

**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 2015**

**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 2015**

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INDEPENDENT AUDITORS' REVIEW REPORT ON 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 2015 and the related interim statements of insurance operations and accumulated surplus, shareholders’ operations and shareholders’ comprehensive income for the three month and twelve month periods then ended, the related interim statements of changes in shareholders’ equity, insurance operations’ cash flows and shareholders’ cash flows for the twelve-months period then ended and related notes 1 to 19 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 review in accordance with the Standard on Review of Interim Financial Reporting 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 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 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.

for KPMG Al Fozan & Partners

Ebrahim Oboud Baeshen
Certified Public Accountant
Licence No. 382

for Aldar Audit Bureau
Abdullah AlBasri & Co.

Waheed Gazzaz
Certified Public Accountant
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Jeddah, Kingdom of Saudi Arabia
9 Rabi Al Thani 1437H
Corresponding to 19 January 2016



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

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

		31 December 2015 SR'000 (Unaudited)	31 December 2014 SR'000 (Audited)
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	5	205,565	1,384,281
Murabaha deposits	6	3,047,529	1,213,027
FVIS investments	7	185,143	189,968
Premiums receivable - net	8	749,449	598,687
Reinsurer's share of unearned premium		900	39,733
Reinsurer's share of outstanding claims		3,012	13,432
Deferred policy acquisition costs		78,415	56,601
Prepayments and other assets		91,483	70,815
Total insurance operations' assets		4,361,496	3,566,544
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	5	593,297	462,569
Murabaha deposits	6	500,000	44,730
FVIS investments	7	439,785	454,578
Other receivables		3,563	1,746
Furniture, fixtures and equipment		77,167	60,667
Goodwill	4	98,000	98,000
Statutory deposit	9	80,000	40,000
Total shareholders' assets		1,791,812	1,162,290
TOTAL ASSETS		6,153,308	4,728,834


Chairman


Chief Financial Officer


Director and Chief Executive Officer

The accompanying notes 1 to 19 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 2015

	<i>Notes</i>	<i>31 December 2015 SR'000 (Unaudited)</i>	<i>31 December 2014 SR'000 (Audited)</i>
INSURANCE OPERATIONS' LIABILITIES AND SURPLUS			
Insurance operations' liabilities			
Unearned premiums		2,890,679	2,383,358
Outstanding claims	10	1,054,369	812,530
Reinsurance balance payable		-	3,253
Accrued expenses and other liabilities		262,149	263,468
Obligation under Long-Term Incentive Plan (LTIP)	15	-	22,754
Total insurance operations' liabilities		4,207,197	3,485,363
Insurance operations' surplus			
Policyholders' share of surplus from insurance operations		154,299	81,181
Total insurance operations' liabilities and surplus		4,361,496	3,566,544
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' liabilities			
Accrued expenses and other liabilities		50,494	42,398
Accrued Zakat and income tax	12	42,577	23,903
Amount due to related parties		32,201	44,490
Total shareholders' liabilities		125,272	110,791
Shareholders' equity			
Share capital	13	800,000	400,000
Statutory reserve	14	277,761	148,746
Share based payment		9,600	--
Shares held under employees share scheme	15	(13,101)	--
Retained earnings		592,280	502,753
Total shareholders' equity		1,666,540	1,051,499
Total shareholders' liabilities and equity		1,791,812	1,162,290
TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY		6,153,308	4,728,834

Chairman

Director and Chief Executive Officer

Chief Financial Officer

The accompanying notes 1 to 19 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 (Unaudited)

For the three-month and twelve-month periods ended 31 December 2015

	Notes	<i>Three-month period ended 31 December</i>		<i>Twelve-month period ended 31 December</i>	
		<i>2015 SR'000</i>	<i>2014 SR'000</i>	<i>2015 SR'000</i>	<i>2014 SR'000</i>
REVENUE					
Gross written premiums		1,099,994	821,384	7,328,016	5,740,449
Premiums ceded		(24,115)	(1,421)	(42,464)	(81,807)
Net written premiums		1,075,879	819,963	7,285,552	5,658,642
Net movement in unearned premiums		735,982	581,772	(546,154)	(1,063,567)
Net earned premiums		1,811,861	1,401,735	6,739,398	4,595,075
CLAIMS					
Claims paid		1,459,054	1,031,861	5,007,697	3,289,128
Claims recovered		(39,123)	(1,989)	(48,910)	(2,833)
Net claims paid		1,419,931	1,029,872	4,958,787	3,286,295
Net movement in outstanding claims	10	17,078	54,832	252,259	362,710
Net claims incurred		1,437,009	1,084,704	5,211,046	3,649,005
Net underwriting result		374,852	317,031	1,528,352	946,070
EXPENSES					
Selling and marketing		(77,483)	(98,803)	(505,367)	(360,737)
General and administrative		(81,269)	(88,200)	(318,774)	(289,543)
Investment and commission income		11,643	5,179	26,261	18,844
Other income / expense		508	(30)	704	12,635
SURPLUS FROM INSURANCE OPERATIONS		228,251	135,177	731,176	327,269
Shareholders' share of surplus from insurance operations	2(b)	(205,426)	(121,659)	(658,058)	(294,542)
Policyholders' share of surplus from insurance operations		22,825	13,518	73,118	32,727
Policyholders' share of surplus from insurance operations at the beginning of the period		131,474	67,663	81,181	48,454
Policyholders' share of accumulated surplus from insurance operations at the end of the period		154,299	81,181	154,299	81,181

