Interim Results

1st Quarter 2011

Agenda

Quarter Summary

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.

Key Results

(in million US$)	Q1 2011	Q1 2010
Gross premiums written	132.1	141.7
Technical result *	3.8	5.7
Underwriting result **	1.5	2.7
Investment income	5.5	6.5
Net profit	**0.6**	**4.5**
Non-life combined ratio * **	**81.7%**	**85.7%**

	Mar 2011	Dec 2010
Shareholders Equity	245.8	260.1

** Technical result – returns from reinsurance operations before consideration of investment income and operating expenses*
*** Underwriting result – reinsurance results after investment income on insurance funds and related operating expenses*
**** Combined Ratio – aggregate of acquisition & operating cost over net premium written and claims over net earned premium*

Reinsurance Performance

Gross written premiums (in million US$)	**Q1 2011**	**Q1 2010**
Non-life premiums	118.8	126.1
Life premiums	13.3	15.6
Total	**132.1**	**141.7**

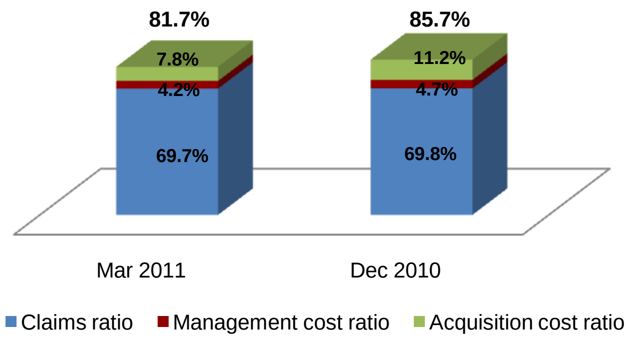
- *Reduced non-life premiums*
  - *Lower pipeline premium realisation*
  - *Selective risk acceptance as markets continue to soften*
- *Reduced life premiums*
  - *Effect of increased price competition and weak economic conditions*

Net earned premiums (in million US$)	**Q1 2011**	**Q1 2010**
Earned premiums		
Non-life premiums	37.0	54.3
Life premiums	10.2	8.2
Total	**47.2**	**62.5**

Reinsurance Performance

Technical results (in million US$)	**Q1 2011**	**Q1 2010**
Non life technical profit	3.4	4.8
Life technical profit/(loss)	0.4	0.9
Total	**3.8**	**5.7**
Non-life combined ratio	**81.7%**	**85.7%**

- *Non life technical result*
  - *Includes additional reserve provisions for nat cat events occurring during the quarter*
- *Life technical result*
  - *Claims reserve includes prudent margins to cater for unexpected developments of the long-term policy portfolio; typically a share of these reserves is released over time as the underlying policies mature*



Non-Life combined ratio	**Q1 2011**	**Q1 2010**
Claims ratio	69.7%	69.8%
Management cost ratio	4.2%	4.7%
Acquisition cost ratio	7.8%	11.2%
Total	**81.7%**	**85.7%**

- *Changes in key ratios*
  - *Improved claims ratio despite additional provisions taken for nat cat losses*
  - *Improved management cost ratio reflects lower costs incurred*
  - *acquisition cost ratio influenced by higher net written premium compared to net earned premium*

Asset Management

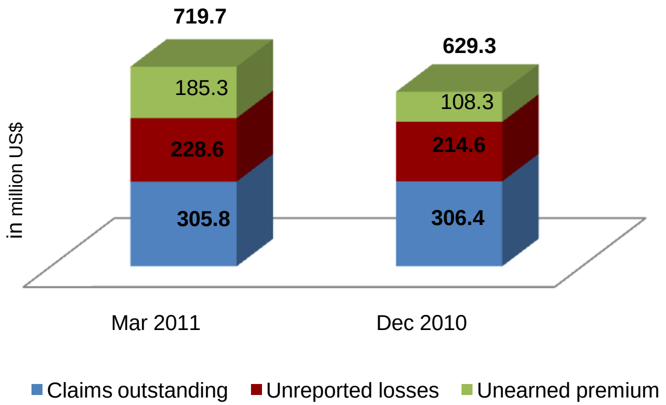
Investment Income (in million US$)	**Q1 2011**	**Q1 2010**
Cash & short term deposits	1.1	1.7
Fixed maturities	1.6	2.2
Equity	1.9	2.4
Alternative Investments	0.9	0.2
Total	**5.5**	**6.5**
Rate of return	3.3%	4.0%

