

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

**UNAUDITED INTERIM CONDENSED  
FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH AND TWELVE-MONTH  
PERIODS ENDED 31 DECEMBER 2013**

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

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND TWELVE-MONTH PERIODS ENDED  
31 DECEMBER 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 31 December 2013, and the related interim statements of insurance operations and accumulated surplus, shareholders' operations and comprehensive income for the three-month and twelve-month periods then ended, and the related interim statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for the twelve-month period then ended and related notes from 1 to 14 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 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 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 Reporting issued by SOCPA.

Ernst & Young

Deloitte & Touche Bakr Abulkhair & Co.

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Jeddah, Kingdom of Saudi Arabia  
19 Rabi-Al-Awwal 1435 H  
20 January 2014



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

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

		<b>31 December 2013 SR'000 (Unaudited)</b>	<b>31 December 2012 SR'000 (Audited)</b>
	<i>Notes</i>		
<b>INSURANCE OPERATIONS' ASSETS</b>			
Cash and cash equivalents	4	232,267	204,533
Murabaha deposits	5	956,230	732,340
FVIS investments	6	186,107	87,821
Premiums receivable - net	7	410,095	235,259
Reinsurer's share of unearned premium		43,011	-
Reinsurer's share of outstanding claims	8	13,708	-
Deferred policy acquisition costs		32,200	22,535
Prepayments and other assets		42,370	23,786
<b>Total insurance operations' assets</b>		<b>1,915,988</b>	<b>1,306,274</b>
<b>SHAREHOLDERS' ASSETS</b>			
Cash and cash equivalents	4	101,260	13,631
Murabaha deposits	5	126,993	-
FVIS investments	6	446,338	497,158
Other receivables		1,319	735
Furniture, fittings and equipment		43,059	48,918
Goodwill	3	98,000	98,000
Statutory deposit		40,000	40,000
<b>Total shareholders' assets</b>		<b>856,969</b>	<b>698,442</b>
<b>TOTAL ASSETS</b>		<b>2,772,957</b>	<b>2,004,716</b>

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 December 2013

	Notes	31 December 2013 SR'000 (Unaudited)	31 December 2012 SR'000 (Audited)
<b>INSURANCE OPERATIONS' LIABILITIES AND SURPLUS</b>			
<b>Insurance operations' liabilities</b>			
Unearned premiums		1,323,069	786,669
Outstanding claims	8	450,096	413,509
Reinsurance balance payable		505	443
		<u>1,773,670</u>	<u>1,200,621</u>
Accrued expenses and other liabilities		79,113	63,619
Obligation under Long-Term Incentive Plan (LTIP)		14,751	8,099
		<u>1,867,534</u>	<u>1,272,339</u>
Policyholders' share of surplus from insurance operations		48,454	33,935
<b>Total insurance operations' liabilities and surplus</b>		<u>1,915,988</u>	<u>1,306,274</u>
<b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>			
<b>Shareholders' liabilities</b>			
Accrued expenses and other liabilities		31,419	26,532
Accrued zakat and income tax	10	35,000	30,306
Amount due to a related party in respect of goodwill	3	-	3,355
Amount due to related parties	9	59,490	4,041
<b>Total shareholders' liabilities</b>		<u>125,909</u>	<u>64,234</u>
<b>Shareholders' equity</b>			
Share capital		400,000	400,000
Shares held under employees' share scheme		(7,052)	(4,988)
Statutory reserve		88,491	59,024
Retained earnings		249,621	180,172
<b>Total shareholders' equity</b>		<u>731,060</u>	<u>634,208</u>
<b>Total shareholders' liabilities and equity</b>		<u>856,969</u>	<u>698,442</u>
<b>TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY</b>		<u>2,772,957</u>	<u>2,004,716</u>