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' OPERATIONS (Unaudited)

For the three-month and twelve-month periods ended 31 December 2015

	<i>Three-month period ended</i>		<i>Twelve-month period ended</i>	
	<i>31 December</i>		<i>31 December</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
REVENUE				
Shareholders' share of surplus from insurance operations	205,426	121,659	658,058	294,542
EXPENSES				
General and administrative	(109)	(128)	(5,267)	(4,071)
	205,317	121,531	652,791	290,471
Investment (loss) / income	4,010	2,340	(7,714)	10,804
Net income for the period	209,327	123,871	645,077	301,275
Weighted average number of ordinary shares outstanding (in thousands)	79,947	79,878	79,981	79,796
Basic and diluted earnings per share (in Saudi Arabian Riyals) (note 17)	2.62	1.55	8.07	3.78

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' COMPREHENSIVE INCOME
(Unaudited)

For the three-month and twelve-month periods ended 31 December 2015

	<i>Three-month period ended 31 December</i>		<i>Twelve-month period ended 31 December</i>	
	<i>2015 SR'000</i>	<i>2014 SR'000</i>	<i>2015 SR'000</i>	<i>2014 SR'000</i>
Net income for the period	209,327	123,871	645,077	301,275
<i>Other comprehensive income</i>				
Items that will not be reclassified to statement of shareholders' operations				
Provision for Zakat for the period (note 12)	(1,462)	(2,469)	(13,602)	(10,419)
Reversal of prior year Zakat provisions during the period (note 12)	-	-	-	26,323
Provision for income tax for the period (note 12)	(7,064)	(5,932)	(36,153)	(17,550)
Income tax recovered from non-Saudi shareholders during the period	-	-	23,220	6,182
Total comprehensive income for the period	200,801	115,470	618,542	305,811


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 CHANGES IN SHAREHOLDERS' EQUITY

For the twelve-month period ended 31 December 2015

	Notes	Share capital SR'000	Statutory reserve SR'000	Share based payment SR'000	Shares held under employees share scheme SR'000	Retained earnings SR'000	Total SR'000
Balance at 31 December 2014 (Audited)		400,000	148,746	--	--	502,753	1,051,499
Total comprehensive income							
Net income for the period		--	--	--	--	645,077	645,077
Provision for Zakat for the period	12	--	--	--	--	(13,602)	(13,602)
Provision for income tax for the period	12	--	--	--	--	(36,153)	(36,153)
Income tax recovered from non-Saudi shareholders		--	--	--	--	23,220	23,220
Transfer to statutory reserve		--	129,015	--	--	(129,015)	--
Transactions with owners of the company							
Bonus shares issue		400,000	--	--	--	(400,000)	--
Purchase of shares under LTIP		--	--	--	(13,101)	--	(13,101)
Provision for LTIP	15	--	--	9,600	--	--	9,600
Balance at 31 December 2015 (Unaudited)		800,000	277,761	9,600	(13,101)	592,280	1,666,540

	Notes	Share capital SR'000	Statutory reserve SR'000	Shares held under employees' share scheme SR'000	Retained earnings SR'000	Total SR'000
Balance at 31 December 2013 (Audited)		400,000	88,491	(7,052)	249,621	731,060
Total comprehensive income						
Net income for the year		--	--	--	301,275	301,275
Provision for Zakat for the period	12	--	--	--	(10,419)	(10,419)
Reversal of prior year zakat provisions during the period	12	--	--	--	26,323	26,323
Provision for income tax for the period	12	--	--	--	(17,550)	(17,550)
Income tax recovered from non-Saudi shareholders		--	--	--	6,182	6,182
Transfer to statutory reserve		--	60,255	--	(60,255)	--
Transactions with owners of the Company						
Dividend		--	--	--	(20,000)	(20,000)
Purchase of additional shares held under LTIP		--	--	(3,761)	--	(3,761)
Sale of shares held under LTIP		--	--	10,813	--	10,813
Gain on sale of shares held under LTIP		--	--	--	27,576	27,576
Balance at 31 December 2014 (Unaudited)		400,000	148,746	--	502,753	1,051,499

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 INSURANCE OPERATIONS' CASH FLOWS

