



CATCo Reinsurance Opportunities Fund Ltd. ("the Company")

Interim Results

For the period from 20 December 2010 to 30 June 2011

To: SFM, London Stock Exchange and Bermuda Stock Exchange

Date: 26 August 2011

Chairman's Statement

The spate of global catastrophic activity, such as floods, earthquakes, tsunamis and tornadoes, experienced in the first half of 2011 had significant impact on traditional and retrocessional reinsurers alike. Whilst these events are likely to generate significant industry losses and potentially limit retrocessional capacity in 2012, this has had only minimal impact, if any, on the Company's low frequency high-severity exposure profile.

To date no losses have been presented to the Company from its retrocessional portfolio. However, as the Company's portfolio of investments had potential exposure to these events in its Rest of World, Japanese Earthquake and Japanese All Natural Perils Risk Pillars to ensure shareholders are treated fairly, the Board of Directors decided to extract the potential exposure (including their future unearned premiums) from the existing portfolio and initiate Side Pocket Investments which will be owned entirely by all shareholders on the Company's share register prior to 31 March 2011. All investments received from new investors on or after 1 April 2011, have no exposure to the Side Pocket Investments. We felt this was a prudent approach given the significant demand for the Company Shares in the second half of 2011 following recent events and the significant increase in retrocessional reinsurance pricing.

Having invested almost all of our assets in the larger CATCo Reinsurance Fund Ltd, the Managers have positioned the portfolio with a broad mix of global retrocessional risk pillars that are very well diversified. The Company, along with its investment strategy, continues to be non-correlated with all financial markets.

Our Manager, CATCo Investment Management Ltd, is optimistic that US property catastrophe reinsurance prices will start to mirror the more material improvements already seen in International reinsurance and property retrocession, particularly as new risk model RMSv11 becomes more widely adopted. Having already deployed significant capital into existing and new retrocessional contracts post certain events in the first half of 2011, they believe that global retrocessional pricing for Company's protection will remain favourable given the appetite from reinsurance counterparties and the likelihood of retrocessional capacity erosion in 2012 from other collateralised reinsurers.

I, together with my Board of Directors, am delighted that the Company, along with the management team, is building an impressive track record following our launch in December 2010 and we hope that this can continue in our inaugural year ahead of the renewal season in January 2012.

I would like to thank all those investors who supported the launch of the Company, and the recent corporate transactions. As a Board we will endeavor to ensure that the investment targeted returns are achieved consistently in the future whilst applying good corporate governance principles.

Director's Responsibility

In accordance with Chapter 4 of the Disclosure and Transparency Rules, and to the best of their knowledge, each director of CATCo Reinsurance Opportunity Fund Ltd, confirms that the financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and net return of the company. Each director of CATCo Reinsurance Opportunities Fund Ltd confirms that there have been no related party transactions during the six months to 30 June 2011.

By order of the Board

Anthony Taylor, Chairman

UNAUDITED STATEMENT OF ASSETS AND LIABILITIES

(Expressed in United States Dollars)

30 June 2011

Assets

Investment in CATCo Reinsurance Fund Ltd.

Diversified Fund, at fair value

\$ 212,037,571

Cash and cash equivalents

45,686,267

Other assets

28,960

Total assets

257,752,798

Liabilities

Amounts due to CATCo Reinsurance Fund Ltd.

44,176,633

Accrued expenses and other liabilities

572,779

Management fee payable

1,207

Total liabilities

44,750,619

Net assets

\$ 213,002,179

See accompanying notes to unaudited financial statements

UNAUDITED STATEMENT OF OPERATIONS

Period from 20 December 2010 (commencement of operations) to 30 June 2011

(Expressed in United States Dollars)

Net investment loss allocated from CATCo Reinsurance Fund Ltd. - Diversified Fund	
Management fee	\$ (819,876)
Performance fee	(622,498)
Professional fees and other	(97,740)
Administrative fee	(61,070)
Miscellaneous expenses	(23,626)
Total net investment loss allocated from CATCo Reinsurance Fund Ltd. - Diversified Fund	(1,624,810)
Fund investment income	
Interest	-
Fund expenses	
Professional fees and other	292,883
Management fee	68,952
Administrative fee	16,500
Total Fund expenses	378,335
Net investment loss	(2,003,145)
Realized and change in unrealized gain on investments allocated from CATCo Reinsurance Fund Ltd. - Diversified Fund	
Net change in unrealized appreciation on securities	7,227,292
Net gain on investments	7,227,292
Net increase in net assets resulting from operations	\$ 5,224,147

