

**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 2012**

**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 2012**

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

We have reviewed the accompanying interim statement of financial position of Bupa Arabia For Cooperative Insurance Company – a Saudi Joint Stock Company (the “Company”) as at 30 June 2012, and the related interim statements of insurance operations and accumulated surplus, shareholders’ operations and comprehensive income for the three-month and six-month periods then ended, and the related interim statements of changes in shareholders’ equity, insurance operations’ cash flows and shareholders’ cash flows 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 in accordance with International Accounting Standards (“IAS 34”) and submitted to us together with all the information and explanations which we required. We conducted our review in accordance with the Standard on Review of Interim Financial Information issued by the Saudi Organization for Certified Public Accountants (SOCPA). A review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with Generally Accepted Auditing Standards in the Kingdom of Saudi Arabia, the objective of which is the expression of an opinion on the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Conclusion

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

Emphasis of matter

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

for Ernst & Young



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Jeddah, Kingdom of Saudi Arabia


17 July 2012
27 Sha`ban 1433 H

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

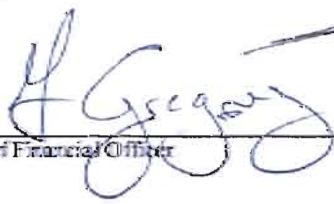
INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

		<i>30 June</i> <i>2012</i> <i>SR'000</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2011</i> <i>SR'000</i> <i>(Audited)</i>
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	4	810,790	551,914
Murabaha deposits		58,000	58,000
FVIS investments	5	206,629	187,699
Prepayments and other assets		23,478	30,069
Premiums receivable – net	6	438,180	339,830
Deferred policy acquisition costs		22,447	21,097
Total insurance operations' assets		1,559,524	1,188,609
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	4	13,631	13,631
FVIS investments	5	370,232	373,534
Other receivables		571	244
Goodwill	1	98,000	98,000
Furniture, fittings and equipment		46,382	41,565
Statutory deposit		40,000	40,000
Total shareholders' assets		568,816	566,974
TOTAL ASSETS		2,128,340	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 30 June 2012

		<i>30 June 2012 SR'000 (Unaudited)</i>	<i>31 December 2011 SR'000 (Audited)</i>
INSURANCE OPERATIONS' LIABILITIES AND SURPLUS			
Insurance operations' liabilities			
Unearned premiums		1,056,309	722,739
Outstanding claims	7	427,181	381,265
Reinsurance balance payable		196	702
		<u>1,483,686</u>	<u>1,104,706</u>
Accrued expenses and other liabilities		49,721	59,503
Obligation under Long-Term Incentive Plan (LTIP)		6,109	4,846
		<u>1,539,516</u>	<u>1,169,055</u>
Policyholders' share of surplus from insurance operations		20,008	19,554
Total insurance operations' liabilities and surplus		<u>1,559,524</u>	<u>1,188,609</u>
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' liabilities			
Accrued expenses and other liabilities		23,948	21,352
Accrued Zakat and income tax	9	27,673	15,437
Amount due to a related party in respect of goodwill	3	3,355	3,355
Amount due to related parties		2,006	4,400
Total shareholders' liabilities		<u>56,982</u>	<u>44,544</u>
Shareholders' equity			
Share capital		400,000	400,000
Shares held under employees' share scheme		(4,988)	(2,910)
Statutory reserve		32,143	32,143
Retained earnings		84,679	93,197
Total shareholders' equity		<u>511,834</u>	<u>522,430</u>
Total shareholders' liabilities and equity		<u>568,816</u>	<u>566,974</u>
TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY		<u>2,128,340</u>	<u>1,755,583</u>

Chairman

Director and Chief Executive Officer

Chief Financial Officer

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

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF INSURANCE OPERATIONS AND ACCUMULATED
SURPLUS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2012

