

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

**UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS**

**FOR THE THREE MONTH PERIOD ENDED
31 MARCH 2011**

REPORT ON THE REVIEW OF THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)**Scope of review**

We have reviewed the accompanying interim statement of financial position of Bupa Arabia For Cooperative Insurance Company – A Saudi Joint Stock Company ('the Company') as at 31 March 2011, and the related interim statements of insurance operations and accumulated surplus, shareholders' operations, comprehensive income, insurance operations' cash flows, shareholders' cash flows and changes in shareholders' equity for the three 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 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 Generally Accepted Auditing Standards, the objective of which is the expression of an opinion regarding 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 International Accounting Standard (IAS) 34.

Emphasis of matter

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

Ernst & Young



Ahmed I. Reda
Certified Public Accountant
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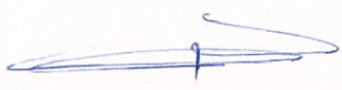
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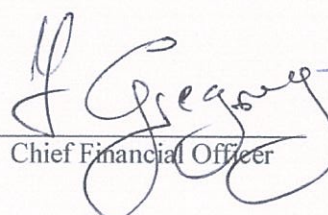
**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
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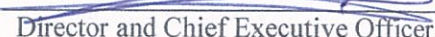
INTERIM STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	<i>Note</i>	<i>31 March 2011 (Unaudited) SR'000</i>	<i>31 December 2010 (Audited) SR'000</i>
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	4	395,070	346,908
Investments	5	257,152	257,178
Prepaid expenses and other assets		19,600	20,881
Premiums receivables, net	6(a)	60,757	55,972
Premiums written not invoiced, net	6(b)	658,405	433,868
Amount due from shareholders' operations		936	-
Deferred policy acquisition costs		16,758	15,470
Total insurance operations' assets		1,408,678	1,130,277
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	4	13,631	13,631
Investments	5	299,409	299,462
Other receivables		244	-
Amount due from insurance operations		-	48,761
Goodwill	1&3	98,000	98,000
Furniture, fittings and equipment		39,781	38,703
Statutory deposit		40,000	40,000
Total shareholders' assets		491,065	538,557
TOTAL ASSETS		1,899,743	1,668,834


Chairman


Chief Financial Officer


Director and Chief Executive Officer

The accompanying notes 1 to 12 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)

At 31 March 2011

	<i>Note</i>	<i>31 March 2011 (Unaudited) SR'000</i>	<i>31 December 2010 (Audited) SR'000</i>
INSURANCE OPERATIONS' LIABILITIES AND SURPLUS			
Insurance operations' liabilities:			
Unearned premiums		955,650	659,819
Outstanding claims	7	381,327	352,379
Reinsurance balance payable		1,392	1,269
		<u>1,338,369</u>	<u>1,013,467</u>
Accrued expenses and other liabilities		52,872	50,508
Obligation under Long Term Incentive Plan (LTIP)		3,373	3,477
		<u>1,394,614</u>	<u>1,067,452</u>
Amount due to shareholders' operations		-	48,761
Policyholders' share of surplus from insurance operations		14,064	14,064
		<u>1,408,678</u>	<u>1,130,277</u>
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' liabilities			
Accrued expenses and other liabilities		17,423	13,855
Accrued zakat and income tax	9	10,736	7,905
Amount due to a related party in respect of goodwill	1&3(b)	-	20,990
Amount due to related parties, net	8	3,262	2,818
Amount due to insurance operations		936	-
		<u>32,357</u>	<u>45,568</u>
Total shareholders' liabilities			
Shareholders' equity			
Share capital		400,000	400,000
Shares held under Employees' Share Scheme		(1,509)	(2,709)
Statutory reserve		23,694	23,694
Retained earnings		36,523	72,004
		<u>458,708</u>	<u>492,989</u>
Shareholders' equity			
		<u>458,708</u>	<u>492,989</u>
Total shareholders' liabilities and equity			
		<u>491,065</u>	<u>538,557</u>
TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY			
		<u><u>1,899,743</u></u>	<u><u>1,668,834</u></u>

Chairman

Chief Financial Officer


Director and Chief Executive Officer

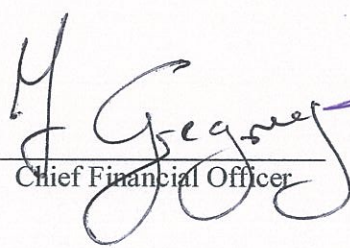
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**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM STATEMENT OF INSURANCE OPERATIONS AND ACCUMULATED SURPLUS
For the three month period ended 31 March 2011

