

**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED  
FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH PERIOD ENDED  
31 MARCH 2015**

**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

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**INDEPENDENT AUDITORS' LIMITED REVIEW REPORT**

**THE SHAREHOLDERS  
BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
KINGDOM OF SAUDI ARABIA**

**Scope of review**

We have reviewed the accompanying interim statement of financial position of Bupa Arabia For Cooperative Insurance Company – a Saudi Joint Stock Company (the "Company") as at 31 March 2015 and the related interim statements of insurance operations and accumulated surplus, shareholders' operations, comprehensive income, changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for the three-month period then ended and related notes 1 to 16 which form an integral part of these interim condensed financial statements. These interim condensed financial statements are the responsibility of the Company's management and have been prepared by them in accordance with International Accounting Standards 34 "Interim Financial Reporting" ("IAS 34") and submitted to us together with all the information and explanations which we required.

We conducted our limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). A limited review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia, the objective of which is the expression of an opinion on the financial statements taken as a whole. Accordingly, we do not express such an opinion.

**Conclusion**

Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim condensed financial statements for them to be in conformity with IAS 34.


**Emphasis of matter**

We draw attention to the fact that these interim condensed financial statements are prepared in accordance with IAS 34 and not in accordance with the Standard on Interim Financial Reporting issued by SOCPA.

**Deloitte & Touche-Bakr Abulkhair & Co.**

**PricewaterhouseCoopers**

  
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Certified Public Accountant  
Licence No. 378

  
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Rajab 1, 1436H  
April 20, 2015  
Jeddah, Kingdom of Saudi Arabia



BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	<i>Note</i>	<i>31 March 2015 SR'000 (Unaudited)</i>	<i>31 December 2014 SR'000 (Audited)</i>
<b>INSURANCE OPERATIONS' ASSETS</b>			
Cash and cash equivalents	4	1,182,390	1,384,281
Restricted desposits	4	26,249	23,384
Murabaha deposits	5	1,213,618	1,213,027
FVIS investments	6	543,466	189,968
Premiums receivable - net	7	1,114,383	598,687
Reinsurer's share of unearned premium		22,955	39,733
Reinsurer's share of outstanding claims	8	12,617	13,432
Deferred policy acquisition costs		58,647	56,601
Prepayments and other assets		41,698	47,431
<b>Total insurance operations' assets</b>		<b>4,216,023</b>	<b>3,566,544</b>
<b>SHAREHOLDERS' ASSETS</b>			
Cash and cash equivalents	4	532,366	462,569
Murabaha deposits	5	-	44,730
FVIS investments	6	456,607	454,578
Other receivables		1,713	1,746
Furniture, fixtures and equipment		67,663	60,667
Goodwill	3	98,000	98,000
Statutory deposit		40,000	40,000
<b>Total shareholders' assets</b>		<b>1,196,349</b>	<b>1,162,290</b>
<b>TOTAL ASSETS</b>		<b>5,412,372</b>	<b>4,728,834</b>

  
Chairman

  
Director and Chief Executive Officer

  
Chief Financial Officer

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF FINANCIAL POSITION (continued)**

As at 31 March 2015

	<i>Note</i>	<i>31 March 2015 SR'000 (Unaudited)</i>	<i>31 December 2014 SR'000 (Audited)</i>
<b>INSURANCE OPERATIONS' LIABILITIES AND SURPLUS</b>			
<b>Insurance operations' liabilities</b>			
Unearned premiums		2,926,159	2,383,358
Outstanding claims	8	1,009,742	812,530
Reinsurance balance payable		4,364	3,253
		<u>3,940,265</u>	<u>3,199,141</u>
Accrued expenses and other liabilities		186,457	263,468
Obligation under Long-Term Incentive Plan (LTIP)	11	4,200	22,754
		<u>4,130,922</u>	<u>3,485,363</u>
<b>Total insurance operations' liabilities</b>		<b>4,130,922</b>	<b>3,485,363</b>
Policyholders' share of surplus from insurance operations		85,101	81,181
		<u>4,216,023</u>	<u>3,566,544</u>
<b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>			
<b>Shareholders' liabilities</b>			
Accrued expenses and other liabilities		44,987	42,398
Accrued zakat and income tax	10	40,499	23,903
Amount due to related parties	9	39,189	44,490
		<u>124,675</u>	<u>110,791</u>
<b>Total shareholders' liabilities</b>		<b>124,675</b>	<b>110,791</b>
<b>Shareholders' equity</b>			
Share capital		400,000	400,000
Statutory reserve		148,746	148,746
Retained earnings		522,928	502,753
		<u>1,071,674</u>	<u>1,051,499</u>
<b>Total shareholders' equity</b>		<b>1,071,674</b>	<b>1,051,499</b>
		<u>1,196,349</u>	<u>1,162,290</u>
<b>Total shareholders' liabilities and equity</b>		<b>1,196,349</b>	<b>1,162,290</b>
<b>TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY</b>		<u><u>5,412,372</u></u>	<u><u>4,728,834</u></u>