For the twelve-month period ended 31 December 2015

	<i>Notes</i>	<i>Twelve-month period ended 31 December</i>	
		<i>2015 SR'000 (Unaudited)</i>	<i>2014 SR'000 (Unaudited)</i>
OPERATING ACTIVITIES			
Policyholders' share of surplus for the period		73,118	32,727
Adjustments for:			
Depreciation		14,341	12,216
Allowance for doubtful premiums receivable – net	8	38,571	25,308
Income received during the period, net		(4,040)	--
Unrealised loss / (gain) on investments		4,124	(1,979)
Realised loss / (gain) on investments		1,251	(3,860)
		127,365	64,412
Changes in operating assets and liabilities:			
Premiums receivable		(189,333)	(213,900)
Prepayments and other assets		(20,668)	(42,923)
Unearned premiums		507,321	1,060,289
Reinsurer's share of unearned premiums		38,833	3,278
Deferred policy acquisition costs		(21,814)	(9,923)
Outstanding claims		241,839	362,434
Reinsurer's share of outstanding claims		10,420	276
Due from shareholders' operations		(14,341)	(12,216)
Reinsurance balances payable		(3,253)	2,748
Accrued expenses and other liabilities		(1,319)	184,355
Obligation under Long-Term Incentive Plan		(22,754)	8,003
Net cash generated from operating activities		652,296	1,406,833
INVESTING ACTIVITY			
Purchase of investments		(419,553)	(1,013,262)
Disposal of investments		423,043	1,015,240
Murabaha deposits, net		(1,834,502)	(256,797)
Net cash used in investing activity		(1,831,012)	(254,819)
Net (decrease) / increase in cash and cash equivalents		(1,178,716)	1,152,014
Cash and cash equivalents at beginning of the period		1,384,281	232,267
Cash and cash equivalents at end of the period	5	205,565	1,384,281



 Chairman



 Chief Financial Officer



 Director and Chief Executive Officer

The accompanying notes 1 to 19 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 2015

	Notes	<i>Twelve-month period ended 31 December</i>	
		<i>2015 SR'000 (Unaudited)</i>	<i>2014 SR'000 (Unaudited)</i>
OPERATING ACTIVITIES			
Net income for the period		645,077	301,275
Adjustment for:			
Share based payment expense		9,600	--
Income received during the period, net		(2,422)	--
Unrealised loss / (gain) on investments		14,204	(8,240)
Realised loss / (gain) on investments		2,015	(168)
Loss on disposal of furniture, fittings and equipment		230	--
		<u>668,704</u>	<u>292,867</u>
Changes in operating assets and liabilities:			
Accrued expenses and other liabilities		8,096	10,979
Amounts due to related parties		(12,289)	(15,000)
Due to insurance operations		14,341	12,216
Other receivables		(1,817)	(427)
		<u>677,035</u>	<u>300,635</u>
Zakat and income tax paid	12	(31,081)	(12,743)
Net cash generated from operating activities		<u>645,954</u>	<u>287,892</u>
INVESTING ACTIVITY			
Purchase of furniture, fittings and equipment		(31,088)	(29,824)
Disposal of furniture, fitting and equipment		17	--
Purchase of investments		--	(127,676)
Disposal of investments		996	127,844
Increase in statutory deposit		(40,000)	--
Murabaha deposits, net		(455,270)	82,263
Purchase of shares held under LTIP		(13,101)	(3,761)
Partial sale of shares held under LTIP		--	38,389
Net cash from generated from investing activity		<u>(538,446)</u>	<u>87,235</u>
FINANCING ACTIVITIES			
Dividends paid		--	(20,000)
Income tax recovered from non-Saudi shareholders		23,220	6,182
Net cash generated from / (used in) financing activities		<u>23,220</u>	<u>(13,818)</u>
Net increase in cash and cash equivalents		130,728	361,309
Cash and cash equivalents at beginning of the period		462,569	101,260
Cash and cash equivalents at end of the period	5	<u>593,297</u>	<u>462,569</u>
Non-cash information			
Zakat and income tax charged to comprehensive income		<u>49,755</u>	<u>1,646</u>

Chairman

Chief Financial Officer

Director and Chief Executive Officer

The accompanying notes 1 to 19 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 and twelve-month periods ended 31 December 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-Khaledeyah District,
Prince Saud Al Fasial Street,
Front of Saudi Airlines Building,
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 shareholders and the general public and 26.25% owned by non-Saudi 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

a. Basis of measurement

The interim condensed financial statements are prepared under the going concern basis and the historical cost convention except for the measurement at fair value of fair value through income statement (FVIS) investments.

b. Statement of compliance

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/>

In case of deficit in insurance operations result, 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 and twelve-month periods ended 31 December 2015

2 BASIS OF PREPARATION (continued)

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

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

c. Critical accounting judgements, estimates and assumptions

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 estimate and judgements used by management in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2014. Following are the accounting judgments and estimates that were critical in preparation of these interim condensed financial statements:

(i) Provision for outstanding claims

Judgement by management is required in the estimation of amounts due to policyholders and third parties arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. The Company estimates its claims based on its previous experience of its insurance portfolio. Claims requiring court or arbitration decisions, if any, are estimated individually. Management reviews its provisions for claims incurred, and claims incurred but not reported, on a monthly basis. Any difference between the provisions at the statement of financial position date and settlements and provisions in the following period is included in the statement of insurance operations and accumulated surplus for that period. The provision for outstanding claims, as at 31 December 2014 and 31 December 2015, is also verified by an independent actuary.

