy targets a wide array of customer segments through tailored initiatives that maximize reach and engagement. Retail chains and hypermarkets are a primary focus, along with wholesale and distribution networks supplying bulk flour and animal feed. The company also targets the foodservice sector, including hotels, restaurants, and catering businesses (HORECA), as well as industrial and institutional clients.

Export markets, particularly in the GCC, Africa, and Asia, continue to grow, while e-commerce platforms like Talabat, Noon, and Amazon UAE are a growing priority. Marketing initiatives for retail emphasize in-store promotions, product sampling, and shelf space optimization, supported by enhanced packaging for better visibility. For wholesale and distribution partners, targeted campaigns offer volume-based promotions and participation in major exhibitions to attract bulk buyers. Efforts in the foodservice sector focus on product sampling, chef

collaborations, and exhibitions to strengthen HORECA partnerships. For e-commerce, OFM optimizes product listings and collaborates with influencers to drive online sales.

Export Markets

OFM's international expansion strategy is supported by targeted marketing efforts aimed at distributors and retailers across the UAE, Qatar, Bahrain, Yemen, and Zanzibar. These efforts have resulted in new distributor agreements in Iraq, UAE, and Qatar, bolstered by digital marketing focused on regional business buyers.

OFM is also expanding its presence at international trade shows and exhibitions, such as Gulfood, Iraq Agro, and Tanzania Agro, to strengthen global partnerships. The department leverages a combination of digital marketing, social media, traditional advertising, and branding strategies to increase visibility in these markets. Social media ads and Google search campaigns target high-intent buyers, while WhatsApp Business facilitates direct communication with customers. LinkedIn is used for B2B outreach, and traditional marketing efforts include premium retail shelf branding and billboard campaigns.



The company's social media following grew to 85,446 by Q3, with a reach of over 2 million users per platform each quarter. Total social media impressions reached 35 million, and influencer collaborations led to a 304% increase in audience reach.

Highlights of 2024

In 2024, OFM achieved significant milestones in digital marketing and product development. The company's social media following grew to 85,446 by Q3, with a reach of over 2 million users per platform each quarter. Total social media impressions reached 35 million, and influencer collaborations led to a 304% increase in audience reach. Dahabi's positive sentiment increased from 50% to 75%, and the Ramadhan e-commerce campaign on Talabat sold over 10,500 products.

Product development highlights included the launch of new flour SKUs in the UAE, such as All-Purpose Flour (5kg), White Flour (10kg), and Atta (5kg & 10kg), as well as

Patent Flour (1kg) and expanded livestock feed offerings. The company also introduced Omani White Flour and T55 Flour, strengthening its product portfolio for both local and international markets.

New Initiatives for 2025

Looking ahead to 2025, OFM plans to implement several strategic initiatives aimed at driving growth and expanding its market reach. AI-powered sales and marketing tools will enhance customer insights and streamline content creation. New product lines, including organic, fortified, and premium flour variants, will be introduced to meet changing consumer demands. The company will continue expanding export activities, particularly in the GCC, Africa, and Asia. Retail and e-commerce sales will grow through improved online platforms, while sustainability initiatives, including eco-friendly packaging and supply chain optimization, will reduce environmental impact.

The Sales & Marketing Department will remain pivotal in driving revenue growth, with a focus on innovation, digital transformation, and regional expansion, all while prioritizing customer engagement and long-term brand loyalty.



Sustainability Report 2024: Creating long-term value

For the second consecutive year, Oman Flour Mills (OFM) presented its 2024 Sustainability Report, highlighting its commitment to sustainability and responsible business practices. The report aligns with Oman Vision 2040 and the UN Sustainable Development Goals (SDGs) and follows Global Reporting Initiative (GRI) and Muscat Stock Exchange (MSX) ESG guidelines.

2024 Sustainability Highlights

- **Waste Management:** Developed waste reduction and recycling initiatives.
- **GHG Emissions & Energy:** Installed an energy monitoring system to cut carbon emissions.
- **Health & Safety:** Enhanced workplace safety with dust control systems in silos' raw materials loading operations.
- **Community Impact:** Supported social initiatives, education programs, and relief funds.
- **Food Quality & Safety:** Maintained high safety standards and achieved Halal certification.
- **Employee Well-being:** Improved work environments and flexible work arrangements.
- **Governance:** Finalizing a Sustainability Policy and investing in a risk management platform.

Key ESG Focus Areas

Oman Flour Mills has reinforced its governance framework by enhancing ethical practices, strengthening board oversight, and investing in risk management to ensure long-term resilience. Social responsibility remains a priority, with continued efforts in employee training, diversity, and inclusion, as well as meaningful contributions to community development. On the environmental front, the company has actively monitored its greenhouse gas emissions, with Scope 1 and Scope 2 emissions slightly increasing due to operational expansion. However, energy-saving initiatives are being implemented to counteract this rise. While Scope 3 emissions were not reported in 2024, plans are in place for future integration. Water conservation efforts have led to a 32% reduction in consumption, achieved through proactive maintenance and leakage repairs.



Oman Flour Mills remains committed to advancing its sustainability initiatives by integrating innovative solutions across its operations. Future efforts will focus on sustainable packaging alternatives, expanding the use of renewable energy, and implementing a structured waste management system in 2025 to drive efficiency and environmental responsibility.

Looking Forward

The company is also making strategic investments in climate risk mitigation to enhance resilience against environmental challenges. By embedding ESG principles into its core operations, Oman Flour Mills aims to create long-term value for its stakeholders while actively contributing to Oman's sustainable development goals.



Scan the code to read the full report





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) audited financial statements for the year ended 31 December 2024.

GROUP PERFORMANCE HIGHLIGHTS:

Overview: The Group demonstrated strong financial performance in 2024, driven by improved gross margins and a significant reduction in losses from associates. Revenue increased by 3.9% to OMR 128.8 million, while the cost of goods sold decreased by 2.2%. This disparity, mainly due to lower average commodity prices in global markets, contributed to an improved gross margin. The feed sector grew by 3.7%, while the bakery and flour segments experienced slight declines.

Revenue & COGS: The Group's 2024 results indicate significant financial growth over the year. Revenue increased by 3.9%, reaching OMR 128.8 million, with a reduction of 2.2% in the cost of goods sold. This disparity in growth rates is due to lower average commodity prices in the global market. 85% of total revenue is attributed to the Parent Company, while Atyab Food Industries, Sohar Flour Mills, and Atyab International Services contributed 10.8%, 4.5%, and 1.7%, respectively. Furthermore, a segmentized comparative shows an increase of 3.7% in the feed sector. Conversely, revenue from the bakery and flour segments declined by 5.6% and 0.1%, respectively.

Indirect Expenses: Indirect expenses, consisting of Selling and Distribution (S&D) and General and Administrative (G&A) overheads, increased by 4.9% and 18.5%, respectively. Higher staff-related expenses drove the increase in S&D expenses. Meanwhile, the increase in G&A expenses was primarily due to increased depreciation, higher professional consultancy fees, and higher staff costs.

Finance Costs: Between the comparative periods, the Group's borrowing costs increased by OMR 14.9%, allocated by an increase of OMR 403k at the parent level borne from working capital requirements and OMR 253k in Sohar Flour Mills LLC long-term borrowings. Higher costs are from increased global interest rates compared to the previous year and higher average loan outstanding throughout the year. By the end of 2024, global interest rates began to decline due to easing inflation and strategic monetary policies. Therefore, it is expected that the financing costs will decrease in 2025.

Finance & other Income: The Group reported finance & other income of OMR 1.87 million, compared to OMR 1.86 million in 2023. In 2024, the Group recorded OMR 598k as other income. Additionally, the Group recorded interest earned from receivables balances & bank deposits of OMR 347K & 448K, respectively, which is a 110% increase compared to 2023. However, the increases were offset by a reduction of 61% in other gains, as the fair value gains have decreased from OMR 1.1 million to OMR 212k in the current year.

As a result, the overall finance & other income is in line with the previous year.

Share of results from associates: The share of results from associates improved significantly, with losses reducing by 84.7% year-on-year to OMR 296k, compared to OMR 1.82 million in the previous period. Key contributors to this improvement include:

- **Atyab IFFCO** which reported a profit share of OMR 447k, a significant turnaround from the OMR 19k loss recorded last year.
- **Modern Dairy Factory** which demonstrated notable progress, reducing its share of loss to OMR 40k from OMR 224k in the same period last year.
- **AFPC Group** which reduced its losses to OMR 723k, down from OMR 800k last year, reflecting a OMR 77k improvement.

- **Bioproducts Oman SAOC** which incurred a pre-operative loss of OMR 58k, compared to OMR 18k in the previous year.
- **Oman Fisheries Company:** During the year, the Group lost "significant influence" as its key management personnel are no longer represented on the board of directors of OFC. As a result, the investment in associates has been reclassified to Financial assets at fair value through profit or loss.

These improvements indicate positive performance trends among key associates despite some ongoing losses.

Net Profit: Following these developments, the net profit after tax surged to OMR 6.63 million, a significant increase of 410% compared to OMR 1.34 million in 2023.

PARENT, SUBSIDIARY, AND ASSOCIATES COMPANIES:

The parent company's performance (before tax), along with our subsidiaries and associates, is as follows:

1. Oman Flour Mills SAOG (OFM): In 2024, the parent company demonstrated a strong performance improvement, with revenue rising by 6.5% to OMR 109.35 million, compared to OMR 102.68 million in 2023. The OMR 6.7 million revenue increase was driven by a positive quantity variance of OMR 12.4 million, offset by a negative price variance of OMR 5.7 million. The average price declined from OMR 167/MT to OMR 158/MT, while total sales volume grew from 616k MT to 690k MT.

Gross profit rose sharply by 68.8% to OMR 18.63 million. Enhanced cost management has led to a decrease in the cost of goods sold by 1%. The drop in global commodity prices has led to an increase of 6% in the gross margin (2024 – 17%; 2023 - 11%). In 2024, the company also recorded a subsidy income of OMR 2.5 million and OMR 1.7 million against import wheat & Omani wheat purchases, respectively. The cumulative receivable subsidy balance stands at OMR 3.2 million upon receipt of OMR 8.3 million in 2024 (including previous periods).

Selling and distribution expenses surged by 31.3% to OMR 963k, primarily due to increased advertising expenditure of 39% and rising staff costs with an increase of 27% due to higher headcount. Additionally, administrative and general overheads grew by 19.3% to OMR 5.36 million, driven by higher staff costs and depreciation.

Despite higher operating expenses, profit from operations saw a substantial increase, rising by 94.5% to OMR 12.95 million, compared to OMR 6.57 million in 2023.

Finance costs increased to OMR 2.7 million, up from OMR 2.3 million in the previous year, driven by higher average debt costs during the reporting period. However, with a decline in interest rates toward year-end, the company anticipates a reduction in financing costs in 2025. Meanwhile, finance income surged by 75.5% to OMR 1.20 million, driven by the placement of deposits at competitive rates and interest earned on loans to related parties.

The company's share of net losses from subsidiaries has increased by 21.4%. The holding company, Atyab Investment LLC (AI), recorded a 188% increase in losses from its subsidiaries. These increased losses have been offset by a reduction in losses from its associates of 72%. The holding company (AI) has also incurred OMR 430k higher professional and consultancy expenses in comparison to last year, primarily due to ongoing investments in expansion initiatives.

Overall, net profit for 2024 climbed to OMR 7.58 million, a significant increase from OMR 1.78 million in 2023, reflecting robust operational and financial performance.

2. Atyab Food Industries LLC (AFI) (100%): The income statement for 2024 reflects a challenging year, with a decline in financial performance compared to 2023. However, despite these challenges, management has identified key areas for improvement and growth moving forward.

Revenue decreased by 5.6%, resulting in a 4.2% reduction in gross profit. This decline was primarily driven by:

- a. The impact of the boycott on our QSR brand, which we are addressing through strategic marketing and customer engagement initiatives.
- b. Market penetration challenges in the UAE, which have highlighted opportunities to refine our sales strategies and expand our reach.
- c. A broader economic slowdown that has affected consumer spending. The trend is closely monitored to adapt our operations accordingly.

On a positive note, the Company has maintained strong cost management. Selling and distribution expenses remained stable, with a marginal decline of 0.22%, while administrative and general overheads were reduced by 4.25%, reflecting the ongoing efforts to optimize operational efficiency.

Despite a 41.83% decline in operating profit due to lower sales, the Company reduced finance costs by 71.95%. This has contributed to a net profit of OMR 168k, representing a 27.47% decrease from the previous year. While this reflects the impact of external challenges, it also underscores the ability to manage costs effectively and maintain profitability in a difficult environment.

3. Atyab International Services LLC (AIS) (100%): AIS's sales exceeded last year's performance by 6.8%, reaching OMR 2.25 million. This sales growth was coupled with a 6.7% increase in the cost of sales, which was slightly lower than the revenue growth. As a result, the company achieved a gross profit of OMR 899k, a 6.9% improvement over the previous period.

The increase in general expenses by 12.47%, primarily due to the higher depreciation of the newly established Khuwair HQ, reduced profit from operations by 14.66%, resulting in a profit of OMR 101k.

Additionally, the share of loss from AIS-Uzbekistan was recorded at OMR 249k, an increase of 185k. While these factors contributed to a net loss of OMR 164k, the company is committed to improving operational efficiency and reducing future losses as these new initiatives take hold.

4. Atyab Technical Services LLC (ATS) (100%): The company is currently under liquidation.

5. OMAUS PTY (100%): Earlier this year, the Australian subsidiary successfully completed its second shipment to Oman Flour Mills Company SAOG, generating revenue of OMR 4.2 million and a gross profit of OMR 59k. After consultancy expenses of OMR 30k, the company achieved a net profit of OMR 28k by year-end.

6. Sohar Flour Mills LLC (SFM) (60%): The income statement for Sohar Flour Mill reflects both challenges and opportunities for growth in 2025. Revenue declined by 22%, reaching OMR 5.9 million compared to OMR 7.6 million in 2023, primarily due to a 31% decrease in Silo operations and an 18% reduction in the Flour Milling segment. Key factors contributing to this performance include:

- a) Average reduction in Silo utilization compared to previous periods
- b) Reduced revenue of the Mill due to pricing pressure.

On a positive note, the cost of sales decreased in line with revenue, leading to a gross profit of OMR 617k, a decrease of 26% year over year. Selling and distribution expenses saw a slight reduction of 7.7%, reflecting cost-control efforts, while administrative and general overheads increased by 1%, driven by higher expected credit losses.

Finance costs rose by 11.1% due to an increase in term loan rates, but the company managed to generate other income of OMR 156k from Silo and Berth rentals, providing some support. During the current year, a fair value gain of OMR 120k was earned from the company's investment property, compared to OMR 891k in the prior year.

SFM recorded a net loss of OMR 2.4 million, an increase from the OMR 1.2 million loss in 2023.

7. Bio Products Oman SAOC (BPO) (100%): On 31st December 2024, the parent company increased its ownership from 33% to 100%, demonstrating strong confidence in the potential of the state-of-the-art fish and animal feed plant. The company invested OMR 175K in pre-operative and trial expenses to ensure optimal efficiency and product quality. As a result, a net loss of OMR 175K was recorded as the plant prepares for its commercial launch in Q3 2025.