  
Chairman

  
Director and Chief Executive Officer

  
Chief Financial Officer

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF INSURANCE OPERATIONS AND ACCUMULATED  
SURPLUS**

For the three-month period ended 31 March 2015

	<i>Note</i>	<i>2015</i> <i>SR'000</i> <i>(Unaudited)</i>	<i>2014</i> <i>SR'000</i> <i>(Unaudited)</i>
<b>REVENUE</b>			
Gross written premiums		2,079,449	1,421,257
Premiums ceded		(6,180)	(1,280)
Net written premiums		2,073,269	1,419,977
Movement in net unearned premiums		(559,579)	(539,011)
Net earned premiums		1,513,690	880,966
<b>CLAIMS</b>			
Gross claims paid		1,104,420	660,654
Claims recovered		-	-
Net claims paid		1,104,420	660,654
Movement in net outstanding claims	8	198,027	106,399
Net claims incurred		1,302,447	767,053
<b>Net underwriting result</b>		211,243	113,913
Investment and commission income		6,177	4,323
Other income		141	48
<b>EXPENSES</b>			
Selling and marketing		(104,537)	(83,860)
General and administration		(73,823)	(57,267)
<b>SURPLUS / (DEFICIT) FROM INSURANCE OPERATIONS</b>		39,201	(22,843)
Shareholders' share of (surplus) / deficit from insurance operations	2(a)	(35,281)	22,843
<b>Policyholders' share of surplus from insurance operations</b>		3,920	-
Policyholders' share of accumulated surplus from insurance operations at beginning of the period		81,181	48,454
<b>Policyholders' share of accumulated surplus from insurance operations at end of the period</b>		85,101	48,454

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Chief Financial Officer

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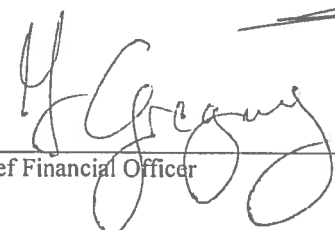
**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS**

For the three-month period ended 31 March 2015

	<i>Note</i>	<i>2015 SR'000 (Unaudited)</i>	<i>2014 SR'000 (Unaudited)</i>
<b>REVENUE</b>			
Shareholders' share of surplus / (deficit) from insurance operations	2(a)	35,281	(22,843)
<b>EXPENSES</b>			
General and administrative		(1,550)	(1,244)
		<u>33,731</u>	<u>(24,087)</u>
Investment and commission income		3,040	3,299
<b>Net income / (loss) for the period</b>		<u>36,771</u>	<u>(20,788)</u>
Weighted average number of ordinary shares outstanding (in thousand)		<u>40,000</u>	<u>39,720</u>
Basic and diluted income per share (in Saudi Arabian Riyals)	13	<u>0.92</u>	<u>(0.52)</u>

  
Chairman

  
Chief Financial Officer

  
Director and Chief Executive Officer

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BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2015

	Note	2015 SR'000 (Unaudited)	2014 SR'000 (Unaudited)
Net income/ (loss) for the period		36,771	(20,788)
<i>Items that will not be reclassified to statement of shareholder's operations.</i>			
<b>Other comprehensive expense</b>			
Zakat charged for the period	10	(6,900)	(4,416)
Income tax charged for the period	10	(9,696)	(3,409)
<b>Total comprehensive income/(loss) for the period</b>		<u>20,175</u>	<u>(28,613)</u>

  
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Director and Chief Executive Officer

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**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

For the three-month period ended 31 March 2015

	<i>Note</i>	<i>Share capital SR'000</i>	<i>Shares held under employees' share scheme SR'000</i>	<i>Statutory reserve SR'000</i>	<i>Retained earnings SR'000</i>	<i>Total SR'000</i>
<b>Balance at 31 December 2014 (Audited)</b>		<b>400,000</b>	-	<b>148,746</b>	<b>502,753</b>	<b>1,051,499</b>
Net income for the period		-	-	-	36,771	36,771
<b>Other comprehensive / (expense)</b>						
Zakat charged for the period	10	-	-	-	(6,900)	(6,900)
Income tax charged for the period	10	-	-	-	(9,696)	(9,696)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>20,175</b>	<b>20,175</b>
<b>Balance at 31 March 2015 (Unaudited)</b>		<b>400,000</b>	<b>-</b>	<b>148,746</b>	<b>522,928</b>	<b>1,071,674</b>

