

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

**UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH AND TWELVE-MONTH
PERIODS ENDED 31 DECEMBER 2012**

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

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND TWELVE-MONTH PERIODS ENDED
31 DECEMBER 2012**

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REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS**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 December 2012, and the related interim statements of insurance operations and accumulated surplus, shareholders’ operations and comprehensive income for the three-month and twelve-month periods then ended, and the related interim statements of changes in shareholders’ equity, insurance operations’ cash flows and shareholders’ cash flows for the twelve-month period then ended. 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 (“IAS 34”) and submitted to us together with all the information and explanations which we required. We conducted our review in accordance with the Standard on Review of Interim Financial Information issued by the Saudi Organization for Certified Public Accountants (“SOCPA”). A 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 Generally Accepted Auditing Standards 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.

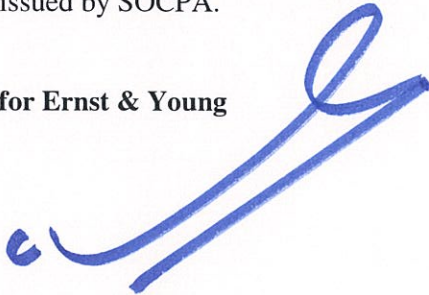
Conclusion

Based on our 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 Information issued by SOCPA.

for Ernst & Young



Ahmed I. Reda
Certified Public Accountant
Licence No. 356

for KPMG Al Fozan & Al Sadhan



Ebrahim Oboud Baeshen
Certified Public Accountant
Licence No. 382

Jeddah, Kingdom of Saudi Arabia

20 January 2013
8 Rabi Al-Awaal 1434 H

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

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

		<i>31 December</i> <i>2012</i> <i>SR'000</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2011</i> <i>SR'000</i> <i>(Audited)</i>
	<i>Notes</i>		
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	4	204,533	551,914
Murabaha deposits		732,340	58,000
FVIS investments	5	87,821	187,699
Prepayments and other assets		23,786	30,069
Premiums receivable – net	6	235,259	339,830
Deferred policy acquisition costs		22,535	21,097
Total insurance operations' assets		1,306,274	1,188,609
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	4	13,631	13,631
FVIS investments	5	497,158	373,534
Other receivables		735	244
Goodwill	1	98,000	98,000
Furniture, fittings and equipment		48,918	41,565
Statutory deposit		40,000	40,000
Total shareholders' assets		698,442	566,974
TOTAL ASSETS		2,004,716	1,755,583

Chairman

Director and Chief Executive Officer

Chief Financial Officer


The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

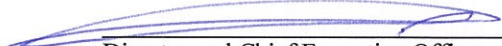
BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2012

	<i>Notes</i>	<i>31 December 2012 SR'000 (Unaudited)</i>	<i>31 December 2011 SR'000 (Audited)</i>
INSURANCE OPERATIONS' LIABILITIES AND SURPLUS			
Insurance operations' liabilities			
Unearned premiums		786,669	722,739
Outstanding claims	7	413,509	381,265
Reinsurance balance payable		443	702
		<u>1,200,621</u>	<u>1,104,706</u>
Accrued expenses and other liabilities		63,619	59,503
Obligation under Long-Term Incentive Plan (LTIP)		8,099	4,846
		<u>1,272,339</u>	<u>1,169,055</u>
Policyholders' share of surplus from insurance operations		33,935	19,554
Total insurance operations' liabilities and surplus		<u>1,306,274</u>	<u>1,188,609</u>
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' liabilities			
Accrued expenses and other liabilities		26,532	21,352
Accrued Zakat and income tax	9	30,306	15,437
Amount due to a related party in respect of goodwill	3	3,355	3,355
Amount due to related parties	8	4,041	4,400
Total shareholders' liabilities		<u>64,234</u>	<u>44,544</u>
Shareholders' equity			
Share capital		400,000	400,000
Shares held under employees' share scheme		(4,988)	(2,910)
Statutory reserve		59,024	32,143
Retained earnings		180,172	93,197
Total shareholders' equity		<u>634,208</u>	<u>522,430</u>
Total shareholders' liabilities and equity		<u>698,442</u>	<u>566,974</u>
TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY		<u>2,004,716</u>	<u>1,755,583</u>


Chairman


Director and Chief Executive Officer


Chief Financial Officer

The accompanying notes 1 to 11 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 and twelve-month periods ended 31 December 2012