(ii) Deferred acquisition costs

Certain acquisition costs related to the sale of new policies are recorded as deferred acquisition costs and are amortised in the statement of insurance operations and accumulated surplus over the related period of policy coverage. If the assumptions relating to future profitability of these policies are not realised, the amortisation of these costs could be accelerated and this may also require additional impairment in the statement of insurance operations and accumulated surplus.

(iii) Fair values of financial instruments

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price. Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgement is required to establish fair values.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

For the three-month and twelve-month periods ended 31 December 2015

2 BASIS OF PREPARATION (continued)

c. Critical accounting judgements, estimates and assumptions (continued)

(iv) Premium deficiency reserve

Estimation of the premium deficiency for medical business is highly sensitive to a number of assumptions as to the future events and conditions. It is based on an expected loss ratio for the unexpired portion of the risks for written policies. To arrive at the estimate of the expected loss ratio, the actuary considers the claims and premiums relationship which is expected to apply in future.

(v) Allowance for doubtful receivable

A provision for impairment of premiums receivable is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the premiums receivable is impaired. The Company maintains allowance for doubtful receivables in respect of policies written, considering inception date of the insurance coverage as due date, in accordance with the time-based criteria specified in the SAMA implementing regulations.

(vi) Going concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

d. Functional and presentation currency

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and risk management policies adopted in the preparation of these interim condensed financial statements are consistent with the Company's audited financial statements for the year ended December 31, 2014, except for the adoption of new accounting policy in respect of equity settled share based transaction in note 3 (a) as well as adoption of the amendments to existing standards mentioned below which had no financial impact on the interim condensed financial statements of the Company. Certain comparative amounts have been reclassified / regrouped to conform with the current period's presentation.

a. Long term incentive plan (LTIP)

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of insurance operations and accumulated surplus charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

In cases, where an award is forfeited (i.e. when the vesting conditions relating to award are not satisfied), the Company reverses the expense relating to such awards previously recognized in the statement of insurance operations and accumulated surplus.

Where an equity-settled award is cancelled (other than forfeiture), it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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><u>Standard / Interpretation</u></i>	<i><u>Description</u></i>
IAS 19	Amendments to IAS 19: the amendment provides relief, based on meeting certain criteria's, from the requirements proposed in the amendments of 2011 for attributing employee / third party contributions to periods of service under the plan benefit formula or on a straight line basis. The current amendment gives an option, if conditions satisfy, to reduce service cost in period in which the related service is rendered.
IFRS 1	Amendments to IFRS 1 First time adoption of IFRS: the amendment clarifies that a first time adopter is permitted but not required to apply a new or revised IFRS that is not yet mandatory but is available for early adoption.
IFRS 2	Amendments to IFRS 2 Share-Based Payment: the amendment to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'.
IFRS 3	Amendments to IFRS 3 Business Combinations: amendment to clarify the classification and measurement of contingent consideration in a business combination. It has been further amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements in IFRS 11.
IFRS 8	Amendments to IFRS 8 Operating Segments: amendment requiring explicitly disclosure of judgments made by management in applying aggregation criteria.
IFRS 13	Amendments to IFRS 13 Fair Value Measurement: amendment to clarify measurement of interest free short term receivables and payables at their invoiced amount without discounting, if the effect of discounting is immaterial. It has been further amended to clarify that the portfolio exception potentially applies to contracts in the scope of IAS 39 and IFRS 9 regardless of whether they meet the definition of a financial asset or financial liability under IAS 32.
IAS 16 and IAS 38	Amendments to IAS 16 "Property plant and equipment" and IAS 38 "intangible assets": amendments to clarify the requirements of revaluation model recognizing that the restatement of accumulated depreciation (amortisation) is not always proportionate to the change in the gross carrying amount of the asset.
IAS 24	Amendments to IAS 24 Related Party Disclosures: the definition of a related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or indirectly.
IAS 40	Amendments to IAS 40 Investment Property: amendments to clarify that an entity should assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition constitutes a business combination.

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3 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 and amendments, where applicable, when they become effective.

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
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.

4 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.

5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following:

	<i>31 December 2015 (Unaudited) SR'000</i>	<i>31 December 2014 (Audited) SR'000</i>
Insurance Operations		
Cash in banks	<u>205,565</u>	<u>1,384,281</u>
Shareholders' Operations		
Cash in banks	<u>593,297</u>	<u>462,569</u>

At 31 December 2015, the Company issued performance guarantees to customers against margin deposits amounting to SR 17.1 million (31 December 2014: SR 23.4 million) placed with the banks. This amount has been included under prepayments and other current assets.