Note	<i>Three-month period ended 30 June</i>		<i>Six-month period ended 30 June</i>	
	<i>2012 SR '000</i>	<i>2011 SR '000</i>	<i>2012 SR '000</i>	<i>2011 SR '000</i>
REVENUE				
Gross written premiums	563,867	531,393	1,375,737	1,272,473
Premiums ceded	(582)	(674)	(1,146)	(1,297)
Net written premiums	563,285	530,719	1,374,591	1,271,176
Net movement in net unearned premium	(34,785)	(50,065)	(333,570)	(345,896)
Net earned premiums	528,500	480,654	1,041,021	925,280
CLAIMS				
Gross claims paid	446,218	386,515	851,112	732,595
Claims recovered	(1,181)	(490)	(1,181)	(490)
Net claims paid	445,037	386,025	849,931	732,105
Net movement in outstanding claims	(2,638)	9,470	45,916	38,418
Net claims incurred	442,399	395,495	895,847	770,523
Net underwriting result	86,101	85,159	145,174	154,757
Investment and commission income	687	730	5,004	1,485
OTHER INCOME	41	109	213	406
EXPENSES				
Selling and marketing	(45,784)	(69,504)	(66,941)	(136,450)
General and administration	(33,010)	(35,930)	(78,906)	(71,615)
SURPLUS/(DEFICIT) FROM INSURANCE OPERATIONS	8,035	(19,436)	4,544	(51,417)
Shareholders' share of (deficit)/ surplus from insurance operations	(7,581)	19,436	(4,090)	51,417
Policyholders' share of surplus from insurance operations	454	-	454	-
Policyholders' share of surplus from insurance operations at the beginning of the period	19,554	14,064	19,554	14,064
Policyholders' share of accumulated surplus from insurance operations at the end of the period	20,008	14,064	20,008	14,064

Chairman

Director and Chief Executive Officer

Chief Financial Officer

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

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

INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2012

	<i>Three-month period ended 30 June</i>		<i>Six-month period ended 30 June</i>	
	<i>2012 SR'000</i>	<i>2011 SR'000</i>	<i>2012 SR'000</i>	<i>2011 SR'000</i>
REVENUE				
Shareholders' share of surplus/(deficit) from insurance operations	7,581	(19,436)	4,090	(51,417)
EXPENSES				
General and administration	(1,157)	(464)	(1,967)	(1,227)
	<u>6,424</u>	<u>(19,900)</u>	<u>2,123</u>	<u>(52,644)</u>
Investment income	(919)	93	5,251	187
NET INCOME/(LOSS) FOR THE PERIOD	<u>5,505</u>	<u>(19,807)</u>	<u>7,374</u>	<u>(52,457)</u>
Weighted average number of ordinary shares outstanding (in thousands)	<u>39,873</u>	<u>39,882</u>	<u>39,900</u>	<u>39,877</u>
Basic and diluted income / (loss) per share (in Saudi Arabian Riyals)	<u>0.14</u>	<u>(0.50)</u>	<u>0.18</u>	<u>(1.32)</u>

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Chief Financial Officer

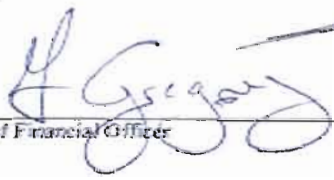
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BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the three-month and six-month periods ended 30 June 2012

	<i>Three-month period ended 30 June</i>		<i>Six-month period ended 30 June</i>	
	<i>2012 SR'000</i>	<i>2011 SR'000</i>	<i>2012 SR'000</i>	<i>2011 SR'000</i>
NET INCOME/(LOSS) FOR THE PERIOD	5,505	(19,807)	7,374	(52,457)
OTHER COMPREHENSIVE INCOME/(EXPENSE)				
Zakat for the period	(7,501)	(1,892)	(11,258)	(3,784)
Income tax for the period	(2,317)	(939)	(4,634)	(1,878)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(4,313)	(22,638)	(8,518)	(58,119)


Chairman


Director and Chief Executive Officer


Chief Financial Officer

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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 six-month period ended 30 June 2012