	<i>Three-month period ended 31 December</i>		<i>Twelve-month period ended 31 December</i>		
	<i>Note</i>	<i>2012 SR'000 (Unaudited)</i>	<i>2011 SR'000 (Unaudited)</i>	<i>2012 SR'000 (Unaudited)</i>	<i>2011 SR'000 (Audited)</i>
REVENUE					
Gross written premiums		351,635	306,862	2,194,301	1,993,251
Premiums ceded		(610)	(703)	(2,343)	(2,702)
Net written premiums		351,025	306,159	2,191,958	1,990,549
Net movement in net unearned premium		202,834	195,599	(63,930)	(62,920)
Net earned premiums		553,859	501,758	2,128,028	1,927,629
CLAIMS					
Gross claims paid		443,936	436,103	1,671,622	1,523,835
Claims recovered		(587)	(1,201)	(2,815)	(1,691)
Net claims paid		443,349	434,902	1,668,807	1,522,144
Net movement in outstanding claims	7	(8,624)	(11,052)	32,244	28,886
Net claims incurred		434,725	423,850	1,701,051	1,551,030
Net underwriting result		119,134	77,908	426,977	376,599
Investment and commission income		3,965	2,437	12,635	2,341
Other income		122	107	429	613
EXPENSES					
Selling and marketing		(31,224)	(10,254)	(138,663)	(182,169)
General and administration		(40,636)	(35,471)	(157,564)	(142,480)
SURPLUS FROM INSURANCE OPERATIONS		51,361	34,727	143,814	54,904
Shareholders' share of surplus from insurance operations		(46,225)	(31,255)	(129,433)	(49,414)
Policyholders' share of surplus from insurance operations		5,136	3,472	14,381	5,490
Policyholders' share of surplus from insurance operations at the beginning of the period		28,799	16,082	19,554	14,064
Policyholders' share of accumulated surplus from insurance operations at the end of the period		33,935	19,554	33,935	19,554

Chairman

Director and Chief Executive Officer

Chief Financial Officer

The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

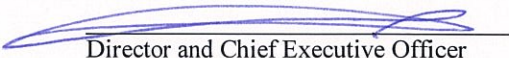
BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS

For the three-month and twelve-month periods ended 31 December 2012

	<i>Three-month period ended 31 December</i>		<i>Twelve-month period ended 31 December</i>	
	<i>2012 SR'000 (Unaudited)</i>	<i>2011 SR'000 (Unaudited)</i>	<i>2012 SR'000 (Unaudited)</i>	<i>2011 SR'000 (Audited)</i>
REVENUE				
Shareholders' share of surplus from insurance operations	46,225	31,255	129,433	49,414
EXPENSES				
General and administration	(1,738)	(4,961)	(5,095)	(6,916)
	<u>44,487</u>	<u>26,294</u>	<u>124,338</u>	<u>42,498</u>
Investment income/(loss)	2,630	2,057	10,068	(254)
NET INCOME FOR THE PERIOD	<u>47,117</u>	<u>28,351</u>	<u>134,406</u>	<u>42,244</u>
Weighted average number of ordinary shares outstanding (in thousands)	<u>39,788</u>	<u>39,853</u>	<u>39,843</u>	<u>39,865</u>
Basic and diluted income per share (in Saudi Arabian Riyals)	<u>1.18</u>	<u>0.71</u>	<u>3.37</u>	<u>1.06</u>


Chairman


Director and Chief Executive Officer



Chief Financial Officer

The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

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

INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the three-month and twelve-month periods ended 31 December 2012

	<i>Three-month period ended 31 December</i>		<i>Twelve-month period ended 31 December</i>	
	<i>2012 SR'000 (Unaudited)</i>	<i>2011 SR'000 (Unaudited)</i>	<i>2012 SR'000 (Unaudited)</i>	<i>2011 SR'000 (Audited)</i>
NET INCOME FOR THE PERIOD	47,117	28,351	134,406	42,244
OTHER COMPREHENSIVE INCOME/(EXPENSE)				
Zakat for the period (Note 9)	1,361	(2,540)	(14,769)	(8,217)
Income tax for the period (Note 9)	(361)	(1,567)	(5,781)	(4,385)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	48,117	24,244	113,856	29,642


Chairman


Director and Chief Executive Officer


Chief Financial Officer

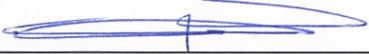
BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
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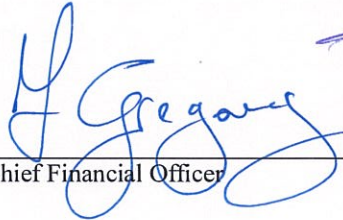
INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)

