Auditors Report	/Audited English 01/01/2021-31/12/2021
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	
Basis of Unmodified Opinion	Ref #1
Key Audit Matters	Ref #2
Other information	Ref #3
Responsibilities of Management and Those Charged with Governance for the Financial Statements	Ref #4
Auditor's Responsibilities for the Audit of the Financial Statements	Ref #5
Report on Other Legal and Regulatory Requirements	Ref #6

 # 1

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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Oman, and 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 are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. 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.

We have determined the matters described below to be the key audit matters to be communicated in our report:

Key Audit Matter	How our audit addressed the Key Audit Matter
Insurance and reinsurance contract receivables We refer to Note 12 in the financial statements which states that the Company has net insurance and reinsurance contract receivables amounting to OMR 16,973,268. The determination as to whether receivables are collectible involves significant management judgement. Management considers specific factors including the age of the balance, existence of disputes, recent historical patterns and any other available information concerning the creditworthiness of the receivables. Management uses this information to determine whether a provision for impairment is required. We determine this to be a key audit matter because estimation of recoverable amount of insurance and reinsurance contract receivables and determination of the level of impairment allowance involves estimation and judgements.	We performed the following audit procedures on insurance and reinsurance contract receivables: • Testing the controls over premium and insurance receivables collections processes; testing the receipt of cash post the year end; and testing the adequacy of the Company's provision against insurance receivables by assessing the management's assumptions. • Circularising balance confirmations to a sample of parties and performing alternative procedures where the response was not received. • We also considered the adequacy of the Company's disclosures about the degree of estimation involved in arriving at the provision.
Investments We refer to Note 8(a), 8(b), 8(c), 8(d) and 8(e) in the financial statements which state that the Company has investments in financial instruments comprising of available-for-sale investments, investment in equity accounted investees, held-for-trading investments, held-to-maturity investments and investment in money market funds amounting to OMR 6,686,802, OMR	We performed the following audit procedures on investments: • For available-for-sale investments, investment in equity accounted investees, held-for-trading investments, held-to-maturity investments and investments in money market funds, we have assessed the

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3,049,934, OMR 698,686, OMR 9,310,363 and OMR 2,042,532 respectively. The Company measures the available-for-sale investments at their fair values, changes in which are recognized in other comprehensive income. Further, an impairment review of the available-for-sale investments is performed and impairment charges, if any, are recognized when there has either been a significant or prolonged decline in the fair value below their cost. With regards to investment in equity accounted investees, the Company records it shares of the profit or losses based on their financial statements. The Company values its held-for-trading investments at their fair value obtained from the respective securities markets in which it has invested and regularly monitors the factors that affect the stock prices. The Company has recognized the held-to-maturity investments at amortised cost and any amortization is routed through statement of profit or loss. The Company has investment in money market funds which are initially recorded at cost and subsequently measured at fair value with changes taken to profit or loss. Since investment constitute, in aggregate, a significant amount in the statement of financial position, valuation of these investments is considered as key audit matter.

processes and tested the key controls relating to recognition and valuation of these financial instruments.

- In addition, we have performed substantive testing on valuation of these investments, reviewed the Company's investment policies and assessed the adequacy of the impairment charges on investments.
- We also considered the adequacy of the Company's disclosure in relation to these investments.

Key Audit Matter

Revenue recognition

We refer to Note 27 in the financial statements, which states that the Company has net retained premium income of OMR 23,661,008 for the year ended 31 December 2021. Further, the Company has net movement in unearned premium reserve of OMR (1,142,794) which is based on the Capital Market Authority (CMA) regulations which require deferment of unexpected premiums based on the 1/365 method. As there is a risk of the material misstatement relating to the recognition of premium income and judgment involved in determining the unearned premium in line with the expiration of risk, it has been considered as a key audit matter.

