Press Release

11 August 2011

Arig Posts Negative Half-Year Result Due To MENA Unrest Provisions And Lower Investment Income

Bahrain: The Company announced a six-month net loss of US$ 4.1 million (HY 2010: loss of US$ 2.8 million) that was largely driven by provisions taken against reported and unreported Middle East & North African riot claims and by under-performing financial markets. Arig's exposure to natural catastrophe losses remained at the expected moderate level. The Company's combined ratio stood at 96.3% at the half-year mark (HY 2010: 98.5%). The net result for the 2nd quarter of 2011 was a loss of US$ 4.8 million (2nd Qtr 2010: net loss US$ 7.3 million).

Gross premiums written by the Group increased by 6.7% to US$ 188.9 million for the reporting period (HY 2010: US$ 177.1 million). Following a review of the latest developments, Arig decided to increase its reserves for riot claims arising from the events of the "Arab Spring" in several of its MENA markets. Yassir Albaharna, CEO of Arig, noted: "While we believe that many of the claims seen from the peoples' revolutions in North Africa would fall under common policy exclusions, we are faced with government decrees, intense client pressure and a judiciary that may feel sympathetic to the national cause. Going forward we will need to decide if SRCC in its current form will be an uninsurable peril in some of our markets."

Investment produced net income of US$ 8.8 million (HY 2010: US$ 5.5 million) but fell short of expectation as the European and U.S. debt crises and slow demand in key regions depressed earnings.

Book Value per share registered at US$ 1.23 on 30 June 2011 (Dec. 2010: US$ 1.31).

Financial Highlights as at 30 June 2011 (in US$ million)

	As at 30 June		Year
	2011	**2010**	**2010**
Gross premiums written	188.9	177.1	239.5
Technical result	2.7	5.0	16.2
Underwriting result	(3.9)	(3.8)	12.2
Investment income	8.8	5.5	34.0
Operating expenses	17.5	19.1	35.5
Net profit	**(4.1)**	**(2.8)**	**20.8**
Investment assets	675.1	635.5	646.9
Net technical provisions	630.3	620.9	569.4
Shareholders' equity	243.5	245.4	260.1
Total assets	1,215.5	1,149.2	1,100.3
Book value per share (US$)	**1.23**	**1.20**	**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

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