

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

**UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2013**

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

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013**

INDEX	PAGE
Independent Joint Auditors' Report	1
Interim Statement of Financial Position	2 – 3
Interim Statement of Insurance Operations and Accumulated Surplus	4
Interim Statement of Shareholders' Operations	5
Interim Statement of Comprehensive Income	6
Interim Statement of Changes in Shareholders' Equity	7
Interim Statement of Insurance Operations' Cash Flows	8
Interim Statement of Shareholders' Cash Flows	9
Notes to the Interim Condensed Financial Statements	10 - 19

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 2013, and the related interim statements of insurance operations and accumulated surplus, shareholders’ operations, comprehensive income, changes in shareholders’ equity, insurance operations’ cash flows and 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 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.

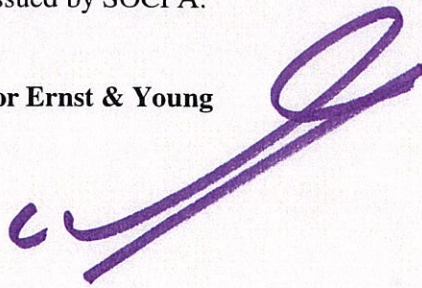
Conclusion

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



Ahmed I. Reda
Certified Public Accountant
Licence No. 356



for KPMG Al Fozan & Al Sadhan



Ebrahim Oboud Baeshen
Certified Public Accountant
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**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

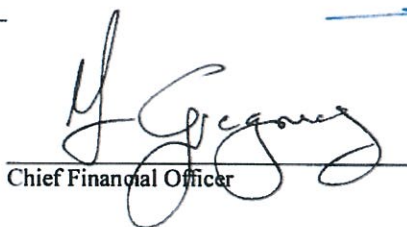
		<i>31 March 2013 SR'000 (Unaudited)</i>	<i>31 December 2012 SR'000 (Audited)</i>
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	4	510,404	204,533
Murabaha deposits	5	434,303	732,340
FVIS investments	6	106,129	87,821
Prepayments and other assets		28,419	23,786
Premiums receivable, net	7	485,701	235,259
Deferred policy acquisition costs		22,890	22,535
Total insurance operations' assets		1,587,846	1,306,274
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	4	13,631	13,631
FVIS investments	6	490,986	497,158
Other receivables		735	735
Goodwill	3	98,000	98,000
Furniture, fittings and equipment		46,692	48,918
Statutory deposit		40,000	40,000
Total shareholders' assets		690,044	698,442
TOTAL ASSETS		2,277,890	2,004,716



Chairman



Director and Chief Executive Officer



Chief Financial Officer

The accompanying notes 1 to 14 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 2013

	<i>Notes</i>	<i>31 March 2013 SR'000 (Unaudited)</i>	<i>31 December 2012 SR'000 (Audited)</i>
INSURANCE OPERATIONS' LIABILITIES AND SURPLUS			
Insurance operations' liabilities			
Unearned premiums		1,079,048	786,669
Outstanding claims	8	422,918	413,509
Reinsurance balance payable		429	443
		<u>1,502,395</u>	<u>1,200,621</u>
Accrued expenses and other liabilities		41,141	63,619
Obligation under Long-Term Incentive Plan (LTIP)		10,375	8,099
		<u>1,553,911</u>	<u>1,272,339</u>
Policyholders' share of surplus from insurance operations		33,935	33,935
Total insurance operations' liabilities and surplus		<u>1,587,846</u>	<u>1,306,274</u>
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' liabilities			
Accrued expenses and other liabilities		27,987	26,532
Accrued Zakat and income tax	10	32,925	30,306
Amount due to a related party in respect of goodwill	3	-	3,355
Amount due to related parties	9	1,559	4,041
Total shareholders' liabilities		<u>62,471</u>	<u>64,234</u>
Shareholders' equity			
Share capital		400,000	400,000
Shares held under employees' share scheme		(4,988)	(4,988)
Statutory reserve		59,024	59,024
Retained earnings		173,537	180,172
Total shareholders' equity		<u>627,573</u>	<u>634,208</u>
Total shareholders' liabilities and equity		<u>690,044</u>	<u>698,442</u>
TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY		<u>2,277,890</u>	<u>2,004,716</u>


Chairman


Director and Chief Executive Officer


Chief Financial Officer


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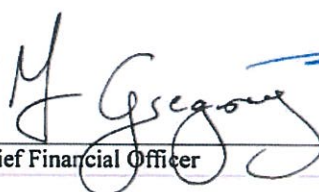
**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