How our audit addressed the Key Audit Matter

We performed the following audit procedures in revenue recognition:

- Our procedures included an assessment of the design of controls over recording and collection of premiums and testing their operating effectiveness.
- We carried out tests of details on sample of policies and used analytical procedures to assess the completeness of premium revenue.
- In addition, we tested the calculations, and assessed the adequacy of the provisions for unearned premium, in line with the risk expiry by involving our actuarial specialist, to verify the methodology; models and assumptions used by the Company's actuary.
- We also compared the unearned premium provided against the level required by the CMA regulations.

- Further, we assessed the adequacy of the disclosures for revenue recognition in the financial statements.

Outstanding claims reserve (OCR)

We refer to Note 19 in the financial statements which states that the gross provision for outstanding claims reserve aggregates to OMR 57,266,417 and net provision after reinsurers' share aggregates to OMR 15,455,916. Given the level of subjectivity inherent in estimating the impact of claims events that has occurred but for which the ultimate outcome remains uncertain and the risk related to the estimation of liabilities for outstanding claims reserve including claims incurred but not reported (IBNR), are key judgmental areas for Management.

Small change in the assumptions used to value the liabilities, particularly those relating to the amount and timing of future claims, can lead to material impact on the valuations of the insurance liabilities. The key assumptions that drive the reserve calculations include loss ratios and estimates of the frequency and severity of claims.

We verified the calculation of outstanding claims reserve by performing the following procedures:

- We examined the process used by the Management to estimate the liabilities for outstanding claims reserve and related reinsurers' share.
- Our procedures included understanding and testing the controls in the claims handling and reserve creation process, including controls over completeness and accuracy of the claims estimate recorded.
- We performed substantive tests on amounts recorded for a sample of claims notified. We evaluated the completeness, accuracy of data, key assumptions used and the results of the insurance liability adequacy test.
- We assessed the competency, capability and objectivity of the Company's actuary to perform the year end valuations.
- We ensured the reserve to be created for incurred but not reported claims were based on the independent actuarial report received from the actuary.

Key Audit Matter

Outstanding claims reserve (OCR) (continued)

Further, the valuations of insurance liabilities depends on the accuracy of data relating to volume, amount and pattern of current and historical claims since they are often used to form expectations about future claims. If the data used in calculating insurance liabilities, or for forming judgments over key assumptions, is not complete and accurate, then material impact on the valuation of insurance liabilities may arise.

The risk of material misstatement is heightened given the uncertainty and volatility in the current claims environment and therefore has been considered as a key audit matter.

How our audit addressed the Key Audit Matter

- We involved our actuarial specialist, to verify the methodology, models and assumptions used by the Company's actuary.
- We also assessed the adequacy of the related disclosures.

3

Management is responsible for the other information. Other information consists of the information included in the Company's 2021 annual report other than the financial statements and our auditor's report thereon. We obtained the

following information prior to the date of our auditor's report, and we expect to obtain the published 2021 annual report after the date of our auditor's report:

- Chairman's report;
- Corporate governance report;
- Management discussion and analysis.

Our opinion on the 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 the financial statements, our responsibility is to read the other information 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 on the other information obtained prior to the date of the audit 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

 # 4

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and the relevant disclosure requirements of the Capital Market Authority and the Commercial Companies Law of the Sultanate of Oman, 2019 as amended and for such internal control as management determines is necessary to enable the preparation of 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 the 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.

 # 5

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 is 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 skepticism 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

 # 6

In our opinion, the financial statements of Dhofar Insurance Company SAOG for the year ended 31 December 2021 comply, in all material respects, with the relevant disclosure requirements of the Commercial Companies Law of the Sultanate of Oman, 2019, as amended, and the rules and guidelines issued by the Capital Market Authority

Auditors Report	/Audited English 01/01/2021-31/12/2021
DISCLOSURE AUDITOR'S REPORT	
DISCLOSURE OF AUDITOR'S DETAILS	
Name of partner signing off auditor's report	Timam Al Mugheiry
Registration number of partner signing off auditor's report	Licence No. L1024587
Name of audit firm	ABU TIMAM GRANT THORNTON
Registration number of Audit firm	1098977
Date of certification from auditor	23/02/2022

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