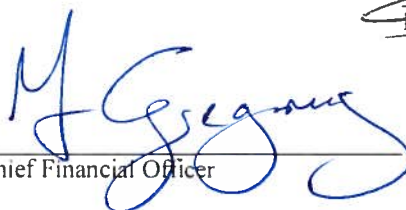
Chairman



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

For the three-month and twelve-month periods ended 31 December 2013

	Notes	Three-month period ended 31 December		Twelve-month period ended 31 December	
		2013 SR'000 (Unaudited)	2012 SR'000 (Unaudited)	2013 SR'000 (Unaudited)	2012 SR'000 (Audited)
<b>REVENUE</b>					
Gross written premiums		574,483	351,635	3,177,480	2,194,301
Premiums ceded		(6,897)	(610)	(79,633)	(2,343)
Net written premiums		567,586	351,025	3,097,847	2,191,958
Movement in net unearned premiums		207,535	202,834	(493,389)	(63,930)
Net earned premiums		775,121	553,859	2,604,458	2,128,028
<b>CLAIMS</b>					
Gross claims paid		611,943	443,936	2,074,049	1,671,622
Claims recovered		(1,732)	(587)	(2,574)	(2,815)
Net claims paid		610,211	443,349	2,071,475	1,668,807
Movement in net outstanding claims	8	(14,567)	(8,624)	22,879	32,244
Net claims incurred		595,644	434,725	2,094,354	1,701,051
Net underwriting result		179,477	119,134	510,104	426,977
Investment and commission income		4,210	3,965	15,485	12,635
Other income		76	122	317	429
<b>EXPENSES</b>					
Selling and marketing		(44,980)	(31,224)	(209,845)	(138,663)
General and administration		(44,394)	(40,636)	(170,875)	(157,564)
<b>SURPLUS FROM INSURANCE OPERATIONS</b>		<b>94,389</b>	<b>51,361</b>	<b>145,186</b>	<b>143,814</b>
Shareholders' share of surplus from insurance operations	2(a)	(84,950)	(46,225)	(130,667)	(129,433)
Policyholders' share of surplus from insurance operations		9,439	5,136	14,519	14,381
Policyholders' share of surplus from insurance operations at beginning of the period		39,015	28,799	33,935	19,554
Policyholders' share of accumulated surplus from insurance operations at end of the period		48,454	33,935	48,454	33,935

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

For the three-month and twelve-month periods ended 31 December 2013

	<i>Three-month period ended 31 December</i>		<i>Twelve-month period ended 31 December</i>	
	<i>2013 SR'000 (Unaudited)</i>	<i>2012 SR'000 (Unaudited)</i>	<i>2013 SR'000 (Unaudited)</i>	<i>2012 SR'000 (Audited)</i>
<b>REVENUE</b>				
Shareholders' share of surplus from insurance operations	84,950	46,225	130,667	129,433
<b>EXPENSES</b>				
General and administration	2,190	(1,738)	(3,374)	(5,095)
	<u>87,140</u>	<u>44,487</u>	<u>127,293</u>	<u>124,338</u>
Investment and commission income	4,338	2,630	19,989	10,068
Other income	52	-	52	-
	<u>91,530</u>	<u>47,117</u>	<u>147,334</u>	<u>134,406</u>
Net income for the period	<u>91,530</u>	<u>47,117</u>	<u>147,334</u>	<u>134,406</u>
Weighted average number of ordinary shares outstanding (in thousands)	<u>39,720</u>	<u>39,788</u>	<u>39,741</u>	<u>39,843</u>
Basic and diluted income per share (in Saudi Arabian Riyals)	<u>2.30</u>	<u>1.18</u>	<u>3.71</u>	<u>3.37</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 COMPREHENSIVE INCOME

For the three-month and twelve-month periods ended 31 December 2013

	<i>Three-month period ended 31 December</i>		<i>Twelve-month period ended 31 December</i>	
	<i>2013 SR'000 (Unaudited)</i>	<i>2012 SR'000 (Unaudited)</i>	<i>2013 SR'000 (Unaudited)</i>	<i>2012 SR'000 (Audited)</i>
Net income for the period	91,530	47,117	147,334	134,406
Zakat for the period (Note 10)	(1,535)	1,361	(6,083)	(14,769)
Income tax for the period (Note 10)	(2,188)	(361)	(8,347)	(5,781)
<b>Total comprehensive income for the period</b>	<b>87,807</b>	<b>48,117</b>	<b>132,904</b>	<b>113,856</b>

  
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 CHANGES IN SHAREHOLDERS' EQUITY  
(UNAUDITED)