8. Atyab IFFCO Poultry (50%):

a. Sohar Poultry Co SAOC (SPC) (94.4%): SPC's results demonstrate a remarkable improvement in financial performance for 2024 compared to 2023. Revenue grew by 17.4%, reaching OMR 12.06 million, which contributed to a 35.4% increase in gross profit, totaling OMR 4.5 million. Key factors behind this growth include:

- i. Expanded retail and outlet exposure across various states in Oman
- ii. Optimized production hatching cycles lead to higher output and a boost in production capacity and sales.

Selling and distribution expenses remained stable, while administration and general overheads increased by 11.6%. Despite these increases, operating profit surged to OMR 1.0 million, a significant rise from OMR 187k in 2023. Finance costs remained stable, while other income, which consists of income from bank deposits and the sale of hatching eggs, played a key role in boosting overall performance, leading to a profit before tax of OMR 1.1 million, up from OMR 251k in the prior year. The profit after tax reached an impressive OMR 949k, marking a 507% increase compared to OMR 156k in 2023.

b. Osool Poultry Co. SAOC (9.9%): Osool Poultry is one of the largest projects in the Middle East to produce and market Broiler Hatching Eggs. The investment is classified as Assets Available for Sale. During the year, the company recorded other comprehensive income of OMR 152k.

9. Arabian Food Production Company SAOC (AFPC) (33.33%):

a. Modern Poultry Farms SAOC (MPF): MPF has considerably improved over the years. Revenue grew by a substantial 42.3%, reaching OMR 16.4 million, which led to a 49% increase in gross profit, totaling OMR 1.9 million. As a result, the company turned a profit from operations of OMR 286k, a remarkable recovery from the loss of OMR 305k in the previous year. Finance costs were increased by 3%.

Overall, the company reported a profit after tax of OMR 194k for 2024, reflecting a significant turnaround from the net loss of OMR 376k in 2023.

b. Emirates Poultry Farms (EPF): EPF delivered solid growth in 2024, with revenue increasing by 8%, from OMR 3.7 million in 2023 to OMR 4.1 million. Gross loss reached OMR 135k, marking a reduction of losses compared to the prior year's gross loss of OMR 611k.

Sales and Administrative expenses decreased by 24.2%, highlighting improved cost control. The company reduced its operating loss to OMR 750k, a significant improvement from OMR 1.4 million in 2023. With finance costs down by 28.6% to OMR 46k, the net loss was reduced by 46.6%, totaling OMR 794k.

- c. Gulf International Poultry Farms LLC (GIPF): The company achieved impressive growth in 2024, with revenue increasing by 263%, from OMR 4.2 million in 2023 to OMR 15.3 million. This resulted in a substantial rise in gross profit to OMR 2.2 million, compared to OMR 282k in the previous year. Key drivers of this performance include:
- a) A significant boost in production capacity, increasing from 30% in 2023 to 100% in 2024, enabling the company to meet market demand better.
 - b) The government initiative to support local poultry businesses by controlling imports by 66%.
 - c) Improved prices through brand development led to an improved gross profit margin of 8.3%, up from 6.6% in 2023.

Although Sales and Administrative overheads increased by 93.2%, the profit from operations increased to OMR 471k, a strong recovery from the loss of OMR 637k in 2023. These reductions were largely due to reallocating parent company overheads. The repayment period of term loans began in 2024, leading to a rise in finance costs to OMR 1.5 million, up from OMR 51k in 2023, which impacted profitability.

Despite these positive developments, the company reported a net loss of OMR 763k for 2024, a 17% increase compared to the loss of OMR 648k in 2023.

10. Modern Dairy Factory (MDF) (40%): MDF has significantly improved as revenue increased by 91%, from OMR 1.39 million in 2023 to OMR 2.6 million. This growth is driven by:

- a. Higher production following Rusayl soft opening
- b. A 12% increase in prices, as approved by PACP

This resulted in a substantial 230% rise in gross profit, reaching OMR 1.0 million, while indirect expenses, including selling and distribution and administrative overheads, increased by 56% and 57%, respectively; the company successfully optimized its working capital cycle, reducing the cost per unit. These higher expenses were primarily driven by increased manpower and additional routes to meet higher sales demand.

Finance costs were reduced by 76% due to the capitalization of interest, and the company also recorded OMR 71k in other income, earned through settlement discounts and loan interest waivers. As a result, MDF achieved a profit after tax of OMR 100k, marking a remarkable improvement compared to the loss of OMR 560k in 2023. This performance reflects significant progress and positions the company for continued growth.

AWARDS AND ACHIEVEMENTS:

In 2024, the following key achievements were accomplished:

Business Awards

- 1) ESG Excellence Recognition: The OFM Group has been recognized by Muscat Exchange for its outstanding performance in ESG.
- 2) Best Product Development: The Dahabi brand received the Best Product Development Award at the OER Business Summit 2024.
- 3) Top Omani Brand 2024: OFM was honored as the Top Omani Brand in the manufacturing industry for 2024.

Key Participations & Achievements

- 1) Conducted an MOD workshop for professional bakers.
- 2) Successfully registered the Dahabi brand with major UAE retailers, including Amazon, Careem, Noon, and Talabat.

- 3) Participated in major regional food events, such as Africa Big 7 and Horeca Oman.
- 4) Inaugurated Atyab International Services' new headquarters in Al Khuwair.
- 5) Introduced Omani White Flour, T55 flour, and 10 KG feed products to the market.
- 6) Organized a Poultry Feed Training Session for agents.
- 7) Conducted a Sales Awareness Session for local agents.
- 8) Officially launched Premix Products.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

The shareholders have approved a budget of OMR 200K for CSR activities in 2024. OFM successfully allocated OMR 199K to support various initiatives, including providing free flour bags to needy families during Ramadhan in collaboration with Zakat committees and other organizations, enhancing school facilities and environments, and funding interior renovations across governorates. Additionally, OFM funded a variety of impactful projects, such as sponsoring schools, youth training programs, sporting events, and other humanitarian efforts, all aimed at fulfilling the shareholders' objectives.

FUTURE OUTLOOK:

Multiple projects are being evaluated across the Group. The projects focus on integration across the value chain as well as diversification into new ventures

1. Feed Mill Acquisition:

The transaction is progressing steadily, with the consultant having completed the valuation of the target entity, legal due diligence (LDD) currently underway, and negotiations with the shareholders advancing as planned.

2. Frozen Bakery Merger

The consultant has completed valuations for both entities. Discussions are ongoing to identify synergies, align strategic objectives, and finalize merger terms.

3. Sohar Flour Mills Restructuring

A proposal to separate the company into milling and silo divisions is under review to enhance focus on core competencies.

4. Baby Food Market Evaluation in Uzbekistan

A comprehensive evaluation of the baby food market in Uzbekistan has been completed, and the findings are being discussed with the potential partner for further consideration and strategic decision-making.

5. Millet Seeds Import and Cultivation

OFM is in the final stages of importing millet seeds, with plans to cultivate millets in Oman to capitalize on the country's favorable growing conditions and diversify agricultural production.

6. Shared Farming Proposal

A shared farming proposal has been submitted to management, and the company is currently assessing its feasibility, scalability, and potential to enhance agricultural productivity and profitability.

7. Other Projects Under Evaluation

- **KSA Bakery Expansion:** Exploring opportunities to expand bakery operations in Saudi Arabia to tap into growing market demand and strengthen regional presence.
- **Industrial Cluster Development:** Developing a strategic industrial cluster to centralize operations, improve efficiency, and foster innovation across the value chain.
- **Food Reserves Management:** Evaluating initiatives to strengthen food reserves, enhance supply chain resilience, and ensure long-term food security.
- **Chlorella Trials:** Conducting trials for chlorella as part of innovative product development, aiming to introduce sustainable and health-focused offerings.
- **New Product Introduction:** Diversifying the product portfolio with new offerings such as buckwheat flour to meet evolving consumer preferences and expand market reach.

Completed projects:

1. Sohar Beach Bakery Acquisition

The acquisition of Sohar Beach was successfully completed on January 1, 2025, and the bakery's integration efforts are now in full swing to align operations, streamline processes, and maximize value creation.

2. Bio Products Oman Takeover

On 31st December 2024, OFM achieved a 100% takeover of Bio Oman, with a focus on seamless integration into existing operations to enhance efficiency, drive growth, and leverage synergies across the business.

THANKS AND APPRECIATION:

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

Regards,



Ahmed bin Ali bin Sulaiman Al Bulushi

Chairman, Board of Directors

The background image is a photograph of industrial flour mill machinery, specifically large grinding stones and associated piping. The entire image is overlaid with a uniform yellow color. The machinery includes large cylindrical grinding stones, some labeled 'B5C' and 'C7', and a complex network of pipes and structural supports. The text 'Corporate Governance Report' is centered in the lower half of the image in a white, sans-serif font.

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 Financial Services Authority (FSA) guidelines, we are pleased to present the Corporate Governance Report of Oman Flour Mills Co SAOG (the Company) for the year ended 31 December 2024.

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:

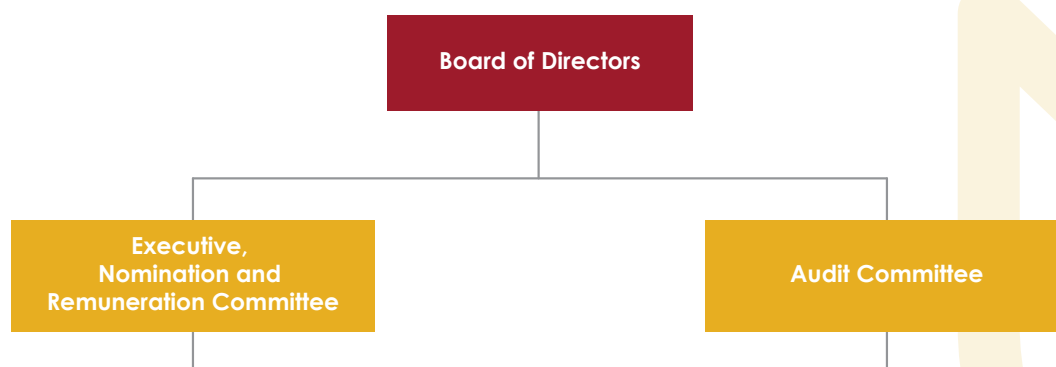
- Be transparent and maintain a high degree of disclosure.
- Satisfy the spirit of the law and not just the letter of the law
- Performance of duties with honesty and integrity.
- Acting with prudence, care and diligence.

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 FSA.

During the financial year 2024, the Company applied most necessary principles and recommendations of the new Code of Corporate Governance for MSX listed companies.

Board of Directors

OFM 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	At- tended 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	At-tended last AGM	Membership of other OFM Committees
Mohamed Talib Al Busaidi (Chairman of Audit Committee)	Non – executive	independent	1	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	2	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, He is the CEO of Oman Drydock Company and Infrastructure Services at Asyad Group, the globally integrated logistics services provider in Oman... 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, Senior Investment Officer at (Civil Servants Retirement Fund) and board member of Oman Flour Mills Company SAOG ,and Muttrah Insulating Materials Company (S.A.O.C) 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, and board member in Muscat Mushaf Endowment Fund Management.

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).and Sustainable Development and Investment Company (S.A.O.C.), 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.

The Board of Directors convened twelve times during the financial year 2024 and discussed, along with the Audit Committee, the general scope of auditing with the internal auditors and external auditors to ensure coverage of all significant matters related to internal controls, risks, and compliance. The Board and the Audit Committee also worked to ensure the independence of the external auditors. Everyone concluded that the internal controls are effective and adequate.

Board of Directors meetings held during the year 2024:

Director	9/1/ 24	10/3/ 24	14/4/ 24	9/5 / 24	13/6/ 24	2/7/ 24	12/8/ 24	10/9/ 24	27/10/ 24	10/11/ 24	28/11/ 24	19/12/ 24
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)	✓	Not attend	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
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	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

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 Financial Services 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 SFA. 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 SFA.

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 SFA, 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 2024:

Director	25/2/ 24	10/3/ 24	14/4/ 24	7/5/ 24	11/8/ 24	10/9/ 24	5/11/ 24	6/12/ 24
Mr. Mohammed bin Talib Al Busaidi (Chairman of the Audit Committee) Committee)	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Mohammed bin Khamees Al Ghafili	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Hamoud bin Hamad Al Rashidi	✓	✓	✓	✓	-	-	-	-

The membership of Mr. Hamood bin Hamad Al Rashidi, a member of the Audit Committee, has been replaced with Mr. Khalifa bin Abdullah Al Makhmari, a member of the Executive Committee for Nominations and Remunerations.

Mr. Khalifa Abdullah Al Makhamari	-	-	-	-	✓	✓	✓	✓
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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 2024 are as follows:

Director	9/1/ 24	25/2/ 24	8/5/ 24	8/8/ 24	19/8/ 24	21/10/ 24	12/11/ 24	17/12/ 24
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)	✓	✓	✓	✓	✓	✓	Not attend	✓
Mr. Saleem Pir Baksh Al Raisi	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Khalifa bin Abdullah Al Mukhaimari	✓	✓	✓	-	-	-	-	-
The membership of Mr. Khalifa Bin Abdullah Al Mukhaimari, a member of the Executive Committee for Nominations and Remunerations., has been replaced with Mr. Hamood Bin Hamad Al Rushaidi , a member of the Audit Committee								
Mr. Hamoud bin Hamad Al Rashidi	-	-	-	✓	✓	✓	✓	✓

Remuneration to Directors

The chairman of the Board is paid OMR 550 and the other members are paid OMR 450 as sitting fees for every Board meeting. The chairmen of other committees and the other members are all paid OMR 300 as sitting fees for every committee meeting.

During the financial year 2024, the Directors were paid a total sum of OMR 55,000k (previous year OMR 28k) towards sitting fees for attending Board and Committee Meetings.

The Directors were paid remuneration of amount OMR 125,000 during the year (previous year 35,000) as approved in the AGM held on 30 April 2024, During the year, amount paid for official travel expenses for directors amounted to OMR 3.7k (previous year OMR NIL).

Directors' remuneration proposed for the year 2024 is OMR 300,000 and this is subject to approval of the AGM that is proposed to be held on 26 March 2025.

Details of Related Parties

Details of Related Parties transactions for the years 2024 and 2025					
Name	Relation	Details	Year 2024 OMR '000	Year 2025 OMR '000	Remark
Mazoon Dairy SAOG	Ultimate subsidiary	Sale of feed	2,240	2,352	5% increase in line with estimated revenue
Gulf International Poultry Farms	Ultimate subsidiary	Sale of feed	9,486	9,960	5% increase in line with estimated revenue
Modern Poultry Farms Co. SAOG	Related Party	Sale of animal feed	4,469	4,692	5% increase in line with estimated revenue
Sohar Poultry Co. SAOG	Related Party	Sale of animal feed	2,664	2,797	5% increase in line with estimated revenue
Atyab Food Industry LLC	Ultimate subsidiary	Sale of flour	1,787	1,876	5% increase in line with estimated revenue
Sohar Flour Mills	Ultimate subsidiary	Sale of Grain and flour	-	-	
Al Bashayer Meat Co. SAOC	Related Party	Sale of animal feed	-	-	
Atyab International serves Trading and Services LLC	Ultimate subsidiary	Rent Income	60	60	Rate to remain same –OMR 5k monthly.
Sohar Flour Mills	Ultimate subsidiary	Interest income	40	300	Expected to decrease due to potential conversion of receivables.
Bioproducts Oman SAOC	Ultimate Subsidiary	Sale of animal feed	28	200	Sales expected to start as BPO construction is expected to finalize in Q3 2025
Sohar Flour Mills	Ultimate subsidiary	Silo storage & Milling	(545)	(600)	
Atyab International serves Trading and Services LLC	Ultimate subsidiary	Testing & Analysis	(776)	(776)	QC & testing as per contract
Gulf Plastics	Related Party	Purchase of PP	(345)	(380)	Increased requirements as a result of higher sales and production
Oman Oil	Related Party	Supply of	(531)	(584)	Consumption increases due to higher sales and production.

