

ARIG to launch rights issue on 1 September

Manama ----: Arab Insurance Group (ARIG) is to proceed shortly with the launch of a new rights issue of shares to all shareholders the aim of which is to raise US\$100 million to strengthen the Group's capital base. The launch of the rights issue is the second stage in the implementation of the recapitalization initiative, which was approved by shareholders at the Extraordinary General Assembly meeting last month.

Subscription to the rights share offer will open on 1 September 2002 and will run for two weeks until 15 September.

Prior to opening the subscription to the new share offer, and in compliance with Bahrain's Commercial Companies Law and the by-laws of Bahrain Stock Exchange, the trading of ARIG shares on the Bahrain Stock Exchange and other markets where ARIG is listed, namely Kuwait and Egypt, will be suspended on 25 August 2002, five days prior to the opening of the offer. This date will be the official record date to determine the rights entitlements of shareholders in the new issue.

Details pertaining to the rights issue and subscription procedures are being advertised in the key markets where ARIG shareholders are located.

The recapitalisation process will be concluded with the allocation of new shares on 19 September 2002. The Group has convened the Annual Ordinary General Assembly meeting to be held on 29 September 2002 at which a new Board of Directors reflective of the revised shareholding composition will be elected.

The financial restructure will bring in some tangible advantages to the shareholders. As the accumulated losses have been written off completely, shareholders will be in a position to participate in future potential dividend payments as early as 2003. Further, the Rights Offering has been structured in such a way that shareholders are not required to make an immediate cash contribution, but can defer payment up to 5 years. The shares are issued at par value and – contrary to many rights issues – no share premium is added. Shares issued can be traded through the stock exchanges immediately, and they enjoy full voting and dividend rights.

The Group has made arrangements with Al-Ahli United Bank which will act as the Receiving Bank for the Rights Share Issue and can be contacted for additional information on ARIG's rights issue.