	<i>Note</i>	<i>Share capital SR'000</i>	<i>Shares held under employees' share scheme SR'000</i>	<i>Statutory reserve SR'000</i>	<i>Retained earnings SR'000</i>	<i>Total SR'000</i>
<b>Balance at 31 December 2013 (Audited)</b>		<b>400,000</b>	<b>(7,052)</b>	<b>88,491</b>	<b>249,621</b>	<b>731,060</b>
Net loss for the period		-	-	-	(20,788)	(20,788)
<b>Other comprehensive income/expense</b>						
Zakat charged for the period		-	-	-	(4,416)	(4,416)
Income tax charged for the period		-	-	-	(3,409)	(3,409)
<b>Total comprehensive loss for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(28,613)</b>	<b>(28,613)</b>
<b>Balance at 31 March 2014 (Unaudited)</b>		<b>400,000</b>	<b>(7,052)</b>	<b>88,491</b>	<b>221,008</b>	<b>702,447</b>

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Director and Chief Executive Officer

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**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS**

For the three-month period ended 31 March 2015

	<i>Notes</i>	<i>2015</i> <i>SR'000</i> <i>(Unaudited)</i>	<i>2014</i> <i>SR'000</i> <i>(Unaudited)</i>
<b>OPERATING ACTIVITIES</b>			
Policyholders' share of surplus from insurance operation for the period		3,920	-
Adjustments for:			
Depreciation		3,336	2,987
(Reversal) / Provision for doubtful premiums receivable	7	(4,149)	9,752
Income received during the period	6	1,223	-
Unrealised gain on FVIS investments	6	(1,731)	(1,068)
		<u>2,599</u>	<u>11,671</u>
Changes in assets and liabilities:			
Restricted deposits		(2,865)	(4,005)
Premiums receivable, net		(511,547)	(468,218)
Reinsurer's share of unearned premium		16,778	19,185
Reinsurer's share of outstanding claims		815	2,092
Deferred policy acquisition costs		(2,046)	(1,972)
Prepayments and other assets		5,733	3,161
Unearned premiums		542,801	519,826
Outstanding claims		197,212	104,307
Reinsurance balance payable		1,111	992
Accrued expenses and other liabilities		(77,011)	15,056
Obligation under LTIP		(18,554)	4,564
Due to shareholders' operations		(3,336)	(2,987)
Net cash from operating activities		<u>151,690</u>	<u>203,672</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of FVIS investments	6	(352,990)	-
Murabaha deposits, net	5	(591)	(759)
Net cash used in investing activities		<u>(353,581)</u>	<u>(759)</u>
Net Change in cash and cash equivalents		<u>(201,891)</u>	<u>202,913</u>
Cash and cash equivalents at beginning of the period		<u>1,384,281</u>	<u>218,610</u>
Cash and cash equivalents at end of the period	4	<u><u>1,182,390</u></u>	<u><u>421,523</u></u>

Chairman

Chief Financial Officer

Director and Chief Executive Officer

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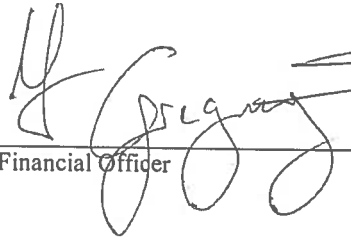
**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS**

For the three-month period ended 31 March 2015

	<i>Note</i>	<b>2015</b> <b>SR'000</b> <b>(Unaudited)</b>	<b>2014</b> <b>SR'000</b> <b>(Unaudited)</b>
<b>OPERATING ACTIVITIES</b>			
Net income/ (loss) for the period		36,771	(20,788)
Adjustment for:			
Unrealised gain on FVIS investments	6	(2,029)	(2,480)
		<u>34,742</u>	<u>(23,268)</u>
Changes in assets and liabilities:			
Other receivables		33	(673)
Accrued expenses and other liabilities		2,589	1,697
Amounts due from related parties		-	(542)
Amount due to related parties		(5,301)	(24,167)
Due from insurance operations		3,336	2,987
		<u>35,399</u>	<u>(43,966)</u>
Net cash from from / (used in) operating activities		<u>35,399</u>	<u>(43,966)</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of furniture, fittings and equipment		(10,332)	(11,482)
Murabaha deposits, net	5	44,730	-
Net cash from / (used in) investing activities		<u>34,398</u>	<u>(11,482)</u>
Net Change in cash and cash equivalents		69,797	(55,448)
Cash and cash equivalents at beginning of the period		462,569	101,260
Cash and cash equivalents at end of the period	4	<u>532,366</u>	<u>45,812</u>
<b>Non-cash information</b>			
Zakat and income tax charged to comprehensive income		<u>16,596</u>	<u>7,825</u>

  
Chairman

  
Chief Financial Officer

  
Director and Chief Executive Officer

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

# BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2015

### 1 ORGANIZATION AND PRINCIPAL ACTIVITIES

Bupa Arabia For Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia as per the Ministry of Commerce and Industry's Resolution number 138/K dated 24 Rabi Thani 1429H (corresponding to 1 May 2008). The Commercial Registration number of the Company is 4030178881 dated 5 Jumad Awwal 1429H (corresponding to 11 May 2008). The Registered Office of the Company is situated at:

Al-Rawdah Street,  
Al-Khalediyah District,  
P.O. Box 23807,  
Jeddah 21436,  
Kingdom of Saudi Arabia.

