

**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 2013**

**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 2013**

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INDEPENDENT AUDITORS' REVIEW REPORT

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 2013, and the related interim statements of insurance operations and accumulated surplus, shareholders’ operations and shareholders’ 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 and related notes which form an integral part of these interim condensed financial statements. 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 auditing standards generally accepted 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.

Ernst & Young

Ahmed I. Reda
Certified Public Accountant
Licence No. 356

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Licence No. 378Jeddah, Kingdom of Saudi Arabia
9 Ramadan 1434 H
18 July 2013

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

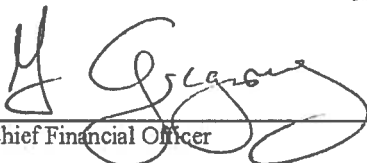
INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

		30 June 2013 SR'000 (Unaudited)	31 December 2012 SR'000 (Audited)
	Notes		
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	4	147,718	204,533
Murabaha deposits	5	929,681	732,340
FVIS investments	6	146,246	87,821
Prepayments and other assets		25,664	23,786
Premiums receivable, net	7	623,350	235,259
Deferred policy acquisition costs		24,336	22,535
Total insurance operations' assets		1,896,995	1,306,274
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	4	13,631	13,631
FVIS investments	6	438,503	497,158
Other receivables		1,076	735
Goodwill	3	98,000	98,000
Furniture, fittings and equipment		44,529	48,918
Statutory deposit		40,000	40,000
Total shareholders' assets		635,739	698,442
TOTAL ASSETS		2,532,734	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 30 June 2013

		30 June 2013 SR'000 (Unaudited)	31 December 2012 SR '000 (Audited)
	Notes		
INSURANCE OPERATIONS' LIABILITIES AND SURPLUS			
Insurance operations' liabilities			
Unearned premiums		1,359,418	786,669
Outstanding claims	8	429,811	413,509
Reinsurance balance payable		484	443
		<u>1,789,713</u>	<u>1,200,621</u>
Accrued expenses and other liabilities		63,404	63,619
Obligation under Long-Term Incentive Plan (LTIP)		9,943	8,099
		<u>1,863,060</u>	<u>1,272,339</u>
Policyholders' share of surplus from insurance operations		33,935	33,935
		<u>1,896,995</u>	<u>1,306,274</u>
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' liabilities			
Accrued expenses and other liabilities		29,720	26,532
Accrued zakat and income tax	10	30,366	30,306
Amount due to a related party in respect of goodwill	3	-	3,355
Amount due to related parties	9	2,455	4,041
		<u>62,541</u>	<u>64,234</u>
Total shareholders' liabilities			
Shareholders' equity			
Share capital		400,000	400,000
Shares held under employees' share scheme		(7,052)	(4,988)
Statutory reserve		59,024	59,024
Retained earnings		121,226	180,172
		<u>573,198</u>	<u>634,208</u>
Total shareholders' equity			
Total shareholders' liabilities and equity			
		<u>635,739</u>	<u>698,442</u>
TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY			
		<u>2,532,734</u>	<u>2,004,716</u>

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 INSURANCE OPERATIONS AND ACCUMULATED
SURPLUS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2013