	<i>Note</i>	<i>For the three month period ended 31 March 2011 (Unaudited) SR'000</i>	<i>For the three month period ended 31 March 2010 (Unaudited) SR'000</i>
REVENUE			
Gross written premiums		741,080	636,974
Premiums ceded		(623)	(500)
Net written premiums		<u>740,457</u>	<u>636,474</u>
Net movement in net unearned premium		(295,831)	(268,159)
Net earned premiums		<u>444,626</u>	<u>368,315</u>
CLAIMS			
Claims incurred	7	<u>(375,028)</u>	<u>(327,541)</u>
NET UNDERWRITING RESULT		<u>69,598</u>	<u>40,774</u>
INVESTMENT AND COMMISSION INCOME		755	245
OTHER INCOME		297	72
EXPENSES			
Selling and marketing		(66,946)	(23,121)
General and administration		(35,685)	(30,323)
DEFICIT FROM INSURANCE OPERATIONS		<u>(31,981)</u>	<u>(12,353)</u>
Shareholders' share of deficit from insurance operations		<u>31,981</u>	<u>12,353</u>
Policyholders' share of deficit from insurance operations		<u><u>-</u></u>	<u><u>-</u></u>


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

INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS

For the three month period ended 31 March 2011

	<i>For the three month period ended 31 March 2011 (Unaudited) SR'000</i>	<i>For the three month period ended 31 March 2010 (Unaudited) SR'000</i>
REVENUE		
Shareholders' share of deficit from insurance operations	(31,981)	(12,353)
EXPENSES		
General and administration	(763)	(1,127)
	<u>(32,744)</u>	<u>(13,480)</u>
Commission income	-	574
Investment income	94	-
	<u>94</u>	<u>-</u>
NET LOSS FOR THE PERIOD	<u><u>(32,650)</u></u>	<u><u>(12,906)</u></u>
Weighted average number of ordinary shares outstanding (in thousands)	<u>39,870</u>	<u>40,000</u>
Basic loss per share (in Saudi Riyals)	<u><u>(0.82)</u></u>	<u><u>(0.32)</u></u>


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**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
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INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three month period ended 31 March 2011

	<i>For the three month period ended 31 March 2011 (Unaudited) SR'000</i>	<i>For the three month period ended 31 March 2010 (Unaudited) SR'000</i>
NET LOSS FOR THE THREE MONTH PERIOD	(32,650)	(12,906)
Other comprehensive income/(expense)	-	-
TOTAL COMPREHENSIVE LOSS FOR THE THREE MONTH PERIOD	(32,650)	(12,906)


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**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
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INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS

For the three month period ended 31 March 2011

	<i>Note</i>	<i>For the three month period ended 31 March 2011 (Unaudited) SR'000</i>	<i>For the three month period ended 31 March 2010 (Unaudited) SR'000</i>
OPERATING ACTIVITIES			
Policyholders' share of surplus for the three month period		-	-
Adjustment for:			
Depreciation		2,470	1,687
Net movement in unearned premiums		295,831	268,159
Premiums written not invoiced, net		(224,537)	(215,510)
Deferred policy acquisition costs		(1,288)	(186)
Unrealised loss on trading investments	5	26	-
		<u>72,502</u>	<u>54,150</u>
Changes in assets and liabilities:			
Premiums receivables, net		(4,785)	3,663
Prepaid expenses and other assets		1,281	(7,980)
Outstanding claims	7	28,948	1,877
Due from/to shareholders' operations		(52,167)	(13,237)
Reinsurance balance payable		123	500
Accrued expenses and other liabilities		2,364	(1,883)
Obligation under Long Term Incentive Plan (LTIP)		(104)	-
		<u>48,162</u>	<u>37,090</u>
Net cash from operating activities		<u>48,162</u>	<u>37,090</u>
INCREASE IN CASH AND CASH EQUIVALENTS		48,162	37,090
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		346,908	444,162
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	<u>395,070</u>	<u>481,252</u>

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Chief Financial Officer

Director and Chief Executive Officer

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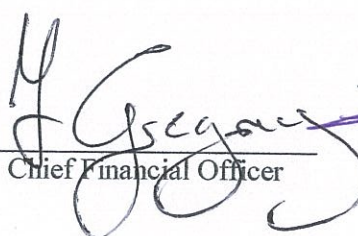
**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS

For the three month period ended 31 March 2011

	<i>Note</i>	<i>For the three month period ended 31 March 2011 (Unaudited) SR'000</i>	<i>For the three month period ended 31 March 2010 (Unaudited) SR'000</i>
OPERATING ACTIVITIES			
Net comprehensive loss for the three month period		(32,650)	(12,906)
Adjustment for:			
Unrealised loss on trading investments	5	53	-
		<u>(32,597)</u>	<u>(12,906)</u>
Changes in assets and liabilities:			
Accrued income		-	546
Accrued expenses and other liabilities		3,568	1,242
Amount due to a related party in respect of goodwill		(20,990)	-
Amount due to a related party		444	-
Due from/to insurance operations		52,167	13,237
Other receivables		(244)	
Net cash from operating activities		<u>2,348</u>	<u>2,119</u>
INVESTING ACTIVITIES			
Purchase of furniture, fittings and equipment		(3,548)	(1,237)
Partial disposal of shares held under LTIP		1,200	-
Net cash used in investing activities		<u>(2,348)</u>	<u>(1,237)</u>
INCREASE IN CASH AND CASH EQUIVALENTS		-	882
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		<u>13,631</u>	<u>308,789</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	<u><u>13,631</u></u>	<u><u>309,671</u></u>

Chairman



Chief Financial Officer



Director and Chief Executive Officer

The accompanying notes 1 to 12 form an integral part of three interim condensed financial statements.

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

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the three month period ended 31 March 2011

	<i>Note</i>	<i>Share capital SR'000</i>	<i>Shares held under Long- Term Incentive Plan 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
Total comprehensive loss for the three month period ended 31 March 2011		-	-	-	(32,650)	(32,650)
Zakat and tax for the three month period	9	-	-	-	(2,831)	(2,831)
Partial disposal of shares held under LTIP		-	1,200	-	-	1,200
Balance at 31 March 2011 (Unaudited)		400,000	(1,509)	23,694	36,523	458,708

	<i>Note</i>	<i>Share capital SR'000</i>	<i>Shares held under Long- Term Incentive Plan SR '000</i>	<i>Statutory reserve SR'000</i>	<i>Retained earnings SR'000</i>	<i>Total SR'000</i>
Balance at 31 December 2009 (Audited)		400,000	-	9,534	27,819	437,353
Total comprehensive loss for the three month period ended 31 March 2010		-	-	-	(12,906)	(12,906)
Zakat and tax for the three month period	9	-	-	-	(4,060)	(4,060)
Balance at 31 March 2010 (Unaudited)		400,000	-	9,534	10,853	420,387

Chairman

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Director and Chief Executive Officer

The accompanying notes 1 to 12 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 March 2011

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 1429 H (corresponding to 1 May 2008). The Registered Office address of the Company is situated at Al-Rawdah Street, Al-Khaledeyah 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, at a goodwill amount of SR 98 million, as approved by the Saudi Arabian Monetary Agency (SAMA), along with related insurance assets and liabilities of an equivalent amount (see note 3). 50% of the amount in respect of the goodwill was paid to the seller during 2009. In accordance with the instructions of SAMA, the remaining 50% was to be paid subsequent to 2009, out of the Company’s profits for those years, after obtaining SAMA’s approval. The Company paid the balance amount in two instalments of SR 28,010 thousands and SR 20,990 thousands in 2010 and 2011 respectively, after obtaining approval from SAMA.

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 Board of Directors.

As per the by-laws of the Company, surplus arising from the Insurance Operations is distributed as follows:

Transfer to Shareholders’ operations	90%
Transfer to Policyholders’ payable	10%
	<hr/>
	100%
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In accordance with Article 70 of the SAMA Implementing Regulations, the Company will distribute its annual net policyholders’ surplus directly to policyholders at a time, and according to criteria, as set by its Board of Directors and provided the customer contract is active and paid up to date at the time of settlement of the cooperative distribution amount.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2a Basis of preparation

The interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting.

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 31 March 2011

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

2a Basis of preparation (continued)

These interim condensed financial statements for the three month period ended 31 March 2011 ('the period') should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2010. 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 interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards.

The interim condensed financial statements are presented in Saudi Arabian Riyals, being the functional currency of the Company, and have been rounded off to the nearest thousand. The Company's interim results may not be indicative of its annual results.

2b Change in accounting estimate

The Company changed its method of provision for doubtful debts prospectively from 1 January 2011 (see note 6).