The Company is licensed to conduct insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree No. M/74 dated 29 Shabaan 1428H (corresponding to 11 September 2007) pursuant to the Council of Ministers' Resolution No 279 dated 28 Shabaan 1428H (corresponding to 10 September 2007). The Company is 73.75% owned by Saudi founding shareholders and the general public and 26.25% owned by non-Saudi founding shareholders. The Company was listed on the Saudi Stock Exchange (Tadawul) on 17 May 2008.

The objective of the Company is to transact cooperative insurance operations and related activities in the Kingdom of Saudi Arabia in accordance with its articles of association, and applicable regulations in the Kingdom of Saudi Arabia. The Company underwrites medical insurance only.

### 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. BASIS OF PREPARATION

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34").

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2014.

As required by Saudi Arabian Insurance Regulations, the Company maintains separate books of account for Insurance Operations and Shareholders' Operations and presents the financial statements accordingly. The physical custody of all assets related to the Insurance Operations and Shareholders' Operations are held by the Company. Revenues and expenses clearly attributable to either activity are recorded in the respective books of account. The basis of allocation of expenses from joint operations is determined by the management and the Board of Directors.

In accordance with the by-laws of the Company, the surplus arising from the Insurance Operations is distributed as follows:

Shareholders	90%
Policyholders	10%
	<hr/>
	100%
	<hr/> <hr/>

If the insurance operations result in a deficit, the entire deficit is borne by the shareholders' operations.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month period ended 31 March 2015

**2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

**a. BASIS OF PREPARATION (continued)**

In accordance with Article 70 of the SAMA Implementing Regulations, the Company proposes to distribute, subject to the approval of SAMA, its annual net policyholders' surplus directly to policyholders at a time, and according to criteria, as set by its Board of Directors, provided the customer contract is active and paid up to date at the time of settlement of the cooperative distribution amount.

The accounting policies adopted by the Company for the preparation of these interim condensed financial statements are in accordance with International Financial Reporting Standards ("IFRS") and are consistent with those used for the preparation of annual financial statements.

Further, the adoption of new and amended IFRS and International Financial Reporting Interpretations Committee Interpretations (IFRIC) by the Company as mentioned in note 2(b) did not have any impact on these interim condensed financial statements.

The preparation of interim condensed financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the interim condensed financial statements and the reported amounts of revenues and expenses during the interim reported period. Although these estimates and judgements are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. In the opinion of the management, the interim condensed financial statements reflect all adjustments (which include normal recurring adjustments) necessary to present fairly the results of operations for the interim periods presented.

The Company presents its interim statements of financial position broadly in order of liquidity. All financial assets and liabilities except for statutory deposit, are expected to be recovered and settled respectively within twelve months after the interim reporting date.

The interim condensed financial statements are expressed in Saudi Arabian Riyals, being the functional currency of the Company and have been rounded off to the nearest thousand, unless otherwise specified.

The Company's interim results may not be indicative of its annual results.

**b. NEW IFRS, IFRIC AND AMENDMENTS THEREOF, ADOPTED BY THE COMPANY**

The Company has adopted the following amendments and revisions to existing standards, where applicable, which were issued by the International Accounting Standards Board (IASB):

<i>Standard</i>	<i>Description</i>
IAS 19	Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**

For the three-month period ended 31 March 2015

**2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

**c. NEW IFRS, IFRIC AND AMENDMENTS THEREOF, ISSUED BUT NOT YET EFFECTIVE**

Standards issued but not yet effective up to the date of issuance of the Company financial statements are listed below. The listing is of standards issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards, where applicable, when they become effective.

<i>Standard/ Interpretation</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date</i>
IAS 1	Amendments to IAS 1 Disclosure initiative	1 January 2016
IFRS 9	Financial Instruments	1 January 2018
IFRS 10, IFRS 12 and IAS 28	Amendments to IFRS 10, IFRS 12 and IAS 28 Investment entities: applying the consolidation exception	1 January 2016
IFRS 10 and IAS 28	Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint venture.	1 January 2016
IFRS 11	Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2017
IAS 16 and IAS 38	Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IAS 16 and IAS 41	Amendments to IAS 16 and IAS 41 Agriculture Bearer plants	1 January 2016
IAS 27	Amendment to IAS 27 Equity Method in Separate Financial Statements	1 January 2016

The Company is currently assessing the implications of the above mentioned standards, amendments or interpretations on the Company's financial statements on adoption.