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6 MURABAHA DEPOSITS

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

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

	<i>31 December 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	(1,637,352)	(1,795,361)
Placed during the period / year	3,471,854	2,052,158
	<u>3,047,529</u>	<u>1,213,027</u>
	<i>31 December 2015 (Unaudited) SR'000</i>	<i>31 December 2014 (Audited) SR'000</i>
<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	500,000	333,914
	<u>500,000</u>	<u>44,730</u>

7 FVIS INVESTMENTS

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

	<i>31 December 2015 (Unaudited) SR'000</i>	<i>31 December 2014 (Audited) SR'000</i>
Insurance operations	185,143	189,968
Shareholders' operations	439,785	454,578

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

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7 FVIS INVESTMENTS (continued)

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

	<i>31 December 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	419,553	1,013,262
Disposed during the period / year	(423,043)	(1,015,240)
Income received during the period/year, net	4,040	--
Realised (loss) / gain during the period / year	(1,251)	1,979
Unrealised (loss) / gain during the period / year	(4,124)	3,860
	<u>185,143</u>	<u>189,968</u>

	<i>31 December 2015 (Unaudited) SR'000</i>	<i>31 December 2014 (Audited) SR'000</i>
<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	(996)	(127,844)
Income received during the period/year, net	2,422	--
Realised (loss) / gain during the period / year	(2,015)	168
Unrealised (loss) / gain during the period / year	(14,204)	8,240
	<u>439,785</u>	<u>454,578</u>

Amount payable to / receivable from shareholders' operations are settled by transfer of cash at each reporting date. During the twelve months period ended 31 December 2015, the insurance operations transferred cash of SR 600.52 million to the shareholders' operations (31 December 2014: SR 276.9 million).

8 PREMIUMS RECEIVABLE – NET

	<i>31 December 2015 (Unaudited) SR'000</i>	<i>31 December 2014 (Audited) SR'000</i>
Gross premiums receivable	863,715	676,545
Allowance for doubtful premiums receivable	(114,266)	(77,858)
	<u>749,449</u>	<u>598,687</u>

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8 PREMIUMS RECEIVABLE – NET (continued)

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

	<i>31 December</i> <i>2015</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>31 December</i> <i>2014</i> <i>(Audited)</i> <i>SR'000</i>
<i>Insurance Operations</i>		
Balance at beginning of the period / year	77,858	52,550
Provision made during the period / year	38,571	25,626
Utilized during the period / year	(2,163)	(318)
Balance at end of the period / year	<u>114,266</u>	<u>77,858</u>

9 STATUTORY DEPOSIT

As required by the SAMA Insurance Regulations, the Company deposited an amount equivalent to 10% of its paid up share capital, amounting to SR 80 million, in a bank designated by SAMA. During fourth quarter of 2015, the company increased the statutory deposit to SR 80 million, as required following the increase in capital. Commission accruing on this deposit is payable to SAMA and this deposit cannot be withdrawn without approval from SAMA.

10 NET MOVEMENT IN OUTSTANDING CLAIMS

a) Net movement in outstanding claims, during the period is as follows:

	<i>Three-month period ended</i> <i>31 December</i>		<i>Twelve-month period ended</i> <i>31 December</i>	
	<i>2015</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>2014</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>2015</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>2014</i> <i>(Unaudited)</i> <i>SR'000</i>
<i>Insurance Operations</i>				
Gross outstanding claims at end of the period	1,054,369	812,530	1,054,369	812,530
Gross outstanding claims at beginning of the period	(1,040,377)	(759,713)	(812,530)	(450,096)
	<u>13,992</u>	<u>52,817</u>	<u>241,839</u>	<u>362,434</u>
Reinsurer's share of outstanding claims at end of the period	(3,012)	(13,432)	(3,012)	(13,432)
Reinsurer's share of outstanding claims at beginning of the period	6,098	15,447	13,432	13,708
	<u>3,086</u>	<u>2,015</u>	<u>10,420</u>	<u>276</u>
Movement in net outstanding claims	<u>17,078</u>	<u>54,832</u>	<u>252,259</u>	<u>362,710</u>

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11 TRANSACTIONS WITH RELATED PARTIES

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

<u>Related party</u>	<u>Nature of transaction</u>	<u>Amount of transaction</u>	
		<u>Twelve-month period ended 31 December 2015</u> <i>(Unaudited)</i> SR'000	<u>Twelve-month period ended 31 December 2014</u> <i>(Unaudited)</i> SR'000
Insurance Operations			
Shareholders	Gross written premium	34,465	30,528
Shareholders	Premium ceded (see note (a) below)	2,669	74,858
Shareholders	Claims paid	10,629	7,085
Shareholders	Medical costs charged by providers (see note (b) below)	751	609
Shareholders	Public relations services (see note (c) below)	-	168
Shareholders	Expenses recharged to a related party (see note (d) below)	5,519	2,517
Bupa Middle East Holdings Two W.L.L. (Related party)	Trade mark fee (see note (e) below)	16,948	11,505
Key management personnel	Short-term benefits	18,205	15,693
	Long-term benefits	5,345	7,309

