Press Release

12 May 2011

Arig Remained Positive in 1st Quarter Amid Challenging Industry Environment

Global reinsurance markets took a hit during the first quarter when severe earthquakes in Japan and New Zealand as well as floods in Australia caused multi-billion dollar losses to the industry, while lower investments returns were not providing much relief. Closer to home, Arig witnessed recurring flood losses from Saudi Arabia and generally lagging economic performance in the region as the Arab World was rocked by civil unrest. The Group's quarterly result reflects the difficult industry climate, but remained in positive territory, returning a profit of US$ 0.6 million (Q1 2010: US$ 4.5 million). At the same time, technical provisions were strengthened against unreported future claims from clients.

First quarter Gross Written Premium reached US$ 132.1 million (Q1 2010: US$ 141.7 million), contributing to a combined ratio of 81.7% for the Non-Life portfolio. Mixed financial markets generated investment income of US$ 5.5 million (Q1 2010: US$ 6.5 million) over the quarter.

Starting this year, Arig's corporate membership at Lloyd's of London became operational producing complementary income for the Group from territories outside the MENA region.

Financial Highlights as at 31 March 2011 (in US$ million)

	As at 31 March		Year
	2011	**2010**	**2010**
Gross premium written	132.1	141.7	239.5
Technical result	3.8	5.7	16.2
Underwriting result	1.5	2.7	12.2
Investment income	5.5	6.5	34.0
Operating expenses	8.5	10.2	35.5
Net profit	**0.6**	**4.5**	**20.8**
Investment assets	687.7	652.3	646.9
Net technical provisions	641.5	629.2	569.4
Shareholders' equity	245.8	257.2	260.1
Total assets	1,255.5	1,215.6	1,100.3
Book value per share (US$)	**1.24**	**1.22**	**1.31**

About Arig

Arig is one of the largest Arab-owned, professional reinsurance providers in the Middle East and North Africa. Arig is listed on the stock exchanges in Bahrain, Dubai and Kuwait and offers a wide range of reinsurance products and services. Arig's subsidiaries include Takaful Re (Dubai), Gulf Warranties (Bahrain) and ARIMA Insurance Software (Bahrain) and Arig Capital Ltd, UK. Arig is also an equal partner in the joint venture Hardy Arig Insurance Management (HAIM). Additional information about Arig can be obtained at www.arig.net

For further information, please contact Amel Dardour, Corporate Communications,
Tel: +973 17 544 357, Fax: +973 17 531 155, or email: dardour.a@arig.com.bh