

Chartis Uzbekinvest Limited
Report of the Directors and
Financial Statements
for the year ended 31 December 2010

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for the year ended 31 December 2010**

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Chartis Uzbekinvest Limited

**Company Information
for the year ended 31 December 2010**

DIRECTORS:	B B Ashrafkhanov F A Saidakhmedov J Salinger
SECRETARY:	H Golding
REGISTERED OFFICE:	The Chartis Building 58 Fenchurch Street London EC3M 4AB
REGISTERED NUMBER:	2997371
AUDITORS:	PricewaterhouseCoopers LLP Chartered Accountants and Registered Auditors Hay's Galleria 1 Hay's Lane London SE1 2RD
PRINCIPAL BANKERS:	Citibank N A Citigroup Centre Canada Square London E14 5LB

**Report of the Directors
for the year ended 31 December 2010**

The directors have pleasure in presenting their report and the audited financial statements of Chartis Uzbekinvest Limited (the Company) for the year ended 31 December 2010.

PRINCIPAL ACTIVITY

The principal activity of the Company is to act as an underwriting agent and managing general agent (MGA) for Uzbekinvest International Insurance Company Limited in the United Kingdom. The Company also acts as a service company in which it incurs expenses on behalf of Uzbekinvest International Insurance Company Limited and then recharges these costs back to them

REVIEW OF BUSINESS

Results and performance

The results of the Company for the year, as set out on page 7, show a loss on ordinary activities before tax of US\$ (24,114) (2009: profit for US\$ 3,657).

At 31 December 2010, the shareholders' funds of the Company, as shown on page 8, total US\$122,418 (2009: US\$ 146,532).

Business environment

The directors consider the level of business and year-end financial position of the Company to be satisfactory and expect the present level of activity to improve in the future.

Uzbekinvest International insurance Company Limited intends to continue offering insurance policies. The Company depends on this business development, and therefore these intentions suggest that the Company will continue with its principal activity, to act as an underwriting agent.

Principal risks and uncertainties

The principal risks and uncertainties are unchanged and laid out below:

Financial risk

The Company is exposed to financial risk through its financial assets and financial liabilities. The major components of financial risk are summarised below:

- **Interest rate risk**

Interest rate risk arises mainly from the changes in the rate of return on cash held at bank.

- **Currency risk**

The reporting currency of the Company is United States dollars. Although the majority of the Company's transactions are denominated in United States dollars, certain administrative expenses are transacted in UK Sterling. As a result, the Company is exposed to currency risk on fluctuations in the rate of exchange from the receipt of the supplier invoice to the date of its settlement.

- **Credit risk**

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The main areas of risk are:

- amounts due from group companies - this is addressed under group risk below; and
- amounts due from third parties (insurance contract holders and intermediaries).

The Company places limits on its maximum exposure to a single counterparty. Bad debts are monitored on a monthly basis, and appropriate adjustments are made where collection of an amount is doubtful or unlikely.

Chartis Uzbekinvest Limited

Report of the Directors for the year ended 31 December 2010

- **Liquidity risk**

Liquidity risk is the risk that cash may not be available to pay obligations when due, at a reasonable cost. In this regard, the amounts receivable from third parties and group companies are monitored regularly by management.

Group risk

Group risk is the potential impact of risks arising in other parts of the AIG Group. There is intrinsic link between the Company and Uzbekinvest International Insurance Company Limited. The Company's exposure to the AIG Group as a whole is generally as a result of related party transactions. The appetite for group risk is not set in overall terms, but is considered by the Board in the context of the Company's position in the AIG Group, considering the group governance structures.

In the opinion of the directors, if AIG Inc were not able to continue as a going concern, it would not be expected to have a material effect on the Company's ability to continue as a going concern.

Future outlook

The future outlook of the Company is closely linked to the business strategy of the Uzbekinvest International Insurance Company Limited, for which it acts as an underwriting agent. Currently Uzbekinvest International Company Limited is developing and implementing strategies to improve the overall development and growth of its business to ensure that it is able to continue its operation for the foreseeable future. A part of UIIC action plan is to re-start premium growth. The effectiveness of these strategies will ensure that the future outlook of Chartis Uzbekinvest is stable.

Key performance indicators

The directors are of the opinion that an analysis using the key performance indicators is not necessary for an understanding of the financial performance or position of the Company's business.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2010, (December 2009: Nil).

DIRECTORS

There were no changes in directors holding office during reporting period.

No director had a beneficial interest in the shares of the Company at any time during the year.

**Report of the Directors
for the year ended 31 December 2010**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

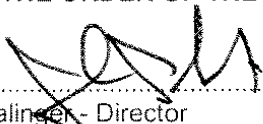
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

Pursuant to section 487(2) of the Companies Act 2006 the Company has, by elective resolution, dispensed with the appointment of auditors annually and, subject to the terms of their appointment, PricewaterhouseCoopers LLP are deemed to continue in office until the said resolution is revoked.