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

For the three-month period ended 31 March 2013

	<i>Note</i>	2013 SR'000	2012 SR'000
REVENUE			
Gross written premiums		824,663	811,870
Premiums ceded		(586)	(564)
Net written premiums		824,077	811,306
Net movement in unearned premiums		(292,379)	(298,785)
Net earned premiums		531,698	512,521
CLAIMS			
Claims paid		452,381	404,894
Net movement in outstanding claims	8	9,409	48,554
Net claims incurred		461,790	453,448
Net underwriting result		69,908	59,073
Investment and commission income		5,228	4,317
Other income		122	172
EXPENSES			
Selling and marketing		(45,400)	(21,157)
General and administration		(42,365)	(45,896)
DEFICIT FROM INSURANCE OPERATIONS		(12,507)	(3,491)
Shareholders' share of deficit from insurance operations	2(a)	12,507	3,491
Policyholders' share of deficit from insurance operations		-	-
Policyholders' share of surplus from insurance operations at the beginning of the period		33,935	19,554
Policyholders' share of accumulated surplus from insurance operations at the end of the period		33,935	19,554


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 SHAREHOLDERS' OPERATIONS (UNAUDITED)

For the three-month period ended 31 March 2013

	<i>2013</i> <i>SR'000</i>	<i>2012</i> <i>SR'000</i>
REVENUE		
Shareholders' share of deficit from insurance operations	(12,507)	(3,491)
EXPENSES		
General and administration	(1,799)	(810)
	(14,306)	(4,301)
Investment income	10,290	6,170
Net (loss)/income for the period	(4,016)	1,869
Weighted average number of ordinary shares outstanding (in thousands)	39,788	39,927
Basic and diluted (loss)/income per share (in Saudi Arabian Riyals)	(0.10)	0.05



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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 period ended 31 March 2013

	<i>2013</i> <i>SR'000</i>	<i>2012</i> <i>SR'000</i>
Net (loss)/income for the period	(4,016)	1,869
Other comprehensive income/(expense)		
Zakat for the period (Note 10)	(732)	(3,757)
Income tax for the period (Note 10)	(1,887)	(2,317)
Total comprehensive loss for the period	<u>(6,635)</u>	<u>(4,205)</u>



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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 CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)

For the three-month period ended 31 March 2013

		<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 2012 (Audited)		400,000	(4,988)	59,024	180,172	634,208
Net loss for the period		-	-	-	(4,016)	(4,016)
Zakat for the period	10	-	-	-	(732)	(732)
Income tax for the period	10	-	-	-	(1,887)	(1,887)
Partial disposal of shares held under LTIP		-	-	-	-	-
Balance at 31 March 2013 (Unaudited)		400,000	(4,988)	59,024	173,537	627,573

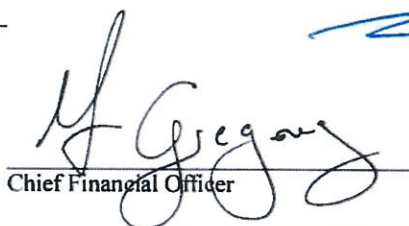
		<i>Share capital SR'000</i>	<i>Shares held under employees' share scheme SR'000</i>	<i>Statutory reserve SR'000</i>	<i>Retained earnings SR'000</i>	<i>Total SR'000</i>
Balance at 31 December 2011 (Audited)		400,000	(2,910)	32,143	93,197	522,430
Net income for the period		-	-	-	1,869	1,869
Zakat for the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



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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 2013

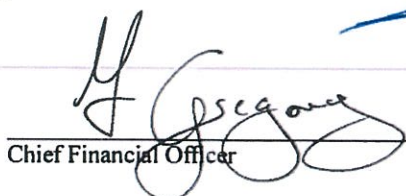
	<i>Notes</i>	<i>2013 SR'000</i>	<i>2012 SR'000</i>
OPERATING ACTIVITIES			
Policyholders' share of deficit for the period		-	-
Adjustment for:			
Depreciation		3,426	3,446
Net movement in unearned premiums		292,379	298,786
Allowance/(reversal of allowance) for doubtful premiums receivable	7	2,496	(15,129)
Deferred policy acquisition costs		(355)	(820)
Unrealised gain on investments	6	(1,591)	(3,005)
		<u>296,355</u>	<u>283,278</u>
Changes in assets and liabilities:			
Premiums receivable		(252,938)	(123,003)
Prepayments and other assets		(4,633)	1,466
Outstanding claims	8	9,409	48,554
Due from shareholders' operations		(20,143)	(7,681)
Reinsurance balance payable		(14)	565
Accrued expenses and other liabilities		(22,478)	2,888
Obligation under LTIP		2,276	816
Net cash from operating activities		<u>7,834</u>	<u>206,883</u>
INVESTING ACTIVITIES			
Purchase of investments		-	(8,160)
Murabaha deposits	5	298,037	-
Net cash from/(used in) investing activities		<u>298,037</u>	<u>(8,160)</u>
Increase in cash and cash equivalents		305,871	198,723
Cash and cash equivalents at beginning of the period		204,533	551,914
Cash and cash equivalents at end of the period	4	<u>510,404</u>	<u>750,637</u>