- *Earnings on cash and short-term deposits benefited from increased allocation to higher interest earning GCC currency deposits although rates were generally lower compared to 2010*
- *Equity returns affected by a reduction in emerging market valuations*

Investments (in million US$)	**Mar 2011**	**Dec 2010**
Cash & short term deposits	329.2	281.3
Fixed maturities	214.7	228.5
Equity	121.7	115.5
Alternative investments	22.1	21.5
Total	**687.7**	**646.9**

- *Fixed maturities include a structured deposit of $ 50 million which involves leverage (borrowing $ 40 million) to capture higher yields from GCC currency deposits.*

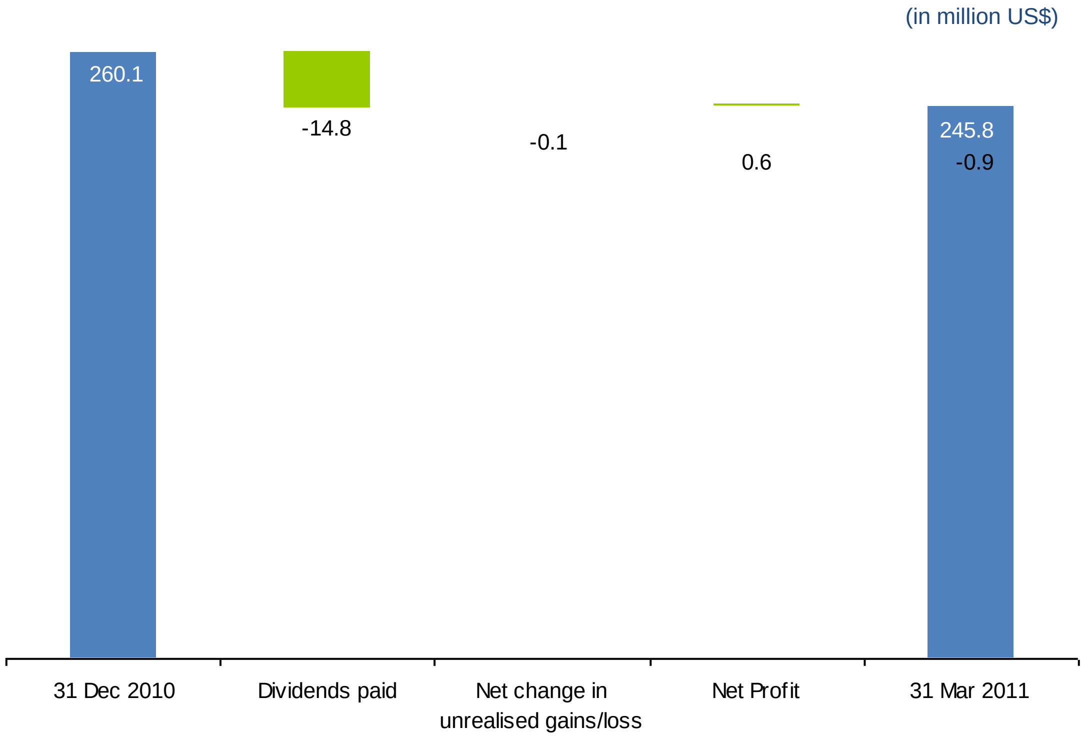
Technical Reserves



(in million US$)	Mar 2011	Dec 2010
Unearned premium	185.3	108.3
Unreported losses	228.6	214.6
Claims outstanding	305.8	306.4
Total	**719.7**	**629.3**

- *Gross technical reserves higher on higher unearned premium – in line with seasonal trends.*

Shareholders’ Equity



Outlook

- Impact of political unrest on the MENA economies likely to dampen premium growth for the year
- Arig continues to employ a selective risk acceptance strategy while expanding into alternative territories
- The company is focusing to increase cost efficiencies
- Globally declining equity returns and company valuations in our industry make M&A’s look increasingly attractive
- We expect continued volatility in global and regional financial markets and are determined to trade cautiously yet will utilize opportunities as they may arise