

Ariel Reinsurance Company Ltd.
Balance sheet
As at June 30, 2009
(expressed in United States dollars)

	30-Jun-09	31-Dec-08
Fixed maturity investments, available for sale, at fair value (amortized cost \$1,309,459,525 and \$1,195,276 respectively)	1,295,496,365	1,162,108,873
Other Investments	-	-
Short term investments	159,881,438	123,329,457
Cash and cash equivalents	51,874,808	83,281,127
Premiums receivable	36,686,403	23,853,991
Accrued investment income	272,081,736	151,121,485
Deferred acquisition costs	10,070,607	10,827,738
Prepaid reinsurance	30,959,935	16,158,943
Reinsurance recoverable balances	3,808,983	2,254,846
Intangible assets	1,115,067	858,145
Fixed assets	-	-
Prepaid expenses	9,921,372	8,218,322
Other assets	3,017,191	1,495,757
Securities receivable	157,295	232,170
	21,253,690	86,641,830
Total assets	1,896,324,890	1,670,382,684
Liabilities		
Reserve for losses and loss adjustment expenses	288,350,273	288,701,080
Unearned premiums	230,906,000	114,696,186
Deposit Liability	196,848	203,705
Reinsurance premiums payable	1,112,438	144,000
Losses Payable	-	-
Intercompany payable	70,011	4,280,585
Accounts payable	(17,282)	17,593
Accrued liabilities	3,789,104	3,279,925
Securities payable	64,322,498	120,303,739
Other liabilities	-	-
Total liabilities	588,729,891	531,626,813
Shareholder's equity		
Ordinary share capital (1,000,000 shares outstanding, par value \$1)	1,000,000	1,000,000
Additional paid-in capital	999,000,000	999,000,000
Deferred stock grant compensation	-	-
Retained earnings	307,595,000	138,755,871
Accumulated other comprehensive (loss) income	-	-
Total shareholder's equity	1,307,595,000	1,138,755,871
Total liabilities and shareholder's equity	1,896,324,890	1,670,382,684

Ariel Reinsurance Company Ltd.
Income statement
For the period January 1, 2009 to June 30, 2009
(expressed in United States dollars)

	QTD	YTD
Revenue		
Gross premiums written	148,536,232	340,187,154
Net premiums written	146,662,978	334,552,903
Change in unearned net premiums	(41,789,084)	(114,656,068)
Net premiums earned	104,873,894	219,896,835
Other underwriting Income	-	(35,410)
Net investment income	15,610,583	30,961,303
Net foreign exchange gain (loss)	(606,336)	(4,240,123)
Net realized gains (losses) on investments	944,552	(2,158,185)
Net unrealized (loss) gain on investments	26,030,237	26,114,628
	<u>146,852,930</u>	<u>270,539,048</u>
Losses and expenses		
Losses and loss adjustment expenses	25,062,569	52,589,030
Acquisition costs	15,633,941	29,102,782
General and administrative expenses	9,931,166	20,008,107
Amortization of intangible assets	-	-
	<u>50,627,676</u>	<u>101,699,919</u>
Net income	<u>96,225,254</u>	<u>168,839,129</u>
Underwriting result	54,246,218	118,161,506
Operating income	69,856,801	149,122,808
Loss ratio	23.90%	23.92%
Acquisition expense ratio	14.91%	13.23%
General and administrative expense ratio	9.47%	9.10%
Combined Ratio	48.27%	46.25%

Ariel Reinsurance Company Ltd.
Statement of Shareholder's Equity
As at June 30, 2009
(expressed in United States dollars)