**3 GOODWILL**

On 31 December 2008, the Company entered into an agreement with Bupa Middle East Limited E.C. (the "Seller"), a related party, pursuant to which it acquired the Seller's insurance operations in the Kingdom of Saudi Arabia, effective from 1 January 2009. The acquisition transaction was approved by the Saudi Arabian Monetary Agency ("SAMA") and resulted in goodwill of SR 98 million. The entire amount was paid to the Seller in previous years after obtaining required regulatory approval.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month period ended 31 March 2015

**4 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprised the following:

	<i>31 March 2015 (Unaudited) SR'000</i>	<i>31 December 2014 (Audited) SR'000</i>
<i>Insurance Operations</i>		
Cash in banks	<u>1,182,390</u>	<u>1,384,281</u>
<i>Shareholders' Operations</i>		
Cash in banks	<u>532,366</u>	<u>462,569</u>

Restricted cash as at March 31, 2015 represents performance guarantees margins amounting to SR 26.2 million (31 December 2014: SR 23.4 million) issued to the customers on behalf of the Company. The Company pledged bank balances equivalent to the amount of performance guarantee to the banks for obtaining such guarantees.

**5 MURABAHA DEPOSITS**

The murabaha deposits are held with commercial banks. These murabaha deposits are denominated in Saudi Arabian Riyals and have an original maturity exceeding three months and yield financial income at prevailing market rates

The movements in the murabaha deposits during the three-month period ended 31 March 2015 and year ended 31 December 2014 are as follows:

	<i>31 March 2015 (Unaudited) SR'000</i>	<i>31 December 2014 (Audited) SR'000</i>
<i>Insurance Operations</i>		
Balance at beginning of the period/year	1,213,027	956,230
Matured during the period/year	(423,734)	(1,795,361)
Placed during the period/year	<u>424,325</u>	<u>2,052,158</u>
Balance at end of the period/year	<u>1,213,618</u>	<u>1,213,027</u>
<i>Shareholders' Operations</i>		
Balance at beginning of the period/year	44,730	126,993
Matured during the period/year	(44,730)	(416,177)
Placed during the period/year	<u>-</u>	<u>333,914</u>
Balance at end of the period/year	<u>-</u>	<u>44,730</u>

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6 FVIS INVESTMENTS

The carrying amount of the investments classified as fair value through income statement (FVIS) was as follows:

	<i>31 March 2015 (Unaudited) SR'000</i>	<i>31 December 2014 (Audited) SR'000</i>
Insurance operations	543,466	189,968
Shareholders' operations	456,607	454,578
	<u>1,000,073</u>	<u>644,546</u>

The above investments primarily represent units of investments in a discretionary portfolio, denominated in Saudi Arabian Riyals.

The movements in the investments during the three-month period ended 31 March 2015 and year ended 31 December 2014 are as follows:

	<i>31 March 2015 (Unaudited) SR'000</i>	<i>31 December 2014 (Audited) SR'000</i>
<i>Insurance operations</i>		
Balance at beginning of the period/year	189,968	186,107
Purchased during the period/year	352,990	1,013,262
Disposed during the period/year	-	(1,015,240)
Income received during the period/year	(1,223)	-
Realised gain during the period/year	-	1,979
Unrealised gain during the period/year	1,731	3,860
	<u>543,466</u>	<u>189,968</u>
Balance at end of the period/year		
<i>Shareholders' operations</i>		
Balance at beginning of the period/year	454,578	446,338
Purchased during the period/year	-	127,676
Disposed during the period/year	-	(127,844)
Realised gain during the period/year	-	168
Unrealised gain during the period/year	2,029	8,240
	<u>456,607</u>	<u>454,578</u>
Balance at end of the period/year		

Amount payable to/receivable from shareholders' operations are settled by transfer of cash between the operations at each reporting date. At 31 March 2015, the insurance operations transferred cash of SR 23.96 million to the shareholders' operations (31 December 2014: SR 276.9 million).



