Interim Results

2nd Quarter 2011

Agenda

Half-Year Summary

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

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. The half-year result was also influenced by lower earned premiums and certain impairment provisions relating to subsidiaries. Arig's exposure to natural catastrophe losses remained at the expected moderate level. The net result for the 2nd quarter of 2011 alone was a loss of US$ 4.8 million (2nd Qtr 2010: net loss US$ 7.3 million).

The Company's combined ratio stood at 96.3% at the half-year mark (HY 2010: 98.5%).

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.

Investments 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.

Key Results

(in million US$)	HY 2011	HY 2010
Gross premiums written	188.9	177.1
Technical result *	2.7	5.0
Underwriting result **	(3.9)	(3.8)
Investment income	8.8	5.5
Net profit	**(4.1)**	**(2.8)**
Overall combined ratio * **	**96.3%**	**98.5%**
Non-life combined ratio * **	**93.1%**	**97.3%**

	June 2011	Dec 2010
Shareholders' Equity	243.5	260.1

- *Net result HY 2011 was also affected by lower earned premiums and certain impairment provisions relating to subsidiaries.*

** 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$)	**HY 2011**	**HY 2010**
Non-life premiums	172.6	162.6
Life premiums	16.3	14.5
Total	**188.9**	**177.1**

- *6.2% year-on-year increase in Non-life premiums contributed by Arig Capital Ltd writing a 7.5% quota share of Hardy Syndicate 382*
- *Reduced Life premiums showing the effects of increased price competition and weak economic conditions*

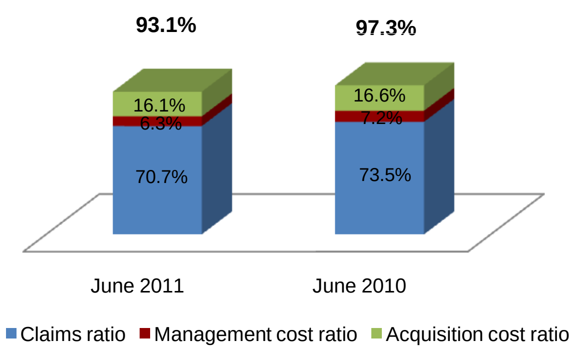
Net earned premiums (in million US$)	**HY 2011**	**HY 2010**
Earned premiums		
Non-life premiums	89.6	102.3
Life premiums	17.3	10.2
Total	**106.9**	**112.5**

- *Non-life earned premiums lower mainly on account of under-performing medical accounts discontinued in 2010*

Reinsurance Performance

Technical results (in million US$)	**HY 2011**	**HY 2010**
Non-life technical profit/(loss)	2.3	4.4
Life technical profit/(loss)	0.4	0.6
Total	**2.7**	**5.0**
Overall combined ratio	**96.3%**	**98.5%**

- *Non-life technical result : Includes additional reserve provisions taken on the MENA riot claims*
- *Life technical result: Claims reserve includes prudent margins to cater for unexpected developments within the long-term policy portfolio; typically a share of these reserves is released over time as the underlying policies mature*



Non-life combined ratio	**HY 2011**	**HY 2010**
Claims ratio	70.7%	73.5%
Management cost ratio	6.3%	7.2%
Acquisition cost ratio	16.1%	16.6%
Total	**93.1%**	**97.3%**

- *Changes in Non-life key ratios*
  - *Improved claims ratio despite additional provisions taken for MENA riot claims*
  - *Improved management cost ratio reflects lower costs incurred*
  - *Acquisition cost ratio influenced by higher net written premium compared to net earned premium*

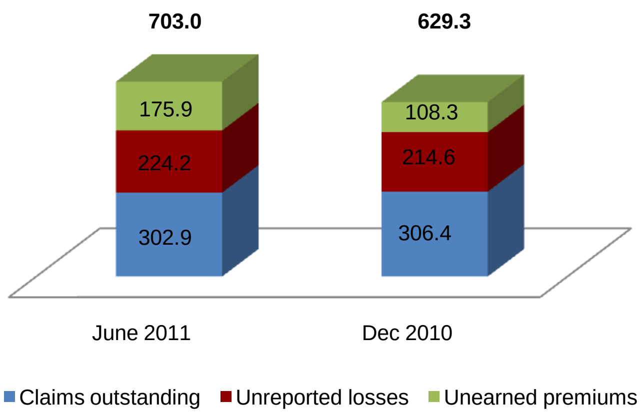
Asset Management

Investment Income (in million US$)	**HY 2011**	**HY 2010**
Cash & short term deposits	2.1	3.3
Fixed maturities	4.6	4.6
Equities	2.1	(3.5)
Alternative Investments	-	1.1
Total	**8.8**	**5.5**
Rate of return	2.7%	1.7%