		<i>Shares held under employees'</i>		<i>Statutory</i>	<i>Retained</i>	<i>Total</i>
	<i>Notes</i>	<i>Share capital</i>	<i>share scheme</i>	<i>reserve</i>	<i>earnings</i>	<i>Total</i>
		<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Balance at 31 December 2011 (Audited)		400,000	(2,910)	32,143	93,197	522,430
Net income for the period		-	-	-	7,374	7,374
Zakat for the period	9	-	-	-	(11,258)	(11,258)
Income tax for the period	9	-	-	-	(4,634)	(4,634)
Partial disposal of shares held under LTIP		-	1,911	-	-	1,911
Purchase of additional shares held under LTIP		-	(3,989)	-	-	(3,989)
Balance at 30 June 2012		400,000	(4,988)	32,143	84,679	511,834

		<i>Shares held under employees'</i>		<i>Statutory</i>	<i>Retained</i>	<i>Total</i>
		<i>Share capital</i>	<i>share scheme</i>	<i>reserve</i>	<i>earnings</i>	<i>Total</i>
		<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Balance at 31 December 2010 (Audited)		400,000	(2,709)	23,694	72,004	492,989
Net loss for the period		-	-	-	(52,457)	(52,457)
Zakat for the period		-	-	-	(3,784)	(3,784)
Income tax for the period		-	-	-	(1,878)	(1,878)
Partial disposal of shares held under LTIP		-	1,200	-	-	1,200
Purchase of additional shares held under LTIP		-	(1,401)	-	-	(1,401)
Balance at 30 June 2011		400,000	(2,910)	23,694	13,885	434,669


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Chief Financial 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 six-month period ended 30 June 2012

	<i>Notes</i>	<i>Six-month period ended</i>	
		<i>30 June</i>	
		<i>2012</i>	<i>2011</i>
		<i>SR'000</i>	<i>SR'000</i>
OPERATING ACTIVITIES			
Policyholders' share of surplus for the six-month period		454	-
Adjustment for:			
Depreciation		6,921	5,183
Net movement in unearned premiums		333,570	345,896
Allowance for doubtful premiums receivable	6	(14,650)	(223,727)
Deferred policy acquisition costs		(1,350)	(2,595)
Unrealised gain on investments	5	(2,462)	(35)
		<u>322,483</u>	<u>124,722</u>
Changes in assets and liabilities:			
Premiums receivable		(83,700)	(4,876)
Prepayments and other assets		6,591	3,136
Outstanding claims		45,916	38,418
Due from/to shareholders' operations		(15,229)	(82,937)
Reinsurance balance payable		(506)	(972)
Accrued expenses and other liabilities		(9,782)	(2,034)
Obligation under LTIP		1,263	9
Net cash from operating activities		<u>267,036</u>	<u>75,466</u>
OPERATING ACTIVITY			
Purchase of investments	5	(8,160)	(6,000)
Net cash used in investing activity		<u>(8,160)</u>	<u>(6,000)</u>
Increase in cash and cash equivalents		258,876	69,466
Cash and cash equivalents at the beginning of the period		551,914	346,908
Cash and cash equivalents at the end of the period		810,790	416,374


Chairman


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Chief Financial Officer

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

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS (UNAUDITED)
For the six-month period ended 30 June 2012

		<i>Six-month period ended</i>	
		<i>30 June</i>	
		<u>2012</u>	<u>2011</u>
		<i>SR'000</i>	<i>SR'000</i>
<i>Notes</i>			
OPERATING ACTIVITIES			
	Net income/(loss) for the period	7,374	(52,457)
	Adjustment for:		
	Unrealised gain on investments	5 (5,006)	(40)
		<u>2,368</u>	<u>(52,497)</u>
	Changes in assets and liabilities:		
	Accrued expenses and other liabilities	2,596	4,170
	Amount due to related parties	(2,394)	(567)
	Due from/to insurance operations	15,229	82,937
	Other receivables	(327)	(244)
		<u>17,472</u>	<u>33,799</u>
	Zakat and income tax paid	9 (3,656)	(3,011)
	Net cash from operating activities	<u>13,816</u>	<u>30,788</u>
INVESTING ACTIVITIES			
	Purchase of furniture, fittings and equipment	(11,738)	(9,597)
	Purchase of shares held under LTIP	(3,989)	(1,401)
	Disposal of shares held under LTIP	1,911	1,200
	Amount paid to a related party in respect of goodwill	-	(20,990)
	Net cash used in investing activities	<u>(13,816)</u>	<u>(30,788)</u>
	Net movement in cash and cash equivalents	<u>-</u>	<u>-</u>
	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>13,631</u>	<u>13,631</u>