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**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
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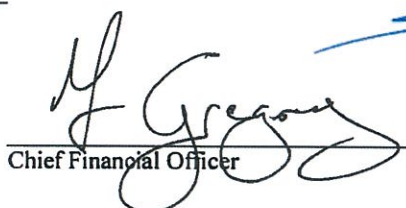
INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS (UNAUDITED)

For the three-month period ended 31 March 2013

	<i>Notes</i>	2013 SR'000	2012 SR'000
OPERATING ACTIVITIES			
Net (loss)/income for the period		(4,016)	1,869
Adjustment for:			
Unrealised gain on investments	6	(10,545)	(6,151)
		(14,561)	(4,282)
Changes in assets and liabilities:			
Accrued expenses and other liabilities		1,455	2,670
Amount due to related parties		(2,482)	1,714
Amount due to a related party in respect of goodwill	3	(3,355)	-
Due to insurance operations		20,143	7,681
Other receivables		-	(327)
Net cash from operating activities		1,200	7,456
INVESTING ACTIVITIES			
Purchase of furniture, fittings and equipment		(1,200)	(9,367)
Disposal of shares held under LTIP		-	1,911
Net cash used in investing activities		(1,200)	(7,456)
Net movement in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the period		13,631	13,631
Cash and cash equivalents at end of the period	4	13,631	13,631



Chairman



Chief Financial Officer



Director and Chief Executive Officer

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2013

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-Khaledeiyah 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.

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 2012.

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.

In accordance with 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/>

If the insurance operations result in a deficit, the entire deficit is borne by the shareholders’ operations.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2013

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, subject to the approval of SAMA, 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>
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint arrangements
IFRS 12	Disclosure of interests in other entities
IFRS 13	Fair Value Measurement
IAS 1	Amendments to IAS 1 Presentation of items of Other Comprehensive Income
IAS 19	Revision to IAS 19 Employee Benefits
IAS 27	Separate Financial Statements
IAS 28	Investments in associates & joint ventures
IAS 32	Amendment to IAS 32 Tax effects of distributions to holders of equity instruments
IAS 34	Amendment to IAS 34 Interim financial reporting and segment information for total assets and liabilities

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2013

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

c. 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	1 January 2015
IFRS 10, IFRS 12 & IAS 27	Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities	1 January 2014
IAS 32	Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities	1 January 2014

The Company is currently assessing the implications of the above mentioned standards, amendments or interpretations on the Company's financial statements on adoption.

3 AMOUNT DUE TO A RELATED PARTY IN RESPECT OF GOODWILL

On 31 December 2008, the Company entered into an agreement with Bupa Middle East Limited E.C. (the "Seller"), a related party, 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 the Saudi Arabian Monetary Agency ("SAMA") and resulted in goodwill of SR 98 Million. The entire amount was paid to the Seller after obtaining required regulatory approval.

As per the terms of the agreement with the Seller, the Seller is also eligible for additional goodwill consideration of SR 3,355 thousand. During the period ended 31 March 2013, the Company received SAMA's letter, number 341000017461, approving the settlement of the final goodwill consideration of SR 3,355 thousand and accordingly settled the amount with the Seller.