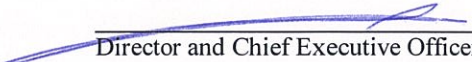
For the twelve-month period ended 31 December 2012

		<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>
Balance at 31 December 2011 (Audited)		400,000	(2,910)	32,143	93,197	522,430
Net income for the period		-	-	-	134,406	134,406
Transfer to statutory reserve		-	-	26,881	(26,881)	-
Zakat for the period	9	-	-	-	(14,769)	(14,769)
Income tax for the period	9	-	-	-	(5,781)	(5,781)
Partial disposal of shares held under LTIP		-	1,911	-	-	1,911
Purchase of additional shares held under LTIP		-	(3,989)	-	-	(3,989)
Balance at 31 December 2012 (unaudited)		400,000	(4,988)	59,024	180,172	634,208

		<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>
Balance at 31 December 2010 (Audited)		400,000	(2,709)	23,694	72,004	492,989
Net income for the period		-	-	-	42,244	42,244
Transfer to statutory reserve		-	-	8,449	(8,449)	-
Zakat for the period	9	-	-	-	(8,217)	(8,217)
Income tax for the period	9	-	-	-	(4,385)	(4,385)
Partial disposal of shares held under LTIP		-	1,200	-	-	1,200
Purchase of additional shares held under LTIP		-	(1,401)	-	-	(1,401)
Balance at 30 December 2011 (unaudited)		400,000	(2,910)	32,143	93,197	522,430


Chairman


Chief Financial Officer


Director and Chief Executive Officer


The accompanying notes 1 to 11 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' CASH FLOWS

For the twelve-month period ended 31 December 2012

	Notes	Twelve-month period ended 31 December	
		2012 SR'000 (Unaudited)	2011 SR'000 (Audited)
OPERATING ACTIVITIES			
Policyholders' share of surplus for the period		14,381	5,490
Adjustment for:			
Depreciation		14,386	10,894
Net movement in unearned premiums		63,930	62,920
Allowance for doubtful premiums receivable	6	(19,558)	33,942
Deferred policy acquisition costs		(1,438)	(5,627)
Unrealised (gain)/loss on investments	5	(5,153)	645
		<u>66,548</u>	<u>108,264</u>
Changes in assets and liabilities:			
Premiums receivable		124,129	116,068
Prepayments and other assets		6,283	(9,188)
Outstanding claims	7	32,244	28,886
Due to shareholders' operations		98,805	15,179
Reinsurance balance payable		(259)	(567)
Accrued expenses and other liabilities		4,116	8,995
Obligation under LTIP		3,253	1,369
		<u>335,119</u>	<u>269,006</u>
INVESTING ACTIVITIES			
Purchase of investments	5	(8,160)	(6,000)
Murabaha deposits		(674,340)	(58,000)
		<u>(682,500)</u>	<u>(64,000)</u>
Net cash used in investing activities		(682,500)	(64,000)
(Decrease)/increase in cash and cash equivalents		(347,381)	205,006
Cash and cash equivalents at the beginning of the period		551,914	346,908
Cash and cash equivalents at the end of the period	4	204,533	551,914


Chairman


Director and Chief Executive Officer


Chief Financial Officer

The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

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

INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS

For the twelve-month period ended 31 December 2012

	Notes	Twelve-month period ended 31 December	
		2012 SR'000 (Unaudited)	2011 SR'000 (Audited)
OPERATING ACTIVITIES			
Net income for the period		134,406	42,244
Adjustment for:			
Unrealised (gain)/loss on investments	5	(10,433)	762
		<u>123,973</u>	<u>43,006</u>
Changes in assets and liabilities:			
Accrued expenses and other liabilities		5,180	7,497
Amount due to related parties		(359)	1,582
Amount due to related party in respect of goodwill		-	3,355
Due from insurance operations		(98,805)	(15,179)
Other receivables		(491)	(244)
		<u>29,498</u>	<u>40,017</u>
Zakat and income tax paid	9	(5,681)	(5,070)
Net cash from operating activities		<u>23,817</u>	<u>34,947</u>
INVESTING ACTIVITIES			
Purchase of furniture, fittings and equipment		(21,739)	(13,756)
Purchase of shares held under LTIP		(3,989)	(1,401)
Disposal of shares held under LTIP		1,911	1,200
Amount paid to related party in respect of goodwill		-	(20,990)
Net cash used in investing activities		<u>(23,817)</u>	<u>(34,947)</u>
Net movement in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the period		<u>13,631</u>	<u>13,631</u>
Cash and cash equivalents at the end of the period	4	<u><u>13,631</u></u>	<u><u>13,631</u></u>