For the twelve-month period ended 31 December 2013

	Notes	Share capital SR'000	Shares held under employees' share scheme SR'000	Statutory reserve SR'000	Retained earnings SR'000	Total SR'000
Balance at 31 December 2012 (Audited)		400,000	(4,988)	59,024	180,172	634,208
Net income for the period		-	-	-	147,334	147,334
Transfer to statutory reserve		-	-	29,467	(29,467)	-
Zakat for the period	10	-	-	-	(6,083)	(6,083)
Income tax for the period	10	-	-	-	(8,347)	(8,347)
Dividends	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)
<b>Balance at 31 December 2013 (Unaudited)</b>		<b>400,000</b>	<b>(7,052)</b>	<b>88,491</b>	<b>249,621</b>	<b>731,060</b>

	Notes	Share capital SR'000	Shares held under employees' share scheme SR'000	Statutory reserve SR'000	Retained earnings SR'000	Total SR'000
Balance at 31 December 2011 (Audited)		400,000	(2,910)	32,143	93,197	522,430
Net income for the period		-	-	-	134,406	134,406
Transfer to statutory reserve		-	-	26,881	(26,881)	-
Zakat for the period	10	-	-	-	(14,769)	(14,769)
Income tax for the period	10	-	-	-	(5,781)	(5,781)
Partial disposal of shares held under LTIP		-	1,911	-	-	1,911
Purchase of additional shares held under LTIP		-	(3,989)	-	-	(3,989)
<b>Balance at 31 December 2012 (Audited)</b>		<b>400,000</b>	<b>(4,988)</b>	<b>59,024</b>	<b>180,172</b>	<b>634,208</b>

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 INSURANCE OPERATIONS' CASH FLOWS

For the twelve-month period ended 31 December 2013

	Notes	Twelve-month period ended 31 December	
		2013 SR'000 (Unaudited)	2012 SR'000 (Audited)
<b>OPERATING ACTIVITIES</b>			
Policyholders' share of surplus for the period		14,519	14,381
Adjustments for:			
Depreciation		12,863	14,386
Net movement in unearned premiums		536,400	63,930
Reinsurer's share of unearned premium		(43,011)	-
Allowance/(reversal of allowance) for doubtful premiums receivable	7	8,002	(19,558)
Deferred policy acquisition costs		(9,665)	(1,438)
Realised gain on disposal of investments	6	(373)	-
Unrealised gain on investments	6	(4,394)	(5,153)
		<b>514,341</b>	<b>66,548</b>
Changes in assets and liabilities:			
Premiums receivable		(182,838)	124,129
Prepayments and other assets		(18,584)	6,283
Outstanding claims		36,587	32,244
Reinsurer's share of outstanding claims		(13,708)	-
Due from shareholders' operations		(83,722)	98,805
Reinsurance balance payable		62	(259)
Accrued expenses and other liabilities		15,494	4,116
Obligation under LTIP		6,652	3,253
Net cash from operating activities		<b>274,284</b>	<b>335,119</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of investments	6	(249,490)	(8,160)
Disposal of investments	6	226,830	-
Murabaha deposits, net	5	(223,890)	(674,340)
Net cash used in investing activities		<b>(246,550)</b>	<b>(682,500)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>27,734</b>	<b>(347,381)</b>
Cash and cash equivalents at beginning of the period		204,533	551,914
Cash and cash equivalents at end of the period	4	<b>232,267</b>	<b>204,533</b>

