

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

**UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS**

**FOR THE THREE MONTH AND SIX MONTH
PERIODS ENDED 30 JUNE 2009**

REPORT ON THE REVIEW OF 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 30 June 2009, and the related interim statements of insurance operations and accumulated surplus, shareholders' operations, comprehensive income for the three month and six months periods then ended and the related statements of insurance operations' cash flows, shareholders' cash flows and changes in shareholders' equity for the six month period then ended. These interim condensed financial statements are the responsibility of the Company's management and have been prepared by them 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, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34.

Emphasis of matter

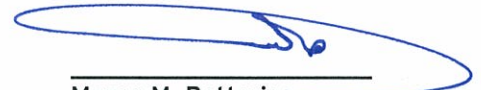
Without qualifying our review conclusion, we draw attention to note 2 to these interim condensed financial statements. As stated therein, the management have prepared these interim condensed financial statements in accordance with IAS 34, and not in accordance with Standard on interim financial reporting issued by SOCPA.

Ernst & Young



Ahmed I. Reda
Certified Public Accountant
Registration No. 356

Sindi & Batterjee



Mazen M. Batterjee
Certified Public Accountant
Registration No. 217

26 Rajab 1430 H
19 July 2009



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

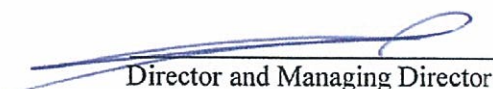
INTERIM STATEMENT OF FINANCIAL POSITION

At 30 June 2009

	<i>Note</i>	30 June 2009 <i>(Unaudited)</i> SR'000	<i>31 December</i> 2008 <i>(Audited)</i> SR'000
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	4	281,274	-
Time deposits		16,512	-
Prepaid expenses and other assets		6,655	-
Premiums receivables, net		40,375	-
Premiums written not invoiced, net		450,582	-
Deferred policy acquisition costs		14,937	-
Due from shareholders' operations		25,279	-
Trading investments		70,000	-
Total insurance operations' assets		905,614	-
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	4	42	291,218
Time deposits		354,263	60,589
Accrued income		1,995	655
Due from a related party		3,504	-
Goodwill	1&3	98,000	-
Furniture, fittings and equipment		24,526	-
Statutory deposit	5	40,000	40,000
Total shareholders' assets		522,330	392,462
TOTAL ASSETS		1,427,944	392,462



Chairman



Director and Managing Director



Finance Director

The accompanying notes 1 to 9 form 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 30 June 2009

	<i>Note</i>	30 June 2009 <i>(Unaudited)</i> SR'000	<i>31 December</i> <i>2008</i> <i>(Audited)</i> <i>SR'000</i>
INSURANCE OPERATIONS' LIABILITIES NET OF DEFICIT			
Insurance operations' liabilities:			
Unearned premiums		628,764	-
Outstanding claims	6	248,356	-
		<hr/>	<hr/>
		877,120	-
Accrued expenses and other liabilities		28,965	-
		<hr/>	<hr/>
		906,085	-
Deficit from insurance operations		(471)	-
		<hr/>	<hr/>
Total insurance operations' liabilities net of deficit		905,614	-
		<hr/>	<hr/>
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' liabilities			
Accruals and other payables		10,873	1,049
Accrued zakat	8	3,360	-
Amount due to a related party in respect of goodwill	1&7	98,000	-
Amount due to a related party – other		1,777	1,474
Amount due to insurance operations		25,279	-
		<hr/>	<hr/>
Total shareholders' liabilities		139,289	2,523
		<hr/>	<hr/>
Shareholders' equity			
Share capital		400,000	400,000
Accumulated losses		(16,959)	(10,061)
		<hr/>	<hr/>
Shareholders' equity		383,041	389,939
		<hr/>	<hr/>
Total shareholders' liabilities and equity		522,330	392,462
		<hr/>	<hr/>
TOTAL LIABILITIES, NET OF DEFICIT FROM INSURANCE OPERATIONS, AND SHAREHOLDERS' EQUITY		1,427,944	392,462
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Chairman


Director and Managing Director


Finance Director

The accompanying notes 1 to 9 form part of these interim condensed financial statements.