Details of Related Parties transactions for the years 2024 and 2025					
Name	Relation	Details	Year 2024 OMR '000	Year 2025 OMR '000	Remark
Marafi Asyad	Related Party	Stevedoring services & rent of sheds at port.	(554)	(610)	10% increase
National Bank of Oman	Related Party	Interest on loans	(206)	(250)	Interest expenses from working capital borrowings.

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.

Chief Internal Audit – Mr. Talal Al Zadjali holds MBA from Sultan Qaboos University, a bachelor of commerce and finance (Accounting) from Sultan Qaboos University, Certified Internal Auditor (CIA) and Certified Fraud Examiner (CFE). He has extensive experience in this field of internal auditing for more than 20 years. During his career he held server leadership position in Diwan of Royal Court, Oman National Transport Company & Oman Global Logistics Group ASYAD.

Remuneration to Management

To The total amount OMR 491,772. 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 2024 (12 months) official travel and training cost incurred on these top four executives of the Parent Company amounted to OMR 16,102 (previous year OMR 7,107).

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 30-April-2024, the shareholders have approved a budget of OMR 200,000 for CSR activities.

20% of the total CSR budget was allocated to Oman Charitable Organization (OCO) as Oman Flour Mills contribution. This percentage is to be contributed every year to OCO in accordance with the FSA 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 Financial Service Authority in 2024.

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 FSA 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.

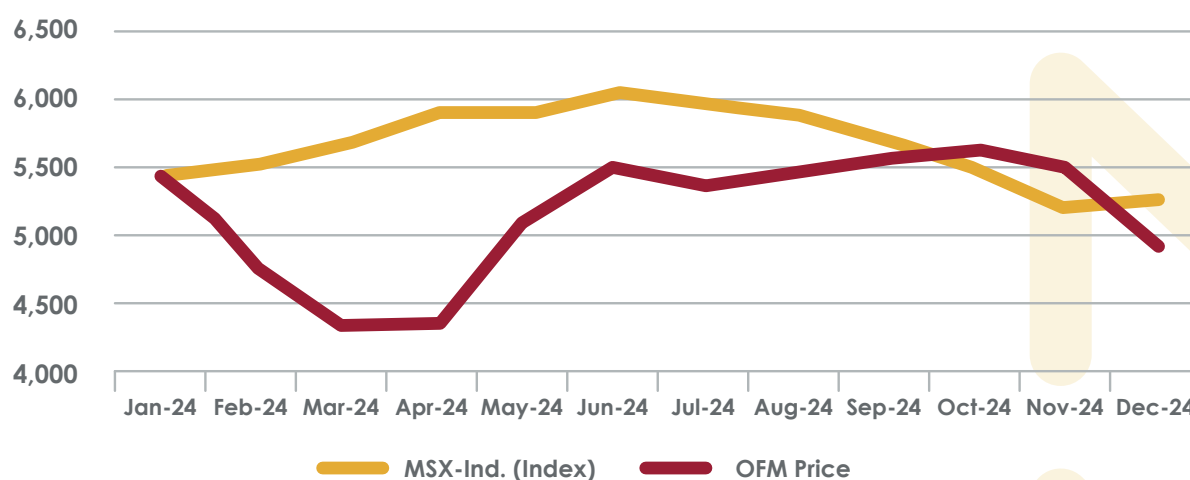
Share price data

The movement of the Company's share price during the period from Jan 2024 to December 2024 is below:

Month	High (OMR)	Low (OMR)	Volume
January 2024	0.498	0.492	63,061
February 2024	84.0	0.48	14,792
March 2024	0.512	0.512	3,267
April 2024	0.468	0.468	528,998
May 2024	0.45	54.0	309,086
June 2024	0.44	44.0	275,000
July 2024	0.51	15.0	1,272,491
August 2024	0.504	405.0	148,213

Month	High (OMR)	Low (OMR)	Volume
September 2024	984.0	0.465	85,020
October 2024	0.431	0.431	31,085
November 2024	0.45	734.0	43,447
December 2024	0.459	954.0	118,043

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 2024.

Major Shareholders

At 31 December 2024 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%
Social Protection Fund	16,748,425.00	10.63%

The analysis of 1,473 shareholders is as follows:

Shareholding range	Number of shareholders	Total Shares
1- 10,000	1070	3,609,311
10,001- 100,000	323	9,073,174
100,001 – 500,000	46	9,624,570
500,001 – 1,000,000	13	9,997,343
1,000,001 – 5,000,000	19	28,029,077
5,000,001 and above	2	97,166,525
Total	1473	157,500,000

External Auditors

The shareholders of the company appointed PricewaterhouseCoopers (PwC) as the auditors of the company for the year 2024. PwC is a network of firms with more than 370,393 people operating from 149 countries in 656 cities across the globe, making us the largest

professional services provider in the world. We are committed to delivering quality services in Assurance, Tax and Advisory (which includes our Consulting, Deals and Strategy& practices) and Internal Firm Services. In doing so we help to build trust in society, enable our clients to make the most of opportunities and solve important business problems.

PwC has operated in the Middle East region for more than 40 years. Collectively, our Middle East network employs in the region of almost 12,000 people including over 499 partners and 766 directors working from 30 offices (in 22 locations) across 12 countries: Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, the Palestinian territories, Qatar, Saudi Arabia and the United Arab Emirates and 41% of our Middle East workforce is female. We are one of the fastest growing PwC member firms worldwide and the largest professional services firm in the Middle East. (www.pwc.com/me).

PwC is strongly committed to Oman where we are recognised as one of the leading providers of quality business advisory services. We have had a local practice in Oman since 1971 and now have 9 partners, 1 of whom is Omani and 5 directors and approximately 144 members of staff operating from our office in Muscat.

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

The Internal Auditor

To ensure compliance with statutory regulations and internal controls, the company has a full-time audit unit that is independent and reports directly to the Audit Committee.

In line with the Financial Service Authority (FSA) 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 Financial Service 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 Financial Service 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



Management Discussion and Analysis Report

For the year ended 31 December 2024



The management of Oman Flour Mills Company (SAOG) is pleased to present this report, which provides an overview of the company's structure, current performance, future outlook, and other pertinent information for its shareholders.

OFM Vision

The Company aims to be a leading food manufacturer in the Sultanate of Oman. Keeping this objective in mind, the Company, through its subsidiaries and associates, has expanded its activities into poultry, bakery products, dairy, fisheries, and an enabler in the 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) Continuously contributing to community development through Social Responsibility;
- c) Being an employer of choice; and
- d) Provide a quality, hygienic work environment.

Group Portfolio

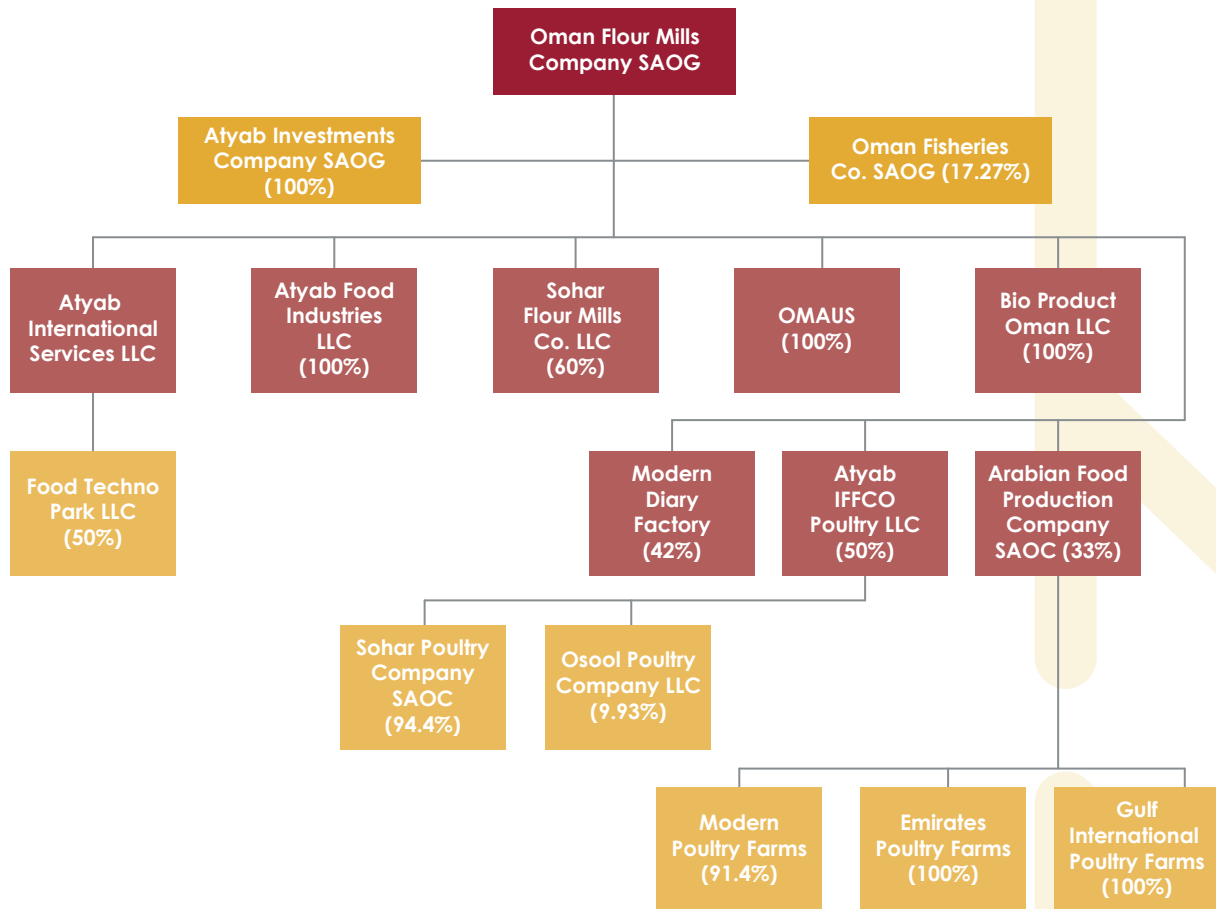
The company's core business continues to be flour and feed Milling. The Company produces quality flour and animal feed products to its customers. Quality is the cornerstone of the company, and excellence in quality is what the group strives for. This has ensured that the best practices are adopted to 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 animal feed mill's installed capacity has been increased to 2,000 tons/day. Major expansions occurred in 1981, 1985, 1989, 1993, 1996, 2005, and 2023.

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 with a combined unloading installed capacity of 750 Tons/Hour. In 2024, the Company and Omran Group signed usufruct agreements to utilize lands at Sultan Qaboos Port and in the Mina District area to develop new silos and storage facilities for a tenure of 50 years.

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 group's bakery products are marketed under the "Dahabi" and "Atyab", brands. Fresh Chicken is marketed under the "A'Rayaf" brand name whereas table eggs are sold and marketed under the "Dana and Baledi" brands in Oman and the GCC. In 2023, the Company invested in a Modern Dairy Factory, launching a new segment under the "Al Khamayil" brand name. This initiative revived Al Khamayil, a 50-year-old heritage brand in Oman, reconnecting it with its rich legacy and reinforcing its heritage in the market.

The Group Structure is depicted below



Group Financial Performance:

PARENT COMPANY

In 2024, Oman Flour Mills SAOG (OFM) achieved strong financial growth, with revenue increasing by 6.5% to OMR 109.35 million, driven by higher sales volume (+12%) despite a decline in average price per MT. Gross profit surged by 68.8% to OMR 18.63 million, supported by a 1% reduction in COGS and lower global commodity prices, improving gross margin from 11% to 17%.

Despite higher selling & distribution (+31.3%) and administrative expenses (+19.3%), operating profit nearly doubled (+94.5%) to OMR 12.95 million. Finance costs rose to OMR 2.7 million due to higher borrowing costs, though finance income increased by 75.4% from interest on deposits and loans to related parties.

While subsidiary losses grew (+21.4%), associate losses reduced by 100%, partially offsetting the impact. Net profit for 2024 soared to OMR 7.58 million, a remarkable increase from OMR 1.78 million in 2023, reflecting strong recovery from the past few years.

SUBSIDIARIES

Atyab Investments LLC (100%)—Atyab Investments LLC (AI) serves as OFM's investment arm. It is a 100% subsidiary of OFM. AI recorded a 188% increase in losses from subsidiaries. Furthermore, the holding company has incurred an additional OMR 430k in consultancy charges to support the strategic expansion initiatives as highlighted in the future outlook section.

The companies under Atyab Investments are as follows:

1. **Atyab Food Industries LLC (AFI) (100%)** a wholly owned subsidiary of AI, operates Oman's largest industrial bakery at Barka with a capacity to produce different types of fresh and frozen bakery products. In 2024, net revenue of the Company was OMR 14.33 million compared to OMR 15.19 million in the previous year, a decrease of 5.63%. The company made a net profit before tax of OMR 199K compared to OMR 304K in the last year. The revenue decline in 2024 was primarily driven by a drop in sales within the newly established UAE division, alongside the impact of boycotts. These factors led to lower overall demand, directly affecting the company's financial performance. The challenging market conditions in the region and competitions, combined with the external pressures from the boycott of QSR customers, contributed to the downturn in revenue during the year.
2. **Atyab International Services LLC (AIS) (100%).** Atyab International Services is a world-class food service company. It offers various services to the Agriculture, Food and allied industries such as cosmetics, water, and chemical industries in testing, halal consultancy, pest management, and QHSE consultancy and certification. The Company started its new branch in Uzbekistan, which had its opening ceremony in early 2024. Sales and relevant costs have increased by 6.76% & 6.67%, respectively. However, due to increased G&A (depreciation) costs, alongside the increased share of loss from the Uzbekistani division of OMR 249k, the company recorded a loss of OMR 164k compared to a profit of OMR 38k the previous year.
3. **Atyab Technical Services LLC (ATS)** - The company is under liquidation.
4. **Sohar Flour Mills (SFM) (60%):** Established in 2017, Sohar Flour Mills is a partnership between Atyab Investment, wholly owned by Oman Flour Mills, and Sohar Vegetable Oil. Sohar Flour Mills is strategically located at Sohar Port, at the center of global trade routes between Europe and Asia, giving it easy access to local, regional, and international markets. Sohar Flour Mills operates a Plant with an annual capacity of 216,000 MT.

SFM reported a 22% revenue decline to OMR 5.9 million, driven by lower Silo utilization and reduced Flour Mill sales attributed to pricing pressures. Gross profit fell 26% to OMR 617k, while finance costs rose 11% due to higher loan rates. Despite recording OMR 156k in other income, the company recorded a net loss of OMR 2.4 million, widening from OMR 1.2 million in 2023.
5. **OM AUS (100%):** Our Australian subsidiary was established as part of the group's vision to source raw materials directly from growers. The subsidiary successfully completed its second transaction with the Parent company in Q1 2024, marking another milestone in their ongoing financial collaboration. As a result, the company recorded a revenue of OMR 4.2 million and a net profit of OMR 28k.
6. **Bio Product Oman LLC (BPO) (100%):** As of 31st December 2024, Atyab Investment LLC acquired the remaining shares of the company, making it a fully owned subsidiary. BPO incurred pre-operative and trial expenses of OMR 175k this year, resulting in a net loss of OMR 175k. The company is set to start commercial activities in Q3 2025 upon finalization of its plant's construction.