3 TRANSFER OF PORTFOLIO

- a) As stated in note 1, the value of assets and liabilities acquired from the Seller, as at 1 January 2009, as per the valuation approved by SAMA, were as follows:

	<i>SR'000</i>
ASSETS	
Furniture, fittings and equipment	17,912
Deferred policy acquisition costs	13,702
Premiums written not invoiced, net	247,163
Premiums receivables, net	64,400
Amounts due from a related party	1,474
Other assets	5,661
Cash and cash equivalents	251,400
Total assets transferred	<u>601,712</u>
LIABILITIES	
Unearned premiums	380,620
Outstanding claims	190,894
Other liabilities and provision	30,198
Total liabilities transferred	<u>601,712</u>
NET ASSETS TRANSFERRED	<u><u>-</u></u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2011

3 TRANSFER OF PORTFOLIO (continued)

b) Amount payable to the Seller (related party) in respect of goodwill:

	<i>31 March 2011 (Unaudited) SR'000</i>	<i>31 December 2010 (Audited) SR'000</i>
Balance at the beginning of the period/year	20,990	49,000
Paid during the period/year	(20,990)	(28,010)
Balance at the end of the period/year	<u>-</u>	<u>20,990</u>

4 CASH AND CASH EQUIVALENTS

	<i>31 March 2011 (Unaudited) SR'000</i>	<i>31 December 2010 (Audited) SR'000</i>
<i>Insurance Operations</i>		
Cash in bank	5,070	121,763
Short-term deposits	390,000	225,145
	<u>395,070</u>	<u>346,908</u>
<i>Shareholders' Operations</i>		
Cash in bank	<u>13,631</u>	<u>13,631</u>

- a) At 31 March 2011, bank balances, relating to insurance operations, amounting to SR 5.4 million (2010: SR 8.6 million) are held in the name of a related party of the Company, on behalf of the Company.
- b) The short-term deposits are held with commercial banks. These bank deposits are denominated in Saudi Arabian Riyals and have an original maturity not exceeding three months.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2011

5 INVESTMENTS

The carrying amount of the investments, classified as FVIS, at 31 March 2011 was as follows:

	<i>31 March 2011 (Unaudited) SR'000</i>	<i>31 December 2010 (Audited) SR'000</i>
<i>Units in open ended mutual fund</i>		
Insurance operations	257,152	257,178
Shareholders' operations	299,409	299,462
	<u>556,561</u>	<u>556,640</u>

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

The movement in the investments during the three month period ended 31 March 2011 and year ended 31 December 2010 is as follows:

	<i>31 March 2011 (Unaudited) SR'000</i>	<i>31 December 2010 (Audited) SR'000</i>
<i>Insurance operations</i>		
Purchased during the period/year	257,178	253,965
Unrealised (loss) gain during the period/year	(46)	3,213
Unrealised gain on LTIP investment during the period/year	20	-
Balance at end of the period/year	<u>257,152</u>	<u>257,178</u>
<i>Shareholders' operations</i>		
Purchased during the period/year	299,462	296,035
Unrealised (loss) gain during the period/year	(53)	3,427
Balance at end of the period/year	<u>299,409</u>	<u>299,462</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2011

6 CHANGE IN ACCOUNTING ESTIMATE

In order to comply with the 'Implementing Regulations' and requirements of the Saudi Arabian Monetary Agency, the Company changed its method of provisioning for doubtful debts to based on the ageing from the inception date of the policy (i.e. written aged basis) rather than ageing from the due date of the premium receivable (i.e. invoice aged basis). This change has been applied prospectively from 1 January 2011 as a change in accounting estimate and as a result, the provision for doubtful debts for the current period has increased by SR 27,965 thousands.

7 CLAIMS INCURRED

	<i>For the three month period ended 31 March 2011 (Unaudited) SR'000</i>	<i>For the three month period ended 31 March 2010 (Unaudited) SR'000</i>
<i>Insurance Operations</i>		
Gross claims paid	346,080	325,664
Outstanding claims at the end of the period	381,327	277,136
	<u>727,407</u>	<u>602,800</u>
Outstanding claims at the beginning of the period	(352,379)	(275,259)
	<u>375,028</u>	<u>327,541</u>

As at 31 March 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 interim financial statements.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 31 March 2011

8 TRANSACTIONS WITH RELATED PARTIES

The following are the details of major related party transaction during the three month period ended 31 March 2011 and the related balance at the period end:

<i>Related party</i>	<i>Nature of transaction</i>	<i>Amount of transaction</i>	
		<i>Three month period ended 31 March 2011 (Unaudited) SR'000</i>	<i>Three month period ended 31 March 2010 (Unaudited) SR'000</i>
Shareholders' Operations			
Bupa Middle East Limited E.C. (Affiliate)	Payment in respect of Goodwill (note 3)	20,990	-
ASAS Health Care Company Limited (ASAS – Affiliate)	Payments made on behalf of the Company and recharged to the Company	-	513
Insurance Operations			
Related parties	Premiums written	13,872	11,189
	Claims paid	548	1,041
	Medical cost payments to a provider (see note (a) below)	16,284	9,229
	Trade mark fee	444	-
Key management personnel	Short term benefits	2,255	3,299
	Long term benefits	1,095	83

(a) The related party is a hospital provider where any of Bupa Arabia'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, and which contract is on an arm's length basis.