- 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) These related parties are hospital providers where any of the Company's entitled customers, and their qualified members, can use the facilities of the related parties. The Company makes payments for all the medical costs of all its contracts, to these provider related parties, in accordance with the normal contractual terms of agreement. During 2014, one of the related parties sold its holding in the Company and therefore was no longer a related party as of 31 December 2014. The estimated payable to the related parties, for medical cost payments as of 31 December 2015, amounted to SR 295 thousand.
- c) One of the shareholders owns a forty-five percent stake holding in TRACCS, a public relations company, which provided public relations services to the company until 2014.
- d) Certain employees of the Company, during the twelve month period ended 31 December 2015, worked on a project owned by one of the shareholders of the Company. As a result, the related costs of those employees, for the period, were recharged to the related party amounting to SR 5,519 thousand and were settled during the period (31 December 2014: SR 2,517 thousand).
- e) 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.
- f) Amounts 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 521 thousand (31 December 2014: SR Nil).

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12 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 twelve month period ended 31 December 2015 and the 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 December 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	13,602	36,153	49,755	27,969
Reversal of prior years' provisions during the period / year	--	--	--	(26,323)
Payments during the period / year	(6,386)	(24,695)	(31,081)	(12,743)
Balance at end of the period / year	<u>19,745</u>	<u>22,832</u>	<u>42,577</u>	<u>23,903</u>

Status of assessments

The Company has filed its Zakat and income tax returns for the financial years up to and including the year 2014 with the Department of Zakat and Income Tax (the "DZIT").

The Company has received assessments for the fiscal periods 2008 through 2012 raising additional demands in respect of zakat, income tax, withholding tax and fine for delays aggregating to SR 26.6 million principally in respect of disallowance of FVIS investments as a deduction from Zakat base. The Company has also received initial assessments for the periods 2013 through 2014 raising additional demands aggregating to SR 13.4 million on similar items. The Company has filed an appeal against these assessments and the final conclusions from the DZIT are awaited.

During 2014, the Company reversed Zakat provision, relating to prior years, aggregating to SR 26.3 million as management believed that the provisions were no longer required and that no further amounts are expected to be paid for those years to DZIT, to which the reversal provisions related. During the twelve month period 31 December 2015, the Company has reversed SR 6 million (31 December 2014: SR 26.3 million).

During 2014, the Company has also filed an appeal for the fiscal periods 2008 through 2013 with the DZIT relating specifically to the DZIT treatment of the statutory deposit and the cooperative distribution.

13 SHARE CAPITAL

The share capital of the Company is SR 800 million divided into 80 million shares of SR 10 each (2014: 40 million shares of SR 10 each).

The Board of Directors of the Company recommended, in their meeting held on 24 August 2015, to the General Assembly, an increase in share capital subject to receiving all the required approvals of the relevant authorities and thereafter the shareholders. The recommendation was for a capital increase, from SR400 million to SR800 million, representing an increase of SR400 million, through the issuing of 1 bonus share for every 1 share held, increasing the number of shares from 40 million shares to 80 million shares, representing an increase of 40 million shares, through the utilization of SR400 million of the Company's existing retained earnings. The Company received approval from the Saudi Arabian Monetary Agency (SAMA) and the Capital Market Authority (CMA) in respect of the proposed increase in share capital on 14 September 2015 and 8 October 2015 respectively. The shareholders approved this capital increase, as well as related changes in the By-laws of the Company, in the extraordinary general assembly meeting held on 7 December 2015 and which was announced and the new bonus shares capital issued by Tadawul on 8 December 2015. The final formalities in respect of the updating of the Articles of Association and the Commercial Registration of the Company were completed during January 2016.

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14 STATUTORY RESERVE

As required by Saudi Arabian Insurance Regulations, twenty percent of the shareholders income shall be set aside from net income as a statutory reserve until this reserve amounts to one hundred percent of the paid-up share capital. The Company makes this transfer on an annual basis. As at 31 December 2015 SR 277.8 million (31 December 2014 SR 148.7 million), had been set aside as a statutory reserve, representing 3.7% of the paid-up share capital.

15 LONG-TERM INCENTIVE PLAN (LTIP)

During 2010, the Company introduced a Long-Term Incentive Plan (LTIP), for its senior executives, which was designed to reward them for their role in the achievement of the Company's long-term objectives and three year plan targets. During 2014, after obtaining the related internal and regulatory approvals, the Company terminated this plan and disposed of the shares held, and recorded the obligation equivalent to the 2014 annual LTIP cash entitlement, at 31 December 2014. These LTIP obligations were partially settled during the first quarter 2015, as per the rules of the LTIP scheme, following the required internal approval.

During 2015, the Company completed the required approvals for the launching of a new LTIP scheme, which is entirely an equity settled shares based plan, and, during the second quarter of 2015, received the required external regulatory clearance for this new LTIP scheme.

The purpose of the new LTIP scheme remains to incentivize the senior management team to achieve the company's long term goals and to attract and retain top performers. The plan provides focus on both current and future performance and enables the participants to share in the Company's success, and is measured based on net profit growth and profit margin. The plan vests over a period of a three year performance cycle. The Company's actual performance is assessed at the end of each year during the vesting period.