Chairman



Director and Chief Executive Officer



Chief Financial Officer



The accompanying notes 1 to 11 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

At 31 December 2012

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-Khaleidiyah 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 1428 H (corresponding to 11 September 2007) pursuant to the Council of Ministers' Resolution No 279 dated 28 Shabaan 1428 H (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.

On 31 December 2008, the Company entered into an agreement with Bupa Middle East Limited E.C. (the "Seller") 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.

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 2011.

As required by Saudi Arabian Insurance Regulations, the Company maintains separate books of account for Insurance Operations and Shareholders' Operations. 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/>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 December 2012

**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. 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 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, which were issued by the International Accounting Standards Board (IASB):

<i>Standard/ Interpretation</i>	<i>Description</i>
IFRS 1	First-time adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosure for First-time Adopters.
IFRS 1	First-time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters.
IFRS 7	Amendments to IFRS 7 Financial Instruments: Disclosures
IFRIC 14	Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
IAS 1	Amendments to IAS 1 Presentation of items of Other Comprehensive Income
IAS 12	Amendments to Income taxes – Deferred taxes: Recovery of underlying assets
IAS 24	Revision to IAS 24 Related Party Disclosures

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 December 2012

**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 and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective.

<i>Standard/ Interpretation</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date</i>
IFRS 1	Amendment to IFRS 1 Government Loans	1 January 2013
IFRS 9	Financial Instruments -- Classification & Measurement	1 January 2015
IFRS 10	Consolidated financial statements	1 January 2013
IFRS 11	Joint arrangements: Investments in Associates & Joint ventures	1 January 2013
IFRS 12	Disclosures of interests in other entities	1 January 2013
IFRS 13	Fair value measurement	1 January 2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine.	1 January 2013
IAS 19	Revision to IAS 19 Employee benefits	1 January 2013
IAS 32	Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities	1 January 2014

3 AMOUNT DUE TO A RELATED PARTY IN RESPECT OF GOODWILL

The movement in the amount payable to the Seller (a related party) in respect of goodwill during the twelve month period ended 31 December 2012 and 31 December 2011 is as follows:

	<i>31 December 2012 (Unaudited) SR'000</i>	<i>31 December 2011 (Audited) SR'000</i>
Balance at the beginning of the period/year	3,355	20,990
Compensation for outstanding goodwill (see note below)	-	3,355
Paid during the period/year	-	(20,990)
Balance at the end of the period/year	<u>3,355</u>	<u>3,355</u>

In accordance with the agreement between the Seller and the Company, the Seller is entitled to additional compensation, not exceeding 5% per annum on the outstanding amounts payable to them. Accordingly, during the year ended 31 December 2011, a sum of SR 3,355 thousands payable to the Seller was accrued and charged to general and administration expenses in the statement of shareholders' operations. This amount, which was calculated at a lower percentage than that allowed in accordance with the agreement, will be paid after the receipt of the payment approval from SAMA.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 December 2012

4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following:

	<i>31 December</i> <i>2012</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>31 December</i> <i>2011</i> <i>(Audited)</i> <i>SR'000</i>
<i>Insurance Operations</i>		
Cash in bank	83,267	194,556
Murabaha deposits	121,266	357,358
	<u>204,533</u>	<u>551,914</u>
<i>Shareholders' Operations</i>		
Cash in bank	13,631	13,631
	<u>13,631</u>	<u>13,631</u>

The Murabaha deposits are held with commercial banks. These Murabaha deposits are denominated in Saudi Arabian Riyals and have an original maturity not exceeding three months.

5 FVIS INVESTMENTS

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

	<i>31 December</i> <i>2012</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>31 December</i> <i>2011</i> <i>(Audited)</i> <i>SR'000</i>
<i>Units in open ended mutual fund</i>		
Insurance operations	87,821	187,699
Shareholders' operations	497,158	373,534
	<u>584,979</u>	<u>561,233</u>

The above investments represent units of an open ended mutual fund, denominated in Saudi Arabian Riyals.