See accompanying notes to unaudited financial statements

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS

Period from 20 December 2010 (commencement of operations) to 30 June 2011

(Expressed in United States Dollars)

Operations	
Net investment loss	\$ (2,003,145)
Net change in unrealized appreciation on securities	7,227,292
Net increase in net assets resulting from operations	5,224,147
Capital share transactions	
Issuance of shares	213,047,487
Offering costs	(5,269,455)
Net change in net assets resulting from capital share transactions	207,778,032
Net change in net assets	213,002,179
Net assets , beginning of period	-
Net assets , end of period	\$ 213,002,179

See accompanying notes to unaudited financial statements

UNAUDITED STATEMENT OF CASH FLOWS

Period from 20 December 2010 (commencement of operations) to 30 June 2011

(Expressed in United States Dollars)

Cash flows from operating activities	
Net increase in net assets resulting from operations	\$ 5,224,147
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:	
Net investment loss, realized gain (loss) and change in unrealized appreciation on securities allocated from CATCo Reinsurance Fund Ltd. - Diversified Fund	(5,602,482)
Changes in operating assets and liabilities:	
Purchase of investment in CATCo Reinsurance Fund Ltd.- Diversified Fund	(206,435,089)
Other assets	(28,960)
Amounts due to CATCo Reinsurance Fund Ltd. Diversified Fund	44,176,633
Accrued expenses and other liabilities	572,779
Management fee payable	1,207
Net cash used in operating activities	(162,091,765)
Cash flows from financing activities	
Proceeds from issuance of shares	213,047,487
Offering costs	(5,269,455)
Net cash provided by financing activities	207,778,032
Net change in cash	45,686,267
Cash , beginning of period	-
Cash , end of period	\$ 45,686,267

See accompanying notes to unaudited financial statements

Notes to the Unaudited Financial Statements

1. Nature of operations and summary of significant accounting policies

CATCo Reinsurance Opportunities Fund Ltd. (the "Fund") is a closed-ended fund, registered and incorporated as an exempted mutual fund company in Bermuda on 30 November 2010 and commenced operations on 20 December 2010. The Fund is organised as a feeder fund to invest substantially all of its assets in CATCo Diversified Fund (the "Master Fund"). The Master Fund is a segregated account of CATCo Reinsurance Fund Ltd. a mutual fund company incorporated in Bermuda and registered as a segregated account company under the Segregated Accounts Company Act 2000, as amended (the "SAC Act"). Pursuant to an investment management agreement, the Fund is managed by CATCo Investment Management Ltd. (the "Investment Manager"). Refer to the Fund's prospectus for more information.

The Fund's Shares are listed and traded on Specialist Fund Market ("SFM"), a market operated by the London Stock Exchange. The Fund's Shares are also listed on the Bermuda Stock Exchange following the Secondary Listing on 20 May 2011.

The objective of the Master Fund is to give the shareholders the opportunity to participate in the investment returns of various insurance-based instruments, including preference shares through which the Master Fund would be exposed to reinsurance risk, insurance-linked securities (such as notes, swaps and other derivatives), and other financial instruments. All of the Master Fund's exposure to reinsurance risks is obtained through its investment (via preferred shares) in CATCo-Re Ltd. (the "Reinsurer").

Basis of Presentation

The unaudited financial statements are expressed in United States dollars and have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as detailed in the Financial Accounting Standards Board's Accounting Standards Codification.

Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments, such as money market funds, that are readily convertible to known amounts of cash and have original maturities of three months or less.

Valuation of Investment in Master Fund

The Fund records its investment in the Master Fund at fair value based upon an estimate made by the Investment Manager, in good faith and in consultation or coordination with the Administrator where practicable, using what the Investment Manager believes in its discretion are appropriate techniques consistent with market practices for the relevant type of investment. Fair valuation in this context depends on the facts and circumstances of the particular investment, including but not limited to prevailing market and other relevant conditions, and refers to the amount for which a financial instrument could be exchanged between knowledgeable, willing parties in an arm's length transaction. Fair value is not the amount that an entity would receive or pay in a forced transaction or involuntary liquidation.

