

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

**UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2012**

REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

Scope of review

We have reviewed the accompanying interim statement of financial position of Bupa Arabia For Cooperative Insurance Company – a Saudi Joint Stock Company (the “Company”) as at 31 March 2012, and the related interim statements of insurance operations and accumulated surplus, shareholders’ operations, comprehensive income, changes in shareholders’ equity, insurance operations’ cash flows, shareholders’ cash flows 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 Standard 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 Information issued by the Saudi Organization for Certified Public Accountants (SOCPA). A review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with Generally Accepted Auditing Standards in the Kingdom of Saudi Arabia, the objective of which is the expression of an opinion on the financial statements taken as a whole. Accordingly, we do not express such an opinion.

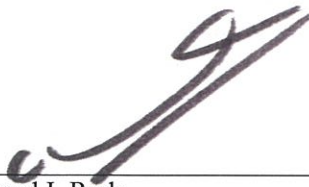
Conclusion

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

Emphasis of matter

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

for Ernst & Young



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Certified Public Accountant
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for KPMG Al Fozan & Al Sadhan



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Certified Public Accountant
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Jeddah, Kingdom of Saudi Arabia

29 Jumad Al Awal 1433 H
21 April 2012



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

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012**

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

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	<i>Notes</i>	<i>31 March 2012 SR'000 (Unaudited)</i>	<i>31 December 2011 SR'000 (Audited)</i>
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	4	750,637	551,914
Murabaha deposits		58,000	58,000
FVIS investments	5	203,099	187,699
Prepayments and other assets		28,603	30,069
Premiums receivable – net	6	477,962	339,830
Deferred policy acquisition costs		21,917	21,097
Total insurance operations' assets		1,540,218	1,188,609
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	4	13,631	13,631
FVIS investments	5	375,450	373,534
Other receivables		571	244
Goodwill		98,000	98,000
Furniture, fittings and equipment		47,486	41,565
Statutory deposit		40,000	40,000
Total shareholders' assets		575,138	566,974
TOTAL ASSETS		2,115,356	1,755,583

Chairman

Director and Chief Executive Officer

Chief Financial Officer

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

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

INTERIM STATEMENT OF FINANCIAL POSITION (continued)

As at 31 March 2012

	<i>Notes</i>	<i>31 March 2012 SR'000 (Unaudited)</i>	<i>31 December 2011 SR'000 (Audited)</i>
INSURANCE OPERATIONS' LIABILITIES AND SURPLUS			
Insurance operations' liabilities:			
Unearned premiums		1,021,525	722,739
Outstanding claims	7	429,819	381,265
Reinsurance balance payable		1,267	702
		<u>1,452,611</u>	<u>1,104,706</u>
Accrued expenses and other liabilities		62,391	59,503
Obligation under Long-Term Incentive Plan (LTIP)		5,662	4,846
		<u>1,520,664</u>	<u>1,169,055</u>
Policyholders' share of surplus from insurance operations		19,554	19,554
		<u>1,540,218</u>	<u>1,188,609</u>
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' liabilities			
Accrued expenses and other liabilities		24,022	21,352
Accrued Zakat and income tax	9	21,511	15,437
Amount due to a related party in respect of goodwill	1&3	3,355	3,355
Amount due to related parties		6,114	4,400
		<u>55,002</u>	<u>44,544</u>
Shareholders' equity			
Share capital		400,000	400,000
Shares held under Employees' Share Scheme		(999)	(2,910)
Statutory reserve		32,143	32,143
Retained earnings		88,992	93,197
		<u>520,136</u>	<u>522,430</u>
Total shareholders' equity		<u>520,136</u>	<u>522,430</u>
Total shareholders' liabilities and equity		<u>575,138</u>	<u>566,974</u>
TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY		<u><u>2,115,356</u></u>	<u><u>1,755,583</u></u>