The movement in the investments during the twelve-month period ended 31 December 2012 and year ended 31 December 2011 is as follows:

	<i>31 December</i> <i>2012</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>31 December</i> <i>2011</i> <i>(Audited)</i> <i>SR'000</i>
<i>Insurance operations</i>		
Balance at the beginning of the period/year	187,699	257,178
Purchased during the period/year	8,160	6,000
Transferred to shareholders' operations (see note below)	(113,191)	(74,834)
Unrealised gain/(loss) during the period/year	5,153	(645)
	<u>87,821</u>	<u>187,699</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

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5 FVIS INVESTMENTS (continued)

	<i>31 December 2012 (Unaudited) SR'000</i>	<i>31 December 2011 (Audited) SR'000</i>
<i>Shareholders' operations</i>		
Balance at the beginning of the period/year	373,534	299,462
Transferred from insurance operations (see note below)	113,191	74,834
Unrealised gain/(loss) during the period/year	10,433	(762)
Balance at the end of the period/year	<u>497,158</u>	<u>373,534</u>

Amount payable to/receivable from shareholders operations are settled, at each quarter end, by transfer of investments of equivalent amount representing fair value between the operations at the respective dates.

As at 31 December 2012, an amount of SR 113,191 thousand (31 December 2011: SR 74,834 thousand) was payable to the shareholders' operations by the insurance operations. This amount was settled by transfer of investments of an equivalent amount to shareholders' operations as at that date.

6 PREMIUMS RECEIVABLE, NET

	<i>31 December 2012 (Unaudited) SR'000</i>	<i>31 December 2011 (Audited) SR'000</i>
Gross premiums receivable	279,807	403,936
Allowance for doubtful premiums receivable	(44,548)	(64,106)
Premiums receivable, net	<u>235,259</u>	<u>339,830</u>

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

	<i>31 December 2012 (Unaudited) SR'000</i>	<i>31 December 2011 (Audited) SR'000</i>
Balance at the beginning of the period/year	64,106	30,164
Provision made during the period/year	-	33,942
Reversal during the period/year	(19,558)	-
Balance at end of the period/year	<u>44,548</u>	<u>64,106</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 December 2012

7 NET MOVEMENT IN OUTSTANDING CLAIMS

	<i>Three-month period ended</i>		<i>Twelve-month period ended</i>	
	<i>31 December</i>		<i>31 December</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<i>Insurance Operations</i>				
Outstanding claims at the end of the period	413,509	381,265	413,509	381,265
Outstanding claims at the beginning of the period	(422,133)	(392,317)	(381,265)	(352,379)
Net movement in the outstanding claims	(8,624)	(11,052)	32,244	28,886

As at 31 December 2012 and 2011, all the outstanding claims which are covered by XOL reinsurance are lower than the XOL limit and therefore no reinsurance recovery has been booked in these reserves in these interim condensed financial statements.

8 TRANSACTIONS WITH RELATED PARTIES

The following are the details of major related party transactions during the twelve month period ended 31 December 2012 and the related balance at the period end:

<i>Related party</i>	<i>Nature of transaction</i>	<i>Amount of transaction</i>	
		<i>Twelve-month period ended 31 December 2012 (Unaudited) SR'000</i>	<i>Twelve-month period ended 31 December 2011 (Unaudited) SR'000</i>
<i>Insurance Operations</i>			
Shareholders	Premiums written	38,988	25,791
Shareholders	Claims paid	17,330	13,962
Shareholders	Medical cost payments to a provider (see note (a) below)	117,304	100,950
Bupa Middle East Holdings Two WLL (Related party)	Trade mark fee	2,130	1,930
Key management personnel	Short-term benefits	9,607	8,772
	Long-term benefits	2,913	2,343
	Purchase of Company's shares	-	143
<i>Shareholders' Operations</i>			
Bupa Middle East Limited E.C. (Affiliate)	Payment in respect of goodwill (note 3)	-	20,990
	Compensation for outstanding goodwill consideration (note 3)	3,355	3,355

- a) 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 on an arm's length basis. As at 31 December 2012, the estimated payable to the related party, for medical cost payments, amounted to SR 15.8 million (31 December 2011: SR 14.1 million).

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

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8 TRANSACTIONS WITH RELATED PARTIES (continued)

Amount due to related parties is disclosed in the interim statement of financial position. Premiums receivable, net, includes premiums receivable from related parties amounting to SR 2,467 thousand (31 December 2011: SR 1,248 thousand).