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7 PREMIUMS RECEIVABLE – NET

	<i>31 March 2015 (Unaudited) SR'000</i>	<i>31 December 2014 (Audited) SR'000</i>
Gross premiums receivable	1,188,092	676,545
Allowance for doubtful premiums receivable	(73,709)	(77,858)
Premiums receivable – net	<u>1,114,383</u>	<u>598,687</u>

The movements in the allowance for doubtful premiums receivable were as follows:

	<i>31 March 2015 (Unaudited) SR'000</i>	<i>31 December 2014 (Audited) SR'000</i>
<i>Insurance Operations</i>		
Balance at beginning of the period/year	77,858	52,550
(Reversal) / provision made during the period/year	(4,149)	25,626
Utilized during the period/year	-	(318)
Balance at end of the period/year	<u>73,709</u>	<u>77,858</u>

8 NET MOVEMENT IN OUTSTANDING CLAIMS

	<i>Three-month period ended 31 March</i>	
	<i>2015 (Unaudited) SR'000</i>	<i>2014 (Unaudited) SR'000</i>
<i>Insurance Operations</i>		
Outstanding claims at end of the period	1,009,742	554,403
Outstanding claims at beginning of the period	(812,530)	(450,096)
	<u>197,212</u>	<u>104,307</u>
Reinsurer's share of outstanding claims at end of the period	(12,617)	(11,616)
Reinsurer's share of outstanding claims at beginning of the period	13,432	13,708
	<u>815</u>	<u>2,092</u>
Net movement in outstanding claims	<u>198,027</u>	<u>106,399</u>

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**9 TRANSACTIONS WITH RELATED PARTIES**

The following are details of major related party transactions during the period ended 31 March 2015 and 31 March 2014 and the related balances at the period end:

<i>Related party</i>	<i>Nature of transaction</i>	<i>Amount of transaction</i>	
		<i>Three-month period ended 31 March 2015 SR'000 (Unaudited)</i>	<i>Three-month period ended 31 March 2014 SR'000 (Unaudited)</i>
<b><i>Insurance Operations</i></b>			
Shareholders	Premiums written	7,148	35,241
Shareholders	Premium ceded (see note (a) below)	1,109	289
Shareholders	Claims paid	700	4,018
Shareholders	Medical cost charged by a provider (see note (b) below)	-	52,167
Shareholders	Expenses recharged to a related party (see note (c) below)	2,341	536
Bupa Middle East Holdings Two W.L.L. (Related party)	Trade mark fee (see note (d) below)	3,797	2,205
Key management personnel	Short-term benefits	4,485	2,768
	Long-term benefits	1,378	659

- a) The premiums ceded are to a related party reinsurer for a significant portion of the premiums written of one of the Company's major customers and some minor accounts. The reinsurer's share of unearned premiums and outstanding claims are disclosed in the interim statement of financial position.
- b) The related party is a hospital provider where any of the Company's entitled customers, and their qualified members, can use the facilities of the related party. The Company makes payments for all medical costs of all its contracts, to this provider related party, in accordance with the contractual terms of agreement with the provider related party. During 2014, the related party sold its holding in the Company and therefore is not a related party as of 31 March 2015. As at 31 March 2015, the estimated payable to the related party for the medical cost payment is Nil (31 December 2014: SR 29.2 million).
- c) Certain employees of the Company, during the three month period ended 31 March 2015, worked on a project owned by one of the shareholder of the Company. As a result, the related costs of those employees, for the period worked on the project, were recharged to the related party amounting to SR 2.3 million which was settled during the period (31 March 2014: Nil)
- d) During 2010, the Company entered into an agreement with a related party for obtaining a license to use the trade marks (the word Bupa with or without logo) of the related party. As per the terms of the agreement, the trade mark fee is payable at different rates linked to the results of the Company, subject to a maximum of 5% of the Company's profits in any financial year, as trade mark fee.
- e) Amount due to related parties are disclosed in the interim statement of financial position. Premium receivable-net, includes net premium receivable from related parties amounting to SR 3.3 million (31 December 2014: Nil).

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**10 ZAKAT AND INCOME TAX**

The zakat and income tax payable by the Company has been calculated based on the best estimate of the management.

Movements in the zakat and income tax accrued during the three month period ended 31 March 2015 and year ended 31 December 2014 are as follows:

	<i>Zakat payable (Unaudited) SR'000</i>	<i>Income tax payable (Unaudited) SR'000</i>	<i>Total 31 March 2015 (Unaudited) SR'000</i>	<i>Total 31 December 2014 (Audited) SR'000</i>
Balance at beginning of the period/year	12,529	11,374	23,903	35,000
Provided during the period/year	6,900	9,696	16,596	27,969
Reversal of prior years' provisions during the period/year	-	-	-	(26,323)
Payments during the period/year	-	-	-	(12,743)
Balance at end of the period/year	<u>19,429</u>	<u>21,070</u>	<u>40,499</u>	<u>23,903</u>

**Status of assessments**

During 2012, the Department of Zakat and Income Tax ("DZIT") raised revised assessments for the fiscal periods 2008 through 2010 demanding additional income tax, zakat and withholding tax of SR 8.8 million as well as delay fine for each 30 days delay in payment of assessed additional taxes. During 2012, 2013 and 2014, the DZIT issued initial assessments for the years 2011, 2012 and 2013 with additional zakat assessments of SR 7.5 million, SR 11.5 million and SR 12.4 million respectively. The Company has filed an appeal against these assessments totalling to SR 40.2 million and the final conclusions are awaited.