Chairman

Director and Chief Executive Officer

Chief Financial Officer

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

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

**INTERIM STATEMENT OF INSURANCE OPERATIONS AND ACCUMULATED SURPLUS
(UNAUDITED)**

For the three-month period ended 31 March 2012

	<i>Notes</i>	<i>Three-month period ended 31 March 2012 SR'000</i>	<i>Three-month period ended 31 March 2011 SR'000</i>
REVENUE			
Gross written premiums		811,870	741,080
Premiums ceded		(564)	(623)
Net written premiums		811,306	740,457
Net movement in net unearned premium		(298,785)	(295,831)
Net earned premiums		512,521	444,626
CLAIMS			
Gross claims paid		404,894	346,080
Claims recovered		-	-
Net claims paid		404,894	346,080
Net movement in outstanding claims	7	48,554	28,948
Net claims incurred		453,448	375,028
Net underwriting result		59,073	69,598
Investment and commission income		4,317	755
OTHER INCOME		172	297
EXPENSES			
Selling and marketing		(21,157)	(66,946)
General and administration		(45,896)	(35,685)
DEFICIT FROM INSURANCE OPERATIONS		(3,491)	(31,981)
Shareholders' share of deficit from insurance operations		3,491	31,981
Policyholders' share of deficit from insurance operations		-	-
Policyholders' share of surplus from insurance operations at the beginning of the period		19,554	14,064
Policyholders' share of accumulated surplus from insurance operations at the end of the period		19,554	14,064

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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' OPERATIONS (UNAUDITED)

For the three-month period ended 31 March 2012

	<i>Three-month period ended 31 March 2012 SR'000</i>	<i>Three-month period ended 31 March 2011 SR'000</i>
REVENUE		
Shareholders' share of deficit from insurance operations	(3,491)	(31,981)
EXPENSES		
General and administration	(810)	(763)
	<u>(4,301)</u>	<u>(32,744)</u>
Investment income	6,170	94
NET INCOME/(LOSS) FOR THE PERIOD	<u>1,869</u>	<u>(32,650)</u>
Weighted average number of ordinary shares outstanding (in thousands)	<u>39,927</u>	<u>39,870</u>
Basic and diluted income per share (in Saudi Arabian Riyals)	<u>0.05</u>	<u>(0.82)</u>

Chairman



Chief Financial Officer



Director and Chief Executive Officer



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

INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three-month period ended 31 March 2012

	<i>Three-month period ended 31 March 2012 SR'000</i>	<i>Three-month period ended 31 March 2011 SR'000</i>
NET INCOME/(LOSS) FOR THE THREE MONTH PERIOD	1,869	(32,650)
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Zakat for the period	(3,757)	(1,892)
Income tax for the period	(2,317)	(939)
TOTAL COMPREHENSIVE LOSS FOR THE THREE MONTH PERIOD	(4,205)	(35,481)


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

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)


For the three-month period ended 31 March 2012

		<i>Share capital SR'000</i>	<i>Shares held under employees' share scheme SR'000</i>	<i>Statutory reserve SR'000</i>	<i>Retained earnings SR'000</i>	<i>Total SR'000</i>
	<i>Notes</i>					
Balance at 31 December 2011 (Audited)		400,000	(2,910)	32,143	93,197	522,430
Net income for the three-month period ended 31 March 2012		-	-	-	1,869	1,869
Zakat for the period	9	-	-	-	(3,757)	(3,757)
Income tax for the period	9	-	-	-	(2,317)	(2,317)
Partial disposal of shares held under LTIP		-	1,911	-	-	1,911
Balance at 31 March 2012		400,000	(999)	32,143	88,992	520,136

		<i>Share capital SR'000</i>	<i>Shares held under employees' share scheme SR'000</i>	<i>Statutory reserve SR'000</i>	<i>Retained earnings SR'000</i>	<i>Total SR'000</i>
	<i>Notes</i>					
Balance at 31 December 2010 (Audited)		400,000	(2,709)	23,694	72,004	492,989
Net loss for the three-month period ended 31 March 2011		-	-	-	(32,650)	(32,650)
Zakat for the period		-	-	-	(1,892)	(1,892)
Income tax for the period		-	-	-	(939)	(939)
Partial disposal of shares held under LTIP		-	1,200	-	-	1,200
Balance at 31 March 2011		400,000	(1,509)	23,694	36,523	458,708


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
(UNAUDITED)

For the three-month period ended 31 March 2012

	<i>Notes</i>	<i>Three-month period ended 31 March 2012 SR'000</i>	<i>Three-month period ended 31 March 2011 SR'000</i>
OPERATING ACTIVITIES			
Policyholders' share of deficit for the three-month period		-	-
Adjustment for:			
Depreciation		3,446	2,470
Net movement in unearned premiums		298,786	295,831
Allowance for doubtful premiums receivable	6	(15,129)	(224,537)
Deferred policy acquisition costs		(820)	(1,288)
Unrealised (gain)/loss on investments	5	(3,005)	26
		<u>283,278</u>	<u>72,502</u>
Changes in assets and liabilities:			
Premiums receivable		(123,003)	(4,785)
Prepayments and other assets		1,466	1,281
Outstanding claims		48,554	28,948
Due from shareholders' operations		(7,681)	(52,167)
Reinsurance balance payable		565	123
Accrued expenses and other liabilities		2,888	2,364
Obligation under LTIP		816	(104)
		<u>206,883</u>	<u>48,162</u>
Net cash from operating activities			
OPERATING ACTIVITY			
Purchase of investments	5	(8,160)	-
		<u>(8,160)</u>	<u>-</u>
Net cash used in investing activity			
		<u>198,723</u>	<u>48,162</u>
Increase in cash and cash equivalents			
		<u>551,914</u>	<u>346,908</u>
Cash and cash equivalents at the beginning of the period			
		<u>750,637</u>	<u>395,070</u>