		Three-month period ended 30 June		Six-month period ended 30 June	
		2013 SR'000	2012 SR'000	2013 SR'000	2012 SR'000
	Notes				
REVENUE					
Gross written premiums		875,696	563,867	1,700,359	1,375,737
Premiums ceded		(654)	(582)	(1,240)	(1,146)
Net written premiums		875,042	563,285	1,699,119	1,374,591
Net movement in unearned premiums		(280,370)	(34,785)	(572,749)	(333,570)
Net earned premiums		594,672	528,500	1,126,370	1,041,021
CLAIMS					
Claims paid		500,853	445,037	953,234	849,931
Net movement in outstanding claims	8	6,893	(2,638)	16,302	45,916
Net claims incurred		507,746	442,399	969,536	895,847
Net underwriting result		86,926	86,101	156,834	145,174
Investment and commission income		2,417	687	7,645	5,004
Other income		63	41	185	213
EXPENSES					
Selling and marketing		(61,469)	(45,784)	(106,869)	(66,941)
General and administration		(42,139)	(33,010)	(84,504)	(78,906)
(DEFICIT)/SURPLUS FROM INSURANCE OPERATIONS		(14,202)	8,035	(26,709)	4,544
Shareholders' share of deficit/(surplus) from insurance operations	2(a)	14,202	(7,581)	26,709	(4,090)
Policyholders' share of surplus from insurance operations		-	454	-	454
Policyholders' share of surplus from insurance operations at the beginning of the period		33,935	19,554	33,935	19,554
Policyholders' share of accumulated surplus from insurance operations at the end of the period		33,935	20,008	33,935	20,008

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)

INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS (UNAUDITED)

For the three-month period and six-month periods ended 30 June 2013

	<i>Three-month period ended</i> <i>30 June</i>		<i>Six-month period ended</i> <i>30 June</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
REVENUE				
Shareholders' share of (deficit)/surplus from insurance operations	(14,202)	7,581	(26,709)	4,090
EXPENSES				
General and administration	(1,560)	(1,157)	(3,359)	(1,967)
	(15,762)	6,424	(30,068)	2,123
Investment income/(loss)	1,576	(919)	11,866	5,251
Net (loss)/income for the period	(14,186)	5,505	(18,202)	7,374
Weighted average number of ordinary shares outstanding (in thousands)	39,731	39,873	39,759	39,900
Basic and diluted (loss)/income per share (in Saudi Arabian Riyals)	(0.36)	0.14	(0.46)	0.18


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 SHAREHOLDERS' COMPREHENSIVE INCOME
(UNAUDITED)

For the three-month and six-month periods ended 30 June 2013

	<i>Three-month period ended 30 June</i>		<i>Six-month period ended 30 June</i>	
	<i>2013 SR'000</i>	<i>2012 SR'000</i>	<i>2013 SR'000</i>	<i>2012 SR'000</i>
Net (loss)/income for the period	(14,186)	5,505	(18,202)	7,374
Other comprehensive income/(expense)				
Zakat for the period (Note 10)	(2,193)	(7,501)	(2,925)	(11,258)
Income tax for the period (Note 10)	(1,944)	(2,317)	(3,831)	(4,634)
Total comprehensive loss for the period	(18,323)	(4,313)	(24,958)	(8,518)


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 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		-	-	-	(18,202)	(18,202)
Zakat for the period	10	-	-	-	(2,925)	(2,925)
Income tax for the period	10	-	-	-	(3,831)	(3,831)
Dividend	12	-	-	-	(40,000)	(40,000)
Tax recovered from non-Saudi shareholders	2(a)	-	-	-	6,012	6,012
Purchase of additional shares held under LTIP		-	(2,064)	-	-	(2,064)
Balance at 30 June 2013 (Unaudited)		400,000	(7,052)	59,024	121,226	573,198

		<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		-	-	-	7,374	7,374
Zakat for the period		-	-	-	(11,258)	(11,258)
Income tax for the period		-	-	-	(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 (Unaudited)		400,000	(4,988)	32,143	84,679	511,834

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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 INSURANCE OPERATIONS' CASH FLOWS
(UNAUDITED)