Investment Transactions and Related Investment Income and Expense

The Fund records its proportionate share of the Master Fund's income, expenses, and realized and changes in unrealized gains and losses on a monthly basis. In addition, the Fund incurs and accrues its own expenses.

Financial Instruments

The fair values of the Fund's assets and liabilities, which qualify as financial instruments under ASC 825, Financial Instruments, approximate the carrying amounts presented in the statement of assets and liabilities.

Income Taxes

Under the laws of Bermuda, the Fund is generally not subject to income taxes, until 31 March 2035. However, certain United States dividend income and interest income may be subject to a 30% withholding tax. Further, certain United States dividend income may be subject to a tax at prevailing treaty or standard withholding rates with the applicable country or local jurisdiction.

The Fund is required to determine whether its tax positions are more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit recognized is measured as the largest amount of benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant taxing authority. De-recognition of a tax benefit previously recognized results in the Fund recording a tax liability that reduces ending net assets. Based on its analysis, the Fund has determined that it has not incurred any liability for unrecognized tax benefits as of 30 June 2011. However, the Fund's conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to, on-going analyses of and changes to tax laws, regulations and interpretations thereof.

The Fund recognizes interest and penalties related to unrecognized tax benefits in interest expense and other expenses, respectively. No interest expense or penalties have been recognized as of and for the period ended 30 June 2011.

Generally, the Fund is subject to income tax examinations by major taxing authorities for all tax years since its inception.

The Fund may be subject to potential examination by U.S. federal or foreign jurisdiction authorities in the areas of income taxes. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with U.S. federal or foreign tax laws.

Use of Estimates

The preparation of unaudited financial statements in conformity with accounting principles generally accepted in the United States of America requires the Fund's management to make estimates and assumptions that affect the amounts disclosed in the unaudited financial statements and accompanying notes. Actual results could differ from those estimates.

2. Concentration of Credit Risk

In the normal course of business, the Fund maintains its cash balances in financial institutions, which at times may exceed federally insured limits. The Fund is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. Management monitors the financial condition of such financial institutions and does not anticipate any losses from these counterparties.

3. Capital Share Transactions

As of 30 June 2011, the Fund has authorized capital stock of 500,000,000 unclassified shares of par value \$0.0001 per share.

The Fund had an initial placing which closed on 20 December 2011 raising \$80,392,000 through the issuance of 80,392,000 Ordinary Shares. On 31 March 2011, a further \$7,358,750 was raised through an additional issuance of 7,250,000 Ordinary Shares. The Fund had a further placing opening on 18 May 2011, resulting in \$124,446,737 being raised through the issuance of 124,446,737 C Shares on 20 May 2011 and \$850,000 being raised through the issuance of 850,000 C Shares on 23 May 2011.

As of 30 June 2011, the Fund has issued 87,642,000 Class 1 Ordinary Shares and 125,296,737 Class 2 C Shares (collectively the "Shares").

Transactions in Shares during the period, and the Shares outstanding and the net asset value ("NAV") per Share as of 30 June 2011 is as follows:

	Beginning Shares	Shares Issued	Shares Redeemed	Ending Shares	
Class 1 - Ordinary shares	-	87,642,000	-	87,642,000	
Class 2 - C Shares	-	125,296,737	-	125,296,737	

	Beginning Shares	Amounts Issued	Amounts Redeemed	Ending Net Assets	Ending NAV Per Share
Class 1 - Ordinary shares	\$ -	\$87,750,750	\$ -	\$90,051,735	\$1.0275
Class 2 - C Shares	\$ -	\$125,296,737	\$ -	\$122,950,444	\$0.9813

The Fund has been established as a closed-ended fund and, as such, shareholders do not have the right to redeem their Shares. The Shares are held in trust by Capita IRG Trustees Limited (the "Depository") in accordance with the Depository Agreement between the Fund and the Depository. The Depository holds the Shares and in turn issues depository interests in respect of the underlying Shares which have the same rights and characteristics of the Shares.