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Director and Chief Executive Officer

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

INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS (UNAUDITED)

For the three-month period ended 31 March 2012

	<i>Notes</i>	<i>Three-month period ended 31 March 2012 SR'000</i>	<i>Three-month period ended 31 March 2011 SR'000</i>
OPERATING ACTIVITIES			
Net income/(loss) for the period		1,869	(32,650)
Adjustment for:			
Unrealised (gain)/loss on investments	5	(6,151)	53
		<u>(4,282)</u>	<u>(32,597)</u>
Changes in assets and liabilities:			
Accrued expenses and other liabilities		2,670	3,568
Amount due to related parties		1,714	444
Amount due to related party in respect of goodwill		-	(20,990)
Due to insurance operations		7,681	52,167
Other receivables		(327)	(244)
		<u>7,456</u>	<u>2,348</u>
Net cash from operating activities		<u>7,456</u>	<u>2,348</u>
INVESTING ACTIVITIES			
Purchase of furniture, fittings and equipment		(9,367)	(3,548)
Disposal of shares held under LTIP		1,911	1,200
		<u>(7,456)</u>	<u>(2,348)</u>
Net cash used in investing activities		<u>(7,456)</u>	<u>(2,348)</u>
Net movement in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the period		<u>13,631</u>	<u>13,631</u>
Cash and cash equivalents at the end of the period		<u><u>13,631</u></u>	<u><u>13,631</u></u>

Chairman

Chief Financial Officer

Director and Chief Executive Officer

The accompanying notes 1 to 11 form an integral part of three 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 2012

1 ORGANIZATION AND PRINCIPAL ACTIVITIES

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

Al-Rawdah Street,
Al-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. 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 future profits, after obtaining SAMA's approval. The Company paid the initial goodwill amount of SR 49 million in 2009, and paid the initial goodwill balance amount in two instalments of SR 28.01 million and SR 20.99 million in 2010 and 2011 respectively, after obtaining approval from SAMA (see note 3).

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. STATEMENT OF COMPLIANCE

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

b. BASIS OF PREPARATION

These financial statements are prepared under the historical cost convention except for the measurement of FVIS investments at fair value.

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

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

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2012

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

b. BASIS OF PREPARATION (continued)

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

The accounting policies adopted by the Company for the preparation of these interim condensed financial statements are in accordance with International Financial Reporting Standards (IFRS) and are consistent with those used for the preparation of annual financial statements. The adoption of new and amended IFRS and International Financial Reporting Interpretations Committee Interpretations (IFRIC) by the Company as mentioned in note 2(d) did not have any impact on these interim condensed financial statements.

These interim condensed financial statements for the three-month period ended 31 March 2012 (the "period") should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2011.

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 interim condensed financial statements do not contain all information and disclosures required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards.

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

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

c. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Saudi Arabian Riyals (SR), which is the Company's functional currency. All financial information presented in SR has been rounded to the nearest thousand except where indicated otherwise.

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

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

<i>Standard/ Interpretation</i>	<i>Description</i>
IAS 12	Amendments to Income taxes – Deferred taxes: Recovery of underlying assets
IFRS 7	Financial Instruments: Disclosures (Transfers of Financial Assets)
IAS 34	Interim Financial Reporting

The adoption of the relevant new and amended standards and interpretations applicable to the Company did not have any significant impact on these interim condensed financial statements.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2012

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

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

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

<i>Standard/ Interpretation</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date</i>
IFRS 9	Financial Instruments – Classification and Measurement	1 January 2015
IFRS 10	Consolidated financial statements	1 January 2013
IFRS 11	Joint arrangements	1 January 2013
IFRS 12	Disclosures of interests in other entities	1 January 2013
IFRS 13	Fair value measurement	1 January 2013
IAS 1	Amendments to IAS 1 Presentation of financial statements	1 July 2012
IAS 19	Amendments to IAS 19 Employee benefits	1 January 2013
IAS 27	Separate financial statements	1 January 2013
IAS 28	Investments in associates and joint ventures	1 January 2013