Chairman

Director and Chief Executive Officer

Chief Financial Officer

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 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-Khalediyah District,
P.O. Box 23807,
Jeddah 21436,
Kingdom of Saudi Arabia.

The Company is licensed to conduct insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree No. M/74 dated 29 Shabaan 1428 H (corresponding to 11 September 2007) pursuant to the Council of Ministers' Resolution No 279 dated 28 Shabaan 1428 H (corresponding to 10 September 2007). The Company is 73.75% owned by Saudi founding shareholders and the general public and 26.25% owned by non-Saudi founding shareholders. The Company was listed on the Saudi Stock Exchange (Tadawul) on 17 May 2008.

The objective of the Company is to transact cooperative insurance operations and related activities in the Kingdom of Saudi Arabia in accordance with its articles of association, and applicable regulations in the Kingdom of Saudi Arabia. The Company underwrites medical insurance only.

On 31 December 2008, the Company entered into an agreement with Bupa Middle East Limited E.C. (the "Seller") pursuant to which it acquired the Seller's insurance operations in the Kingdom of Saudi Arabia, effective from 1 January 2009. The acquisition transaction was approved by SAMA and resulted in goodwill of SR 98 Million.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. BASIS OF PREPARATION

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

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2011.

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

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 30 June 2012

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

a. BASIS OF PREPARATION (continued)

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

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

The preparation of interim condensed financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the interim condensed financial statements and the reported amounts of revenues and expenses during the interim reported period. Although these estimates and judgements are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. In the opinion of the management, the interim condensed financial statements reflect all adjustments (which include normal recurring adjustments) necessary to present fairly the results of operations for the interim periods presented.

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

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

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

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

<i>Standard/ Interpretation</i>	<i>Description</i>
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 above standards/interpretation and amendments 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 30 June 2012

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

b. 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 AMOUNT DUE TO A RELATED PARTY IN RESPECT OF GOODWILL

Amount payable to the Seller (related party) in respect of goodwill:	<i>30 June 2012 (Unaudited) SR'000</i>	<i>31 December 2011 (Audited) SR'000</i>
Balance at the beginning of the period/year	3,355	20,990
Compensation for outstanding goodwill (see note below)	-	3,355
Paid during the period/year	-	(20,990)
Balance at the end of the period/year	<u>3,355</u>	<u>3,355</u>

In accordance with the agreement between the Seller and the Company, the Seller is entitled to additional compensation, not exceeding 5% per annum on the outstanding amounts payable to them. Accordingly, during the year ended 31 December 2011, a sum of SR 3,355 thousands payable to the Seller was accrued and charged to general and administration expenses in the statement of shareholders' operations. This amount, which was calculated at a lower percentage than that allowed 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 30 June 2012

4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following:

	<i>30 June 2012 (Unaudited) SR'000</i>	<i>31 December 2011 (Audited) SR'000</i>
<i>Insurance Operations</i>		
Cash in bank	261,639	194,556
Murabaha deposits	549,151	357,358
	<u>810,790</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) was as follows:

	<i>30 June 2012 (Unaudited) SR'000</i>	<i>31 December 2011 (Audited) SR'000</i>
<i>Units in open ended mutual fund</i>		
Insurance operations	206,629	187,699
Shareholders' operations	370,232	373,534
	<u>576,861</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 six-month period ended 30 June 2012 and year ended 31 December 2011 is as follows:

	<i>30 June 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)	8,308	(74,834)
Unrealised gain/(loss) during the period/year	2,462	(645)
	<u>206,629</u>	<u>187,699</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2012

5 FVIS INVESTMENTS (continued)

	<i>30 June 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)	(8,308)	74,834
Unrealised gain/(loss) during the period/year	5,006	(762)
Balance at the end of the period/year	<u>370,232</u>	<u>373,534</u>

As at 30 June 2012, a sum of SR 8,308 thousands was payable to the insurance operations' by the shareholders' operations. As at 31 December 2011, 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 representing fair value at date of transfer between the operations at the respective dates.