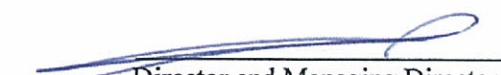
**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

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

For the three month and six month periods ended 30 June 2009

	<i>Note</i>	<i>For the three month period ended 30 June 2009 (Unaudited) SR'000</i>	<i>For the six month period ended 30 June 2009 (Unaudited) SR'000</i>
REVENUE			
Gross written premium		362,479	796,877
Net movement in unearned premium		(77,254)	(248,144)
Premiums earned		<u>285,225</u>	<u>548,733</u>
CLAIMS			
Claims incurred	6	<u>242,272</u>	<u>472,975</u>
NET UNDERWRITING RESULT		42,953	75,758
OTHER INCOME		524	1,841
EXPENSES			
Selling and marketing		(21,650)	(45,449)
General and administration		(19,782)	(36,856)
SURPLUS (DEFICIT) FROM INSURANCE OPERATIONS		<u>2,045</u>	<u>(4,706)</u>
Shareholders' share of (surplus) deficit from insurance operations		<u>(1,841)</u>	<u>4,235</u>
ACCUMULATED SURPLUS (DEFICIT) AT THE END OF THE PERIOD		<u><u>204</u></u>	<u><u>(471)</u></u>


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Director and Managing Director


Finance Director

The accompanying notes 1 to 9 form part of these interim condensed financial statements.

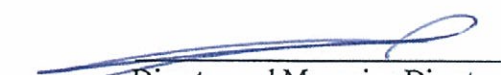
**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS

For the three month and six month periods ended 30 June 2009

	<i>For the three month period ended 30 June 2009 (Unaudited) SR'000</i>	<i>For the six month period ended 30 June 2009 (Unaudited) SR'000</i>
REVENUE		
Shareholders' share of surplus (deficit) from insurance operations	1,841	(4,235)
	<u>1,841</u>	<u>(4,235)</u>
EXPENSES		
General and administration	(1,129)	(3,140)
	<u>712</u>	<u>(7,375)</u>
Interest income	1,329	3,837
NET PROFIT (LOSS) FOR THE PERIOD	<u>2,041</u>	<u>(3,538)</u>
Weighted average number of ordinary shares outstanding (in thousands)	<u>40,000</u>	<u>40,000</u>
Basic earning (loss) per share (in Saudi Riyals)	<u>0.05</u>	<u>(0.09)</u>


Chairman


Director and Managing Director


Finance Director

The accompanying notes 1 to 9 form part of these interim condensed financial statements.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
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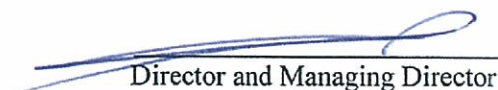
INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three month and six month periods ended 30 June 2009

	<i>For the three month period ended 30 June 2009 (Unaudited) SR'000</i>	<i>For the six month period ended 30 June 2009 (Unaudited) SR'000</i>
NET PROFIT (LOSS) FOR THE PERIOD	2,041	(3,538)
Other comprehensive income/(expense)	-	-
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE SIX MONTH PERIOD	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	2,041	(3,538)



Chairman



Director and Managing Director

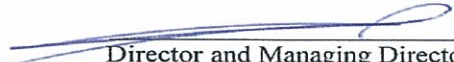


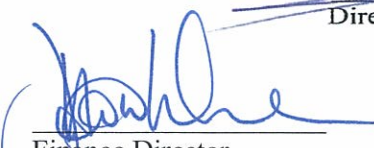
Finance Director

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS
For the six month period ended 30 June 2009

	<i>Note</i>	<i>For the six month period ended 30 June 2009 (Unaudited) SR'000</i>
OPERATING ACTIVITIES		
Net loss for the six month period		(471)
Adjustment for:		
Movement in unearned premiums		248,144
		247,673
Changes in assets and liabilities:		
Premiums written not invoiced		(203,419)
Receivables, net		24,025
Deferred policy acquisition costs		(1,235)
Prepaid expenses and other assets		(994)
Outstanding claims	6	57,462
Due to shareholders		(5,893)
Accrued expenses and other liabilities		(1,233)
		116,386
Net cash from operating activities		
INVESTING ACTIVITY		
Cash and cash equivalents acquired	3	251,400
Trading investment		(70,000)
Time deposits		(16,512)
		164,888
Cash from investing activities		
		281,274
INCREASE IN CASH AND CASH EQUIVALENTS		
		281,274
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		
		-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
	4	281,274
		281,274
MAJOR NON-CASH TRANSACTIONS:		
Assets acquired	3	332,400
		332,400
Liabilities taken over	3	601,712
		601,712


