

**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 2010**



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

Scope of review

We have reviewed the accompanying interim statement of financial position of BUPA Arabia For Cooperative Insurance Company - A Saudi Joint Stock Company ('the Company') as at 30 June 2010, 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 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.

The comparative figures shown in these interim condensed financial statements were audited / reviewed by Ernst & Young and another auditor, whose audit / review reports contained an unqualified opinion / conclusion with an emphasis of matter paragraph similar to that set out below.

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 limited review, we are not aware of any material modifications that should be made to the accompanying interim condensed financial statements for them to be in conformity with International Accounting Standard (IAS) 34.

Emphasis of matter

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

For Ernst & Young

Ahmed I. Reda
Certified Public Accountant
Registration No. 356



for KPMG Al Fozan & Al Sadhan

Tareq A. Al Sadhan
Certified Public Accountant
Registration No. 352



5 Shaban 1431 H
17 July 2010

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

INTERIM STATEMENT OF FINANCIAL POSITION

At 30 June 2010

	Note	30 June 2010 (Unaudited) SR'000	31 December 2009 (Audited) SR'000
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	4	208,066	444,162
Investments	5	254,061	-
Prepaid expenses and other assets		20,902	28,823
Premiums receivable, net		57,496	64,732
Premiums written not invoiced, net		586,417	342,666
Deferred policy acquisition costs		14,929	14,764
Amount due from shareholders' operations		31,150	-
Total insurance operations' assets		1,173,021	895,147
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	4	13,631	308,789
Investments	5	296,148	-
Accrued income		-	613
Amount due from insurance operations		-	39,580
Goodwill	1&3	98,000	98,000
Furniture, fittings and equipment		39,207	21,025
Statutory deposit	6	40,000	40,000
Total shareholders' assets		486,986	508,007
TOTAL ASSETS		1,660,007	1,403,154


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)

At 30 June 2010

	Note	30 June 2010 (Unaudited) SR'000	31 December 2009 (Audited) SR'000
INSURANCE OPERATIONS' LIABILITIES AND SURPLUS			
Insurance operations' liabilities:			
Unearned premiums		817,389	522,517
Outstanding claims	7	305,759	275,259
Reinsurance balance payable		1,602	89
Accrued expenses and other liabilities		42,319	51,750
Amount due to shareholders' operations		-	39,580
Policyholders' share of surplus from insurance operations		5,952	5,952
Total insurance operations' liabilities and surplus		1,173,021	895,147
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' liabilities			
Accrued expenses and other liabilities		13,027	11,336
Accrued Zakat and income tax	9	3,404	10,318
Amount due to a related party in respect of goodwill	1&3(b)	20,990	49,000
Amount due to insurance operations		31,150	-
Total shareholders' liabilities		68,571	70,654
Shareholders' equity			
Share capital		400,000	400,000
Statutory reserve		9,534	9,534
Retained earnings		8,881	27,819
Shareholders' equity		418,415	437,353
Total shareholders' liabilities and equity		486,986	508,007
TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY		1,660,007	1,403,154


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
For the three month and six month periods ended 30 June 2010

	<i>Three month period ended 30 June</i>		<i>Six month period ended 30 June</i>	
	<i>2010 (Unaudited) SR'000</i>	<i>2009 (Unaudited) SR'000</i>	<i>2010 (Unaudited) SR'000</i>	<i>2009 (Unaudited) SR'000</i>
REVENUE				
Gross written premium	415,384	362,479	1,052,358	796,877
Net movement in unearned premium	(26,713)	(77,254)	(294,872)	(248,144)
Gross premiums earned	388,671	285,225	757,486	548,733
Premiums ceded	(1,013)	-	(1,513)	-
Net premiums earned	387,658	285,225	755,973	548,733
CLAIMS				
Claims incurred	7 330,779	242,272	658,320	472,975
NET UNDERWRITING RESULT	56,879	42,953	97,653	75,758
INVESTMENT INCOME	171	524	416	1,838
OTHER INCOME	184	-	256	3
EXPENSES				
Selling and marketing	(40,054)	(21,650)	(63,175)	(45,449)
General and administration	(17,621)	(19,782)	(47,944)	(36,856)
(DEFICIT)/SURPLUS FROM INSURANCE OPERATIONS	(441)	2,045	(12,794)	(4,706)
Shareholders' share of deficit/(surplus) from insurance operations	441	(1,841)	12,794	4,235
Policyholders' share of (deficit)/surplus from insurance operations	-	204	-	(471)