	QTD 30-Jun-09	YTD 30-Jun-09	YTD 31-Dec-08
Ordinary share capital, par value \$1			
Balance, beginning of period	1,000,000	1,000,000	1,000,000
Additional shares issued	-	-	-
Balance, end of period	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Additional paid in capital			
Balance, beginning of period	999,000,000	999,000,000	999,000,000
Additional paid in capital on shares issued	-	-	-
Balance, end of period	<u>999,000,000</u>	<u>999,000,000</u>	<u>999,000,000</u>
Retained earnings			
Balance, beginning of period	211,369,746	138,755,871	158,192,866
Net income	96,225,254	168,839,129	(29,766,751)
Change in accounting policy	-	-	10,329,756
Dividends on ordinary shares	-	-	-
Balance, end of period	<u>307,595,000</u>	<u>307,595,000</u>	<u>138,755,871</u>
Accumulated other comprehensive (loss) income			
Balance, beginning of period	-	-	10,329,756
Net unrealized gains (losses) on securities	-	-	-
Change in accounting policy	-	-	(10,329,756)
Balance, end of period	<u>-</u>	<u>-</u>	<u>-</u>
Total shareholders' equity	<u>1,307,595,000</u>	<u>1,307,595,000</u>	<u>1,138,755,871</u>

Ariel Reinsurance Company Ltd.
Statement of cash flows
For the period January 1, 2009 to June 30, 2009
(expressed in United States dollars)

	QTD 30-Jun-09	YTD 30-Jun-09
Cash flows provided by operating activities		
Net income	96,225,254	168,839,129
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	(401,674)	630,259
Renewal right amortization	-	-
Net unrealized (gains) losses on FX	-	-
Amortization of fixed income securities	(145,304)	(144,996)
Amortization of other investment	24,697	(175,880)
Amortization of short term securities	(26,566)	(63,304)
Net realized investment FX (gains) losses fixed income	(4,127)	(5,961)
Net realized investment FX (gains) losses other investments	74,255	106,060
Net realized investment FX (gains) losses accrued interest	72	39
Net realized investment FX (gains) losses cash	1,671	1,747
Net unrealized (gains) losses on investments	(26,015,181)	(26,103,402)
Net unrealized (gains) losses on cash	(15,987)	(11,981)
Net unrealized (gains) losses on accrued investments	931	754
Other	(246,003)	360,358
Net realized investment losses (gains) fixed income (excludes fx realised - investments)	(2,188,975)	(7,387,845)
Net realized investment losses (gains) other investments (excludes fx realised - investments)	1,253,782	9,555,965
Net realized investment losses (gains) short-term (excludes fx realised - investments)	(9,359)	(9,936)
Change in:		
Premiums receivable	(51,680,145)	(120,960,251)
Accrued investment income	(514,069)	773,080
Deferred acquisition costs	(4,683,797)	(14,800,992)
Prepaid reinsurance	48,241	(1,554,137)
Reinsurance recoverable balances	(122,452)	(256,922)
Prepaid expenses	(2,039,184)	(1,521,434)
Other assets	59,073	14,816
Reserve for losses and loss adjustment expenses	8,362,492	(350,806)
Losses Payable	-	-
Unearned premiums	41,740,451	116,209,813
Deposit Liability	(42,267)	(6,857)
Reinsurance premiums payable	307,441	968,438
Intercompany payable	(920,912)	(4,210,575)
Accounts payable	(16,599)	(34,875)
Accrued liabilities	1,244,216	509,179
Net cash provided by operating activities	60,269,974	120,369,484
Cash flows used in investing activities		
Proceeds from sales of investments available for sale	491,288,144	1,481,982,117
Purchase of investments available for sale	(623,806,824)	(1,588,750,815)
Proceeds from sales of short-term investments	235,791,064	401,615,692
Purchase of short-term investments	(207,354,043)	(369,905,898)
Net purchase of other investments	(21,711,698)	(39,368,256)
Securities payable	(6,167,508)	(55,981,241)
Securities receivable	6,888,581	65,388,141
Purchases of fixed assets	1,003,368	(2,333,309)
Net cash used in investing activities	(124,068,916)	(107,353,569)
Cash flows provided by financing activities		
Credit facility issuance expenses paid	-	-
Net proceeds from share issuance	-	-
Dividends paid	-	-
Net cash provided by financing activities	-	-
Net (decrease) increase in cash and cash equivalents	(63,798,942)	13,015,915
FX movement on cash	308,186	(183,501)
Cash and cash equivalents, beginning of period	100,177,160	23,853,989
Cash and cash equivalents, end of period	36,686,403	36,686,403