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

For the twelve-month period ended 31 December 2013

		<i>Twelve-month period ended 31 December</i>	
		<i>2013</i>	<i>2012</i>
		<i>SR'000</i>	<i>SR'000</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
<b>OPERATING ACTIVITIES</b>	<i>Notes</i>		
Net income for the period		147,334	134,406
Adjustment for:			
Unrealised gain on investments	6	(20,039)	(10,433)
		<u>127,295</u>	<u>123,973</u>
Changes in assets and liabilities:			
Accrued expenses and other liabilities		4,887	5,180
Amount due to related parties		55,449	(359)
Amount due to related party in respect of goodwill	3	(3,355)	-
Due to insurance operations		83,722	(98,805)
Other receivables		(584)	(491)
		<u>267,414</u>	<u>29,498</u>
Zakat and income tax paid	10	(9,736)	(5,681)
Net cash from operating activities		<u>257,678</u>	<u>23,817</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of furniture, fittings and equipment		(7,004)	(21,739)
Murabaha deposits		(126,993)	-
Purchase of shares held under LTIP		(2,064)	(3,989)
Disposal of shares held under LTIP		-	1,911
Net cash used in investing activities		<u>(136,061)</u>	<u>(23,817)</u>
<b>FINANCING ACTIVITIES</b>			
Dividends paid	12	(40,000)	-
Tax recovered from non-Saudi shareholders	2(a)	6,012	-
Net cash used in financing activities		<u>(33,988)</u>	<u>-</u>
Net movement in cash and cash equivalents		87,629	-
Cash and cash equivalents at beginning of the period		<u>13,631</u>	<u>13,631</u>
Cash and cash equivalents at end of the period	4	<u>101,260</u>	<u>13,631</u>

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 December 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-Khaleidiah 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 December 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 through the introduction of the objective to maintain an equal retained earnings per share between the Saudi and foreign 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 the Saudi and foreign 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 foreign 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 the retained earnings, in excess to the proportion of the Saudi Shareholders' zakat per share, is recovered from the foreign shareholders and credited to retained earnings."

The adoption of the amended policy does not result in any differences in the assets, liabilities or surplus of the insurance operations, nor 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 except for statutory deposit, 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 31 December 2013

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

**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</i>	<i>Description</i>
IFRS 1	Amendments to IFRS 1 Government loans
IFRS 7	Amendments IFRS 7 Offsetting Financial Assets and Financial Liabilities
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 and 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, 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 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</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date</i>
IFRS 9	Financial Instruments – Classification and Measurement	To be announced
IFRS 10, IFRS 12 & IAS 27	Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities	1 January 2014
IAS 19	Defined Benefit Plans – Employee Contributions	1 July 2014
IAS 32	Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities	1 January 2014
IAS 36	Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
IAS 39	Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IFRIC 21	Levies	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.

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**

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

	<i>31 December 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>31 December 2013 (Unaudited) SR'000</i>	<i>31 December 2012 (Audited) SR'000</i>
<b><i>Insurance Operations</i></b>		
Cash in bank (see note 6(b))	232,267	83,267
Murabaha deposits (see note 5)	-	121,266
	<u>232,267</u>	<u>204,533</u>
<b><i>Shareholders' Operations</i></b>		
Cash in bank (see note 6(b))	<u>101,260</u>	<u>13,631</u>

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

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**5 MURABAHA DEPOSITS**

Murabaha deposits comprised the following:

	<i>31 December 2013 (Unaudited) SR'000</i>	<i>31 December 2012 (Audited) SR'000</i>
<b><i>Insurance Operations</i></b>		
Murabaha deposits	1,082,935	853,606
Less: Transferred to shareholders' operations (see note (a) below)	(126,705)	-
Less: Murabaha deposits with maturity less than three months (see note 4)	-	(121,266)
	<u>956,230</u>	<u>732,340</u>
	<i>31 December 2013 (Unaudited) SR'000</i>	<i>31 December 2012 (Audited) SR'000</i>
<b><i>Shareholders' operations</i></b>		
Murabaha deposits – transferred from insurance operations (see note (a) below)	126,705	-
Murabaha deposit matured during the period	(126,705)	-
Murabaha deposit placed during the period	126,993	-
	<u>126,993</u>	<u>-</u>

- a) Amount payable to shareholders operations are settled, at each quarter end, by transfer of cash or murabaha deposits (see note 6(b)) of an equivalent amount representing fair value between the operations at the respective date.