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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 SHAREHOLDERS' OPERATIONS

For the three month and six month periods ended 30 June 2010

	<i>Three month period ended 30 June</i>		<i>Six month period ended 30 June</i>	
	<i>2010 (Unaudited) SR'000</i>	<i>2009 (Unaudited) SR'000</i>	<i>2010 (Unaudited) SR'000</i>	<i>2009 (Unaudited) SR'000</i>
REVENUE				
Shareholders' share of (deficit)/surplus from insurance operations	(441)	1,841	(12,794)	(4,235)
EXPENSES				
General and administration	(1,401)	(1,129)	(2,528)	(3,140)
	(1,842)	712	(15,322)	(7,375)
Investment income	179	1,329	753	3,837
NET(LOSS)/PROFIT FOR THE PERIOD	(1,663)	2,041	(14,569)	(3,538)
Weighted average number of ordinary shares outstanding (in thousands)	40,000	40,000	40,000	40,000
Basic (loss)/earning per share (in Saudi Riyals)	(0.04)	0.05	(0.36)	(0.09)


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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

For the three month and six month periods ended 30 June 2010

	<i>Three month period ended 30 June</i>		<i>Six month period ended 30 June</i>	
	<i>2010 (Unaudited) SR'000</i>	<i>2009 (Unaudited) SR'000</i>	<i>2010 (Unaudited) SR'000</i>	<i>2009 (Unaudited) SR'000</i>
NET (LOSS)/PROFIT FOR THE PERIOD	(1,663)	2,041	(14,569)	(3,538)
Other comprehensive income/(expense)	-	-	-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	<u>(1,663)</u>	<u>2,041</u>	<u>(14,569)</u>	<u>(3,538)</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' CASH FLOWS
For the six month period ended 30 June 2010

		<i>Six month period ended 30 June</i>	
		<i>2010</i>	<i>2009</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Note</i>		<i>SR'000</i>	<i>SR'000</i>
OPERATING ACTIVITIES			
	Net loss for the six month period	-	(471)
Adjustment for:			
	Net movement in unearned premiums	294,872	248,144
	Premiums written not invoiced, net	(243,751)	(203,419)
	Deferred policy acquisition costs	(165)	(1,235)
5	Unrealised gain on trading investments	(96)	-
		<u>50,860</u>	<u>43,019</u>
Changes in assets and liabilities:			
	Premiums receivable, net	7,236	24,025
	Prepaid expenses and other assets	7,921	(994)
	Outstanding claims	30,500	57,462
	Due from/ to shareholders' operations	(70,730)	(5,893)
	Reinsurance balance payable	1,513	-
	Accrued expenses and other liabilities	(9,431)	(1,233)
	Net cash from operating activities	<u>17,869</u>	<u>116,386</u>
INVESTING ACTIVITIES			
	Cash and cash equivalents acquired	-	251,400
3			
	Purchase of investments	(253,965)	(70,000)
5			
	Time deposits	-	(16,512)
	Net cash (used in) from investing activities	<u>(253,965)</u>	<u>164,888</u>
	(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(236,096)</u>	<u>281,274</u>
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>444,162</u>	<u>-</u>
	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>208,066</u></u>	<u><u>281,274</u></u>
MAJOR NON-CASH TRANSACTIONS:			
	Assets acquired	-	332,400
3			
	Liabilities taken over	-	601,712
3			


Chairman


Director and Chief Executive Officer


Chief Financial 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)

INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS

For the six month period ended 30 June 2010

		<i>Six month period ended 30 June</i>	
		<i>2010 (Unaudited) SR'000</i>	<i>2009 (Unaudited) SR'000</i>
	<i>Note</i>		
OPERATING ACTIVITIES			
Net comprehensive loss for the six month period		(14,569)	(3,538)
Adjustment for:			
Depreciation		6,397	2,748
Unrealised gain on trading investments	5	(113)	-
		<u>(8,285)</u>	<u>(790)</u>
Changes in assets and liabilities:			
Accrued income		613	(1,340)
Accrued expenses and other liabilities		1,691	9,824
Amount due from a related party		-	(3,504)
Amount due to a related party		-	1,777
Due from/ to insurance operations		70,730	5,893
Zakat and income tax paid		(11,283)	-
		<u>53,466</u>	<u>11,860</u>
INVESTING ACTIVITIES			
Purchase of furniture, fittings and equipment		(24,579)	(9,362)
Increase in time deposits		-	(293,674)
Purchase of investments	5	(296,035)	-
Amount paid to related party in respect of goodwill		(28,010)	-
		<u>(348,624)</u>	<u>(303,036)</u>
Net cash used in investing activities			
		<u>(348,624)</u>	<u>(303,036)</u>
DECREASE IN CASH AND CASH EQUIVALENTS		(295,158)	(291,176)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		308,789	291,218
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		13,631	42
MAJOR NON-CASH TRANSACTIONS:			
Assets acquired	3	-	17,912
Goodwill on acquisition	1	-	98,000