ASSOCIATES

1. **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 (OPC).
 - a) SPC delivered a strong financial performance in 2024, with revenue growing by 17.4% to OMR 12.06 million and gross profit rising 35.4% to OMR 4.5 million. Key growth drivers

included increased retail presence across Oman and optimized hatching cycles, boosting production and sales.

Despite a 11.6% rise in administrative costs, operating profit surged to OMR 1.0 million (from OMR 187k in 2023). Stable finance costs and higher other income contributed to a profit before tax of OMR 1.1 million, a significant rise from OMR 251k in 2023. Ultimately, profit after tax soared by 507% to OMR 949k (compared to OMR 156k in 2023), underscoring SPC's strong operational and financial growth

- b) OPC recorded a profit before tax of OMR 3.1 million compared to a loss of OMR 1.8 million. The respective results are recorded under other comprehensive income.

2. **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 egg-producing facility, Gulf International Poultry Farm (GIPF), in Ibri.

- a. For MPF, Revenue grew 42% to OMR 16.4 million, driving a 49% increase in gross profit. Operating expenses decreased by OMR 53k, leading to a turnaround from a OMR 305k loss in 2023 to an operating profit of OMR 286k. Profit after tax reached OMR 194k, a significant recovery from the OMR 376k loss in 2023.
- b. EPF'S revenue rose 8% to OMR 4.1 million, reducing a prior gross loss of OMR 612k down to a loss of OMR 135k in the current year. Indirect expenses have also reduced by 24.2%, however, the recorded net loss is OMR 795k, a 46.6% improvement from 2023.
- c. Lastly, GIPF's revenue surged 263% to OMR 15.3 million, driven by full production capacity,, and improved pricing. Operating profit improved to OMR 471k, against a OMR 637k loss in 2023. With increased finance costs due to loan capitalization, the net loss recorded was OMR 763k, a 17% increase in losses compared to last year.

3. **Food Techno Park LLC (AFTP) (50%):** Atiyab International Services (AIS) holds 50% stake in FTP, the company is yet to start its activities. During the year, the company recorded pre-operating expenses of OMR 4k.

4. **Modern Dairy Factory (MDF) (40%):** Atiyab Investment LLC re-launched the brand "Al Khamayil" in February 2023. MDF saw a 91% revenue growth to OMR 2.6 million, driven by increased production from the Rusayl factory soft opening and a 12% price increase . Gross profit surged 230% to OMR 1.0 million despite higher indirect expenses due to increased manpower and distribution costs. Finance costs dropped 76% following interest capitalization, and OMR 71k in other income further supported performance. MDF achieved a profit after tax of OMR 100k, a full recovery from the OMR 560k loss in 2023.

5. Analysis of segment-wise performance

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

Revenue sources	2024	%	2023	%
	OMR'000		OMR'000	
Flour and related products	41,406	32%	44,051	36%
Feed and related products	65,789	51%	63,076	51%
Eggs and others	7,296	6%	1,631	1%
Bakery products	14,331	11%	15,187	12%
Total	128,822	100%	123,945	100%

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

- **Revenue & COGS:** The group saw a 3.9% revenue growth, reaching OMR 128.8 million, with a modest 2.2% decrease in the cost of goods sold due to reduced global commodity prices. Parent Company's total quantity sales for the year was about 690k MT, which is higher by 12% compared to the previous year. Key contributors of the Group revenue is as follows: Parent company (85%), Atyab Food Industries (11.1%), Sohar Flour Mills (4.7%), and Atyab International Services (1.8%). Flour and feed sectors grew by 10.2% and 3.7%, respectively.
- **Indirect Expenses:** Selling & distribution expenses rose 4.91%, while general & administrative expenses increased by 18.5%, to increased depreciation, higher professional consultancy fees, and higher staff costs.
- **Finance Costs:** Borrowing costs increased by OMR 14.9%, due to higher interest rates and increased loan balances. However, declining interest rates at the end of 2024 suggest a decrease in finance costs in 2025.
- **Finance & Other Income:** The group reported finance and other income of OMR 1.87 million in 2024, slightly up from OMR 1.86 million in 2023. However, other gains from investments decreased by 61%, mainly due to lower revaluation gains from investment properties, though higher gains from investment disposals partially offset this.
- **Share of Results from Associates:** Losses from associates decreased by 84% to OMR 296k. Notable improvements included Atyab IFFCO (profit share of OMR 445k), Modern Dairy Factory (profit share of OMR 40k), and AFPC Group (losses reduced by OMR 268k). Bioproducts Oman SAOC incurred a higher pre-operative loss of OMR 57k.
- **Net Profit:** The net profit after tax recorded for the period is OMR 6.7 million, compared to OMR 1.3 million in 2023, a considerable increase of 408% over the previous year's results.

Below are additional ratios that highlight the improved performance compared to the previous year:

Particulars	2024	2023
EBITDA Margin	13.10%	7.50%
Net Profit Margin	5.30%	1.00%
EPS	0.040	0.008
ROE	8.70%	1.80%
Net Assets per Share	0.49	0.45
Current Ratio	1.36	1.38
Debt to Equity Ratio	1.19	1.30
Interest coverage ratio	2.58	1.35

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

OMR'000	2024	2023	2022	2021	2020
Revenue	128,823	123,944	116,811	97,337	94,051
Net Profit (after tax)	6,633	1,300	1,744	4,742	9,009
Shareholders' Equity	78,137	71,398	72,298	74,027	78,420
Dividend paid	11.08%	12.5%	33%	60%	50%

Opportunities and Threats

PRICING OF RAW MATERIAL

Opportunities:

- **Hedging strategies and opportunities** can mitigate risks and secure more stable pricing over time. OFM aims to finalize commercial contracts months before the shipment period, minimizing the risk of price fluctuation. Financial instruments such as futures, options, and OTC contracts can be used to hedge against price fluctuations, ensuring more predictable cost structures throughout the year.
- **Seasonality:** We can take advantage of price drops due to seasonal surpluses during harvest by locking in lower prices through forward contracts or spot bulk purchases to store.

Fluctuations and market volatility can create opportunities for pricing adjustments, allowing companies to capitalize on market upturns. OFM capitalizes on market downturns by closely monitoring prices and trends through trusted sources.

- **Diversification** in product offerings can help absorb the impact of price changes in raw materials. OFM has invested significant capital in diversified food sectors such as poultry, fish feed, eggs, and dairy in the last five years. Moreover, Understanding the pricing basis of different substitute raw materials from different origins can help secure the most cost-efficient raw materials and reduce dependency on a specific raw material from a selected market.

Threats:

- **Unpredictable commodity prices** can negatively impact profit margins, particularly when raw material costs increase. Grain prices are susceptible to global events. In 2024, global grain prices declined 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.
- **Inflationary pressures** may lead to higher operational costs and reduced consumer demand for higher-priced products. The cost of borrowing have increased in the last two years in line with the federal overnight lending rate, leading to increased working capital funding costs at the group level.
- **Supply & Demand Mismatch:** Most agricultural countries have exhausted their available arable land, producing relatively constant grain. However, rising consumption levels are consistently outpacing supply, leading to a continuous drawdown from reserves, eventually setting a new super cycle of grain prices.

LOGISTICS OF RAW MATERIALS

Opportunities:

- **Optimized supply chains** through advanced logistics technologies can reduce transportation costs and enhance delivery efficiency.
- **Improved Storage Infrastructure** availability to advanced storage solutions, such as temperature-controlled silos and warehouses, reduces spoilage risks and ensures quality preservation, offering flexibility in procurement timing.

- **Strategic partnerships with logistics providers** can improve reliability, ensuring timely delivery of raw materials at competitive rates.
- **Local & Regional sourcing of raw materials** can shorten lead times and reduce reliance on international transport, thus mitigating risks like fuel price fluctuations and customs delays. In the past few years, OFM has started procuring locally harvested wheat to support the local market and the country's ability to self-sustain through challenging economic periods. OFM also emphasized securing supply from regional sources such as GCC, South Asia.
- Adoption of **sustainable transportation methods** can help reduce carbon footprint while potentially lowering long-term operational costs. Agri giants like Cargill are investing in fuel-efficient dry bulk vessels that use wind power during voyages.

Threats:

- **Rising energy costs** and **logistical bottlenecks** (e.g., port congestion and truck shortages) can significantly increase transportation expenses and delay deliveries.
- **Geopolitical instability** or **trade restrictions** can disrupt the smooth flow of imported raw materials, leading to shortages or higher prices, which was experienced in 2023 amidst the Russian-Ukrainian conflict.
- **Supply chain disruptions** caused by natural disasters, strikes, pandemics or any other force majeure events can delay the timely arrival of raw materials.
- **Currency fluctuations** in international markets can raise costs for imported goods, affecting profitability if logistics costs increase disproportionately. OFM mainly procures grains in USD or AED, so the risk is minimal, however, other European purchases are made in CHF/EUR, which is a persistent currency risk that OFM faces. The company pursues to keep a reserve of such currencies in case of appreciation of such currencies against OMR.

SUPPLIERS

Opportunities:

- **Strategic Long-term Partnerships** with reliable suppliers can help with preferential pricing, a priority during shortages, and more favorable contract terms. OFM maintains relationships with globally reputable grain suppliers such as Al Ghurair, Bunge, Invivo, and Aston.
- **Local sourcing** can reduce dependency on international suppliers and offer more significant supply chain security. In the last few years, OFM has signed multiple agreements with the Ministry of Agriculture to procure locally grown wheat to support the local market, for flour is a staple ingredient in every household.

Threats:

- **Supplier dependency** on a few key players can create risks if disruptions in the supply chain occur, such as price hikes or stock shortages.
- **Global supply chain issues**, such as transportation delays or geopolitical tensions, can result in significant price increases or supply shortages.
- **Counterparty risk**, supplier insolvency, or operational failures can suddenly disrupt the availability of critical raw materials.

Other Risks and concerns

MORTALITY IN THE POULTRY INDUSTRY

Risk: The poultry industry faces mortality risks, which can significantly impact feed industry production and poultry businesses. Health challenges are mainly attributed to the location of poultry and egg farms.

Mitigation: Stringent biosecurity measures are being implemented to address these challenges and reduce mortality rates.

INVESTMENTS IN MSX

Risk: Investing in exchange markets carries market volatility, liquidity issues, and leverage risks, which can magnify losses. Changes in regulations, economic conditions, and interest rates can impact performance.

Mitigation: As of 2024, the company liquidated its existing stakes in MSX quoted securities. However, Oman Fisheries Company, which was earlier an associate, was classified as an investment in quoted securities due to loss of significant influence.

STRATEGIC INVESTMENTS

Risk: Strategic investments in private entities carry illiquidity, valuation challenges, and reliance on management. They also face operational issues, limited information, regulatory complexities, and market risks. Additional concerns include uncertain exits and potential reputation damage. Thorough due diligence is essential to manage these risks.

Mitigation: Management assesses 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

Risk: 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.

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

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 in state-of-the-art laboratory equipment are being made, 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 lowering associated costs for the company.

This move aligns with our focus on operational self-sufficiency and cost optimization in the dynamic market landscape.

The Company signed to develop new storage Silos on lands at Sultan Qaboos Port, covering a total area of 80,000 sqm. The agreements aim to strengthen storage and distribution capabilities to meet local market demands and improve food sector sustainability in Oman. Once implemented, the projects will increase silo storage capacity to 200,000 metric tonnes and horizontal warehouse capacity to 76,600 metric tonnes.

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. We are strategically considering introducing new product lines to address this challenge.

Diversifying our offerings serves a dual purpose: it enables us to cater to evolving consumer preferences. It 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 saturated traditional markets. This deliberate move aims to broaden our reach, diversify our customer base, and mitigate the impact of increased competition in our domestic market. In 2024, OFM finalized agreements with new customers from UAE, Iraq, and Yemen, increasing the Company’s regional presence.

Through these strategic initiatives, we are safeguarding our existing market share and positioning ourselves for sustained growth and resilience amid dynamic market conditions.

MANPOWER PLANNING

OFM is developing a pool of strong Omani professionals by allowing them to work in a competitive environment. Following is Omanization rate achieved from 2021-2024 period:

Year	2024	2023	2022	2021
Omanization%	83%	84%	83%	86%

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.

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

Multiple projects are being evaluated across the group. The projects focus on integration across the value chain as well as diversification into new ventures

1. Feed Mill Acquisition:

The transaction is progressing steadily, with the consultant having completed the valuation of the target entity, legal due diligence (LDD) currently underway, and negotiations with the shareholders advancing as planned.

2. Frozen Bakery Merger

The consultant has finalized valuations for both entities, and discussions are ongoing to identify operational synergies, align strategic objectives, and finalize the terms of the merger.

3. Sohar Flour Mills Restructuring

A proposal to split the company into separate milling and silos divisions is under review, with the aim of enhancing focus on core competencies.

4. Baby Food Market Evaluation in Uzbekistan

A comprehensive evaluation of the baby food market in Uzbekistan has been completed, and the findings are being discussed with the potential partner for further consideration and strategic decision-making.

5. Millet Seeds Import and Cultivation

OFM is in the final stages of importing millet seeds, with plans to cultivate millets in Oman to capitalize on the country's favorable growing conditions and diversify agricultural production.

Shared Farming Proposal

A shared farming proposal has been submitted to management, and the company is currently assessing its feasibility, scalability, and potential to enhance agricultural productivity and profitability.

OTHER PROJECTS UNDER EVALUATION

- o KSA Bakery Expansion: Exploring opportunities to expand bakery operations in Saudi Arabia to tap into growing market demand and strengthen regional presence.
- o Industrial Cluster Development: Developing a strategic industrial cluster to centralize operations, improve efficiency, and foster innovation across the value chain.
- o Food Reserves Management: Evaluating initiatives to strengthen food reserves, enhance supply chain resilience, and ensure long-term food security.
- o Chlorella Trials: Conducting trials for chlorella as part of innovative product development, aiming to introduce sustainable and health-focused offerings.
- o New Product Introduction: Diversifying the product portfolio with new offerings such as buckwheat flour to meet evolving consumer preferences and expand market reach.

Successfully Completed Projects

1. **Sohar Beach Bakery Acquisition**

The acquisition of Sohar Beach was successfully completed on January 1, 2025, and the bakery's integration efforts are now in full swing to align operations, streamline processes, and maximize value creation.

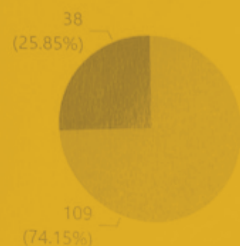
2. **Bio Products Oman Takeover**

On 31st December 2024, OFM has achieved a 100% takeover of Bio Oman, with a focus on seamless integration into existing operations to enhance efficiency, drive growth, and leverage synergies across the business.