Investments (in million US$)	**June 2011**	**Dec 2010**
Cash & short term deposits	290.9	281.4
Fixed maturities	253.5	228.5
Equities	108.7	115.5
Alternative investments	22.0	21.5
Total	**675.1**	**646.9**

- *Fixed maturities include a long term deposit of $ 49.7 million.*

Technical Reserves

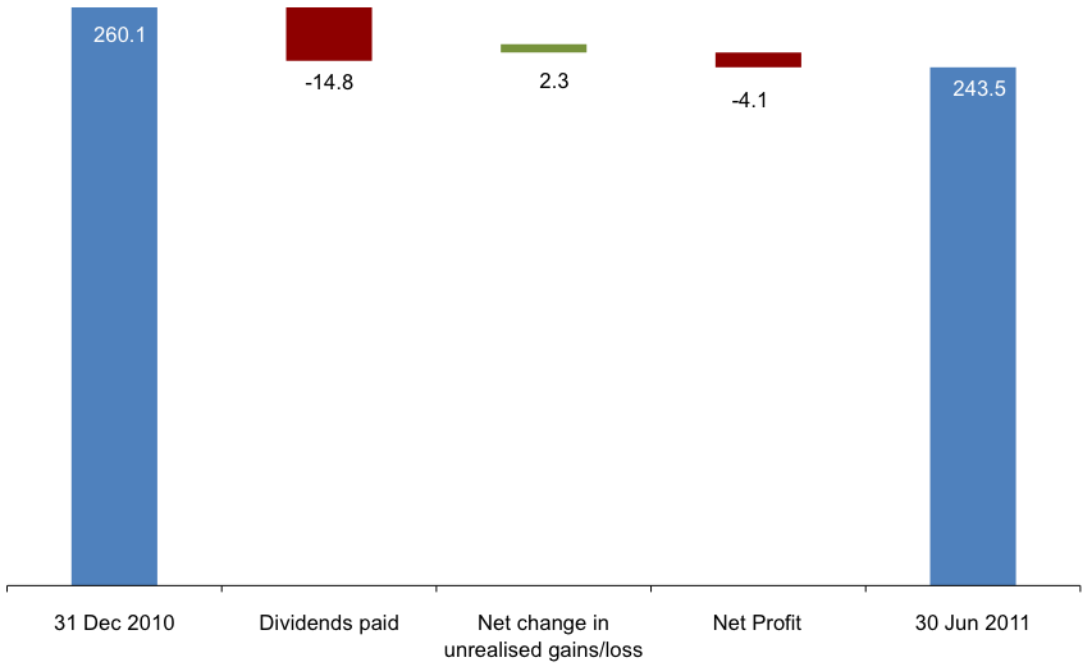


(in million US$)	June 2011	Dec 2010
Unearned premiums	175.9	108.3
Unreported losses	224.2	214.6
Claims outstanding	302.9	306.4
Total	**703.0**	**629.3**

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

Shareholders' Equity

(in million US$)



Outlook

- While 2011 has been testing the reinsurance industry's profitability, we expect that pressure from global and regional claims will support a strengthening of our terms of trade in 2012.
- Arig will continue to gradually shift its emphasis away from the MENA region to a more global basis by increasingly employing its Lloyd's corporate membership. This allows the Company to become more opportunistic, utilizing pricing trends in different parts of the world markets to its advantage.
- While the performance of the technical results and our general business for the remainder of 2011 is yet unknown, we are assuming lower returns than in the previous year. Much will depend on the outcome of the U.S. wind season and the future behavior of the jittery financial markets.
- In the meantime, Arig is applying intensified cycle management: revisiting its structures, business focus, pricing, and cost efficiencies.