6 PREMIUMS RECEIVABLE, NET

	<i>30 June 2012 (Unaudited) SR'000</i>	<i>31 December 2011 (Audited) SR'000</i>
Gross premiums receivable	487,636	403,936
Allowance for doubtful premiums receivable	(49,456)	(64,106)
Premiums receivable, net	<u>438,180</u>	<u>339,830</u>

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

	<i>30 June 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	(14,650)	-
Balance at end of the period/year	<u>49,456</u>	<u>64,106</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2012

7 NET MOVEMENT IN OUTSTANDING CLAIMS

	<i>Three-month period ended 30 June</i>		<i>Six-month period ended 30 June</i>	
	<i>2012 (Unaudited) SR'000</i>	<i>2011 (Unaudited) SR'000</i>	<i>2012 (Unaudited) SR'000</i>	<i>2011 (Unaudited) SR'000</i>
<i>Insurance Operations</i>				
Outstanding claims at the end of the period	427,181	390,797	427,181	390,797
Outstanding claims at the beginning of the period	(429,819)	(381,327)	(381,265)	(352,379)
Net movement in the outstanding claims	(2,638)	9,470	45,916	38,418

As at 30 June 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 six month period ended 30 June 2012 and the related balance at the period end:

<i>Related party</i>	<i>Nature of transaction</i>	<i>Amount of transaction</i>	
		<i>Six-month period ended 30 June 2012 (Unaudited) SR'000</i>	<i>Six-month period ended 30 June 2011 (unaudited) SR'000</i>
<i>Insurance Operations</i>			
Shareholders	Premiums written	22,633	15,377
Shareholders	Claims Paid	6,096	2,469
Shareholders	Medical cost payments to a provider (see note (a) below)	1,042	43,933
Bupa Middle East Holdings Two WLL (Related party)	Trade mark fee	51,337	927
Key management personnel	Short term benefits	4,471	4,451
	Long term benefits	1,855	1,374
<i>Shareholders' Operations</i>			
Bupa Middle East Limited E.C.(Affiliate)	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 30 June 2012, the estimated payable to the related party, for medical cost payments, amounted to SR 13.1 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 13.200 thousands (31 December 2011: SR 1,248 thousands).

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 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.

Movements in the zakat and income tax payable accrued during the six month period ended 30 June 2012 and for the year ended 31 December 2011 are as follows:

	<i>Zakat payable (Unaudited) SR '000</i>	<i>Income tax payable (Unaudited) SR '000</i>	<i>Total 30 June 2012 (Unaudited) SR '000</i>	<i>Total 31 December 2011 (Audited) SR '000</i>
At the beginning of the period/year	14,088	1,349	15,437	7,905
Provided during the period/year	11,258	4,634	15,892	12,602
Payments during the period/year	(1,482)	(2,174)	(3,656)	(5,070)
Balance at end of the period/year	<u>23,864</u>	<u>3,809</u>	<u>27,673</u>	<u>15,437</u>

Status of assessments

The Company has submitted Zakat and tax returns for the period ended 31 December 2008 and for years ended 31 December 2009 to 2011.

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 has filed an appeal against the above assessment.