 Chairman



 Director and Chief Executive Officer



 Chief Financial 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)**

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY


For the six month period ended 30 June 2010

	<i>Note</i>	<i>Share capital SR'000</i>	<i>Statutory reserve SR'000</i>	<i>Retained earnings SR'000</i>	<i>Total SR'000</i>
Balance at 31 December 2009 (Audited)		400,000	9,534	27,819	437,353
Total comprehensive loss for the six month period ended 30 June 2010		-	-	(14,569)	(14,569)
Zakat for the six month period ended 30 June 2010	9	-	-	(4,369)	(4,369)
Balance at 30 June 2010 (Unaudited)		400,000	9,534	8,881	418,415

	<i>Note</i>	<i>Share capital SR'000</i>	<i>Statutory reserve SR'000</i>	<i>Retained earnings 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 ended 30 June 2009		-	-	(3,538)	(3,538)
Zakat for the six month period ended 30 June 2009	9	-	-	(3,360)	(3,360)
Balance at 30 June 2009 (Unaudited)		400,000	-	(16,959)	383,041


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 2010

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 situated at No 1, Rawdah Street, Al Khaledeyyah District, Jeddah (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 objective of the Company is to transact cooperative insurance operations and related services in accordance with its Articles of Association, and applicable regulations in the Kingdom of Saudi Arabia. The Company underwrites only medical insurance.

On 31 December 2008, the Company entered into an agreement with Bupa Middle East Limited E.C. (the Seller) pursuant to which it acquired the Seller's insurance operations in the Kingdom of Saudi Arabia, effective from 1 January 2009, at a goodwill amount of SR 98 million, as approved by the Saudi Arabian Monetary Agency (SAMA), along with related insurance assets and liabilities of an equivalent amount (see note 3). 50% of the amount in respect of the goodwill was paid to the seller during 2009. In accordance with the instructions of SAMA, the remaining 50% will be paid subsequent to 2009, out of the Company's profits for those years, after obtaining SAMA's approval. During the three month period ended 30 June 2010, the Company paid an additional payment of SR 28,010 thousands, after obtaining approval from SAMA, (see note 3(b)).

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

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

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

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2010

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

Basis of preparation (continued)

These interim condensed financial statements for the six month period ended 30 June 2010 ('the period') should be read in conjunction with the Company's audited 31 December 2009 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 do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards.

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

Investments

Investments are classified as fair value through statement of income (FVIS), if the fair value of the investment can be reliably measured and the classification as FVIS is as per the documented strategy of the Company. Investments classified as FVIS are initially recognised at cost, being the fair value of the consideration given. Subsequently such investments are remeasured at fair value with all changes in fair value being recorded in the interim statement of insurance operations and accumulated surplus and statement of shareholders' operations.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2010

3 TRANSFER OF PORTFOLIO

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

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

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

	<i>Six month period ended 30 June 2010 (Unaudited) SR'000</i>	<i>31 December 2009 (Audited) SR'000</i>
Balance as at the beginning of the period/year	49,000	-
Value of goodwill	-	98,000
Paid during the period	(28,010)	(49,000)
Balance at the end of the period/year	<u><u>20,990</u></u>	<u><u>49,000</u></u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2010

4 CASH AND CASH EQUIVALENTS

	<i>30 June 2010 (Unaudited) SR'000</i>	<i>31 December 2009 (Audited) SR'000</i>
<i>Insurance Operations</i>		
Cash in bank	148,066	190,662
Short-term deposits	60,000	253,500
	<u>208,066</u>	<u>444,162</u>
<i>Shareholders' Operations</i>		
Cash in bank	13,631	13,615
Short-term deposits	-	295,174
	<u>13,631</u>	<u>308,789</u>

At 30 June 2010, bank balances, relating to insurance operations, amounting to SR 94.7 million (2009: SR 190.4 million) are held in the name of a related party of the Company, on behalf of the Company.

