

Auditors Report	English 01/01/2024-31/12/2024
DISCLOSURE AUDITOR'S REPORT	
DISCLOSURE OF AUDITOR'S REPORT	
AUDITOR'S OPINION	
Unmodified Opinion	Yes
Qualified Opinion	No
Adverse Opinion	No
Disclaimer of Opinion	No
AUDITOR'S OPINION BASIS	
Opinion and basis of Opinion	Ref #1
Key Audit Matters	Ref #2
Other Matter	Ref #3
Other information	Ref #4
Responsibilities of Management and Those Charged with Governance for the Financial Statements	Ref #5
Auditor's Responsibilities for the Audit of the Financial Statements	Ref #6
Report on Other Legal and Regulatory Requirements	Ref #7

1

Opinion

We have audited the financial statements of Al Anwar Ceramic Tiles Company SAOG ("the Company"), which comprise the statement of financial position as at 31 December 2024, the statements of profit or loss and other comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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 the Financial Statements* section of our report. We are independent of the Company 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), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in the Sultanate of Oman. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

2

Key Audit Matters

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

Expected Credit Loss on Trade Receivables

The Company has gross trade receivables of RO 10,049,060 representing 25.5% of the total assets and Expected Credit Loss (ECL) allowance of RO 955,994 as at 31 December 2024. The measurement of ECL allowance in accordance with IFRS 9 - Financial Instrument involves significant estimates and judgments. Given the inherently judgmental nature of measuring ECL allowance and based on significant increase in the overdue trade receivables as at the year-end, this is considered as a key audit matter.

Our procedures included among others:

- Obtaining the understanding of the Company's process for estimating ECL allowance and assessing the appropriateness of the ECL methodology;
- Assessing the reasonableness of management's key assumptions and judgments made in the measurement of ECL model including segmenting of trade receivables and other data sources;
- Testing the key inputs of the ECL model, such as those used to calculate the likelihood of default and the subsequent loss on default, by comparing it to historical data;
- Assessing the reasonableness of forward-looking economic factors used by the Company by corroborating with publicly available information;
- Assessing the adequacy of the ECL allowance as at 31 December 2024; and
- Assessing the adequacy of the presentation and disclosures.

The disclosures regarding ECL allowance on trade receivables are set out in Note 11 and Note 33 (e) to the financial statements.

Valuation of Inventories

The Company's inventories, net of provision for slow-moving and obsolete items, amounted to RO 6,535,893 as at 31 December 2024, representing 16.6% of total assets. The inventories comprise raw materials, packing materials, finished goods, engineering stores and spares, goods-in-transit, and work-in-progress. Determining the value of inventories involves significant management judgment and estimation, particularly with respect to overheads allocation and the assessment of net realisable value. Inventories are measured at the lower of cost and net realisable value in accordance with IAS 2 - Inventories. Due to the complexity and estimation uncertainty involved in inventory valuation, this matter was considered significant for our audit and has been identified as a key audit matter.

Our procedures included among others:

- Assessing the reasonableness of management’s estimate and challenging the management with regards to the calculation methodology, the basis for overheads allocation and ensuring that it is in accordance with the requirements of IAS 2;
- Attending the inventory count at the year-end to identify any slow and non-moving inventories;
- Examining the methods of applying the basis of inventory valuation, with regard to the determination of cost. We verified the inventory physical verification records, purchase invoices, costing records and other relevant documents and also verified the treatment of cost overheads as a part of valuation of inventories;
- Evaluating, on a sample basis, whether inventories were stated at the lower of cost or net realisable value at the reporting date by comparing the sales prices of inventories subsequent to the reporting date;

ANNUAL FINANCIAL STATEMENTS WERE APPROVED BY THE BOARD OF DIRECTORS ON 18 Feb 2025

- Reviewing the inventory aging report and inventory ledgers for a selected sample of inventories to identify any slow and non-moving inventories and ascertain adequacy of provision for slow and non-moving inventories as at 31 December 2024; and
- Considering adequacy and appropriateness of related disclosures.

Refer Note 4 (c) for material accounting policy information and Note 5(iii) for accounting estimate relating to inventories.

3

Other Matters

The financial statements of the Company for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on 13 February 2024.

4

Other Information included in the Company's Annual Report

Management is responsible for the other information. The other information included in the Annual Report comprises the Chairman's Report, Management Discussion and Analysis Report and Report on Code of Corporate Governance but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the 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 the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

5

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, the relevant disclosure requirements of the Financial Services Authority (FSA) and the applicable provisions of the Commercial Companies Law and Regulations of the Sultanate of Oman, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

6

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the 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 Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s 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 Company’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 the 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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 those charged with governance 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 related safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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

ANNUAL FINANCIAL STATEMENTS WERE APPROVED BY THE BOARD OF DIRECTORS ON 18 Feb 2025

doing so would reasonably be expected to outweigh the public interest benefits of such communication.

7

Report on Other Legal and Regulatory Requirements

We report that these financial statements of the Company as at, and for the year ended, 31 December 2024, in all material respects, comply with the applicable provisions of the Commercial Companies Law and Regulations of the Sultanate of Oman and the relevant disclosure requirements of the FSA.

Auditors Report	English 01/01/2024-31/12/2024
DISCLOSURE OF AUDITOR'S DETAILS	
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Name of partner signing off auditor's report	Unmesh Avinash Bhome
Registration number of partner signing off auditor's report	125660
Name of audit firm	BDO LLC
Registration number of Audit firm	1222681
Date of certification from auditor	20/02/2025