Press Release

13 August 2012

Arig Posts Half-Year Profit On Increased Underwriting Returns

Bahrain: Good underwriting performance and the absence of large natural catastrophes contributed to Arig's half-year net result of US$ 3.8 million (Q2 2011: net loss of US$ 4.1 million). The company's underwriting result for the two quarters produced income of US$ 5.2 million (Q2 2011: loss of US$ 3.9 million), while investment income remained largely flat at US$ 8.7 million at the half-year point (Q2 2011: US$ 8.8 million). Net result for the second quarter alone was a loss of US$ 1.7 million (Q2 only 2011: loss of US$ 4.8 million).

Tighter risk selection and generally favorable reinsurance results in 2012 translated into a reduced combined ratio of 85.4% for the company's non-life portfolio (Q2 2011: 93.1%). However, as original premium rates charged by insurers in the MENA region remained intensely price competitive and some regional markets succumbed to political turmoil, gross written premiums declined to US$ 171.1 million (Q2 2011: US$ 188.9 million), or by 9.4% year-on-year.

Equity markets and alternative investments performed below expectation while the fixed income portfolio contributed to an overall yield of 2.7% on investible assets (Q2 2011: 2.7%).

Shareholders' equity increased to US$ 234.4 million at 30 June 2012 (December 2011: US$ 222.4 million), and book value per share recorded at US$ 1.18 (December 2011: US$ 1.12).

Financial Highlights as at 30 June 2012 (in US$ million)

	As at 30 June		Full Year
	2012	**2011**	**2011**
Gross premiums written	171.1	188.9	247.5
Technical result	9.7	2.7	1.4
Underwriting result	5.2	(3.9)	(14.5)
Non-life combined ratio	85.4%	93.1%	108.6%
Investment income	8.7	8.8	4.0
Operating expenses	14.1	17.5	31.5
Net profit (loss)	3.8	(4.1)	(19.1)
Investment assets	643.4	675.1	652.8
Net technical provisions	606.8	630.3	564.8
Shareholders' equity	234.4	243.5	222.4
Total assets	1,059.6	1,139.1	1,024.3
Book value per share (US$)	1.18	1.23	1.12

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), 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

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