3 TRANSFER OF PORTFOLIO

	<i>31 March 2012 (Unaudited) SR'000</i>	<i>31 December 2011 (Audited) SR'000</i>
Amount payable to the Seller (related party) in respect of goodwill:		
Balance at the beginning of the period/year	3,355	20,990
Compensation for outstanding goodwill (see note below)	-	3,355
Paid during the period/year (see note 1)	-	(20,990)
Balance at the end of the period/year	<u>3,355</u>	<u>3,355</u>

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2012

4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following:

	<i>31 March 2012 (Unaudited) SR'000</i>	<i>31 December 2011 (Audited) SR'000</i>
<i>Insurance Operations</i>		
Cash in bank	292,652	194,556
Murabaha deposits	457,985	357,358
	<u>750,637</u>	<u>551,914</u>
<i>Shareholders' Operations</i>		
Cash in bank	<u>13,631</u>	<u>13,631</u>

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

5 FVIS INVESTMENTS

The carrying amount of the investments, classified as fair value through statement of income (FVIS), at 31 March 2012 was as follows:

	<i>31 March 2012 (Unaudited) SR'000</i>	<i>31 December 2011 (Audited) SR'000</i>
<i>Units in open ended mutual fund</i>		
Insurance operations	203,099	187,699
Shareholders' operations	375,450	373,534
	<u>578,549</u>	<u>561,233</u>

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

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

	<i>31 March 2012 (Unaudited) SR'000</i>	<i>31 December 2011 (Audited) SR'000</i>
<i>Insurance operations</i>		
Balance at the beginning of the period/year	187,699	257,178
Purchased during the period/year	8,160	6,000
Transferred from/(to) shareholders' operations (see note below)	4,235	(74,834)
Unrealised gain/ (loss) during the period/year	3,005	(645)
	<u>203,099</u>	<u>187,699</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2012

5 FVIS INVESTMENTS (continued)

	<i>31 March 2012 (Unaudited) SR'000</i>	<i>31 December 2011 (Audited) SR'000</i>
<i>Shareholders' operations</i>		
Balance at the beginning of the period/year	373,534	299,462
Transferred (to)/from insurance operations (see note below)	(4,235)	74,834
Unrealised gain/(loss) during the period/year	6,151	(762)
	<u>375,450</u>	<u>373,534</u>

As at 31 March 2012, a sum of SR 4,235 thousands was payable to the insurance operations' by the shareholders' operations. As at 31 December 2011, a sum of SR 74,834 thousands was payable to the shareholders' operations by the insurance operations. These amounts were settled by transfer of investments of equivalent amount between the operations at the respective dates.

6 PREMIUMS RECEIVABLE, NET

	<i>31 March 2012 (Unaudited) SR'000</i>	<i>31 December 2011 (Audited) SR'000</i>
Gross premiums receivable	526,939	403,936
Allowance for doubtful premiums receivable	(48,977)	(64,106)
	<u>477,962</u>	<u>339,830</u>

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

	<i>31 March 2012 (Unaudited) SR'000</i>	<i>31 December 2011 (Audited) SR'000</i>
Balance at the beginning of the period/year	64,106	30,164
Additional allowance during the period/year	-	33,942
Reversed during the period/year	(15,129)	-
	<u>48,977</u>	<u>64,106</u>

The age analysis of unimpaired premiums receivable arising from insurance contracts was as follows:

	<i>Neither past due nor impaired SR'000</i>	<i>Up to three months SR'000</i>	<i>Above three and up to six months SR'000</i>	<i>Above six and less than twelve months SR'000</i>	<i>Above twelve months SR'000</i>	<i>Total SR'000</i>
31 March 2012	56,188	315,516	46,442	52,000	7,816	477,962
31 December 2011	11,038	124,806	114,351	84,361	5,274	339,830

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over receivables. In respect of premiums receivable, 5 major customers accounted for 11.5% (31 December 2011: 15.9%) of this balance as at 31 March 2012.