Chairman


Director and Managing Director


Finance Director


The accompanying notes 1 to 9 form 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 six month period ended 30 June 2009

	<i>Note</i>	<i>For the six month period ended 30 June 2009 (Unaudited) SR'000</i>
OPERATING ACTIVITIES		
Net comprehensive loss for the six month period		(3,538)
Adjustment for:		
Depreciation		2,748
		<u>(790)</u>
Changes in assets and liabilities:		
Accrued investment income		(1,340)
Accruals and other payables		9,824
Amount due from a related party		(3,504)
Amount due to a related party		1,777
Due from insurance operations		5,893
		<u>11,860</u>
INVESTING ACTIVITIES		
Purchase of furniture, fittings and equipment		(9,362)
Increase in time deposits		(293,674)
		<u>(303,036)</u>
DECREASE IN CASH AND CASH EQUIVALENTS		(291,176)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		291,218
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		42
	4	<u><u>42</u></u>
MAJOR NON-CASH TRANSACTIONS :		
Assets acquired	3	17,912
		<u>17,912</u>
Goodwill on acquisition	1	98,000
		<u>98,000</u>


Chairman


Director and Managing Director


Finance Director

The accompanying notes 1 to 9 form part of these interim condensed financial statements.


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

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six month period ended 30 June 2009

	<i>Note</i>	<i>Share Capital SR'000</i>	<i>Accumulated losses SR'000</i>	<i>Total SR'000</i>
Balance at 31 December 2008 (Audited)		400,000	(10,061)	389,939
Total comprehensive loss for the six month period		-	(3,538)	(3,538)
Zakat for the six month period	8	-	(3,360)	(3,360)
Balance at 30 June 2009 (Unaudited) (see note 1)		<u>400,000</u>	<u>(16,959)</u>	<u>383,041</u>


Chairman


Director and Managing Director


Finance Director

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2009

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 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 Bugshan Building, Mushrefah District, Palestine Street, Jeddah, Saudi Arabia. The Company is licensed to conduct insurance business in 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 Council of Ministers' Resolution No 279 dated 28 Shabaan 1428 H (corresponding to 10 September 2007).

The objectives of the Company are to engage in providing medical insurance and related services in accordance with its articles of association, and applicable regulations in Saudi Arabia. The company is 73.75% owned by Saudi shareholders and 26.25% owned by non-Saudi shareholders. The Company was listed on the Saudi Arabian stock market on 17 May 2008.

On 31 December 2008, the Company entered into an agreement with BUPA Middle East Limited E.C. (the Seller) pursuant to which it would acquire 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 Saudi Arabian Monetary Agency (SAMA), along with related insurance assets and liabilities of an equivalent amount (see note 3). In accordance with the instructions of SAMA, 50% of goodwill is expected to be paid during the year 2009, and the remaining 50% will be paid in future years out of the Company's profits for those years, after obtaining SAMA's approval before making any such payment.

As the Company did not commence the insurance operations in the corresponding period of the prior year, no comparative information is presented in the interim statements of 'insurance operations and accumulated surplus', 'shareholders' operations', 'comprehensive income', 'insurance operations' cash flows', 'shareholders' cash flows' and 'changes in shareholders' equity'.

As required by Saudi Arabian insurance regulations, the Company maintains separate accounts 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 accounts. The basis of allocation of expenses from joint operations is determined by the management and Board of Directors.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2009

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 except for the adoption of amendments to the revised IAS 1 (Presentation of Financial Statements) as mentioned below, effective from 1 January 2009.

IAS 1 ‘Presentation of Financial Statements’ (Revised):

The revised standard requires changes in equity arising from transactions with any shareholder in their capacity as shareholders’ (i.e. shareholder changes in income) to be presented in the statement of changes in equity. All other changes in equity (i.e. non-shareholder changes in equity) are required to be presented separately in a performance statement (statement of comprehensive income).