For the six-month period ended 30 June 2013

		Six-month period ended 30 June	
	Notes	2013 SR'000	2012 SR'000
OPERATING ACTIVITIES			
Policyholders' share of (deficit)/surplus for the period		-	454
Adjustment for:			
Depreciation		6,786	6,921
Net movement in unearned premiums		572,749	333,570
Allowance/(reversal of allowance) for doubtful premiums receivable	7	9,093	(14,650)
Deferred policy acquisition costs		(1,801)	(1,350)
Realised gain on disposal of investments	6	(373)	-
Unrealised gain on investments	6	(1,807)	(2,462)
		<u>584,647</u>	<u>322,483</u>
Changes in assets and liabilities:			
Premiums receivable		(397,184)	(83,700)
Prepayments and other assets		(1,878)	6,591
Outstanding claims	8	16,302	45,916
Due from shareholders' operations		(77,645)	(15,229)
Reinsurance balance payable		41	(506)
Accrued expenses and other liabilities		(215)	(9,782)
Obligation under LTIP		1,844	1,263
Net cash from operating activities		<u>125,912</u>	<u>267,036</u>
INVESTING ACTIVITIES			
Purchase of investments	6	(212,149)	(8,160)
Disposal of investments	6	226,763	-
Murabaha deposits	5	(197,341)	-
Net cash used in investing activities		<u>(182,727)</u>	<u>(8,160)</u>
(Decrease)/increase in cash and cash equivalents		(56,815)	258,876
Cash and cash equivalents at beginning of the period		204,533	551,914
Cash and cash equivalents at end of the period	4	147,718	810,790

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 SHAREHOLDERS' CASH FLOWS (UNAUDITED)
For the six-month period ended 30 June 2013

		<i>Six-month period ended 30 June</i>	
	<i>Notes</i>	<i>2013 SR '000</i>	<i>2012 SR '000</i>
OPERATING ACTIVITIES			
Net (loss)/income for the period		(18,202)	7,374
Adjustment for:			
Unrealised gain on investments	6	(12,204)	(5,006)
		(30,406)	2,368
Changes in assets and liabilities:			
Accrued expenses and other liabilities		3,188	2,596
Amount due to related parties		(1,586)	(2,394)
Amount due to a related party in respect of goodwill	3	(3,355)	-
Due to insurance operations		77,645	15,229
Other receivables		(341)	(327)
		45,145	17,472
Zakat and income tax paid	10	(6,696)	(3,656)
Net cash from operating activities		38,449	13,816
INVESTING ACTIVITIES			
Purchase of furniture, fittings and equipment		(2,397)	(11,738)
Purchase of shares held under LTIP		(2,064)	(3,989)
Disposal of shares held under LTIP		-	1,911
Net cash used in investing activities		(4,461)	(13,816)
FINANCING ACTIVITIES			
Dividends paid	12	(40,000)	-
Tax recovered from non-Saudi shareholders	2(a)	6,012	-
Net cash used in financing activities		(33,988)	-
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

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)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 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-Khaleidiyah 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/>

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 30 June 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, except as noted below.

During the period the Company amended its zakat and income tax policy as follows through the introduction of the objective to maintain an equal retained earnings per share between the Saudi and non Saudi shareholders, by equalizing the different zakat and income tax charges.

"Under Saudi Arabian Zakat and Income tax laws, zakat and income tax are the liabilities of Saudi and non Saudi shareholders, respectively. Zakat is computed on the Saudi shareholders' share of equity and / or net income using the basis defined under the zakat regulations. Income tax is computed on the non Saudi shareholders share of net income for the period.

Zakat and income tax are charged to retained earnings as these are liabilities of the shareholders. Zakat and income tax are charged in full to the retained earnings. Income tax charged to retained earnings, in excess to the proportion of the Saudi Shareholders' zakat per share, is recovered from non Saudi shareholders and credited to retained earnings."

The adoption of the amended policy does not result in any material differences in the assets, liabilities or surplus of the insurance operations, or any material differences in the shareholders' operations assets or liabilities or the shareholders' equity.