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

At 31 March 2012

7 NET MOVEMENT IN OUTSTANDING CLAIMS

	<i>Three-month period ended 31 March 2012 (unaudited) SR'000</i>	<i>Three-month period ended 31 March 2011 (unaudited) SR'000</i>
Insurance Operations		
Outstanding claims at the end of the period	429,819	381,327
Outstanding claims at the beginning of the period	(381,265)	(352,379)
	<u>48,554</u>	<u>28,948</u>
Net movement in the outstanding claims		

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

8 TRANSACTIONS WITH RELATED PARTIES

The following are the details of major related party transactions during the three month period ended 31 March 2012 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 2012 (Unaudited) SR'000</i>	<i>Three-month period ended 31 March 2011 (unaudited) SR '000</i>
Insurance Operations			
Shareholders	Premiums written	16,841	13,872
Shareholders	Claims paid	410	548
Bupa Middle East Holdings Two WLL (Related party)	Trade mark fee	513	444
Shareholders	Medical cost payments to a provider (see note (a) below)	12,208	16,284
Key management personnel	Short term benefits	2,261	2,255
	Long term benefits	1,134	1,095
Shareholders' Operations			
Bupa Middle East Limited E.C. (Related party)	Payment in respect of Goodwill (note 3)	-	20,990

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 on an arm's length basis. As at 31 March 2012, the estimated payable to the related party, for medical cost payments, amounted to SR 15.5 million (31 December 2011: SR 14.1 million).

Amount due to related parties is disclosed in the interim statement of financial position. Premiums receivable, net, includes premiums receivable from related parties amounting to SR 14,602 thousands (31 December 2011: SR 1,248 thousands).

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

At 31 March 2012

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 2012 and for the year ended 31 December 2011 are as follows:

	<i>Zakat payable</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>Income tax payable</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>Total</i> <i>31 March</i> <i>2012</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>Total</i> <i>31 December</i> <i>2011</i> <i>(Audited)</i> <i>SR'000</i>
At the beginning of the period/year	14,088	1,349	15,437	7,905
Provided during the period/year	3,757	2,317	6,074	12,602
Payments during the period/year	-	-	-	(5,070)
Balance at end of the period/year	<u>17,845</u>	<u>3,666</u>	<u>21,511</u>	<u>15,437</u>

Status of assessments

The Department of Zakat and Income Tax ("DZIT") raised assessment with an additional tax, withholding tax and Zakat liability of SR 10,141 thousands for the period ended 31 December 2008 and for the years ended 31 December 2009 and 2010. The DZIT also stated that 1% delay fine will be imposed on additional tax and withholding tax liability. The Company intends to file an appeal against the assessment. The Company is in the process of filing its Zakat and income tax return for the year ended 31 December 2011.

10 SEASONALITY AND SEGMENT INFORMATION

a) SEASONALITY

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

b) SEGMENT INFORMATION

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

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

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

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

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

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

At 31 March 2012

10 SEASONALITY AND SEGMENT INFORMATION (continued)

b) SEGMENT INFORMATION (continued)

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

	<i>For the three-month period ended 31 March 2012</i>		
	Major SR'000	Non-major SR'000	Total SR'000
Gross written premiums	397,280	414,590	811,870
Premium ceded	(276)	(288)	(564)
Net written premiums	397,004	414,302	811,306
Net movement in net unearned premiums	(142,184)	(156,601)	(298,785)
Net earned premiums	254,820	257,701	512,521
Net claims paid	212,148	192,746	404,894
Net movement in outstanding claims	25,440	23,114	48,554
Net claims incurred	237,588	215,860	453,448
Net underwriting result	17,232	41,841	59,073
Unallocated income			4,489
Unallocated expenses			(67,053)
Deficit from insurance operations			(3,491)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2012

10 SEASONALITY AND SEGMENT INFORMATION (continued)

b) SEGMENT INFORMATION (continued)

	<i>For the three-month period ended</i>		
	<i>31 March 2011</i>		
	<i>Major</i>	<i>Non-major</i>	<i>Total</i>
	<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 paid	191,600	154,480	346,080
Net movement in outstanding claims	16,026	12,922	28,948
Net claims incurred	207,626	167,402	375,028
Net underwriting result	19,499	50,099	69,598
Unallocated income	-	-	1,052
Unallocated expenses	-	-	(102,631)
Deficit from insurance operations			(31,981)

	<i>As at 31 March 2012</i>		
	<i>Major</i>	<i>Non-major</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Insurance operations' assets			
Premiums receivable – net	257,532	220,430	477,962
Deferred policy acquisition costs	10,725	11,192	21,917
Unallocated assets	-	-	1,040,339
Total			1,540,218
Insurance operations' liabilities and surplus			
Unearned premiums	499,873	521,652	1,021,525
Outstanding claims	225,208	204,611	429,819
Unallocated liabilities and surplus	-	-	88,874
Total			1,540,218

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2012

10 SEASONALITY AND SEGMENT INFORMATION (continued)

b) SEGMENT INFORMATION (continued)

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

11 BOARD OF DIRECTORS' APPROVAL

These financial statements have been approved by the Board of Directors on 21 April 2012.