As the new LTIP scheme is entirely shares based the company accounts for the LTIP as an equity settled share based transaction under which the approved participants will receive a certain number of Bupa Arabia shares after the completion of each three year performance period, the achievement of the performance measures, the achievement of the participant's conditions, and the completion of the required approvals. For this purpose, the Bupa Arabia shares are already purchased by an investment broker, currently NCB Capital. As a result, the LTIP shares were purchased during the third quarter of 2015, after the 2015 second quarter prohibition period ended.

Since the LTIP shares reward is only of shares, and under no circumstances will any LTIP participant ever receive settlement of the LTIP shares entitlement in any form other than shares; the cost of the entitlement reflects management's estimate of the cost of the number of equity instruments expected to vest at each reporting date and shall be revised in future periods, if necessary, if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates. On vesting date, the Company shall ensure it has an LTIP reserve equal to the number of equity instruments that are ultimately vested.

Any additional shares received in the Bupa Arabia "Bupa employees Long Term Incentive Plan" regular shares portfolio account, associated with the Bupa Arabia shares held in the Bupa Arabia "Bupa employees Long Term Incentive Plan" regular shares portfolio account, on behalf of the LTIP participants, due to the Company distributing dividends in the form of "bonus shares", or due to the Company processing a "Share Split", are accumulated by in the Bupa Arabia "Bupa employees Long Term Incentive Plan" regular shares portfolio account and transferred proportionately to the participants, in accordance with their share award per the shares held in the Bupa Arabia "Bupa employees Long Term Incentive Plan" regular shares portfolio account, after vesting.

At the end of the vesting period, the Nomination and Remuneration Committee (N&RC) will approve the extent to which the performance conditions have been met and how many of the performance shares will vest and be released to the participants. The N&RC will approve that the Company can proceed to transfer the relevant specific employees' shares entitlement from the shares held in the Bupa Arabia "Bupa Employees Long Term Incentive" regular shares portfolio account to the respective individual LTIP participants' own personal share portfolio accounts, following the confirmation of instruction of the separate individual LTIP participant's instructions and confirmations of their respective individual personal share portfolio accounts' bank and share portfolio account numbers.

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15 LONG-TERM INCENTIVE PLAN (LTIP) (continued)

Any surplus shares, arising from not all the shares being vested, as per the rules of this LTIP scheme, i.e. from awards that have been forfeited and therefore retained by Bupa Arabia, will be held and accounted for as part of the process of the funding of the next cycle.

The number of LTIP shares purchased, during the second half of 2015, in accordance with the approvals, rules and entitlements of the new LTIP scheme, was 51,103 LTIP shares,. The grant date of 32,110 shares and 18,993 shares is 23 July 2015 and 26 November 2015 respectively and the grant date fair value per share is SR 277 and SR 221 respectively.

During the year the shareholders of the Company approved issuance of 1 bonus share for every 1 share held in their the extraordinary general assembly meeting held on 7 December 2015. The participants will each be entitled to one bonus share for each performance share vested and released to participant at the end of vesting period. Following the issuance of the bonus shares during December 2015, a total of 102,206 Bupa Arabia shares are being held in the Bupa Arabia "Bupa employees Long Term Incentive Plan" regular shares portfolio account, on behalf of LTIP participants.

The cost of the plan is recognized over the period during which the vesting conditions are fulfilled. The expense, recognized for the plan at each reporting date until the vesting date, reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of insurance operation and accumulated surplus for a year represents the movement in cumulative expense recognized as at the beginning and end of that year.

The total expense recognised for employees' services received under the LTIP is charged to the statement of insurance operations and is included in the 'employee costs' with a corresponding increase in statement of changes in shareholders 'equity, as per IFRS 2 'Share Based Payments'.

16 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 reporting purposes, the operations are monitored in two customer categories, based on the number of members covered. Major customers represent large corporates members, 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, 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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16 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 December 2015 (Unaudited)</i>		
	Major SR'000	Non-major SR'000	Total SR'000
Gross written premiums	463,133	636,861	1,099,994
Premiums ceded	(14,940)	(9,175)	(24,115)
Net written premiums	448,193	627,686	1,075,879
Movement in net unearned premiums	674,313	61,669	735,982
Net earned premiums	1,122,506	689,355	1,811,861
Claims paid	905,023	554,031	1,459,054
Claims recovered	(25,849)	(13,274)	(39,123)
Net claims paid	879,174	540,757	1,419,931
Movement in net outstanding claims	11,677	5,401	17,078
Net claims incurred	890,851	546,158	1,437,009
Net underwriting result	231,655	143,197	374,852
Unallocated income			12,151
Unallocated expenses			(158,752)
Surplus from insurance operations			228,251

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16 SEASONALITY AND SEGMENT INFORMATION (continued)

b) SEGMENT INFORMATION (continued)