Further, 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.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2013

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

b. NEW IFRS 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

c. NEW IFRS 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.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2013

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 30 June 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 30 June 2013 and for the year ended 31 December 2012 is as follows:

	<i>30 June 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>

4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following:

	<i>30 June 2013 (Unaudited) SR'000</i>	<i>31 December 2012 (Audited) SR'000</i>
<i>Insurance Operations</i>		
Cash in banks	147,718	83,267
Murabaha deposits (see note 5)	-	121,266
	<u>147,718</u>	<u>204,533</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.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2013

5 MURABAHA DEPOSITS

Murabaha deposits comprised the following:

	<i>30 June 2013 (Unaudited) SR'000</i>	<i>31 December 2012 (Audited) SR'000</i>
<i>Insurance Operations</i>		
Murabaha deposits	929,681	853,606
Less: Murabaha deposits with maturity less than three months (see note 4)	-	(121,266)
	<u>929,681</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>30 June 2013 (Unaudited) SR'000</i>	<i>31 December 2012 (Audited) SR'000</i>
Insurance operations	146,246	87,821
Shareholders' operations	438,503	497,158
	<u>584,749</u>	<u>584,979</u>

The above investments represent investments in a discretionary portfolio, denominated in Saudi Arabian Riyals.

The movement in the investments during the period ended 30 June 2013 and for the year ended 31 December 2012 is as follows:

	<i>30 June 2013 (Unaudited) SR'000</i>	<i>31 December 2012 (Audited) SR'000</i>
<i>Insurance operations</i>		
Balance at beginning of the period/year	87,821	187,699
Purchased during the period/year	212,149	8,160
Disposed during the period/year	(226,763)	-
Transferred from/(to) shareholders' operations (see note below)	70,859	(113,191)
Realised gain during the period/year	373	-
Unrealised gain during the period/year	1,807	5,153
	<u>146,246</u>	<u>87,821</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2013

6 FVIS INVESTMENTS (continued)

	<i>30 June 2013 (Unaudited) SR '000</i>	<i>31 December 2012 (Audited) SR '000</i>
<i>Shareholders' operations</i>		
Balance at beginning of the period/year	497,158	373,534
Transferred (to)/from insurance operations (see note below)	(70,859)	113,191
Unrealised gain during the period/year	12,204	10,433
	<u>438,503</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>30 June 2013 (Unaudited) SR '000</i>	<i>31 December 2012 (Audited) SR '000</i>
Gross premiums receivable	676,991	279,807
Allowance for doubtful premiums receivable	(53,641)	(44,548)
Premiums receivable, net	<u>623,350</u>	<u>235,259</u>

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

	<i>30 June 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	9,093	-
Reversal during the period/year	-	(19,558)
Balance at end of the period/year	<u>53,641</u>	<u>44,548</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2013

8 NET MOVEMENT IN OUTSTANDING CLAIMS

	<i>Three-month period ended</i> <i>30 June</i>		<i>Six-month period ended</i> <i>30 June</i>	
	<i>2013</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>2012</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>2013</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>2012</i> <i>(Unaudited)</i> <i>SR'000</i>
Insurance Operations				
Outstanding claims at end of the period	429,811	427,181	429,811	427,181
Outstanding claims at beginning of the period	(422,918)	(429,819)	(413,509)	(381,265)
Net movement in outstanding claims	6,893	(2,638)	16,302	45,916

As at 30 June 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 details of major related party transactions during the period ended 30 June 2013 and the related balances 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 2013 (Unaudited) SR'000</i>	<i>Six-month period ended 30 June 2012 (Unaudited) SR'000</i>
Insurance Operations			
Shareholders	Premiums written	33,713	22,633
Shareholders	Claims paid	5,769	6,096
Shareholders	Medical cost payments to a provider (see note (a) below)	32,698	51,337
Bupa Middle East Holdings Two WLL (Related party)	Trade mark fee	1,128	1,042
Key management personnel	Short-term benefits	5,407	4,471
	Long-term benefits	1,872	1,855
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 30 June 2013, the estimated payable to the related party, for medical cost payments, amounted to SR 17.7 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 10,090 thousands (31 December 2012: SR 2,467 thousands).