**6 FVIS INVESTMENTS**

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

	<i>31 December 2013 (Unaudited) SR'000</i>	<i>31 December 2012 (Audited) SR'000</i>
Insurance operations	186,107	87,821
Shareholders' operations	446,338	497,158
	<u>632,445</u>	<u>584,979</u>

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



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At 31 December 2013

**6 FVIS INVESTMENTS (continued)**

The movements in the investments during the twelve-month period ended 31 December 2013 and during the year ended 31 December 2012 are as follows:

	<i>31 December 2013 (Unaudited) SR'000</i>	<i>31 December 2012 (Audited) SR'000</i>
<b><i>Insurance operations</i></b>		
Balance at beginning of the period/year	87,821	187,699
Purchased during the period/year	249,490	8,160
Disposed during the period/year	(226,830)	-
Transferred from/(to) shareholders' operations (see note (a) below)	70,859	(113,191)
Realised gain during the period/year	373	-
Unrealised gain during the period/year	4,394	5,153
	<u>186,107</u>	<u>87,821</u>
<b><i>Shareholders' operations</i></b>		
Balance at beginning of the period/year	497,158	373,534
Transferred (to)/from insurance operations (see note (a) below)	(70,859)	113,191
Unrealised gain during the period/year	20,039	10,433
	<u>446,338</u>	<u>497,158</u>

- a) Up to 30 June 2013, amount payable to/receivable from shareholders operations were settled by transfer of FVIS investments of an equivalent amount representing fair value between the operations at the respective dates.
- b) Subsequent to 30 June 2013, the Company decided to settle the amount payable to / receivable from shareholders operations by transfer of cash or murabaha deposits, as the case may be, of an equivalent amount representing fair value between the operations at the respective date. At 31 December 2013, the insurance operations transferred murabaha deposits of SR 126,705 thousand (31 December 2012: Nil) and cash of SR 73,808 thousand (31 December 2012: Nil) to the shareholders' operations.

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At 31 December 2013

**7 PREMIUMS RECEIVABLE - NET**

	<i>31 December 2013 (Unaudited) SR'000</i>	<i>31 December 2012 (Audited) SR'000</i>
Gross premiums receivable	462,645	279,807
Allowance for doubtful premiums receivable	(52,550)	(44,548)
Premiums receivable - net	<u>410,095</u>	<u>235,259</u>

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

	<i>31 December 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	8,789	-
Write offs	(787)	-
Reversal during the period/year	-	(19,558)
Balance at end of the period/year	<u>52,550</u>	<u>44,548</u>

**8 NET MOVEMENT IN OUTSTANDING CLAIMS**

	<i>Three-month period ended 31 December</i>		<i>Twelve-month period ended 31 December</i>	
	<i>2013 (Unaudited) SR'000</i>	<i>2012 (Unaudited) SR'000</i>	<i>2013 (Unaudited) SR'000</i>	<i>2012 (Audited) SR'000</i>
<b><i>Insurance Operations</i></b>				
Outstanding claims at end of the period	450,096	413,509	450,096	413,509
Reinsurer's share of outstanding claims at end of the period	(13,708)	-	(13,708)	-
	<u>436,388</u>	<u>413,509</u>	<u>436,388</u>	<u>413,509</u>
Outstanding claims at beginning of the period	(462,376)	(422,133)	(413,509)	(381,265)
Reinsurer's share of outstanding claims at beginning of the period	11,421	-	-	-
	<u>(450,955)</u>	<u>(422,133)</u>	<u>(413,509)</u>	<u>(381,265)</u>
<b>Net movement in outstanding claims</b>	<u>(14,567)</u>	<u>(8,624)</u>	<u>22,879</u>	<u>32,244</u>

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**

At 31 December 2013

**9 TRANSACTIONS WITH RELATED PARTIES**

The following are details of major related party transactions during the period ended 31 December 2013 and the related balances at the period end:

<i>Related party</i>	<i>Nature of transaction</i>	<i>Amount of transaction</i>	
		<i>Twelve-month period ended 31 December 2013 SR'000 (Unaudited)</i>	<i>Twelve-month period ended 31 December 2012 SR'000 (Audited)</i>
<b><i>Insurance Operations</i></b>			
Shareholders	Premiums written	46,045	38,988
Shareholders	Premium ceded (see note (c) below)	76,661	-
Shareholders	Claims paid	25,180	17,330
Shareholders	Medical cost payments to a provider (see note (a) below)	181,812	117,304
Bupa Middle East Holdings Two W.L.L. (Related party)	Trade mark fee (see note (d) below)	9,714	2,130
Key management personnel	Short-term benefits	9,166	9,607
	Long-term benefits	3,195	2,913
<b><i>Shareholders' Operations</i></b>			
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 December 2013, the estimated payable to the related party, for medical cost payments, amounted to SR 29.2 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 Nil (31 December 2012: SR 2,467 thousands).
- c) The premium ceded is to a related party reinsurer for a significant portion of the premiums written of one of the Company's major customers. The agreement has been submitted to SAMA and the reinsurer's share of unearned premium and outstanding claims are disclosed in the interim statement of financial position.
- d) As per the trade mark agreement entered into during 2010, the trade mark fee is payable at different rates linked to the results of the Company. Consequent to the increase in the results a higher rate of trade mark fees is payable for the year.

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At 31 December 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 the Zakat and income tax payable accrued during the twelve month period ended 31 December 2013 and during 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 December 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	6,083	8,347	14,430	20,550
Payments during the period/year	(2,135)	(7,601)	(9,736)	(5,681)
Balance at end of the period/year	<u>31,324</u>	<u>3,676</u>	<u>35,000</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 a combined SR 8.8 million as well as delay fine for each 30 days delay in payment of assessed additional taxes. The Company has filed an appeal against these revised assessments with the Preliminary Appeal Committee.

During 2012, the DZIT issued an initial assessment for the year 2011 with an additional zakat liability of SR 7.5 million. The Company has filed an appeal against this 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 an additional zakat liability of SR 11.5 million. The Company has filed an appeal against this initial assessment and the final assessment for the year 2012 is awaited.

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At 31 December 2013

**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.

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

	<i>For the three-month period ended 31 December 2013 (Unaudited)</i>		
	<b>Major SR'000</b>	<b>Non-major SR'000</b>	<b>Total SR'000</b>
Gross written premiums	235,099	339,384	574,483
Premiums ceded	(6,341)	(556)	(6,897)
Net written premiums	228,758	338,828	567,586
Movement in net unearned premiums	202,580	4,955	207,535
Net earned premiums	431,338	343,783	775,121
Gross claims paid	348,385	263,558	611,943
Claims recovered	(1,056)	(676)	(1,732)
Net claims paid	347,329	262,882	610,211
Movement in net outstanding claims	(8,223)	(6,344)	(14,567)
Net claims incurred	339,106	256,538	595,644
Net underwriting result	92,232	87,245	179,477
Unallocated income			4,286
Unallocated expenses			(89,374)
Surplus from insurance operations			94,389

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**

At 31 December 2013

**11 SEASONALITY AND SEGMENT INFORMATION (continued)**

**b) SEGMENT INFORMATION (continued)**

	<i>For the three-month period ended 31 December 2012 (Unaudited)</i>		
	Major <i>SR'000</i>	Non-major <i>SR'000</i>	Total <i>SR'000</i>
Gross written premiums	129,940	221,695	351,635
Premiums ceded	(225)	(385)	(610)
Net written premiums	129,715	221,310	351,025
Movement in net unearned premiums	101,329	101,505	202,834
Net earned premiums	231,044	322,815	553,859
Gross claims paid	229,701	214,235	443,936
Claims recovered	(342)	(245)	(587)
Net claims paid	229,359	213,990	443,349
Movement in net outstanding claims	(4,571)	(4,053)	(8,624)
Net claims incurred	224,788	209,937	434,725
Net underwriting result	6,256	112,878	119,134
Unallocated income			4,087
Unallocated expenses			(71,860)
Surplus from insurance operations			51,361

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)  
 At 31 December 2013

**11 SEASONALITY AND SEGMENT INFORMATION (continued)**

**b) SEGMENT INFORMATION (continued)**

	<i>For the twelve-month period ended 31 December 2013 (Unaudited)</i>		
	<b>Major SR'000</b>	<b>Non-major SR'000</b>	<b>Total SR'000</b>
Gross written premiums	1,674,162	1,503,318	3,177,480
Premiums ceded	(78,025)	(1,608)	(79,633)
Net written premiums	1,596,137	1,501,710	3,097,847
Movement in net unearned premiums	(173,767)	(319,622)	(493,389)
Net earned premiums	1,422,370	1,182,088	2,604,458
Gross claims paid	1,108,396	965,653	2,074,049
Claims recovered	(1,515)	(1,059)	(2,574)
Net claims paid	1,106,881	964,594	2,071,475
Movement in net outstanding claims	12,012	10,867	22,879
Net claims incurred	1,118,893	975,461	2,094,354
Net underwriting result	303,477	206,627	510,104
Unallocated income			15,802
Unallocated expenses			(380,720)
<b>Surplus from insurance operations</b>			<b>145,186</b>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 December 2013