5 INVESTMENTS

The carrying amount of the investments, classified as FVIS, at 30 June 2010 was as follows:

	<i>30 June 2010 (Unaudited) SR'000</i>	<i>31 December 2009 (Audited) SR'000</i>
<i>Units in open ended mutual fund</i>		
Insurance operations	254,061	-
Shareholders' operations	296,148	-
	<u>550,209</u>	<u>-</u>

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2010

5 INVESTMENTS (continued)

The movement in the investments during the six month period ended 30 June 2010 and year ended 31 December 2009 is as follows:

	<i>30 June 2010 (Unaudited) SR'000</i>	<i>31 December 2009 (Audited) SR'000</i>
<i>Insurance operations</i>		
Purchased during the period/year	253,965	-
Unrealised gain during the period/year	96	-
	<hr/>	<hr/>
Balance at end of the period/year	254,061	-
	<hr/> <hr/>	<hr/> <hr/>
	<i>30 June 2010 (Unaudited) SR'000</i>	<i>31 December 2009 (Audited) SR'000</i>
<i>Shareholders' operations</i>		
Purchased during the period/year	296,035	-
Unrealised gain during the period/year	113	-
	<hr/>	<hr/>
Balance at end of the period/year	296,148	-
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6 STATUTORY DEPOSIT

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 SAMA.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2010

7 CLAIMS INCURRED

	<i>Three month period ended</i>		<i>Six month period ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<i>Insurance Operations</i>				
Gross claims paid	302,156	221,363	627,820	415,513
Outstanding claims at the end of the period	305,759	248,356	305,759	248,356
	607,915	469,719	933,579	663,869
Outstanding claims at the beginning of the period	(277,136)	(227,447)	(275,259)	(190,894)
	330,779	242,272	658,320	472,975

With effect from 15 December 2009, the Company has entered into an excess of loss (XOL) reinsurance contract with its reinsurers. As at the date of statement of financial position, 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 financial statements.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2010

8 TRANSACTIONS WITH RELATED PARTIES

The following are the details of major related party transaction during the six month period ended 30 June 2010 and the related balance at the period end:

<i>Related party</i>	<i>Nature of transaction</i>	<i>Amount of transaction</i>	
		<i>SR'000</i> <i>Six month</i> <i>period ended</i> <i>30 June</i> <i>2010</i>	<i>SR'000</i> <i>Six month</i> <i>period ended</i> <i>30 June</i> <i>2009</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	(513)	(1,777)

<i>Related party</i>	<i>Nature of transaction</i>	<i>Amount of transaction</i>	
		<i>SR'000</i> <i>Six month</i> <i>period ended</i> <i>30 June</i> <i>2010</i>	<i>SR'000</i> <i>Six month</i> <i>period ended</i> <i>30 June</i> <i>2009</i>
Insurance Operations			
Related parties	Premiums written	11,251	4,509
	Claims paid	3,259	2,823
	Provider claims paid	24,438	11,484
Key management personnel	Short term benefits	4,697	4,505
	Long term benefits	165	267

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2010

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. No income tax has been accrued for during the six month period ended 30 June 2009, as the Company has incurred a loss during that period.

10 SEASONALITY AND SEGMENT INFORMATION

a) SEASONALITY

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

b) SEGMENT INFORMATION

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

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

Segment assets do not include cash and cash equivalents and prepayments and other assets.

Segment liabilities do not include accruals and other liabilities, amount due to shareholders' operations and policyholders' share of surplus from insurance operations.

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

	<i>For the six month period ended 30 June 2010</i>		
	Major	Non-major	Total
	SR'000	SR'000	SR'000
Net premiums earned	397,777	358,196	755,973
Claims incurred	(364,792)	(293,528)	(658,320)
Unallocated income			672
Unallocated expenses			(111,119)
Deficit from insurance operations			(12,794)

**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2010

10 SEASONALITY AND SEGMENT INFORMATION (continued)

b) SEGMENT INFORMATION (continued)

	<i>For the six month period ended 30 June 2010</i>		
	Major SR'000	Non-major SR'000	Total SR'000
Insurance operations' assets			
Premiums receivable, net	40,028	17,468	57,496
Premiums written not invoiced, net	304,605	281,812	586,417
Deferred policy acquisition costs	7,162	7,767	14,929
Unallocated assets	-	-	514,179
Total			1,173,021
Insurance operations' liabilities and surplus			
Unearned premiums	392,112	425,277	817,389
Outstanding claims	169,429	136,330	305,759
Unallocated liabilities and surplus	-	-	49,873
Total			1,173,021

11 BOARD OF DIRECTORS' APPROVAL

These financial statements have been approved by the Board of Directors on 17 July 2010.