During 2014, the Company reversed zakat provision relating to prior year amounting to SR 26.3 million as management believes that such provisions are no longer required and no further amounts are expected to be paid for those years to DZIT.

**11 LONG-TERM INCENTIVE PLAN (LTIP)**

During 2010, the Company introduced a LTIP, for its senior executives, which is designed to reward them for their role in the achievement of the Company's long-term objectives and three year plan targets. The vesting conditions include minimum service period, annual performance ratings up to a certain specified level, and achievements of the specified profit targets of the Company for the three year period.

Under the terms of the LTIP, a reserve, representing a fixed percentage of entitled employees' salaries and accumulated commission thereon, is required to be maintained by the Company annually, over the three year period.

The employees in the LTIP have an annual option to request the Company to request the custodian to purchase the Company's own shares from the accumulated balance in the reserve. The purchase of such shares is funded by the Company by realising the accumulated balance in the reserve, and the shares are purchased by the custodian appointed by the Company for this purpose. After the date of purchase, the employees under the LTIP carry the market price risk associated with those shares, and their entitlement under the plan would not be higher than the fair market value of those shares if the employees opt to continue to keep the shares until the vesting date.

In the subsequent years of the LTIP, the relevant employees can again opt (annually) to convert these shares back into cash at the fair market value of those shares at that date. The cash thus realized will be credited to the employees' LTIP reserve, which will then be built up with a fixed percentage of the employees' salaries and commission thereon as per the terms of the LTIP for the remaining vesting period. Such reserve can again be converted into shares depending upon whether the employees still have an annual option remaining with them before the vesting date.

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**11 LONG-TERM INCENTIVE PLAN (LTIP) (Continued)**

Depending on the election made by the employees, they are entitled to get any one of the following benefits at the end of the vesting period:

- cash amount equivalent to amount accumulated in the reserve based on fixed percentage of salaries and accumulated commission thereon, or
- a specified number of shares, purchased by the custodian and held, per the employees' instructions, until the vesting date, or
- cash amount equivalent to the fair market value (as at the vesting date) of the shares held by the custodian, on behalf of the Company for the employees, as per the employees' instructions up to the vesting date.

During 2014, after obtaining the related internal approvals, and regulatory clarification, the Company, prior to 1 December 2014, disposed of all remaining shares held under the LTIP scheme and recorded the obligation under the LTIP scheme equivalent to the current year annual LTIP cash entitlement, as at 31st December 2014, as per the proceeds of the associated shares liquidated. These LTIP obligations were partially settled during the first quarter 2015 in terms of the rules per the original LTIP scheme, following the required internal approval.

As a result, during 2014, the original LTIP scheme was terminated and the Company is currently in the process of launching a new enhanced LTIP scheme during 2015, subject to obtaining all relevant internal approvals followed thereafter by the required external regulatory approvals.

**12 SEASONALITY AND SEGMENT INFORMATION**

**a) SEASONALITY**

Due to the seasonality of the operations, higher revenues and operating profits are expected in the second half of the year when compared to the first half of the year.

**b) SEGMENT INFORMATION**

The Company only issues short-term insurance contracts for providing health care services ('medical insurance'). All the insurance operations of the Company are carried out in the Kingdom of Saudi Arabia. For management purposes, the operations are monitored in two customer categories, based on the number of members covered. Major customers represent large corporates, and all others are considered as non-major.

Operating segments do not include shareholders' operations of the Company.

Segment results do not include investment and commission income, other income, selling and marketing expenses and general and administration expenses.

Segment assets do not include cash and cash equivalents, restricted deposits, murabaha deposits, FVIS investments and prepayments and other assets.

Segment liabilities do not include reinsurance balance payable, accrued expenses and other liabilities, obligation under LTIP and policyholders' share of surplus from insurance operations.