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.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 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 30 June 2012</i>		
	<i>Major SR'000</i>	<i>Non-major SR'000</i>	<i>Total SR'000</i>
Gross written premiums	247,933	315,934	563,867
Premium ceded	(256)	(326)	(582)
Net written premiums	247,677	315,608	563,285
Net movement in net unearned premiums	(17,073)	(17,712)	(34,785)
Net earned premiums	230,604	297,896	528,500
Net claims paid	226,354	218,683	445,037
Net movement in outstanding claims	(1,341)	(1,297)	(2,638)
Net claims incurred	225,013	217,386	442,399
Net underwriting result	5,591	80,510	86,101
Unallocated income			728
Unallocated expenses			(78,794)
Surplus from insurance operations			8,035

	<i>For the three-month period ended 30 June 2011</i>		
	<i>Major SR'000</i>	<i>Non-major SR'000</i>	<i>Total SR'000</i>
Gross written premiums	246,722	284,671	531,393
Premium ceded	(317)	(357)	(674)
Net written premiums	246,405	284,314	530,719
Movement in net unearned premiums	(14,954)	(35,111)	(50,065)
Net earned premiums	231,451	249,203	480,654
Net claims paid	(214,977)	(171,048)	(386,025)
Net movement in outstanding claims	(5,293)	(4,177)	(9,470)
Net claims incurred	(220,270)	(175,225)	(395,495)
Net underwriting result			85,159
Unallocated income			839
Unallocated expenses			(105,434)
Deficit from insurance operations			(19,436)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2012

10 SEASONALITY AND SEGMENT INFORMATION (continued)

b) SEGMENT INFORMATION (continued)

	<i>For the six-month period ended 30 June 2012</i>		
	<i>Major SR '000</i>	<i>Non-major SR '000</i>	<i>Total SR '000</i>
Gross written premiums	645,213	730,524	1,375,737
Premium ceded	(532)	(614)	(1,146)
Net written premiums	644,681	729,910	1,374,591
Net movement in net unearned premiums	(159,257)	(174,313)	(333,570)
Net earned premiums	485,424	555,597	1,041,021
Net claims paid	438,502	411,429	849,931
Net movement in outstanding claims	24,099	21,817	45,916
Net claims incurred	462,601	433,246	895,847
Net underwriting result	22,823	122,351	145,174
Unallocated income			5,217
Unallocated expenses			(145,847)
Surplus from insurance operations			4,544

	<i>For the six-month period ended 30 June 2011</i>		
	<i>Major SR '000</i>	<i>Non-major SR '000</i>	<i>Total SR '000</i>
Gross written premiums	614,493	657,980	1,272,473
Premium ceded	(626)	(671)	(1,297)
Net written premiums	613,867	657,309	1,271,176
Net movement in net unearned premiums	(155,291)	(190,605)	(345,896)
Net earned premiums	458,576	466,704	925,280
Net claims paid	(406,577)	(325,528)	(732,105)
Net movement in outstanding claims	(21,319)	(17,099)	(38,418)
Net claims incurred	(427,896)	(342,627)	(770,523)
Net underwriting result			154,757
Unallocated income			1,891
Unallocated expenses			(208,065)
Deficit from insurance operations			(51,417)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2012

10 SEASONALITY AND SEGMENT INFORMATION (continued)

b) SEGMENT INFORMATION (continued)

	<i>As at 30 June 2012</i>		
	<u>Major</u> <i>SR'000</i>	<u>Non-major</u> <i>SR'000</i>	<u>Total</u> <i>SR'000</i>
Insurance operations' assets			
Premiums receivable – net	247,113	191,067	438,180
Deferred policy acquisition costs	9,877	12,570	22,447
Unallocated assets			1,098,897
Total			1,559,524
Insurance operations' liabilities and surplus			
Unearned premiums	517,591	538,718	1,056,309
Outstanding claims	217,862	209,319	427,181
Unallocated liabilities and surplus			76,034
Total			1,559,524

	<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>
Insurance operations' assets			
Premiums receivable - net	181,951	157,879	339,830
Deferred policy acquisition costs	10,348	10,749	21,097
Unallocated assets	-	-	827,682
Total			1,188,609
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			1,188,609

11 BOARD OF DIRECTORS' APPROVAL

These financial statements have been approved by the Board of Directors on 17 July 2012.