The movement in the amount payable to the Seller in respect of goodwill during the period ended 31 March 2013 and for the year ended 31 December 2012 is as follows:

	<i>31 March 2013 (Unaudited) SR'000</i>	<i>31 December 2012 (Audited) SR'000</i>
Balance at beginning of the period/year	3,355	3,355
Paid during the period/year	(3,355)	-
Balance at end of the period/year	<u>-</u>	<u>3,355</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2013

4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following:

	<i>31 March 2013 (Unaudited) SR'000</i>	<i>31 December 2012 (Audited) SR'000</i>
<i>Insurance Operations</i>		
Cash in banks	90,726	83,267
Murabaha deposits (see note 5)	419,678	121,266
	<u>510,404</u>	<u>204,533</u>
<i>Shareholders' Operations</i>		
Cash in bank	13,631	13,631
	<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 MURABAHA DEPOSITS

Murabaha deposits comprised the following:

	<i>31 March 2013 (Unaudited) SR'000</i>	<i>31 December 2012 (Audited) SR'000</i>
<i>Insurance Operations</i>		
Murabaha deposits	853,981	853,606
Less: Murabaha deposits with maturity less than three months (see note 4)	(419,678)	(121,266)
	<u>434,303</u>	<u>732,340</u>

6 FVIS INVESTMENTS

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

	<i>31 March 2013 (Unaudited) SR'000</i>	<i>31 December 2012 (Audited) SR'000</i>
<i>Units in open ended mutual fund</i>		
Insurance operations	106,129	87,821
Shareholders' operations	490,986	497,158
	<u>597,115</u>	<u>584,979</u>

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2013

6 FVIS INVESTMENTS (continued)

The movement in the investments during the period ended 31 March 2013 and for the year ended 31 December 2012 is as follows:

	<i>31 March 2013 (Unaudited) SR'000</i>	<i>31 December 2012 (Audited) SR'000</i>
Insurance operations		
Balance at beginning of the period/year	87,821	187,699
Purchased during the period/year	-	8,160
Transferred from/(to) shareholders' operations (see note below)	16,717	(113,191)
Unrealised gain during the period/year	1,591	5,153
	<u>106,129</u>	<u>87,821</u>
Shareholders' operations		
Balance at beginning of the period/year	497,158	373,534
Transferred (to)/from insurance operations (see note below)	(16,717)	113,191
Unrealised gain during the period/year	10,545	10,433
	<u>490,986</u>	<u>497,158</u>

Amount payable to/receivable from shareholders operations are settled, at each quarter end, by transfer of investments of an equivalent amount representing fair value between the operations at the respective date.

7 PREMIUMS RECEIVABLE, NET

	<i>31 March 2013 (Unaudited) SR'000</i>	<i>31 December 2012 (Audited) SR'000</i>
Gross premiums receivable	532,745	279,807
Allowance for doubtful premiums receivable	(47,044)	(44,548)
	<u>485,701</u>	<u>235,259</u>

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

	<i>31 March 2013 (Unaudited) SR'000</i>	<i>31 December 2012 (Audited) SR'000</i>
Balance at beginning of the period/year	44,548	64,106
Provision made during the period/year	2,496	-
Reversal during the period/year	-	(19,558)
	<u>47,044</u>	<u>44,548</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2013

8 NET MOVEMENT IN OUTSTANDING CLAIMS

	<i>Three-month period ended 31 March 2013 (Unaudited) SR'000</i>	<i>Three-month period ended 31 March 2012 (Unaudited) SR'000</i>
Insurance Operations		
Outstanding claims at end of the period	422,918	429,819
Outstanding claims at beginning of the period	(413,509)	(381,265)
Net movement in outstanding claims	9,409	48,554

As at 31 March 2013 and 2012, 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 condensed financial statements.

9 TRANSACTIONS WITH RELATED PARTIES

The following are the details of major related party transactions during the period ended 31 March 2013 and the related balances 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 2013 (Unaudited) SR'000</i>	<i>Three-month period ended 31 March 2012 (Unaudited) SR'000</i>
Insurance Operations			
Shareholders	Premiums written	26,858	16,841
Shareholders	Claims paid	3,132	410
Shareholders	Medical cost payments to a provider (see note (a) below)	25,844	12,208
Bupa Middle East Holdings Two WLL (Related party)	Trade mark fee	532	513
Key management personnel	Short-term benefits	2,644	2,261
	Long-term benefits	1,209	1,134
Shareholders' Operations			
Bupa Middle East Limited E.C. (Affiliate)	Payment in respect of goodwill consideration (note 3)	3,355	-

- a) The related party is a hospital provider where any of the Company'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 2013, the estimated payable to the related party, for medical cost payments, amounted to SR 15.9 million (31 December 2012: SR 15.8 million).
- b) 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 7,221 thousands (31 December 2012: SR 2,467 thousands).