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**12 SEASONALITY AND SEGMENT INFORMATION (continued)**

**b) SEGMENT INFORMATION (continued)**

Consistent with the Company's internal reporting process, operating segments have been approved by the management in respect of the Company's activities, assets and liabilities as stated below:

	<i>For the three-month period ended 31 March 2015 (Unaudited)</i>		
	<i>Major SR'000</i>	<i>Non-major SR'000</i>	<i>Total SR'000</i>
Gross written premiums	1,195,948	883,501	2,079,449
Premiums ceded	(4,350)	(1,830)	(6,180)
Net written premiums	1,191,598	881,671	2,073,269
Movement in net unearned premiums	(1,136,477)	576,898	(559,579)
Net earned premiums	55,121	1,458,569	1,513,690
Gross claims paid	721,391	383,029	1,104,420
Claims recovered	-	-	-
Net claims paid	721,391	383,029	1,104,420
Movement in net outstanding claims	103,337	94,690	198,027
Net claims incurred	824,728	477,719	1,302,447
Net underwriting result	(769,607)	980,850	211,243
Unallocated income			6,318
Unallocated expenses			(178,360)
Surplus from insurance operations			39,201

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12 SEASONALITY AND SEGMENT INFORMATION (continued)

b) SEGMENT INFORMATION (continued)

	<i>For the three-month period ended 31 March 2014 (Unaudited)</i>		
	<i>Major SR'000</i>	<i>Non-major SR'000</i>	<i>Total SR'000</i>
Gross written premiums	817,730	603,527	1,421,257
Premiums ceded	(739)	(541)	(1,280)
Net written premiums	816,991	602,986	1,419,977
Movement in net unearned premiums	(308,487)	(230,524)	(539,011)
Net earned premiums	508,504	372,462	880,966
Gross claims paid	385,562	275,092	660,654
Claims recovered	-	-	-
Net claims paid	385,562	275,092	660,654
Movement in net outstanding claims	62,095	44,304	106,399
Net claims incurred	447,657	319,396	767,053
Net underwriting result	60,847	53,066	113,913
Unallocated income	-	-	4,371
Unallocated expenses	-	-	(141,127)
<b>Deficit from insurance operations</b>			<b>(22,843)</b>

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12 SEASONALITY AND SEGMENT INFORMATION (continued)

b) SEGMENT INFORMATION (continued)

	<i>As at 31 March 2015 (Unaudited)</i>		
	Major SR'000	Non-major SR'000	Total SR'000
<b>Insurance operations' assets</b>			
Premiums receivable – net	696,025	418,358	1,114,383
Reinsurer's share of unearned premium	22,343	612	22,955
Reinsurer's share of outstanding claims	12,617	-	12,617
Deferred policy acquisition costs	42,731	15,916	58,647
Unallocated assets	-	-	3,007,421
<b>Total</b>			<b>4,216,023</b>
<b>Insurance operations' liabilities and surplus</b>			
Unearned premiums	2,516,771	409,388	2,926,159
Outstanding claims	637,693	372,049	1,009,742
Unallocated liabilities and surplus			280,122
<b>Total</b>			<b>4,216,023</b>

	<i>As at 31 December 2014 (Audited)</i>		
	Major SR'000	Non-major SR'000	Total SR'000
<b>Insurance operations' assets</b>			
Premiums receivable – net	364,505	234,182	598,687
Reinsurer's share of unearned premium	39,733	-	39,733
Reinsurer's share of outstanding claims	13,432	-	13,432
Deferred policy acquisition costs	41,642	14,959	56,601
Unallocated assets	-	-	2,858,091
<b>Total</b>			<b>3,566,544</b>
<b>Insurance operations' liabilities and surplus</b>			
Unearned premiums	1,397,684	985,674	2,383,358
Outstanding claims	535,171	277,359	812,530
Unallocated liabilities and surplus	-	-	370,656
<b>Total</b>			<b>3,566,544</b>

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**

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**13 EARNINGS PER SHARE**

The earnings per share have been calculated by dividing the net profit for the year by the weighted average number of ordinary shares issued and outstanding at the period end. During 2014, the Company disposed of all the remaining shares held under LTIP scheme on termination of its original LTIP scheme, which resulted in the weighted average number of shares to be the same as the total shares issued and outstanding at 31 March 2015.

Diluted earnings per share are not applicable to the Company.

**14 FAIR VALUE OF FINANCIAL INSTRUMENTS**

a) 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 by the Company.

The Company's financial assets consist of cash and cash equivalents, restricted deposits, murabaha deposits, premiums receivable, investments, re-insurance share of outstanding claims, statutory deposits and other receivables and its financial liabilities consist of outstanding claims, reinsurance balance payable, obligation under LTIP, amount due to related parties and other liabilities. At 31 March 2015 and 31 December 2014, apart from the FVIS investments which are carried at fair value (note 6), there were no other financial instruments held by the Company that were measured at fair value.

b) The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same instrument (i.e., without modification or repackaging);

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

As at 31 March 2015 and 31 December 2014, all financial instruments which are fair valued are Level 2 instruments. There were no transfer between levels 1, 2 and 3 during the period.

**15 COMPARATIVE FIGURES**

Certain figures for 2014 have been reclassified to conform with the presentation of 2015.

**16 BOARD OF DIRECTORS' APPROVAL**

These interim condensed financial statements have been approved by the Board of Directors on 20 April 2015.