Haitham Mohamed Ali Al Fannah
Chief Executive Officer

Sum of Device by antivirus



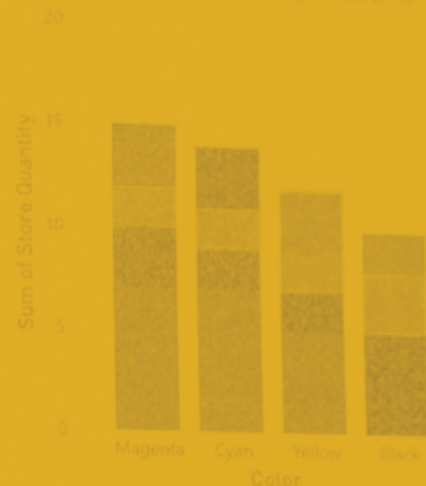
antivirus

● Sophos

● Kaspersky

Sum of Store Quantity by Color and Toner

Toner ● D45A ● D54A ● D77A ● T-PCA15P-C



Sum of Quantity by

Sum of Toner by Year, Quarter, Month and Day



CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2024

	Page
Independent auditor's report	71 - 75
Consolidated and Parent Company's Statement of comprehensive income	76
Consolidated and Parent Company's Statement of financial position	77 - 78
Consolidated and Parent Company's Statement of changes in equity	79 - 80
Consolidated and Parent Company's Statement of cash flows	81
Notes to the financial statements	82 - 134



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 2024, 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 2024;
- statement of financial position as at 31 December 2024;
- 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.

Independence

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.

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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 2024, the total non financial assets at Sohar Flour Mills Company LLC, a subsidiary amounted to RO 18.1 million which represent 23% 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 Company LLC, there is an identified risk of significant impairment to its nonfinancial assets which will result in significant impairment of the Group's total consolidated PPE as of 31 December 2024.	We performed the following audit procedures in our audit as described below: We have obtained an understanding from the management, assessed and tested the key controls over the impairment assessment and fair valuation of the Group's investments. We have evaluated the Groups' process regarding impairment assessment.
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 have evaluated the competency and the objectivity of the management's experts who assisted in the valuation of the nonfinancial assets.



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)
The recoverable amount of the non-financial assets were based on an independent valuation carried out by an external valuer using depreciated replacement cost method and investment method, which involves significant judgements and estimates such as condition of the assets and standard of maintenance, level of utilization of the assets, expected maintenance and other relevant factors. Based on the results of the impairment assessment of non financial assets, management determined that no impairment charge was required for the year ended 31 December 2024 in relation to the non financial assets as the recoverable amount was higher than the carrying value of the non financial assets. We considered the impairment assessment of nonfinancial assets to be matter of most significance to our current year due to the level of judgement applied by management in performing the impairment assessments, including determining the key assumptions. Refer to note 17(f) for the disclosures made by management with respect to the above in the financial statements.	We engaged our internal valuation experts to review and assess the appropriateness and reasonableness of the valuation model. 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 Financial Services 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.

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)

- Evaluate the overall presentation, structure and content of these financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Parent Company and/or the Group as a basis for forming an opinion on these financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

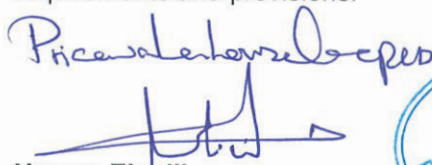
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 Financial Services 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.


Husam Elnaili
Muscat, Sultanate of Oman
26 February 2025



CONSOLIDATED AND PARENT COMPANY'S STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Group		Parent company	
		2024	2023	2024	2023
		OMR (000)	OMR (000)	OMR (000)	OMR (000)
Revenue from contract with customers	6	128,823	123,945	109,350	102,698
Cost of sales	7	(103,452)	(105,823)	(90,713)	(91,656)
Gross profit		25,371	18,122	18,637	11,042
Selling and distribution expenses	8	(5,308)	(5,060)	(964)	(734)
General and administration expenses	9	(8,469)	(7,129)	(5,397)	(4,507)
Net impairment (Loss)/ release on financial assets		(358)	107	(46)	169
Other income	11	528	247	334	345
Other gains net	12	551	1,240	351	328
Profit from operations		12,315	7,527	12,915	6,643
Finance costs	13	(4,851)	(4,222)	(2,698)	(2,297)
Finance income	13	796	379	1,204	687
Share of loss of subsidiaries accounted for using the equity method	20(a)	-	-	(2,156)	(1,776)
Share of loss of associates accounted for using the equity method	20(b)	(296)	(1,821)	-	(759)
Profit before taxation		7,964	1,863	9,265	2,498
Income tax	14	(1,348)	(563)	(1,705)	(717)
Profit for the year		6,616	1,300	7,560	1,781
Other comprehensive income:					
<i>Items that will not be reclassified to profit or loss:</i>					
Share of other comprehensive income of subsidiary accounted for using the equity method		6	-	6	-
Changes in the fair value of equity investments at fair value through other comprehensive income		122	45	122	45
Total comprehensive income for the year		6,744	1,345	7,688	1,826
Total comprehensive income attributable to:					
Equity holders of the Parent Company		7,688	1,826	7,688	1,826
Non-controlling interest		(944)	(481)	-	-
		6,744	1,345	7,688	1,826
Basic and diluted earnings per share (OMR)	15	0.049	0.012	0.049	0.012

The notes and other explanatory information on pages 82 to 134 form an integral part of these Parent Company and consolidated financial statements.

Independent auditor's report - pages 71 to 75.

CONSOLIDATED AND PARENT COMPANY'S STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2024

		Group		Parent company	
	Notes	2024	2023	2024	2023
		OMR (000)	OMR (000)	OMR (000)	OMR (000)
ASSETS					
Non-current assets					
Properly, plant and equipment	17	51,247	46,906	14,297	14,612
Investment properties	18	12,527	12,244	2,312	2,219
Intangible assets	19	26	17	-	-
Investment in subsidiaries	20(a)	-	-	20,787	19,389
Investment in associates	20(b)	8,506	9,217	-	563
Goodwill	20(a)	154	-	-	-
Financial assets at fair value through other comprehensive income	20(c)	370	400	370	400
Right-of-use assets	21	4,120	3,256	31	40
Long term related party receivables	34(d)	4,797	-	4,797	-
Deferred tax asset	14	1,970	1,552	-	-
		83,717	73,592	42,594	37,223
Current assets					
Inventories	22	31,568	24,368	29,763	21,506
Trade and other receivables	23	29,730	42,797	24,069	32,875
Due from subsidiaries	34(d)	-	-	11,630	13,244
Due from related parties	34(d)	7,987	9,607	7,770	9,420
Loan to related parties	34(f)	500	-	6,498	-
Financial assets at fair value through profit or loss	20(c)	532	1,555	532	1,555
Term deposits	25	7,500	7,500	7,500	7,500
Cash and cash equivalents	24	6,071	5,407	3,861	4,404
		83,888	91,234	91,623	90,504
Total assets		167,605	164,826	134,217	127,727
EQUITY AND LIABILITIES					
Equity					
Share capital	26	15,750	15,750	15,750	15,750
Legal reserve	27	6,184	6,217	5,250	5,250
General reserve	28	2,500	2,500	2,500	2,500
Retained earnings		53,408	47,560	54,343	48,529
Other reserves		278	150	278	150
Equity attributable to the equity holders of the Parent Company		78,120	72,177	78,122	72,179
Non-controlling interest		(1,723)	(779)	-	-
Total equity and non-controlling interest		76,397	71,398	78,122	72,179

The notes and other explanatory information on pages 82 to 134 form an integral part of these Parent Company and consolidated financial statements.

Independent auditor's report - pages 71 to 75.

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

	Notes	Group		Parent company	
		2024	2023	2024	2023
		OMR (000)	OMR (000)	OMR (000)	OMR (000)
LIABILITIES					
Non-current liabilities					
Bank borrowings	29	19,463	21,892	-	-
Lease liabilities	30	4,719	3,806	26	35
Deferred tax liability	14	1,052	933	620	513
Provision for employee's end of service benefits	32	941	787	147	93
Total non-current liabilities		26,175	27,418	793	641
Current liabilities					
Bank borrowings	29	47,049	52,551	41,886	47,598
Provisions	33	535	535	535	535
Lease liabilities	30	170	124	10	10
Trade and other payables	31	15,646	11,774	11,266	6,088
Taxation	14	1,633	1,026	1,605	676
Total current liabilities		65,033	66,010	55,302	54,907
Total liabilities		91,208	93,428	56,095	55,548
Total equity and liabilities		167,605	164,826	134,217	127,727
Net assets per share	20 (d)	0.496	0.458	0.496	0.458

These financial statements on pages 76 to 134 were approved by the board of Directors on 24/2/2025 and were signed on their behalf by:

Chairman

Independent auditor's report - pages 71 to 75.

STATEMENT OF CHANGES IN EQUITY – GROUP

FOR THE YEAR ENDED 31 DECEMBER 2024

	Total equity attributable to the shareholder of the Parent Company						Non controlling	
	Share capital	Legal reserve	General reserve	Retained earnings	Other value reserve	Total	Interest	Total
	OMR'000	OMR'000	OMR'000	OMR'000	OMR'000	OMR'000	OMR'000	OMR'000
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 (note 16)	-	-	-	(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
At 1 January 2024	15,750	6,217	2,500	47,560	150	72,177	(779)	71,398
Comprehensive income:								
Profit for the year	-	-	-	7,560	-	7,560	(944)	6,616
Other comprehensive income:								
Share of other comprehensive income of subsidiary accounted for using the equity method	-	-	-	-	128	128	-	128
Total comprehensive income	-	-	-	7,560	128	7,688	(944)	6,744
Transactions with owners:								
Transferred within legal reserve	-	(33)	-	33	-	-	-	-
Dividend paid (note 16)	-	-	-	(1,745)	-	(1,745)	-	(1,745)
Total transactions with owners	-	(33)	-	(1,712)	-	(1,745)	-	(1,745)
At 31 December 2024	15,750	6,184	2,500	53,408	278	78,120	(1,723)	76,397

The notes and other explanatory information on pages 82 to 134 form an integral part of these Parent Company and consolidated financial statements.

Independent auditor's report - pages 71 to 75.

STATEMENT OF CHANGES IN EQUITY - PARENT COMPANY FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital OMR'000	Legal reserve OMR'000	General reserve OMR'000	Retained earnings OMR'000	Fair value reserve OMR'000	Total OMR'000
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 (note 16)	-	-	-	(1,969)	-	(1,969)
At 31 December 2023	15,750	5,250	2,500	48,529	150	72,179
At 1 January 2024	15,750	5,250	2,500	48,529	150	72,179
Comprehensive income:						
Profit for the year	-	-	-	7,560	-	7,560
Other comprehensive income:						
Share of other comprehensive income of subsidiary accounted for using the equity method	-	-	-	-	128	128
Total comprehensive income	-	-	-	7,560	128	7,688
Transactions with owners:						
Dividend paid (note 16)	-	-	-	(1,745)	-	(1,745)
At 31 December 2024	15,750	5,250	2,500	54,344	278	78,122

The notes and other explanatory information on pages 82 to 134 form an integral part of these Parent Company and consolidated financial statements.

Independent auditor's report - pages 71 to 75.

CONSOLIDATED AND PARENT COMPANY'S STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Group		Parent company	
		2024	2023	2024	2023
		OMR'000	OMR'000	OMR'000	OMR'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	35	18,214	10,470	17,738	7,346
Interest paid		(4,521)	(3,841)	(2,696)	(2,287)
Income taxes paid	14	(790)	(522)	(669)	(598)
Net cash generated from operating activities		12,903	6,107	14,373	4,461
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant, and equipment	17	(2,380)	(6,753)	(1,524)	(5,170)
Proceeds from sale of property, plant and equipment		10	96	-	-
Payment for intangible assets		(17)	-	-	-
Investment in subsidiaries and associates	20 (a)				
Proceeds from investments at fair value through profit or loss	(b)	(1,959)	-	(1,948)	(683)
Loan to related party	20(c)	1,844	47	1,281	47
Interest income received		(500)	-	(6,498)	-
Dividend income	13	796	379	1,204	687
	13	37	57	37	57
Net cash used in investing activities		(2,169)	(7,074)	(7,448)	(5,062)
CASH FLOWS FROM FINANCING ACTIVITIES					
Lease liabilities paid	30	(395)	(323)	(11)	(20)
Repayment of short term loans and borrowings		-	(1,967)	-	-
Proceed from the short term loans and borrowings		498	2,199	-	-
Repayment of loans against trust receipts		(83,942)	(81,341)	(83,213)	(78,010)
Proceed from the loans against trust receipts		77,502	85,061	77,501	80,696
Repayment of term loan		(2,139)	(1,207)	-	-
Dividend payment		(1,745)	(1,969)	(1,745)	(1,969)
Net cash generated from financing activities		(10,221)	453	(7,468)	697
Net (decrease)/ increase in cash and cash equivalents during the year		513	(514)	(543)	96
Cash and cash equivalents at the beginning of the year		4,983	5,497	4,404	4,308
Cash and cash equivalents at the end of the year		5,496	4,983	3,861	4,404
Cash and cash equivalents at the end of the year comprise of:					
Bank balances and cash		6,071	5,407	3,861	4,404
Bank overdrafts	24	(575)	(424)	-	-
		5,496	4,983	3,861	4,404
Non-cash items:					
- Net assets acquired on the investment in subsidiary		2,400	-	2,400	-

The notes and other explanatory information on pages 82 to 134 form an integral part of these Parent Company and consolidated financial statements.

Independent auditor's report - pages 71 to 75.

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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 2024 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 ("OFC"), 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:

	2024	2023
	%	%
Investments		
Subsidiary:		
- Atyab Investments LLC ("AI") [see note "c") below]	100.00	100.00
Associate:		
- Oman Fisheries Company SAOG ("OFC")	-	17.27

(c) During the year, the group has lost "significant influence" as the key management personnel of the group are no longer represented in the board of directors of OFC. As a result, the investment in associate has been reclassified to Financial assets at fair value through profit or loss.

(d) 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	2024	2023
Subsidiaries:		%	%
- Atyab Food Industries SAOC ("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
- 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
- Bio Products Oman SAOC ("BPO")	Production of cattle feed – operations not commenced	100.00	33.33
Associate:			
- Atyab IFFCO Poultry LLC ("AIP")	Investing activities in food sector	50.00	50.00
- Arabian Food Production	Providing innovation in the food sector	50.00	50.00
	- operations not commenced		

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

1 Legal status and principal activities (continued)

Investments	Principal activities	2024	2023
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
-Modern Dairy Factory	Production of dairy products	42.00	40.00
(e) 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.			
(f) As at 31 December 2024, the Group has fully provided for the investment in Atyab Technical Services LLC ("ATS") amounting to OMR 255,052 (100% of the shareholding) since subsidiary is under liquidation.			
(g) As at 31 December 2024, the Group acquired full 100% of shareholding in Bioproducts Oman SAOC ("BPO").			

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 2024. 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:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants- Amendments to IAS 1;
- Lease Liability in Sale and Leaseback- Amendments to IFRS 16; and
- Supplier Finance Arrangements- Amendments to IAS 7 and IFRS 7.

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

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

2 Basis of Preparation (continued)

(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 2024 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.

- Amendments to IAS 21 – Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025);
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026);
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027); and
- IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027).

The Group and Parent Company is currently assessing the impact of these standards, amendments or interpretations on the current and future reporting period and on foreseeable future transactions.

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.

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

3 Material Accounting Policies (continued)

3.1 Basis of consolidation (continued)

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.

(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.

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

3 Material Accounting Policies (continued)

3.1 Basis of consolidation (continued)

(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.

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.

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

3 Material Accounting Policies (continued)

3.2 Revenue from contracts with customers (continued)

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.

3.6 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 recognized 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 recognized.

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 assets to be recognized. Unrecognized 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.