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2013

10 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 Zakat and income tax payable accrued during the period ended 31 March 2013 and for the year ended 31 December 2012 are as follows:

	<i>Zakat payable (Unaudited) SR'000</i>	<i>Income tax payable (Unaudited) SR'000</i>	<i>Total 31 March 2013 (Unaudited) SR'000</i>	<i>Total 31 December 2012 (Audited) SR'000</i>
At beginning of the period/year	27,376	2,930	30,306	15,437
Provided during the period/year	732	1,887	2,619	20,550
Payments during the period/year	-	-	-	(5,681)
Balance at end of the period/year	<u>28,108</u>	<u>4,817</u>	<u>32,925</u>	<u>30,306</u>

Status of assessments

During 2012, the Department of Zakat and Income Tax ("DZIT") raised revised assessments for the fiscal periods 2008 through 2010 demanding additional income tax, Zakat and withholding tax liability of SR 8.82 million as well as delay fine for each 30 days delay in payment of assessed additional taxes. The Company has filed an appeal against the revised assessments with the Preliminary Appeal Committee.

During 2012, the DZIT also issued an initial assessment for the year 2011 with additional Zakat liability of SR 7.49 million. The Company has filed an appeal against the initial assessment and the final assessment for the year 2011 is awaited.

11 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 investment and commission income, other income, selling and marketing expenses and general and administration expenses.

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

Segment liabilities do not include reinsurance balance payable, accrued expenses and other liabilities, obligation under LTIP and policyholders' share of surplus from insurance operations.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2013

11 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</i>		
	<i>31 March 2013</i>		
	Major	Non-major	Total
	SR'000	SR'000	SR'000
Gross written premiums	370,595	454,068	824,663
Premiums ceded	(263)	(323)	(586)
Net written premiums	370,332	453,745	824,077
Net movement in unearned premiums	(140,891)	(151,488)	(292,379)
Net earned premiums	229,441	302,257	531,698
Claims paid	225,099	227,282	452,381
Net movement in outstanding claims	4,682	4,727	9,409
Net claims incurred	229,781	232,009	461,790
Net underwriting result	(340)	70,248	69,908
Unallocated income			5,350
Unallocated expenses			(87,765)
Deficit from insurance operations			(12,507)

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2013

11 SEASONALITY AND SEGMENT INFORMATION (continued)

b) SEGMENT INFORMATION (continued)

	<i>For the three-month period ended 31 March 2012</i>		
	Major <i>SR'000</i>	Non-major <i>SR'000</i>	Total <i>SR'000</i>
Gross written premiums	397,280	414,590	811,870
Premiums ceded	(276)	(288)	(564)
Net written premiums	397,004	414,302	811,306
Net movement in unearned premiums	(142,184)	(156,601)	(298,785)
Net earned premiums	254,820	257,701	512,521
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)
	<i>As at 31 March 2013</i>		
	Major <i>SR'000</i>	Non-major <i>SR'000</i>	Total <i>SR'000</i>
Insurance operations' assets			
Premiums receivable, net	433,827	51,874	485,701
Deferred policy acquisition costs	11,860	11,030	22,890
Unallocated assets			1,079,255
Total			1,587,846
Insurance operations' liabilities and surplus			
Unearned premiums	559,079	519,969	1,079,048
Outstanding claims	210,439	212,479	422,918
Unallocated liabilities and surplus			85,880
Total			1,587,846

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2013

11 SEASONALITY AND SEGMENT INFORMATION (continued)

b) SEGMENT INFORMATION (continued)

	<i>As at 31 December 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	215,830	19,429	235,259
Deferred policy acquisition costs	10,693	11,842	22,535
Unallocated assets			1,048,480
Total			<u>1,306,274</u>
Insurance operations' liabilities and surplus			
Unearned premiums	385,007	401,662	786,669
Outstanding claims	225,114	188,395	413,509
Unallocated liabilities and surplus			106,096
Total			<u>1,306,274</u>

12 PROPOSED DIVIDEND

On 2 March 2013 the Company's board of directors proposed to pay a dividend, for the year ended 31 December 2012 of SR 1 per share totalling SR 40 Million to its shareholders. This dividend proposal was approved by the shareholders in the Ordinary General Assembly Meeting held on 29 Jamadi-Al-Awal 1434H (Corresponding to 10 April 2013).

13 FAIR VALUE OF FINANCIAL INSTRUMENT

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. The fair values of financial instruments are not materially different from their carrying values at the statement of financial position date.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: Quoted prices in active markets for the same instrument (i.e., without modification or repackaging);

Level 2: Quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

As at 31 March 2013, all financial instruments which are fair valued are Level 1 instruments.

14 BOARD OF DIRECTORS' APPROVAL

These financial statements have been approved by the Board of Directors on 17 April 2013.