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Press Release

Arig reports profits of US$ 10.3 million for 3rd Quarter 2007

Manama: Arab Insurance Group (Arig) announced a net profit of US$ 10.3 million for the third quarter ended September 2007, compared to a profit of US$ 12.9 million for the same period last year.

The results during the quarter were significantly affected by claims arising out of Cyclone Gonu, the strongest tropical cyclone on record in the Arabian Sea that hit Oman on 6 June 2007. The cyclone caused about US$ 4 billion economic loss and resulted in estimated insured losses in excess of US$800 million. Arig's net loss is estimated at US$ 9 million, which includes a significant part remaining outstanding. The magnitude of the loss, which not only impacted local Omani insurance companies but also spread to other regional companies, affirms Arig's prominent market position and its commitment to alleviate the financial consequences of this calamity.

The Group also reported a 46% increase in gross written premiums to US$ 215 million, compared to last year mainly due to significant new business growth from the Far-East and Sub-Saharan Africa on the non-life business and the acquisition of Scottish Re's Middle East portfolio on the life business. The integration of the Scottish Re portfolio that was taken over by Arig effective 1 July 2007 has been progressing remarkably well with over 80% of business being successfully transferred in favour of Arig.

Investment income for the 3rd quarter 2007 was reported at US$ 34.7 million, which is a significant improvement from the income of US$ 26.2 for the same period in the previous year. The investment portfolio was insulated from the ongoing US sub-prime woes due to prudent and conservative investment policy.

Shareholder's equity at the period-end was US$ 284.3 million and the book value per share as at end September 2007 was US$ 1.33.

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Financial Highlights as at 30 September 2007

(US$'000)

	30 September		Year
	2007	2006	2006
Gross premiums written	214,978	146,822	166,304
Underwriting result	(3,676)	2,652	8,066
Investment income	34,687	26,236	38,377
Operating expenses	20,556	17,880	24,188
Net profit	**10,286**	**12,940**	**30,366**
Investment assets	698,395	649,168	674,274
Net technical provisions	483,979	381,102	361,219
Shareholders' equity	284,285	275,847	293,396
Total assets	1,073,332	931,503	930,176
Book value per share (US$)	**1.33**	**1.28**	**1.36**

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