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

3 Material Accounting Policies (continued)

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, plant, 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:

	Group	Parent
	(Years)	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	N/A

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, plant, 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, plant, and equipment as a replacement if the recognition criteria are satisfied.

An item of property, plant, 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.

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

3 Material Accounting Policies (continued)

3.10 Investment properties

Properties, which are held for rental or capital appreciation, are 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.

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.

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

3 Material Accounting Policies (continued)

3.12 Investment in subsidiaries and associates (continued)

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.

3.13 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.

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

3 Material Accounting Policies (continued)

3.14 Inventories (continued)

The cost of grains (raw materials) and other raw materials are determined by the weighted average price 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.

3.15 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.

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

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.

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

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.

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

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.

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

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

3 Material Accounting Policies (continued)

3.23 Leases (continued)

- 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 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.

3.26 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.

3.27 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.

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(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	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
Trade receivables	251	367	128	70
Bank balances	932	939	823	841
Trade payables	2,865	306	2,542	69
Borrowings	-	90	-	-
	<u>4,048</u>	<u>1,702</u>	<u>3,483</u>	<u>980</u>

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 OMR 665,120 (2023 - OMR 744,000).

(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.

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.

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Price risk (continued)

the impact on the net profit of the Group and Parent Company would approximate to OMR 26,000 (2023- OMR 74,548).

(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:

- 26% of Group's trade receivables are due from 5 customers (2023 - 25% from 5 customers).
- 41% of Parent Company's trade receivables are due from 5 customers (2023 - 35 % from 5 customers).
- 48% % of related party dues are receivable from subsidiaries in the Parent Company's financial statements (2023 -49%).

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 Year 2024	Past due by more than					Specific debts	Total
	Current	0 - 90 days	91 - 180 days	181-270 days	Above 270 days		
Carrying value (OMR)	8,868	5,096	1,266	1,122	2,200	1,988	20,540
Expected loss rate	2%	2%	10%	16%	20 %	100%	-
Loss allowance (OMR)	152	119	127	175	443	1,988	3,004

GROUP Year 2023	Past due by more than					Specific debts	Total
	Current	0 - 90 days	91 - 180 days	181-270 days	Above 270 days		
Carrying value (OMR)	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 (OMR)	482	104	162	113	1,225	833	2,920

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

PARENT		Past due by more than				Specific debts	Total
Year 2024	Current	0 - 90 days	91 - 180 days	181-270 days	Above 270 days		
Carrying value (OMR)	7,337	2,501	1,143	853	2,180	621	14,635
Expected loss rate	2%	1%	11%	14%	6%	100%	-
Loss allowance (OMR)	146	13	122	117	138	621	1,158

GROUP		Past due by more than				Specific debts	Total
Year 2023	Current	0 - 90 days	91 - 180 days	181-270 days	Above 270 days		
Carrying value (OMR)	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 (OMR)	123	27	123	103	66	670	1,112

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.

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

4 Financial risk management (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 2024 and 2023 were as follows:

	2024	2023
Group	OMR'000	OMR'000
Total borrowings including lease liabilities	71,401	78,373
Less: cash and cash equivalents	(6,071)	(5,407)
Net debt	65,330	72,966
Total equity	76,560	72,860
Total capital employed	141,890	145,826
Gearing ratio	46%	50%
	2024	2023
Parent	OMR'000	OMR'000
Total borrowings including lease liabilities	41,922	44,967
Less: cash and cash equivalents	(3,861)	(4,308)
Net debt	38,061	40,659
Total equity	78,286	72,322
Total capital employed	116,347	112,981
Gearing ratio	33%	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.

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

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 (OMAS) are based on the unaudited financial statements at 31 December 2024. 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 2024 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.

• *Government subsidy*

The method of calculation of the wheat subsidy 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 OMR 3,332,360 (2023 – OMR 6,421,297) against wheat subsidy will therefore remain recoverable.

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

5 Critical accounting estimates and judgements (continued)

• 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 the transfer of goods and services at a point in time in the following major product lines and markets:

	Group		Parent company	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
Sales of flour products:				
Local	39,824	33,328	39,109	18,823
Export	8,522	8,808	7,661	6,877
Sales of feed products:				
Local	64,734	61,432	64,205	76,176
Export	1,055	822	1,055	822
Sales of bakery products:				
Local	12,162	12,472	-	-
Export	2,169	2,715	-	-
Sales rebate	(2,680)	-	(2,680)	-
Revenue from services	3,037	4,368	-	-
	128,823	123,945	109,350	102,698

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

7 Cost of sales

	Group		Parent company	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
Cost of raw materials consumed	93,128	98,188	86,336	89,991
Less: Government subsidy [note 23(e)]	(4,303)	(5,219)	(4,303)	(5,219)
	88,825	92,969	82,033	84,772
Employee salaries and its associated costs (note 10)	5,082	4,775	2,413	2,219
Depreciation on property, plant and equipment [note 17(e)]	3,827	3,319	1,653	1,247
Depreciation on right-of-use assets [note 21(b)]	246	191	9	7
Provision for slow and non-moving inventories (note 22)	(83)	(256)	(143)	(188)
Other overheads	5,555	4,825	4,748	3,599
	103,452	105,823	90,713	91,656

The Parent Company is entitled for government subsidy on consumption of wheat which effectively limits the maximum cost consumption by the Parent Company.

8 Selling and distribution expenses

	Group		Parent company	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
Employee salaries and associated costs (note 10)	2,869	2,417	528	416
Advertising, sales promotion and other overheads	1,585	1,889	435	312
Vehicle expenses	853	752	-	4
Depreciation [note 17(e)]	1	2	1	2
	5,308	5,060	964	734

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

9 General and administration expenses

	Group		Parent company	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
Employee salaries and its associated costs (note 10)	3,910	3,436	2,789	2,628
Professional fees	457	207	178	147
Depreciation [note 17(e)]	431	259	185	124
Directors' remuneration	259	278	124	105
[note 34(a)]	300	147	300	147
Communication expenses	227	102	109	57
Travelling expenses	210	60	187	66
Corporate social responsibility	200	194	200	194
Repairs and maintenance	144	98	76	67
Rent, utilities and insurance	551	622	460	425
Directors' meeting attendance fees [note 34(a)]	57	28	55	28
Amortisation of intangible assets (note 19)	8	6	-	-
Miscellaneous	1,974	1,970	858	624
	8,469	7,129	5,397	4,507

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	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
Cost of sales (note 7)	5,082	4,775	2,413	2,219
Selling and distribution expenses (note 8)	2,869	2,417	528	416
General and administration expenses (note 9)	3,910	3,436	2,789	2,628
	11,861	10,628	5,730	5,263

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

	Group		Parent company	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
Salaries, wages and other benefits	11,062	9,489	5,268	4,897
Contributions to defined retirement plan for Omani employees	575	413	399	334
Provision for employee's end of service benefits obligations (note 32)	224	726	63	32
	11,861	10,628	5,730	5,263

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

11 Other income

	Group		Parent company	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
Rental income	15	96	75	96
Dividend income	37	57	37	57
Miscellaneous	476	94	222	192
	528	247	334	345

12 Other gains/(losses)

	Group		Parent company	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
Fair value changes in investment properties (note 18)	283	1,111	93	219
Gain on disposal of investments at fair value through profit or loss [note 20(c)]	258	72	258	72
Fair value changes in investments at fair value through profit or loss [note 20(c)]	37	(33)	37	(33)
	-	37	-	37
Gain on disposal of property, plant and equipment	10	20	-	-
	551	1,240	351	328

13 Finance income and costs

	Group		Parent company	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
Finance income				
Interest on amounts due from a related party	348	-	756	308
Interest income on deposits	448	379	448	379
	796	379	1,204	687
Finance costs				
Interest on leases (note 30)	(244)	(376)	(2)	(10)
Amortisation of loan processing fees	(37)	-	-	-
Interest on bank borrowings	(4,570)	(3,846)	(2,696)	(2,287)
	(4,851)	(4,222)	(2,698)	(2,297)
Net finance costs	(4,055)	(3,843)	(1,494)	(1,610)

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

14 Income tax

	Group		Parent company	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
Statement of comprehensive income				
- Current tax in respect of current year	1,647	817	1,598	688
- Deferred tax charge/(release) in respect of current year	(299)	(254)	107	29
	1,348	563	1,705	717

Statement of financial position

The movement in the current taxation liability as follows:

Beginning of the year	1,026	756	676	586
Charge for the year	1,397	792	1,598	688
Payment during the year	(790)	(522)	(669)	(598)
At the end of the year	1,633	1,026	1,605	676

	Group		Parent company	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
Deferred tax (liabilities)/assets				
Beginning of the year	619	365	(513)	(484)
Movement for the year through statement of comprehensive income	299	254	(107)	(29)
At the end of the year	918	619	(620)	(513)

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

	Accelerated tax depreciation	Provisions and others	Total
	OMR'000	OMR'000	OMR'000
Parent Company			
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)
At 1 January 2024	(835)	322	(513)
(Release) / charged to the statement of comprehensive income	(91)	(16)	(107)
At 31 December 2024	(926)	306	(620)

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

14 Income tax (continued)

	Accelerated tax depreciation	Provisions and others	Carry forward. tax losses	Total
	OMR'000	OMR'000	OMR'000	OMR'000
Group -Deferred tax assets				
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
At 1 January 2024	(847)	1,344	1,055	1,552
(Release) / charged to the statement of comprehensive income	(172)	83	507	418
At 31 December 2024	(1,019)	1,427	1,562	1,970

	Accelerated tax depreciation	Provisions and others	Total
	OMR'000	OMR'000	OMR'000
Group -Deferred tax liability			
At 1 January 2023	(1,203)	719	(484)
Charged to the statement of comprehensive income	(284)	(165)	(449)
At 31 December 2023	(1,487)	554	(933)
At 1 January 2024	(1,487)	554	(933)
Charged to the statement of comprehensive income	(91)	(28)	(119)
At 31 December 2024	(1,578)	526	(1,052)

- (b) Taxation is provided at 15% (2023 - 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	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
Tax charge on accounting profit of taxable companies	(1,195)	(493)	(1,390)	(411)
(Add)/ less tax effect of:				
Income exempts from tax	(44)	(74)	(244)	(344)
Deferred tax	299	254	(107)	(29)
Non-deductible expenses	(408)	(250)	36	67
Current taxation charge for the year	(1,348)	(563)	(1,705)	(717)

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

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

14 Income tax (continued)

Group Companies	Assessments pending for years
Oman Flour Mills Company SAOG	2021 to 2023
Atyab Investments LLC	2021 to 2023
Atyab Food Industries LLC	2022 to 2023
Atyab International Services LLC	2021 to 2023
Sohar Flour Mills LLC	2020 to 2023
Omaus Ply Limited	2020 to 2023
Bio Products Oman SAOC	2020 to 2023
(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 2024, AI's tax assessment for the years 2019 and 2020, AFI's tax assessment for the years 2019, 2020 and 2021 and AIS's tax assessment for the year 2020 were finalised by the Tax Authority with no additional demand for tax and the Parent Company's tax assessment for the year 2020 was finalised by the Tax Authority with an additional demand for tax amounting to OMR 61,171 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	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
Profit for the year (OMR'000) attributable to equity holders of the Parent Company	7,689	1,826	7,689	1,826
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 (OMR)	0.049	0.012	0.049	0.012

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 baiza 11.08 per share for the year ended 31 December 2023 amounting to OMR 1,745,100. This was approved by the Company's shareholders at the Annual General Meeting held on 30 April 2024 and was paid in May 2024. The Board of Directors has proposed a cash dividend of OMR 3,937,500 (2023 - OMR 1,745,100) and proposed bonus shares of 5% of the outstanding shares as of 31st December 2024 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.

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

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 OMR 7.5 million (2023 - OMR 4.4 million) mainly includes costs incurred towards construction of feed mills to one of its subsidiary Company and other improvements made in the plant machinery and office premises of the Parent Company.
- (e) The depreciation on property, plant and equipment for the year has been allocated as follows:

	Group		Parent company	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
Cost of sales (note 7)	3,827	3,319	1,653	1,247
Selling and distribution expenses (note 8)	1	2	1	2
General and administration expenses (note 9)	431	259	185	124
	4,259	3,580	1,839	1,373

- (f) At 31 December 2024, 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 2024. The recoverable amount of the non-financial assets were based on an independent valuation carried out by an external valuer using depreciated replacement cost method. Based on the results of the impairment assessment of non-financial assets ("PPE"), Group determined that no impairment charge was required for the year ended 31 December 2024 in relation to the PPE as the recoverable amount was higher than the carrying value of the respective assets.

Key assumptions adopted by the external valuer of the Group involves significant judgements and estimates as follows;

- Present condition and standard of maintenance of the assets;
- Level of utilization of the assets;
- Expected maintenance and refurbishment of the assets;
- Remaining and total economic useful lives;
- Development period;
- Obsolescence;
- Construction costs.

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

17 Property, Plant And Equipment (continued)

Group

	Freehold land OMR'000	Buildings on freehold land OMR'000	Buildings on leasehold land and leasehold improvements OMR'000	Plant, machinery and tools OMR'000	Furniture, fittings and equipment OMR'000	Motor vehicles OMR'000	Crates, dollies, pans, etc. OMR'000	Capital work-in- progress OMR'000	Total OMR'000
Cost									
At 1 January 2024	489	24,486	9,553	59,757	3,567	2,249	997	4,476	105,574
Additions	105	-	35	651	181	673	50	6,905	8,600
Transferred from capital work in progress	-	276	33	3,224	304	-	-	(3,837)	-
Disposals	-	-	-	(6)	(75)	(50)	(199)	-	(330)
At 31 December 2024	594	24,762	9,621	63,626	3,977	2,872	848	7,544	113,844
Accumulated Depreciation									
At 1 January 2024	-	13,606	830	38,127	3,137	2,199	769	-	58,668
Charge for the year	-	406	560	2,660	242	260	131	-	4,259
Disposals	-	-	(6)	(75)	(50)	-	(199)	-	(330)
At 31 December 2024	-	14,012	1,384	40,712	3,329	2,459	701	-	62,597
Net book value									
At 31 December 2024	594	10,750	8,237	22,914	648	413	147	7,544	51,247

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

17 Property, Plant And Equipment (continued)

Group

	Freehold land OMR'000	Buildings on freehold land OMR'000	Buildings on leasehold land and leasehold improvements OMR'000	Plant, machinery and tools OMR'000	Furniture, fittings and equipment OMR'000	Motor vehicles OMR'000	Crates, dollies, pans, etc. OMR'000	Capital work-in- progress OMR'000	Total OMR'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

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

17 Property, Plant And Equipment (continued)

Parent Company

	Freehold land OMR'000	Buildings OMR'000	Plant, machinery and tools OMR'000	Furniture, fittings and equipment OMR'000	Motor vehicles OMR'000	Capital work-in- progress OMR'000	Total OMR'000
Cost							
At 1 January 2024	219	16,748	35,037	2,332	198	3,941	58,475
Additions	105	-	92	40	436	851	1,524
Transferred from capital work in progress	-	276	2,943	121	-	(3,340)	-
At 31 December 2024	<u>324</u>	<u>17,024</u>	<u>38,072</u>	<u>2,493</u>	<u>634</u>	<u>1,452</u>	<u>59,999</u>
Accumulated Depreciation							
At 1 January 2024	-	11,495	30,092	2,095	181	-	43,863
Charge for the year	-	391	1,159	131	158	-	1,839
At 31 December 2024	<u>-</u>	<u>11,886</u>	<u>31,251</u>	<u>2,226</u>	<u>339</u>	<u>-</u>	<u>45,702</u>
Net book value							
At 31 December 2024	<u>324</u>	<u>5,138</u>	<u>6,821</u>	<u>267</u>	<u>295</u>	<u>1,452</u>	<u>14,297</u>

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

17 Property, Plant And Equipment (continued)

Parent company

	Freehold land OMR'000	Buildings OMR'000	Plant, machinery and tools OMR'000	Furniture, fittings and equipment OMR'000	Motor vehicles OMR'000	Capital work-in- progress OMR'000	Total OMR'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

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

18 Investment properties

Parent Company	Freehold land	
	2024 OMR'000	2023 OMR'000
At 1 January	2,219	2,000
Fair value changes during the year (note 12)	93	219
At 31 December	2,312	2,219

Group	Grain silos and related plant and machinery		Total
	Freehold land OMR'000	OMR'000	OMR'000
At 1 January 2024	2,219	10,025	12,244
Fair value changes during the year (note 12)	93	190	283
At 31 December 2024	2,312	10,215	12,527

Group	Grain silos and related plant and machinery		Total
	Freehold land OMR'000	OMR'000	OMR'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

- (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 freehold land based on an independent valuer's report dated 12 December 2024 amounted to OMR 2,312,000 (2023 - OMR 2,219,117) 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 fair value of grain silos and related plant and machinery based on an independent valuer's report dated XX February 2025 amounted to OMR 10,215,000 which was based on the depreciated replacement cost method ("DRC") and investment 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.
- (c) The investment properties amounting to OMR 10,095,000 are mortgaged with a local commercial bank as security for the term loan availed by SFM note 29.