These interim condensed financial statements for the six month period ended 30 June 2009 (‘the period’) should be read in conjunction with the Company’s audited 31 December 2008 financial statements. In management’s opinion, the interim condensed financial statements reflect all adjustments (which include normal recurring adjustments) necessary to present fairly the results of operations for the interim period presented.

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

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.

Accounting convention

The financial statements are prepared under the historical cost convention.

Goodwill

Goodwill represents the amount paid by the Company in excess of the net fair value of the identifiable assets, liabilities acquired from BUPA Middle East Limited E.C. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Premiums receivable

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Policy acquisition costs

Commissions paid to intermediaries and other incremental direct costs incurred in relation to the acquisition and renewal of insurance contracts are capitalised as an intangible asset. The deferred policy acquisition costs are subsequently amortised over the terms of the insurance contracts to which they relate as premiums are earned.

Furniture, fittings and equipment/depreciation

The cost less estimated residual value of other furniture, fittings and equipment is depreciated on a straight line basis over the estimated useful lives of the assets.

The assets’ residual values, useful lives and method of depreciation are reviewed and adjusted if appropriate at each financial year end. Impairment reviews take place when events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment losses are recognised in the statement of shareholders’ operations as an expense.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2009

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

Furniture, fittings and equipment/depreciation (continued)

Expenditure for repair and maintenance are charged to the statement of shareholders' operations. Improvements that increase the value or materially extend the life of the related assets are capitalised.

Statutory reserve

As required by Saudi Arabian Insurance Regulations, 20% of the net shareholders' income shall be set aside as a statutory reserve until this reserve amounts to 100% of the paid up capital. The transfer to statutory reserve will be made at the year end.

Liability adequacy test

At each balance sheet date the Company assesses whether its recognised insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of estimated future cash flows, the entire deficiency is immediately recognised in the statement of insurance operations and an unexpired risk provision created.

The Company does not discount its liability for unpaid claims as substantially all claims are expected to be paid within one year of the balance sheet date.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) as a result of a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Zakat and income tax

Zakat and income tax are provided for in accordance with Saudi Arabian fiscal regulations. The liability is charged to retained earnings. Accordingly, amounts reimbursed by the shareholders of such zakat and income tax are credited to retained earnings.

As all tax and zakat charges will be recovered from the shareholders, no adjustments are made in the financial statements to account for the effects of deferred income taxes.

Employees' terminal benefits

Provision is made for amounts payable under the Saudi Arabian labour law applicable to employees' accumulated periods of service at the balance sheet date.

Impairment and uncollectibility of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the statement of insurance operations and accumulated surplus or the statement of shareholders' operations. Impairment is determined as follows:

- (a) For assets carried at fair value, impairment is the difference between cost and fair value.
- (b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.
- (c) For assets carried at amortised cost, impairment is the difference between the carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Company no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2009

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

Premiums earned

The Company only issues short term insurance contracts for providing health care services ('medical insurance') in Saudi Arabia. Premiums are taken into income over the terms of the policies to which they relate on a pro-rata basis. Unearned premiums represent the portion of premiums written relating to the unexpired period of coverage. The change in the provision for unearned premiums is taken to the statement of insurance operations and accumulated surplus in order that revenue is recognised over the period of risk.

Premiums written not invoiced represent the difference between the premiums written and the amounts invoiced.

Interest income

Interest income is recognised using the effective yield method.

Claims

Claims, comprising amounts payable to contract holders and third parties, net of volume rebates and other recoveries, are charged to income as incurred. Claims comprise the estimated amounts payable, in respect of claims reported to the Company and those not reported at the balance sheet date.

The Company generally estimates its claims based on previous experience. In addition a provision based on management's judgment and the Company's prior experience is maintained for the cost of settling claims incurred but not reported at the balance sheet date. Any difference between the provisions at the balance sheet date and settlements and provisions for the following year is included in the underwriting account for that year.

Foreign currencies

Transactions in foreign currencies are recorded in Saudi Riyals at the approximate rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of insurance operations and accumulated surplus or the statement of shareholders' operations.

Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and short term deposits that have original maturity periods not exceeding three months.

Expenses

Selling and marketing expenses are those which specifically relate to advertisement, sales promotion, and salesmen. All other expenses are classified as general and administration.

Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the statement of insurance operations and accumulated surplus on a straight-line basis over the lease term.

Fair values of financial instruments

Financial instruments include deposits, cash, trading investments, receivables, outstanding claims, payables and certain other assets and liabilities.

Fair values of financial instruments are estimated using methods such as net present values of future cash flows.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2009

3 TRANSFER OF PORTFOLIO

As stated in note 1, 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 Saudi Arabian Monetary Agency (SAMA), along with related insurance assets and liabilities of an equivalent amount. The value of assets and liabilities acquired from the Seller, as at 1 January 2009, as per the valuation approved by SAMA, are 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
Short term deposits	242,771
Cash and cash equivalents	8,629
Total assets transferred	601,712
LIABILITIES	
Unearned premiums	380,620
Outstanding claims (see note 6)	190,894
Other liabilities and provision	30,198
Total liabilities transferred	601,712
NET ASSET TRANSFERRED	-

4 CASH AND CASH EQUIVALENTS

	<i>30 June 2009</i>	<i>31 December</i>
	<i>(Unaudited)</i>	<i>2008</i>
	<i>SR'000</i>	<i>(Audited)</i>
		<i>SR'000</i>
<i>Insurance Operations</i>		
Cash in bank	29,079	-
Short-term deposits	252,195	-
	281,274	-
<i>Shareholders' Operations</i>		
Cash in bank	42	42
Short-term deposits	-	291,176
	42	291,218

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2009

5 STATUTORY DEPOSIT

	<i>30 June 2009</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>31 December</i> <i>2008</i> <i>(Audited)</i> <i>SR'000</i>
<i>Shareholders' Operations</i>		
Statutory deposit	40,000	40,000

As required by Saudi Arabian Insurance Regulations, the Company deposited 10% of its paid up share capital, amounting to SR 40 million in a bank designated by the Saudi Arabian Monetary Agency ("SAMA").

6 CLAIMS INCURRED

	<i>For the three</i> <i>month period</i> <i>ended 30</i> <i>June 2009</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>For the six</i> <i>month period</i> <i>ended 30</i> <i>June 2009</i> <i>(Unaudited)</i> <i>SR'000</i>
<i>Insurance Operations</i>		
Gross claims paid	221,363	415,513
Outstanding claims at the end of the period	248,356	248,356
	<u>469,719</u>	<u>663,869</u>
Outstanding claims at the beginning of the period	(227,447)	(190,894)
	<u>242,272</u>	<u>472,975</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2009

7 TRANSACTIONS WITH RELATED PARTIES

The following are the details of major related party transaction during the six months ended 30 June 2009 and the related balance at the quarter end:

<i>Related party</i>	<i>Nature of transaction</i>	<i>Amount of transaction SR'000</i>
Shareholders' Operations		
BUPA Middle East Limited E.C. (Affiliate)	Assets acquired (note 3)	601,712
	Liabilities taken over (note 3)	601,712
	Goodwill acquired (note 3)	98,000
	Payments made on behalf of the Affiliate and recharged to the Affiliate	3,504
ASAS Health Care Company Limited (ASAS – Affiliate)	Payments made on behalf of the Company and recharged to the Company	(1,777)

Amount due to the related party is disclosed in the interim statement of financial position.

8 ZAKAT AND INCOME TAX

The zakat payable by the Company has been calculated based on the best estimate of the management. No income tax has been accrued for, as the Company has incurred a loss during the six month period ended 30 June 2009.

9 SEASONALITY AND SEGMENT INFORMATION

- Due to seasonality of the operations, higher revenues and operating profits are usually expected in the second half of the year than in the first half of the year.
- The Company only issues short term insurance contracts for providing health care services ('medical insurance') in Saudi Arabia. For management purposes, the operations are monitored in two customer categories, based on the number of members covered, as detailed below:

	<i>For the six month period ended 30 June 2009 (Unaudited)</i>		
	<i>Premiums earned SR'000</i>	<i>Claims incurred SR'000</i>	<i>Net underwriting result SR'000</i>
Major	288,335	271,996	16,339
Other	260,398	200,979	59,419
	<u>548,733</u>	<u>472,975</u>	<u>75,758</u>