11 SEASONALITY AND SEGMENT INFORMATION (continued)

b) SEGMENT INFORMATION (continued)

	<i>For the twelve-month period ended 31 December 2012 (Audited)</i>		
	<i>Major SR'000</i>	<i>Non-major SR'000</i>	<i>Total SR'000</i>
Gross written premiums	1,031,766	1,162,535	2,194,301
Premiums ceded	(1,079)	(1,264)	(2,343)
Net written premiums	1,030,687	1,161,271	2,191,958
Movement in net unearned premiums	(25,256)	(38,674)	(63,930)
Net earned premiums	1,005,431	1,122,597	2,128,028
Gross claims paid	857,014	814,608	1,671,622
Claims recovered	(1,647)	(1,168)	(2,815)
Net claims paid	855,367	813,440	1,668,807
Movement in net outstanding claims	17,007	15,237	32,244
Net claims incurred	872,374	828,677	1,701,051
Net underwriting result	133,057	293,920	426,977
Unallocated income			13,064
Unallocated expenses			(296,227)
Surplus from insurance operations			143,814

	<i>As at 31 December 2013 (Unaudited)</i>		
	<i>Major SR'000</i>	<i>Non-major SR'000</i>	<i>Total SR'000</i>
<b>Insurance operations' assets</b>			
Premiums receivable - net	240,554	169,541	410,095
Reinsurer's share of unearned premium	43,011	-	43,011
Reinsurer's share of outstanding claims	13,708	-	13,708
Deferred policy acquisition costs	17,456	14,744	32,200
Unallocated assets	-	-	1,416,974
<b>Total</b>			<b>1,915,988</b>
<b>Insurance operations' liabilities and surplus</b>			
Unearned premiums	717,236	605,833	1,323,069
Outstanding claims	236,300	213,796	450,096
Unallocated liabilities and surplus	-	-	142,823
<b>Total</b>			<b>1,915,988</b>



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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**

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**11 SEASONALITY AND SEGMENT INFORMATION (continued)**

**b) SEGMENT INFORMATION (continued)**

	<i>As at 31 December 2012 (Audited)</i>		
	Major SR'000	Non-major SR'000	Total SR'000
<b>Insurance operations' assets</b>			
Premiums receivable - net	215,830	19,429	235,259
Deferred policy acquisition costs	10,693	11,842	22,535
Unallocated assets	-	-	1,048,480
<b>Total</b>			<b>1,306,274</b>
<b>Insurance operations' liabilities and surplus</b>			
Unearned premiums	385,007	401,662	786,669
Outstanding claims	225,114	188,395	413,509
Unallocated liabilities and surplus	-	-	106,096
<b>Total</b>			<b>1,306,274</b>

**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 for the income tax in excess to the proportion of the Saudi Shareholders' zakat per share (see note 2a).

**13 FAIR VALUE OF FINANCIAL INSTRUMENTS**

a) Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The Company's financial assets consist of cash and cash equivalents, murabaha deposits, premiums receivable, investments and other receivables and its financial liabilities consist of outstanding claims, reinsurance balance payable, amount due to a related party in respect of goodwill, amount due to related parties and other liabilities. The fair values of financial instruments are not materially different from their carrying values. At 31 December 2013, apart from the investments which are carried at fair value (note 6), there were no other financial instruments held by the Company that were measured at fair value (2012: nil).

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
At 31 December 2013

**13 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

b) 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 December 2013 and 31 December 2012, all financial instruments which are fair valued are Level 2 instruments.

**14 BOARD OF DIRECTORS' APPROVAL**

These financial statements have been approved by the Board of Directors on 20 January 2014.