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

19 Intangible assets

Group

	2024 OMR'000	2023 OMR'000
Software		
Cost		
At 1 January	61	61
Additions during the year	17	-
At 31 December	78	61
Accumulated Amortization		
At 1 January	44	38
Charge for the year (note 9)	8	6
At 31 December	52	44
Net book value	26	17

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:

	2024 OMR'000	2023 OMR'000
Atyab Investments LLC (AI)		
At 1 January	19,389	20,482
Investment during the year	3,396	683
Share of results for the year	(2,156)	(1,776)
Other comprehensive income for the year	158	-
At 31 December	20,787	19,389

- (i) The investment of OMR 20.787 million (2023 - OMR 19.389 million) includes AI's ownership of the registered share capital of OMR 250,000 (2023 - OMR 250,000) and an additional OMR 25.54 million (2023 - OMR 22.151 million) that is categorised as share capital pending registration in the financial statements of AI as it is awaiting formal registration as share capital.

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

20 Investments (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:

	2024 OMR	2023 OMR
Assets		
Non-current assets	33,045	33,727
Current assets	3,028	3,995
Total assets	36,073	37,722
Liabilities		
Non-current liabilities	23,010	25,503
Current liabilities	17,372	14,166
Total liabilities	40,382	39,669
Revenue	5,993	7,679
Net loss and total comprehensive loss	(2,362)	(1,203)

(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	Total
2024	OMR'000	OMR'000	OMR'000	OMR'000	OMR'000	OMR'000	OMR'000
At 1 January	563	46	854	4,452	2,686	616	9,217
Acquired during the year	-	-	1,771	-	-	794	2,565
Reclassification to investment in subsidiary [note 20 (b) (iv)]	-	-	(2,567)	-	-	-	(2,567)
Reclassification to quoted investment [note 20 (b) (i)]	(563)	-	-	-	-	-	(563)
Share of results for the year	-	(2)	(58)	(724)	448	40	(296)
Other comprehensive income	-	-	-	-	150	-	150
At 31 December	-	44	-	3,728	3,284	1,450	8,506

	Group						
	Parent Company						
	OFC	FTP	BPO	AFP	AIP	MDF	Total
2023	OMR'000	OMR'000	OMR'000	OMR'000	OMR'000	OMR'000	OMR'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

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

20 Investments (continued)

- (i) OFC is a public joint stock company and is registered in the Sultanate of Oman. During the year, the group has lost "significant influence" as the key management personnel of the group are no longer represented in the board of directors of OFC. As a result, the investment in associate has been reclassified to Financial assets at fair value through profit or loss.

AIP FTP and BPO are limited liability companies. MDF, and AFP are closed joint stock Companies 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 AFPC 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 2024.

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

- (iv) As at 31 December 2024, the Group acquired the remaining ownership of BPO share capital from 33% to 100% for a cash consideration of OMR 2,567,000. As a result of this acquisition, BPO has now become a fully owned subsidiary. The Company acquired a goodwill of OMR 154,000 as the total investment value exceeded the fair value of the net asset value of BPO.

	2024 OMR'000
Assets	
Property, plant and equipment	6,220
Right-of-use assets	1,048
Inventories	33
Trade and other receivables	398
Cash and cash equivalents	11
Total assets	<u>7,710</u>
Less: Liabilities	
Lease liabilities	1,047
Trade and other payables	4,250
Total liabilities	<u>5,297</u>
Net Assets	2,413
Purchase consideration	2,567
Goodwill	154

Acquisition of Bio Products Oman SAOC, details are below as it is step-acquisition:

	2024 OMR'000
Carrying value of the investment	796
Additional investment during the year	1,771
Total Investment [note 20(b)]	<u>2,567</u>
	2024 OMR'000
Goodwill	<u>154</u>

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

20 Investments (continued)

The Group has resulted in a gain on acquisition of its subsidiary BPO in the current year. The Group has tested whether goodwill has suffered any impairment in the current year. The recoverable amount of the cash generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

(v) During the year, the group invested an additional amount of OMR 794,000 in MDF.

	FTP	AFP	AIP	MDF		
2024	OMR'000	OMR'000	OMR'000	OMR'000		
Assets						
Non-current assets	-	38,172	6,139	3,284		
Current assets	87,132	8,147	-	1,467		
Total assets	87,132	46,319	6,139	4,751		
Liabilities						
Non-current liabilities	-	21,422	-	2,425		
Current liabilities	3	12,318	8	912		
Total liabilities	3	33,740	8	3,337		
Revenue	-	23,849	-	2,672		
Net (loss)/income and total comprehensive loss	(4)	(1,701)	1,143	100		
	FTP	BPO	OFC	AFP	AIP	AIP
2023	OMR'000	OMR'000	OMR'000	OMR'000	OMR'000	OMR'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)

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

20 Investments (continued)

(c) Other investments

Fair value hierarchy	Group and Parent Company	
	2023 OMR'000	2022 OMR'000
Financial assets at fair value through profit or loss (quoted)		
At 1 January	1,555	1,493
Purchases during the year	-	366
Reclassification from investment in associate [note 20 (b) (i)]	563	-
Sales during the year	(1,844)	(413)
Net realised gain on sales during the year	258	72
Fair value changes during the year	-	37
At 31 December	532	1,555
	Level 1	
Financial assets at fair value through other comprehensive income (un-quoted)		
	Level 2	
	370	400

- (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:

	2024 OMR'000	2023 OMR'000
MSX quoted investments:		
Banks and investment	2	1,100
Industrial	530	234
Services	-	157
	532	1,491
Cash balance with Portfolio Managers	-	64
	532	1,555
Un-quoted investments:		
Fund for Development of Youth Projects SAOC	370	400

- (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 2024 (2023 - 31 December 2023).

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

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 as follows:

	Group		Parent company	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
Net assets (in Rials Omani)	78,120	72,177	78,122	72,179
Number of shares	157,500	157,500	157,500	157,500
Net assets per share (in Rials Omani)	0.496	0.458	0.496	0.458

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.
- BPO has entered into a factory land leasing agreement with Khazaen for a period of 20 years.

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

Parent Company		2024	2023
		OMR'000	OMR'000
Cost			
At 1 January and 31 December		84	84
Amortisation			
At 1 January		44	37
Amortisation for the year		9	7
At 31 December		53	44
Net book value			
At 31 December		31	40

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

21 Right-of-use assets (continued)

Group	Office equipment OMR'000	Quay space OMR'000	Factory lands OMR'000	Total OMR'000
Cost				
At 1 January 2024	7	2,768	1,451	4,226
Additions during the year	-	-	1,110	1,110
At 31 December 2024	7	2,768	2,561	5,336
Amortisation				
At 1 January 2024	4	563	403	970
Amortisation for the year	1	110	135	246
At 31 December 2024	5	673	538	1,216
Net book values				
At 31 December 2024	2	2,092	2,026	4,120
Group	Office equipment OMR'000	Quay space OMR'000	Factory lands OMR'000	Total OMR'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

22 Inventories

	Group		Parent company	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
Raw materials	29,861	21,672	28,989	19,805
Finished goods	971	1,716	677	1,337
Packing materials and spares	1,834	2,171	952	1,362
Work in progress	10	-	-	-
	32,676	25,559	30,618	22,504
Provision for slow and non-moving inventories [note a) below]	(1,108)	(1,191)	(855)	(998)
	31,568	24,368	29,763	21,506

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

22 Inventories (continued)

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

	Group		Parent company	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
At 1 January	1,191	1,447	998	1,186
Reversed during the year (note 7)	(83)	(256)	(143)	(188)
At 31 December	<u>1,108</u>	<u>1,191</u>	<u>855</u>	<u>998</u>

(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	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
Trade receivables	20,540	24,818	14,635	13,971
Less: allowance for expected credit losses (ECL) [see note (b) below]	(3,004)	(2,920)	(1,158)	(1,112)
	<u>17,536</u>	<u>21,898</u>	<u>13,477</u>	<u>12,859</u>
Advances to suppliers	4,577	11,001	4,260	11,001
Subsidy receivable [note (d) below]	3,332	6,421	3,332	6,421
Advances, other receivables and prepayments	<u>4,285</u>	<u>3,477</u>	<u>3,000</u>	<u>2,594</u>
	<u>29,730</u>	<u>42,797</u>	<u>24,069</u>	<u>32,875</u>

(a) Except for certain trade receivables of the Parent Company amounting to OMR 6,455,200 (2023 -OMR 6,538,225) 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 (2023 - same terms).

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

	Group		Parent company	
	2024	2023	2024	2023
At 1 January	2,920	3,027	1,112	1,281
Write off from liquidation [note 23 (c)]	(274)	-	-	-
Provision/(reversal) for impairment during the year	358	(107)	46	(169)
At 31 December	<u>3,004</u>	<u>2,920</u>	<u>1,158</u>	<u>1,112</u>

(c) As of 31st December 2024, the Group written off a provision of OMR 274,447 previously recognized for expected credit losses related to "ATS." This reversal was made upon liquidation of "ATS".

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

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

23 Trade and other receivables (continued)

- (e) The subsidy receivable from the Government of the Sultanate of Oman represents a subsidy on purchase of wheat (refer note 5). The subsidy receivable of OMR 3,332,360 (2023 - OMR 6,421,297) for the period May 2024 to December 2024 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 OMR 3,332,360 (2023 - OMR 6,421,297), as the amount has been determined based on a method of calculation prescribed by the MOAFW. The subsidy receivable amount relating to 2023 has been fully received during the year.
- (f) The information about the credit exposure for trade receivables is detailed in note 4.1(b).

24 Cash and cash equivalents

	Parent company		Consolidated	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
Cash in hand	73	104	-	14
Cash at bank	2,567	2,018	430	1,105
Call deposits	3,431	3,285	3,431	3,285
	6,071	5,407	3,861	4,404

Call deposits are placed with commercial banks at 0.5% to 4% (2023 - 0.5% to 4%) and that have maturities on demand.

25 Short term deposits

	Group		Parent company	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
Short term deposits	7,500	7,500	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 as they are callable on demand and such deposits are placed in tranches of OMR 250,000. The short-term deposits earn interest of 5.80% (2023 - 4.25% to 5.80%) per annum.

26 Share capital

- (a) The Parent Company's authorised, issued and paid-up share capital is OMR 15,750,000 (2023 - OMR 15,750,000) comprising of 157,500,000 (2023 - 157,500,000) shares of OMR 0.100 each (2023 - OMR 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	2024 %	Number of shares	2023 %
Oman Food Investment Holding Company SAOC	80,418,100	51.06	80,418,100	51.06
Social Protection Fund	20,020,267	12.71	20,020,267	12.71

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

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 (2023 - nil).

29 Bank borrowings

	Consolidated		Parent	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
Non-current				
Term loan 1	-	43	-	-
Term loan 2	7,171	7,669	-	-
Term loan 3	14,694	16,309	-	-
	21,865	24,021	-	-
Less: unamortised transaction cost	(148)	(165)	-	-
	21,717	23,856	-	-
Less: current portion	(2,254)	(1,964)	-	-
Total non-current portion	19,463	21,892	-	-
Current				
Current portion of term loans	2,254	1,964	-	-
Loans against trust receipts	42,538	48,979	41,886	47,598
Short term loan	1,682	1,184	-	-
Bank overdrafts	575	424	-	-
	47,049	52,551	41,886	47,598

- (a) Term loan 1 was obtained from a local commercial bank by AFI. The term loan has been fully settled in 2024.
- (b) Term loan 2 was obtained from a local commercial bank by SFM, is subject to interest at 6.50% (2023 - 6.50% per annum), which was subject to annual review during first two years till October 2023, thereafter subject to semi-annual review. The loan is repayable in 21 half yearly instalments of variable amounts (2023 - repayable in 21 half yearly) which commenced from October 2022.
- (c) Term loan 3 was obtained from a local commercial bank by SFM, is subject to interest at 7.13% per annum (2023- 6.13%) which is to be reset annually with a margin of 2.20% (2023 - 2.20%) over the latest announced CBO rate of interest for private sector time deposits, with a floor rate fixed at 5.25% (2023 - 5.25%). The sanctioned loan amount is OMR 17,709,249 which has been fully disbursed during the year (2023 - OMR 17,651,219). The loan is repayable in 46 equal quarterly instalments of OMR 376,793 each which will commence from 2023, on completion of 3.5 years moratorium period.

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

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 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 2024, 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.
- (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	
	2024	2023
	OMR'000	OMR'000
Between 1 and 2 years	2,337	3,885
Between 2 and 5 years	7,258	5,763
Over 5 years	9,868	12,244
	19,463	21,892

- (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 OMR 41,886,171 (2023 - OMR 47,598,036 million). Loans against trust receipts and bank overdraft of the Group obtained from various local commercial banks, carry interest ranging from 5.20% to 7.5% per annum (2023 - 6% to 7.2% per annum).
- (h) Short term loan is obtained from local commercial bank and carries interest at 7.2% per annum (2023- 7.5% 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.

