Press Release

14 November 2010

Arig Swings Back Into Profit Zone On Strong Earnings In 3rd Quarter 2010

Manama: Higher technical returns from reinsurance and a rally in the world financial markets firmly placed Arig back into profitability at the end of the third quarter following a dip in investment returns at the half-year point. At September 30th, the company's Technical Result stood at US$ 12.3 million (3Q 2009: US$ 11.2 million) based on a combined ratio of 98.4% for the general reinsurance business. Investments yielded US$ 20.5 million (3Q 2009: US$ 26.8 million) over the three quarters combined. Net Profit for the period amounted to US$ 11.5 million (Q3 2009: US$ 16.9 million) - a strong recovery following a US$ 2.8 million loss recorded at mid-year.

Greater pricing competition among insurance clients means that the company needs to apply increased scrutiny on its accepted reinsurance contracts. The combined effects of reduced demand for reinsurance, discontinuation of some under-performing contracts and deferred policy renewals led to a reduction in Gross Premium Written, which reached US$ 207 million at the end of the third quarter (3Q 2009: US$ 247.3 million). The company regards this drop as a temporary effect.

Shareholders Equity after the third quarter stood at US$ 258.5 million (Dec. 2009: 267.3 million) after consideration of the paid annual dividend and company's purchase of US$ 2.9 million in treasury shares. Book Value per share registered at US$ 1.26 on 30 September 2010 (Dec. 2009: US$ 1.27).

Financial Highlights as at 30 September 2010

	(US$'000)		
	30 September		Year
	2010	2009	2009
Gross premium written	207,044	247,271	279,355
Technical Result	12,259	11,238	16,516
Underwriting result	6,119	7,392	10,630
Investment income	20,517	26,762	33,688
Operating expenses	26,758	26,171	34,702
Net profit	**11,549**	**16,944**	**21,853**
Investment assets	641,845	659,746	663,686
Net technical provisions	593,053	604,698	589,842
Shareholders' equity	258,470	263,121	267,345
Total assets	1,129,086	1,157,374	1,132,283
Book value per share (US$)	**1.26**	**1.25**	**1.27**

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). 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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