Amount due to related parties, net is disclosed in the interim statement of financial position. Premiums receivable, net include premiums receivable from related parties amounting to SR 3,382 thousands (31 December 2010: SR 2,559 thousands)

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 31 March 2011

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.

Movement in the zakat and income tax payable accrued during the period ended 31 March 2011 and for the year ended 31 December 2010 are as follows:

	<i>Zakat payable (Unaudited) SR'000</i>	<i>Income tax payable (Unaudited) SR'000</i>	<i>Total 31 March 2011 (Unaudited) SR'000</i>	<i>Total 31 December 2010 (Audited) SR'000</i>
At the beginning of the period/year	7,317	588	7,905	10,318
Provided during the period/year	1,892	939	2,831	12,453
Payments during the period/year	-	-	-	(14,866)
Balance at end of the period/year	<u>9,209</u>	<u>1,527</u>	<u>10,736</u>	<u>7,905</u>

10 SEASONALITY AND SEGMENT INFORMATION

a) SEASONALITY

Due to 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.

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 and prepayments and other assets.

Segment liabilities do not include accruals and other liabilities, amount due to shareholders' operations 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:

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2011

10 SEASONALITY AND SEGMENT INFORMATION(continued)

b) SEGMENT INFORMATION (continued)

	<i>For the three month period ended 31 March 2011</i>		
	Major	Non-major	Total
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Gross written premiums	367,771	373,309	741,080
Premium ceded	(309)	(314)	(623)
Net written premiums	367,462	372,995	740,457
Movement in net unearned premiums	(140,337)	(155,494)	(295,831)
Net earned premiums	227,125	217,501	444,626
Net claims incurred	(207,626)	(167,402)	(375,028)
Unallocated income	-	-	1,052
Unallocated expenses	-	-	(102,631)
Deficit from insurance operations			(31,981)

	<i>As at 31 March 2011</i>		
	Major	Non-major	Total
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Insurance operations' assets			
Premiums receivable, net	32,578	28,179	60,757
Premiums written not invoiced, net	335,669	322,736	658,405
Deferred policy acquisition costs	7,702	9,056	16,758
Unallocated assets	-	-	672,758
Total			1,408,678
Insurance operations' liabilities and surplus			
Unearned premiums	439,221	516,429	955,650
Outstanding claims	211,113	170,214	381,327
Unallocated liabilities and surplus	-	-	71,701
Total			1,408,678

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 31 March 2011

10 SEASONALITY AND SEGMENT INFORMATION (continued)

b) SEGMENT INFORMATION (continued)

	<i>For the three month period ended 31 March 2010</i>		
	Major	Non-major	Total
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Gross written premiums	316,107	320,867	636,974
Premium ceded	(248)	(252)	(500)
Net written premiums	315,859	320,615	636,474
Movement in net unearned premiums	(123,500)	(144,659)	(268,159)
Net earned premiums	192,359	175,956	368,315
Net claims incurred	(183,912)	(143,629)	(327,541)
Unallocated income	-	-	317
Unallocated expenses	-	-	(53,444)
Deficit from insurance operations			(12,353)

	<i>As at 31 December 2010</i>		
	Major	Non-major	Total
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Insurance operations' assets			
Premiums receivable, net	38,687	17,285	55,972
Premiums written not invoiced, net	218,550	215,318	433,868
Deferred policy acquisition costs	7,008	8,462	15,470
Unallocated assets	-	-	624,967
Total			1,130,277
Insurance operations' liabilities and surplus			
Unearned premiums	298,884	360,935	659,819
Outstanding claims	202,680	149,699	352,379
Unallocated liabilities and surplus	-	-	118,079
Total			1,130,277

11 COMPARATIVE FIGURES

Certain of the prior period amounts have been reclassified to conform with presentation in the current period.

12 BOARD OF DIRECTORS' APPROVAL

These financial statements have been approved by the Board of Directors on 18 April 2011.