The Board of Directors of the Fund (the "Board") has the ability to issue C Shares during any period when the Master Fund has designated one or more investments as "Side Pocket Investments". This typically will happen if a covered or other pre-determined event has recently occurred or seems likely to occur under an Insurance- Linked Instrument. In such circumstances, only those Shareholders on the date that the investment has been designated as a Side Pocket Investment will participate in the potential losses and premiums attributable to such Side Pocket investment. This is achieved by the Fund issuing a tranche of C Shares that will participate in all of the Master Fund's portfolio other than in respect of potential losses and premiums attributable to any Side Pocket Investments in existence at the time of issue. If no Side Pocket Investments are in existence at the time of proposed issue, it is expected that the Fund will issue further Ordinary Shares.

The Board does not currently believe that the Fund will ultimately suffer any losses arising from the New Zealand and the Japanese earthquakes which occurred in the first quarter of 2011. However, potential exposure to these events, including future unearned premiums, has been designated a Side Pocket Investment which will be owned entirely by the Ordinary Shareholders on 31 March 2011. For such time as the potential exposure to these events is designated as a Side Pocket Investment, new shares issued pursuant to the placing will be issued as C Shares and will

have no exposure to such Side Pocket Investment, nor the future unearned premium or any potential losses arising from them.

4. Investment Management Agreement

Pursuant to the Investment Management Agreement dated 16 December 2010, the Investment Manager is empowered to formulate the overall investment strategy to be carried out by the Fund and to exercise full discretion in the management of the trading, investment transactions and related borrowing activities of the Fund in order to implement such strategy.

5. Related Party Transactions

The Investment Manager is entitled to a management fee, calculated and payable monthly in arrears equal to 1/12 of 1.5% of the net asset value of the Fund which is not attributable to the Fund's investment in the Master Fund Shares as at the last calendar day of each calendar month. Management and performance fees are charged in the Master Fund at 1.5% p.a and 10% p.a. respectively. Qatar Insurance Company, an affiliate of the Investment Manager, holds 12.8% of voting rights of the Shares issued in the Fund. In addition, two of the Directors of the Fund and two of the directors of the Master Fund are also Shareholders of the Fund.

6. Administrator

Prime Management Limited (the "Administrator") serves as the Fund's Administrator and performs certain administrative and clerical services on behalf of the Fund. For the provision of the service under the Administration Agreement, the Administrator receives an annual flat fee.

7. Indemnifications or Warranties

In the ordinary course of its business, the Fund may enter into contracts or agreements that contain indemnifications or warranties. Future events could occur that lead to the execution of these provisions against the Fund. Based on its history and experience, management believes that the likelihood of such event is remote.

8. Subsequent Events

There are no subsequent events of which management is aware that would materially impact the unaudited financial statements or the notes thereto.

These unaudited financial statements were approved by management and Board of Directors and available for issuance on 10 August 2011. Subsequent events have been evaluated through this date.

9. Financial Highlights

Financial highlights for the Ordinary Shares are for the period 20 December 2010 (commencement of operations) to 30 June 2011 while the C Shares are for the period 20 May 2011 to 30 June 2011 and are as follows:

	Class 1 Ordinary Shares United States Dollar	Class 2 C Shares United States Dollar
Per share operating performance		
Net asset value, beginning of period	1.0000	1.0000
Offering costs	(0.0230)	(0.0272)
Income (loss) from investment operations:		
Net investment loss	(0.0171)	(0.0035)
Net gain on investments	0.0676	0.0120
Total from investment operations	0.0505	0.0085
Net asset value, end of period	1.0275	0.9813
Total return		
Total return before performance fee	3.33%	(1.77)%
Performance fee*	(0.58)	(0.10)
Total return after performance fee	2.75%	(1.87)%
Ratio to average net assets		
Expenses other than performance fee	(1.25)%	(0.25)%
Performance fee*	(0.58)	(0.10)
Total expenses after performance fee	(1.83)%	(0.35)%
Net investment loss	(1.71)%	(0.35)%

Returns and ratios shown above are for the period ended June 30, 2011 and have not been annualized.

* The performance fee is charged in the Master Fund.

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