	<i>For the three-month period ended 31 December 2014 (Unaudited)</i>		
	<i>Major SR'000</i>	<i>Non-major SR'000</i>	<i>Total SR'000</i>
Gross written premiums	326,833	494,551	821,384
Premiums ceded	(670)	(751)	(1,421)
Net written premiums	326,163	493,800	819,963
Movement in net unearned premiums	577,942	3,830	581,772
Net earned premiums	904,105	497,630	1,401,735
Claims paid	675,736	356,125	1,031,861
Claims recovered	(1,157)	(832)	(1,989)
Net claims paid	674,579	355,293	1,029,872
Movement in net outstanding claims	36,184	18,648	54,832
Net claims incurred	710,763	373,941	1,084,704
Net underwriting result	193,342	123,689	317,031
Unallocated income			5,149
Unallocated expenses			(187,003)
Surplus from insurance operations			135,177

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

For the three-month and twelve-month periods ended 31 December 2015

16 SEASONALITY AND SEGMENT INFORMATION (continued)

b) SEGMENT INFORMATION (continued)

	<i>For the twelve-month period ended 31 December 2015 (Unaudited)</i>		
	<i>Major SR'000</i>	<i>Non-major SR'000</i>	<i>Total SR'000</i>
Gross written premiums	4,433,449	2,894,567	7,328,016
Premiums ceded	(26,938)	(15,526)	(42,464)
Net written premiums	4,406,511	2,879,041	7,285,552
Movement in net unearned premiums	(347,751)	(198,403)	(546,154)
Net earned premiums	4,058,760	2,680,638	6,739,398
Claims paid	3,157,391	1,850,306	5,007,697
Claims recovered	(33,253)	(15,657)	(48,910)
Net claims paid	3,124,138	1,834,649	4,958,787
Movement in net outstanding claims	133,327	118,932	252,259
Net claims incurred	3,257,465	1,953,581	5,211,046
Net underwriting result	801,295	727,057	1,528,352
Unallocated income			26,965
Unallocated expenses			(824,141)
Surplus from insurance operations			731,176

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

For the three-month and twelve-month periods ended 31 December 2015

16 SEASONALITY AND SEGMENT INFORMATION (continued)

b) SEGMENT INFORMATION (continued)

	<i>For the twelve-month period ended 31 December 2014 (Unaudited)</i>		
	<i>Major SR'000</i>	<i>Non-major SR'000</i>	<i>Total SR'000</i>
Gross written premiums	3,614,640	2,125,809	5,740,449
Premiums ceded	(78,947)	(2,860)	(81,807)
Net written premiums	3,535,693	2,122,949	5,658,642
Movement in net unearned premiums	(683,726)	(379,841)	(1,063,567)
Net earned premiums	2,851,967	1,743,108	4,595,075
Claims paid	2,000,675	1,288,453	3,289,128
Claims recovered	(1,654)	(1,179)	(2,833)
Net claims paid	1,999,021	1,287,274	3,286,295
Movement in net outstanding claims	299,147	63,563	362,710
Net claims incurred	2,298,168	1,350,837	3,649,005
Net underwriting result	553,799	392,271	946,070
Unallocated income			31,479
Unallocated expenses			(650,280)
Surplus from insurance operations			327,269

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
For the three-month and twelve-month periods ended 31 December 2015

16 SEASONALITY AND SEGMENT INFORMATION (continued)

b) SEGMENT INFORMATION (continued)

	<i>As at 31 December 2015 (Unaudited)</i>		
	Major <i>SR'000</i>	Non-major <i>SR'000</i>	Total <i>SR'000</i>
Insurance operations' assets			
Premiums receivable – net	418,246	331,203	749,449
Reinsurer's share of unearned premiums	--	900	900
Reinsurer's share of outstanding claims	2,672	340	3,012
Deferred policy acquisition costs	58,105	20,310	78,415
Unallocated assets	--	--	3,529,720
Total			4,361,496
Insurance operations' liabilities and surplus			
Unearned premiums	1,675,344	1,215,335	2,890,679
Outstanding claims	653,640	400,729	1,054,369
Unallocated liabilities and surplus	--	--	416,448
Total			4,361,496

	<i>As at 31 December 2014 (Audited)</i>		
	Major <i>SR'000</i>	Non-major <i>SR'000</i>	Total <i>SR'000</i>
Insurance operations' assets			
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
Total			3,566,544
Insurance operations' liabilities and surplus			
Unearned premiums	1,397,684	985,674	2,383,358
Outstanding claims	535,171	277,359	812,530
Unallocated liabilities and surplus	--	--	370,656
Total			3,566,544

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

For the three-month and twelve-month periods ended 31 December 2015

17 EARNINGS PER SHARE

The basic and diluted earnings per share have been calculated by dividing the net income for the period by the weighted average number of ordinary shares issued and outstanding at the period end.

Diluted earnings / (loss) per share is not applicable to the Company.

18 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, 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. The fair values of financial instruments are not materially different from their carrying values. At 31 December 2015 and 31 December 2014, apart from the FVIS investments which are carried at fair value (note 7), 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 December 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.

19 APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors on 9 Rabi Al Thani 1437H, corresponding to 19 January 2016.