

Auditors Report	English 01/01/2024-31/12/2024
DISCLOSURE AUDITOR'S REPORT	
DISCLOSURE OF AUDITOR'S REPORT	
AUDITOR'S OPINION	
Unmodified Opinion	Yes
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

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We have audited the financial statements of Muscat Insurance Company SAOG ("the Company"), which comprise the statement of financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income, the statement of changes in shareholders' equity and the 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).

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.

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Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2024. 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.

IFRS 17 - Net insurance revenue, reinsurance contract assets and insurance contract liabilities
As disclosed in Notes 24 and 30 of the financial statements of the Company for the year ended 31 December 2024, the Company has net insurance revenue, reinsurance contract assets and insurance contract liabilities amounting to RO 21.02 million, RO 8.03 million and 14.76 million, respectively, which represent significant elements in the financial statements.

The estimation of net insurance revenue, reinsurance contract assets and insurance contract liabilities is considered as a significant matter as it includes complex actuarial assumptions, historical data, judgments for liability considerations, including risk adjustments and discounting factors, calculation of Contractual Service Margin (CSM), fulfilment cash flows, aggregation of insurance contracts, risk adjustment factors, discount rates, acquisition costs, reinsurance contracts held, and other relevant data.

We determined this to be a key audit matter because minor changes in this information and assumptions can lead to a material impact on the insurance revenue, insurance service expenses, net income/expense from reinsurance, and net insurance financial results and valuation of insurance and reinsurance contract assets and contract liabilities.

Our audit procedures in this area included, among others:

*assessed the independence, experience and competency of the Company's actuary to measure net insurance revenue and insurance and reinsurance contract assets and insurance and reinsurance liabilities, and obtained an understanding of the work performed by the Company's appointed actuary;

*verified the accuracy and completeness of data used in the calculation, including policyholders’ information, CSM, fulfilment cashflows, aggregation of insurance contracts, risk adjustment factors, discount rates, present value of future cash flows, deferred acquisition cash flows, reinsurance contracts held and other relevant data;

*carried out independent evaluation by our actuarial specialist team members to apply appropriate industry knowledge and experience and compared the methodology, models and assumptions used against recognised and acceptable actuarial practices;

*verified the accuracy and completeness of claims data, including information on reported and unreported claims, claims development, and claims settlement patterns;

*verified the completeness and accuracy of insurance acquisition expenses and also basis of the allocation of other expenses;

*reviewed the Company's criteria for classifying contracts under either Premium Allocation Approach or General Measurement Model, performed tests to validate the classification decisions, and assessed the consistency;

*evaluated the CSM calculation models and key parameters used, and assessed the appropriateness of the assumptions and the discount rates applied;

*evaluated the reasonableness of key assumptions such as future revenues, claims, and expenses, considering historical experience and changes in economic conditions;

ANNUAL FINANCIAL STATEMENTS WERE APPROVED BY THE BOARD OF DIRECTORS ON 20 Feb 2025

- *performed procedures, including an assessment of the IT controls over revenue/expense recording and collection, and testing their operating effectiveness;
- *tested the operating effectiveness of controls in the claims handling and reservation process, including controls over completeness and accuracy of the claims estimates recorded;
- *obtained the reinsurance treaty summary effective for the year and verified the details in the summary to the respective agreements and obtained confirmations from the reinsurance parties to reconcile the year-end balances;
- *performed substantive audit procedures to test the reasonableness of the Company's estimates and disclosures, focusing on areas with significant impact on the net insurance net insurance revenue, reinsurance contract assets and insurance contract liabilities;
- *reviewed and assessed the appropriateness of the measurement methods used by the Company in calculating the liability for remaining coverage (LRC) and liability for incurred claims (LIC), including consideration of discount rates and other actuarial assumptions; and
- *reviewed the Company's disclosures against the relevant disclosure requirements of IFRS 17 and assessed whether they provide sufficient information for users to understand its impact.

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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 statements on 26 February 2024.

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Management of the Company is responsible for the other information. The other information comprises the Chairman's Report, Management Discussion and Analysis Report and Report on Corporate Governance which is included in Company's Annual Report, 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.

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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 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.

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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 reasonable be thought to bear on our independence, and where applicable, actions taken to eliminate threats or 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 matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected outweigh the public interest benefits of such communication.

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In our opinion, these financial statements as at, and for the year ended, 31 December 2024, in all material respects, comply with the applicable provision 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