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 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 six month period ended 30 June 2013 and for the year ended 31 December 2012 are as follows:

	<i>Zakat payable</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>Income tax payable</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>Total</i> <i>30 June</i> <i>2013</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>Total</i> <i>31 December</i> <i>2012</i> <i>(Audited)</i> <i>SR'000</i>
At beginning of the period/year	27,376	2,930	30,306	15,437
Provided during the period/year	2,925	3,831	6,756	20,550
Payments during the period/year	(2,135)	(4,561)	(6,696)	(5,681)
Balance at end of the period/year	<u>28,166</u>	<u>2,200</u>	<u>30,366</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 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.

During 2013, the DZIT also issued an initial assessment for the year 2012 with additional Zakat liability of SR 11.52 million. The Company has filed an appeal against the initial assessment and the final assessment for the year 2012 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.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 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 30 June 2013</i>		
	Major SR '000	Non-major SR '000	Total SR '000
Gross written premiums	459,418	416,278	875,696
Premiums ceded	(288)	(366)	(654)
Net written premiums	459,130	415,912	875,042
Net movement in unearned premiums	(139,320)	(141,050)	(280,370)
Net earned premiums	319,810	274,862	594,672
Claims paid	257,942	242,911	500,853
Net movement in outstanding claims	3,506	3,387	6,893
Net claims incurred	261,448	246,298	507,746
Net underwriting result	58,362	28,564	86,926
Unallocated income			2,480
Unallocated expenses			(103,608)
Deficit from insurance operations			(14,202)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2013

11 SEASONALITY AND SEGMENT INFORMATION (continued)

b) SEGMENT INFORMATION (continued)

	<i>For the three-month period ended 30 June 2012</i>		
	Major SR'000	Non-major SR'000	Total SR'000
Gross written premiums	247,933	315,934	563,867
Premiums ceded	(256)	(326)	(582)
Net written premiums	247,677	315,608	563,285
Net movement in unearned premiums	(17,073)	(17,712)	(34,785)
Net earned premiums	230,604	297,896	528,500
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 six-month period ended 30 June 2013</i>		
	Major SR'000	Non-major SR'000	Total SR'000
Gross written premiums	830,013	870,346	1,700,359
Premiums ceded	(551)	(689)	(1,240)
Net written premiums	829,462	869,657	1,699,119
Net movement in unearned premiums	(280,211)	(292,538)	(572,749)
Net earned premiums	549,251	577,119	1,126,370
Claims paid	483,041	470,193	953,234
Net movement in outstanding claims	8,188	8,114	16,302
Net claims incurred	491,229	478,307	969,536
Net underwriting result	58,022	98,812	156,834
Unallocated income			7,830
Unallocated expenses			(191,373)
Deficit from insurance operations			(26,709)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2013

11 SEASONALITY AND SEGMENT INFORMATION (continued)

b) SEGMENT INFORMATION (continued)

	<i>For the six-month period ended 30 June 2012</i>		
	Major SR '000	Non-major SR '000	Total SR '000
Gross written premiums	645,213	730,524	1,375,737
Premiums ceded	(532)	(614)	(1,146)
Net written premiums	644,681	729,910	1,374,591
Net movement in unearned premiums	(159,257)	(174,313)	(333,570)
Net earned premiums	485,424	555,597	1,041,021
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>As at 30 June 2013</i>		
	Major SR '000	Non-major SR '000	Total SR '000
Insurance operations' assets			
Premiums receivable, net	112,295	511,055	623,350
Deferred policy acquisition costs	11,906	12,430	24,336
Unallocated assets	-	-	1,249,309
Total			1,896,995
Insurance operations' liabilities and surplus			
Unearned premiums	663,586	695,832	1,359,418
Outstanding claims	213,868	215,943	429,811
Unallocated liabilities and surplus	-	-	107,766
Total			1,896,995

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

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 10 April 2013 (Corresponding to 29 Jamadi-Al-Awal 1434H). Accordingly, the dividend payment was made on 7 May 2013. The Saudi shareholders were paid their dividend in full and the non Saudi shareholders were paid dividend after adjusting the income tax in excess to the proportion of the Saudi Shareholders' zakat per share (see note 2a).

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 30 June 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 18 July 2013.