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

29 Bank borrowings (continued)

(j) Net debt reconciliation:

	Group		Parent company	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
Net debt				
Cash and cash equivalents	6,071	5,407	3,861	4,404
Borrowings – repayable within one year	(47,049)	(52,551)	(41,886)	(47,598)
Borrowings – repayable after one year	(19,463)	(21,892)	-	-
Net debt	(60,441)	(69,036)	(38,025)	(43,194)
Cash and cash equivalents	6,071	5,407	3,861	4,404
Gross debt – fixed interest rate	(21,717)	(23,856)	-	-
Gross debt – variable interest rate	(44,795)	(50,587)	(41,886)	(47,598)
Net debt	(60,441)	(69,036)	(38,025)	(43,194)

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
	OMR'000	OMR'000	OMR'000	OMR'000
Net debt as at				
1 January 2024	4,404	(47,598)	-	(43,194)
Cash flows	(543)	5,712	-	5,169
Net debt as at 31 December 2024	3,861	(41,886)	-	(38,025)

31 December 2023

	Other assets	Liabilities from financing activities		
	Cash and cash equivalents	Borrowings due within one year	Borrowings due after one year	Total
	OMR'000	OMR'000	OMR'000	OMR'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)

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

29 Bank borrowings (continued)

Group

31 December 2024	Other assets Cash and cash equivalents OMR'000	Liabilities from financing activities		
		Borrowings due within one year OMR'000	Borrowings due after one year OMR'000	Total OMR'000
Net debt as at				
1 January 2024	5,407	(52,551)	(21,892)	(69,036)
Cash flows	664	5,502	2,429	8,595
Net debt as at 31 December 2024	<u>6,071</u>	<u>(47,049)</u>	<u>(19,463)</u>	<u>(60,441)</u>

31 December 2023	Other assets Cash and cash equivalents OMR'000	Liabilities from financing activities		
		Borrowings due within one year OMR'000	Borrowings due after one year OMR'000	Total OMR'000
Net debt as at				
1 January 2022	5,792	(49,677)	(21,725)	(65,610)
Cash flows	(385)	(2,874)	(167)	(3,426)
Net debt as at 31 December 2023	<u>5,407</u>	<u>(52,551)</u>	<u>(21,892)</u>	<u>(69,036)</u>

30 Lease Liabilities

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

	Group		Parent company	
	2024 OMR'000	2023 OMR'000	2024 OMR'000	2023 OMR'000
At 1 January	3,930	3,877	45	55
Additions during the year	1,110	-	-	-
Interest on lease liabilities (note 13)	244	376	2	10
Payments during the year	(395)	(323)	(11)	(20)
At 31 December	<u>4,889</u>	<u>3,930</u>	<u>36</u>	<u>45</u>

	Group		Parent company	
	2024 OMR'000	2023 OMR'000	2024 OMR'000	2023 OMR'000
Non-current portion	4,719	3,806	26	35
Current portion	<u>170</u>	<u>124</u>	<u>10</u>	<u>10</u>
	<u>4,889</u>	<u>3,930</u>	<u>36</u>	<u>45</u>

During the year, the Group has entered into a factory land leasing agreement with Khazaen for a period of 20 years.

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

30 Lease Liabilities (continued)

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

	Group		Parent company	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
Up to 1 year	367	320	11	11
Between 1 year to 5 years	1,801	1,568	25	36
Above 5 years	5,255	4,576	3	4
	7,423	6,464	39	51

(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	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
		(restated)		(restated)
Trade payables	7,590	5,760	5,066	2,946
Accrued expenses and other payables	6,469	5,519	4,842	2,554
Amounts due to related parties [notes 34(e)]	1,287	345	1,058	438
Directors' remuneration	300	150	300	150
	15,646	11,774	11,266	6,088

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	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
At 1 January	787	632	93	64
Charge for the year [note 10 (b)]	224	726	63	32
Payments made during the year	(70)	(571)	(9)	(3)
At 31 December	941	787	147	93

33 Provisions

	Group		Parent company	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'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

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

33 Provisions (continued)

At the end of the reporting period, the Parent Company has closing provision of OMR 535,386 (2023 - OMR 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.

	<u>Group</u>		<u>Parent company</u>	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
Revenue				
Subsidiaries:				
- Sale of grains to SFM	-	-	-	1,123
- Sale of flour to AFI	-	-	1,788	2,126
Affiliate Companies				
- Sale of feed to Gulf International Poultry Farms (GIPF)	9,480	3,840	9,480	3,840
- Sale of feed to Modern Poultry Farms Company SAOC (MPF)	4,470	5,318	4,470	5,318
- Sale of feed to Sohar Poultry Company SAOC (SPC)	2,665	2,475	2,665	2,475
- Sale of feed to Mazoon Dairy Company SAOC (MDC)	2,240	2,437	2,240	2,437
- Sale of feed and flour to Bio Products Oman LLC (BIO)	19	28	19	28
- Sale of feed to Al Bashayer Meat Company SAOC (ABMC)	-	141	-	141
	18,874	14,239	20,662	17,488
Other income				
Subsidiaries:				
- Interest income from SFM	-	-	408	308
- Rental income from AIS	-	-	60	60
	-	-	468	368
Expenses				
Subsidiaries:				
- Purchase of wheat from OMAUS	-	-	(4,261)	-
- Laboratory services fee to AIS	-	-	(776)	(517)
- Purchase of flour from SFM	-	-	(545)	(210)
	-	-	(5,582)	(727)
Affiliate Companyy				
- Purchase of packing material from Gulf Plastics Company SAOC	(346)	(162)	(346)	(162)

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

34 Related parties (continued)

(a) The key management personnel compensation for the year comprises:

	Group		Parent company	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
Short term employment and end of service benefits	544	648	323	305
Directors' remuneration [note b) below]	300	147	300	147
Directors' meeting attendance fees	57	28	55	28
	357	186	355	175
Directors' and key management personnels' traveling expenses	11	8	11	8
	912	842	689	488

(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) In relation to trade receivables, 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 OMR 7,104,804 (2023 - OMR 8,142,056), in the Parent Company, which is subject to interest 6% per annum (2022 - 6% per annum), all other amounts are not subject to interest (2023 - similar terms).

(d) Amounts due from subsidiaries and related parties at the end of the reporting period are as follows:

	Group		Parent company	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
Subsidiaries:				
- Sohar Flour Mills Company LLC	-	-	7,549	7,024
- Atyab Investments LLC	-	-	2,882	2,186
- Bio Product Oman SAOC	-	-	170	-
- Omaus Ply Limited	-	-	-	2,797
- Atyab Food Industries LLC	-	-	1,019	1,227
- Bread House LLC	-	-	10	10
	-	-	11,630	13,244
Affiliated companies:				
- Mazoon Dairy Company SAOC	5,403	3,289	5,246	3,139
- Gulf International Poultry Farms LLC	4,521	1,907	4,521	1,907
- Modern Poultry Farms Company SAOC	1,636	2,982	1,622	2,982
- Sohar Poultry Company SAOC	952	932	947	932
- A'Naama Poultry SAOC	113	108	113	108
- Al Bashayer Meat Company SAOC	90	66	87	66
- Modern Dairy Factory LLC	23	-	23	-
- Oman Food Investment Holding	7	-	7	-
- Oman Oil Seeds Company SAOC	-	32	-	-
- Oman Fisheries Company SAOG	11	-	-	-
- Atyab IFFCO Poultry LLC	6	6	1	1
- Arabian Food Production Company	1	-	-	-
- Bio Products Oman SAOC	-	283	-	283
- Oman Oil Seeds Company SAOC	20	-	-	-
- Omani National Livestock Development Company SAOC	1	2	-	2
	12,784	9,607	12,567	9,420
Less: Non current receivables*	(4,797)	-	(4,797)	-
Current receivables	7,987	-	7,770	-

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

34 Related parties (continued)

* Non-current receivables represent the trade receivable balances from Mazoon Dairy Company SAOC, based on an agreed repayment plan over five years with an interest rate of 6%. Management has conducted a discounting analysis on the net payments over this period, and that the impact on the financial statements is not material.

(e) Amounts due to related parties at the end of the reporting period are as follows:

	Group		Parent company	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
Subsidiaries:				
- Atyab International Services LLC	-	-	177	428
- Sohar Flour Mills LLC	-	-	860	-
- Atyab Food Industries LLC	-	-	21	-
	<u>-</u>	<u>-</u>	<u>1,058</u>	<u>428</u>
Affiliated companies:				
- Sohar Vegetables Oils LLC	334	335	-	-
- Oman Food Investment Holding Company SAOC	-	9	-	9
- Gulf Plastics Company SAOC	-	1	-	1
- Nakheel Oman Development Company SAOC	953	-	-	-
	<u>1,287</u>	<u>345</u>	<u>1,058</u>	<u>438</u>

(f) Loans to related parties are as follows :

	Group		Parent company	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
Subsidiaries:				
- Sohar Flour Mills Company LLC	-	-	2,998	-
- Bio Products Oman SAOC	-	-	3,000	-
	<u>-</u>	<u>-</u>	<u>5,998</u>	<u>-</u>
Affiliated companies:				
- Modern Dairy Factory LLC	500	-	500	-
	<u>500</u>	<u>-</u>	<u>500</u>	<u>-</u>

(g) Shareholder loans are subject to interest at 6.5% per annum (2023 – Nil) and are repayable on demand. The management has assessed the recoverability of the loan and concluded the impact of provision for impairment on shareholder loans are not material as of 31 December 2024.

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

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:

	Notes	Group		Parent company	
		2024 OMR'000	2023 OMR'000	2024 OMR'000	2023 OMR'000
Profit before income tax		7,964	1,863	9,265	2,498
Adjustments for:					
Share of results in a subsidiary	20 (a)	-	-	2,156	1,776
Share of loss of associates accounted for using the equity method	20(b)	296	1,821	-	759
Depreciation on property, plant and equipment	17	4,259	3,580	1,839	1,373
Amortisation on intangible assets	19	8	6	-	-
Depreciation on right of use assets	21	246	191	9	7
Fair value changes in investment properties	18	(283)	(1,111)	(93)	(219)
Gain on disposal of property, plant and equipment	12	(10)	-	-	64
(20)	-	-	(19)	-	(15)
Gain on disposal of investments at fair value through profit or loss	12	(258)	(72)	(258)	(72)
Net interest expense/ (income)	13	4,018	3,843	1,494	1,610
Dividend income	11	(37)	(57)	(37)	(57)
Provision for employees' end of service benefits	32	224	726	63	32
Provision for slow and non-moving inventories (net)	22	(83)	(256)	(143)	(188)
Net Provision for impairment on financial assets	23	(358)	107	(46)	(169)
Changes in fair value of investments through profit or loss	12	-	(37)	-	(37)
Net movement in non - controlling interest		-	(250)	-	-
Operating results before payment of end of service benefits and working capital changes		15,986	10,334	14,341	7,313
Payment of employees' end of service benefits	32	(70)	(571)	(9)	(3)
Working capital changes:					
Inventories		(7,084)	7,089	(8,114)	7,160
Trade and other receivables		13,823	(3,645)	8,760	(4,081)
Dues from subsidiaries and related parties		1,620	(4,906)	3,264	(4,883)
Long term related party receivables		(4,797)	-	(4,797)	-
Trade and other payables including contract liability		(1,264)	2,169	4,293	1,840
Cash generated from operations		18,214	10,470	17,738	7,346

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

36 Commitments and contingencies

(a) Commitments

At the end of the reporting period, the Group and the Parent Company had the following non cancellable purchase commitments in the normal course of business:

	Group		Parent company	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
Capital commitments	1,404	340	-	-
Purchase commitments	16,232	21,896	15,788	21,756
Letters of credit	397	-	223	-
	18,033	22,236	16,011	21,756

(b) Contingent liabilities

At 31 December 2024, the Group and Parent Company had the following bank guarantees and performance bonds issued in the normal course of business:

	Group		Parent company	
	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000
Corporate guarantees	21,865	23,813	21,865	23,813
Bank guarantees	380	463	350	300
Performance bonds	73	22	-	-
	22,318	24,298	22,215	24,113

- (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.

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

37 Segment information (continued)

	Flour Mill		Feed Mill		Bakery		Others		Group	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	OMR'000	OMR'000	OMR'000	OMR'000	OMR'000	OMR'000	OMR'000	OMR'000	OMR'000	OMR'000
External revenue										
- Local sales	39,479	38,492	64,734	62,254	12,162	12,472	8,073	2,135	124,448	115,353
- East Africa	8,522	8,808	1,055	822	2,169	2,715	-	-	11,746	12,345
Total external revenue	48,001	47,300	65,789	63,076	14,331	15,187	8,073	2,135	136,194	127,698
Inter segment sales	(6,595)	(3,249)	-	-	-	-	(776)	(504)	(7,371)	(3,753)
Total revenue	41,406	44,051	65,789	63,076	14,331	15,187	7,297	1,631	128,823	123,945
Segment gross profit	4,362	3,697	14,893	8,179	5,158	5,385	958	861	25,371	18,122
Overheads	(3,361)	(1,639)	(4,056)	(4,238)	(5,047)	(5,095)	(1,671)	(1,096)	(14,135)	(12,068)
Segment operating profit	1,001	2,058	10,837	3,941	111	290	(713)	(235)	11,236	6,054
Finance costs	(3,151)	(3,195)	(1,680)	(1,387)	(20)	(72)	-	-	(4,851)	(4,654)
Investment and other income	1,280	2,168	298	3	108	87	189	15	1,875	2,284
Segment results	(870)	1,031	9,455	2,557	199	305	(524)	(220)	8,260	3,683
Taxation	(1,291)	(474)	-	-	(30)	(74)	(27)	(15)	(1,348)	(563)
Share of result in associates	(296)	(1,821)	-	-	-	-	-	-	(296)	(1,821)
Non-controlling interest	-	-	-	-	-	-	-	-	-	-
Net profit for the year	(2,457)	(1,264)	9,455	2,556	169	231	(551)	(235)	6,616	1,300
Segment assets	55,019	98,995	93,926	24,219	16,579	15,780	3,838	30,023	169,362	169,017
Investment in subsidiaries	-	-	-	-	-	-	-	-	(20,787)	(19,389)
Investments	-	-	-	-	-	-	-	-	902	1,955
Due from related parties	-	-	-	-	-	-	-	-	11,630	13,243
Loans to related parties	-	-	-	-	-	-	-	-	6,498	-
Total assets	53,262	94,760	93,926	24,219	16,579	15,780	3,838	30,023	167,605	164,826
Segment liabilities	69,454	66,519	15,161	14,833	4,424	4,134	536	5,983	89,575	91,469
Taxation	-	-	-	-	-	-	-	-	1,633	1,959
Total liabilities	69,454	66,519	15,161	14,833	4,424	4,134	536	5,983	91,208	93,428
Non-controlling interest	-	-	-	-	-	-	-	-	(1,723)	(779)
Depreciation	3,127	976	-	424	895	899	237	1,282	4,259	3,580
Capital expenditure	7,802	2,234	-	3,463	407	282	391	773	8,600	6,753

NOTES TO THE CONSOLIDATED AND PARENT FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

38 Non-adjusting event after reporting period

On the 5th of January 2023, Sohar Vegetable Oils Company LLC ("SVO") initiated legal proceedings against Atyab Investment LLC ("AI") and Sohar Flour Mills LLC ("SFM") by filing a statement of claim with the court's secretariat. SVO's claim seeks both the termination of the existing lease agreement with Steppe Trading SPC and the enforcement of a transfer of ownership of specified assets- the dock and the warehouse, in accordance with a written agreement outlining asset distribution among the partners and delineating management responsibilities for the dock, warehouse, and mill. Under this agreement, AI was to assume 100% ownership, management, financing, and development of the mill, while SVO was to maintain 100% ownership, management, and financing of the warehouses and dock. This arrangement was further corroborated by letters dated 13 September 2021 and 15 September 2021.

The Court appointed an expert to review the case. On 2 June 2024, SVO's representative submitted comments on the expert report, and AI's representatives likewise provided their observations. Ultimately on the 28th of July 2024 and based on the expert report and the court's findings, the court's judgement dismissed SVO's claims against AI and SFM on the grounds that the alleged agreement lacked formal documentation and legal standing. In response, SVO appealed the decision and refiled the case on the 8th of August 2024. The appeal is still in court and the next hearing session is scheduled to take place on the 13th of March 2025.



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