9 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 payable accrued during the twelve month period ended 31 December 2012 and for the year ended 31 December 2011 are as follows:

	<i>Zakat payable (Unaudited) SR'000</i>	<i>Income tax payable (Unaudited) SR'000</i>	<i>Total 31 December 2012 (Unaudited) SR'000</i>	<i>Total 31 December 2011 (Audited) SR'000</i>
At the beginning of the period/year	14,088	1,349	15,437	7,905
Provided during the period/year	14,769	5,781	20,550	12,602
Payments during the period/year	(1,481)	(4,200)	(5,681)	(5,070)
Balance at end of the period/year	<u>27,376</u>	<u>2,930</u>	<u>30,306</u>	<u>15,437</u>

Status of assessments

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 liability of SR 8,819,542 as well as delay fine for each 30 days delay in payment of assessed additional taxes. The Company has filed an appeal against the revised assessments with the Preliminary Appeal Committee.

The DZIT issued an initial assessment for the year 2011 with additional Zakat liability of SR 7,488,628. The Company has made appropriate submissions there against. Final assessment for the year 2011 is awaited.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 December 2012

10 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 other income, selling and marketing expenses and general and administration expenses.

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

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

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</i>		
	<i>31 December 2012</i>		
	Major	Non-major	Total
	SR'000	SR'000	SR'000
Gross written premiums	129,940	221,695	351,635
Premium ceded	(225)	(385)	(610)
Net written premiums	129,715	221,310	351,025
Net movement in net unearned premiums	101,329	101,505	202,834
Net earned premiums	231,044	322,815	553,859
Net claims paid	229,359	213,990	443,349
Net movement in outstanding claims	(4,571)	(4,053)	(8,624)
Net claims incurred	224,788	209,937	434,725
Net underwriting result	6,256	112,878	119,134
Unallocated income			4,087
Unallocated expenses			(71,860)
Surplus from insurance operations			51,361

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

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10 SEASONALITY AND SEGMENT INFORMATION (continued)

b) SEGMENT INFORMATION (continued)

	<i>For the three-month period ended</i>		
	<i>31 December 2011</i>		
	Major	Non-major	Total
	SR'000	SR'000	SR'000
Gross written premiums	114,483	192,379	306,862
Premium ceded	(355)	(348)	(703)
Net written premiums	114,128	192,031	306,159
Movement in net unearned premiums	72,974	122,625	195,599
Net earned premiums	187,102	314,656	501,758
Net claims paid	230,218	204,684	434,902
Net movement in outstanding claims	(5,858)	(5,194)	(11,052)
Net claims incurred	224,360	199,490	423,850
Net underwriting result	(37,258)	115,166	77,908
Unallocated income			2,544
Unallocated expenses			(45,725)
Surplus from insurance operations			34,727

	<i>For the Twelve-month period ended</i>		
	<i>31 December 2012</i>		
	Major	Non-major	Total
	SR'000	SR'000	SR'000
Gross written premiums	1,031,766	1,162,535	2,194,301
Premium ceded	(1,079)	(1,264)	(2,343)
Net written premiums	1,030,687	1,161,271	2,191,958
Net movement in net unearned premiums	(25,256)	(38,674)	(63,930)
Net earned premiums	1,005,431	1,122,597	2,128,028
Net claims paid	855,367	813,440	1,668,807
Net movement in outstanding claims	17,007	15,237	32,244
Net claims incurred	872,374	828,677	1,701,051
Net underwriting result	133,057	293,920	426,977
Unallocated income			13,064
Unallocated expenses			(296,227)
Surplus from insurance operations			143,814

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 December 2012

10 SEASONALITY AND SEGMENT INFORMATION (continued)

b) SEGMENT INFORMATION (continued)

	<i>As at 31 December 2011</i>		
	<u>Major</u>	<u>Non-major</u>	<u>Total</u>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Insurance operations' assets			
Premiums receivable - net	181,951	157,879	339,830
Deferred policy acquisition costs	10,348	10,749	21,097
Unallocated assets	-	-	827,682
Total			<u>1,188,609</u>
Insurance operations' liabilities and surplus			
Unearned premiums	368,233	354,506	722,739
Outstanding claims	207,561	173,704	381,265
Unallocated liabilities and surplus	-	-	84,605
Total			<u>1,188,609</u>

11 BOARD OF DIRECTORS' APPROVAL

These financial statements have been approved by the Board of Directors on 20 January 2013.