

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

	30-Sep-09	31-Dec-08
Fixed maturity investments, at fair value (amortized cost \$1,474,509,963 and \$1,195,276,000 respectively)	1,491,293,224	1,162,108,873
Other Investments, at fair value	149,021,006	123,329,457
Short term investments, at fair value	47,947,230	83,281,127
Cash and cash equivalents	18,643,711	23,853,991
Premiums receivable	179,428,405	151,121,485
Accrued investment income	10,788,590	10,827,738
Deferred acquisition costs	27,905,762	16,158,943
Prepaid reinsurance	2,815,653	2,254,846
Loss reserves recoverable	1,343,610	858,145
Other assets	11,350,259	9,946,249
Receivable for investments sold	14,675,224	86,641,830
Total assets	<u>1,955,212,675</u>	<u>1,670,382,684</u>
Liabilities		
Reserve for losses and loss adjustment expenses	248,849,941	288,701,080
Unearned premiums	204,826,793	114,696,186
Deposit Liabilities	15,692	203,705
Reinsurance premiums payable	530,343	144,000
Payable for investments purchased	66,552,667	120,303,739
Accounts payable, accrued expenses and other liabilities	7,774,091	7,578,103
Total liabilities	<u>528,549,528</u>	<u>531,626,813</u>
Shareholder's equity		
Ordinary share capital (1,000,000 shares issued, par value \$1)	1,000,000	1,000,000
Additional paid-in capital	999,000,000	999,000,000
Retained earnings	426,663,147	138,755,871
Total shareholder's equity	<u>1,426,663,147</u>	<u>1,138,755,871</u>
Total liabilities and shareholder's equity	<u>1,955,212,675</u>	<u>1,670,382,684</u>

Ariel Reinsurance Company Ltd.
Statements of Operations
For the periods ended September 30, 2009
(expressed in United States dollars)

	2009 QTD	2009 YTD
Revenue		
Gross premiums written	83,397,154	423,584,308
Net Premiums written	82,729,933	417,282,836
Change in net unearned premiums	25,085,876	(89,570,192)
Net premiums earned	107,815,809	327,712,643
Other underwriting (loss)	(32,649)	(68,059)
Net investment income	16,721,955	47,683,257
Net foreign exchange gains (losses)	2,536,902	(1,703,221)
Net realized gains on investments	4,327,499	2,169,314
Net unrealized gains on investments	45,007,020	71,121,648
	<u>176,376,535</u>	<u>446,915,583</u>
Expenses		
Net losses and loss adjustment expenses	33,591,485	86,180,515
Acquisition costs	11,835,292	40,938,074
General and administrative expenses	11,881,610	31,889,717
Amortization of intangible assets	-	-
Total expenses	<u>57,308,387</u>	<u>159,008,306</u>
Net income	<u>119,068,147</u>	<u>287,907,277</u>
Underwriting result	50,474,773	168,636,278
Operating income	67,229,376	216,387,595
Loss ratio	31.16%	26.30%
Acquisition expense ratio	10.98%	12.49%
General and administrative expense ratio	11.02%	9.73%
Combined Ratio	53.15%	48.52%

Ariel Reinsurance Company Ltd.
Statements of Changes in Shareholder's Equity
As at September 30, 2009 and December 31, 2008
(expressed in United States dollars)

	YTD 30-Sep-09	YTD 31-Dec-08
Share Capital		
Balance, beginning of period	1,000,000	1,000,000
Shares issued	-	-
Balance, end of period	<u>1,000,000</u>	<u>1,000,000</u>
Additional paid-in capital		
Balance, beginning of period	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>
Accumulated other comprehensive income		
Balance, beginning of period	-	10,329,756
Change in unrealized gains (losses) on investments	-	-
Cumulative effect of the adoption of fair value option	-	(10,329,756)
Balance, end of period	<u>-</u>	<u>-</u>
Retained earnings		
Balance, beginning of period	138,755,870	158,192,866
Net income (loss)	287,907,277	(29,766,751)
Cumulative effect of the adoption of fair value option	-	10,329,756
Dividends on ordinary shares	-	-
Balance, end of period	<u>426,663,147</u>	<u>138,755,871</u>
Total shareholders' equity	<u>1,426,663,147</u>	<u>1,138,755,871</u>

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