BY THE ORDER OF THE BOARD:


.....
J Salinger - Director

Date: 9 June 2011
.....

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHARTIS UZBEKINVEST LIMITED

We have audited the financial statements of Chartis Uzbekinvest Limited for the year ended 31 December 2010 which comprise Profit and Loss Account, the Balance Sheet, the Cash Flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss and cashflows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

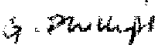
Report of the Independent Auditors to the Shareholders of Chartis Uzbekinvest Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or

Gavin Phillips (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London


.....
Gavin Phillips

Date: 10 June 2011

Chartis Uzbekinvest Limited**Profit and Loss Account
for the year ended 31 December 2010**

	Notes	2010 \$	2009 \$
TURNOVER	2	432,620	219,419
Administrative expenses		<u>(450,664)</u>	<u>(222,571)</u>
		(18,044)	(3,152)
Other (expenses)/income	5	<u>(4,613)</u>	<u>7,956</u>
OPERATING (LOSS)/PROFIT	6	(22,657)	4,804
Interest receivable and similar income		<u>9</u>	<u>316</u>
		(22,648)	5,120
Interest payable and similar charges	7	<u>(1,466)</u>	<u>(1,463)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(24,114)	3,657
Tax on (loss)/profit on ordinary activities	8	<u>-</u>	<u>(1,024)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>(24,114)</u>	<u>2,633</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the current year and the profit for the previous year.

Chartis Uzbekinvest Limited

Balance Sheet
31 December 2010

	Notes	2010 \$	2009 \$
CURRENT ASSETS			
Debtors	10	59,169	173,617
Cash at bank		<u>106,645</u>	<u>486,331</u>
		165,814	659,948
CURRENT LIABILITIES			
Amounts falling due within one year	11	<u>(43,396)</u>	<u>(513,416)</u>
NET CURRENT ASSETS		<u>122,418</u>	<u>146,532</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>122,418</u>	<u>146,532</u>
CAPITAL AND RESERVES			
Called up share capital	12	200,000	200,000
Profit and loss account	13	<u>(77,582)</u>	<u>(53,468)</u>
SHAREHOLDERS' FUNDS	14	<u>122,418</u>	<u>146,532</u>

The financial statements were approved by the Board of Directors onMarch 2011 and were signed on its behalf by:

.....
J Salinger - Director

Chartis Uzbekinvest Limited

**Cash Flow Statement
for the year ended 31 December 2010**

	2010	2009
	\$	\$
Net cash (outflow)/inflow from operating activities	(378,941)	9,134
Taxation (paid)/refunded	(745)	2,220
Net cash (outflow)/inflow	<u>(379,686)</u>	<u>11,354</u>
Cash flows were (applied)/invested as follows:		
(Decrease)/Increase in cash holdings	<u>(379,686)</u>	<u>11,354</u>
Net (application)/investment of cash flows	<u>(379,686)</u>	<u>11,354</u>

**Reconciliation of operating profit to net cash (outflow)/ inflow
from operating activities**

(Loss)/Profit on ordinary activities before tax	(24,114)	3,657
Decrease/(Increase) in debtors, prepayments and accrued income	114,449	(80,331)
(Decrease)/Increase in creditors	(469,276)	385,807
(Decrease) in share capital	0	(300,000)
Net cash (outflow)/inflow from operating activities	<u>(378,941)</u>	<u>9,134</u>

**Notes to the Financial Statements
for the year ended 31 December 2010**

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with the historical cost convention, the Companies Act 2006 and the applicable UK accounting standards.

The financial statements have been drawn up in United States dollars as the assets, liabilities and majority of the Company's transactions are denominated in that currency.

Turnover

Turnover represents commission and management fee receivable in respect of the Company's services as an underwriting agent. Since the Company has no ongoing obligation in respect of this income, it is recognised when the premiums to which the income relates is notified to the Company by the brokers. As the Company also acts as a service company on behalf of Uzbekinvest International Insurance Company Limited all expenses incurred are recharged back to the Company.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into US dollars at the mid-market rates of exchange ruling on the balance sheet date. Transactions during the year are translated into US dollars using the rates of exchange prevailing at the date of the transaction. The exchange gains and losses are included in the profit and loss account, under other (expense)/income.

Insurance balances

The Company acts as underwriting agent on behalf of a group company, Uzbekinvest International Insurance Company Limited. It is not liable, as an agent, either for premiums due to the insurer or for claims payable to its policyholders. Notwithstanding the legal relationship with clients and insurers and since in practice premium and claim monies are ordinarily accounted for by insurance intermediaries as if they were principals in the insurance contracts, cash balances, debtors and creditors relating to insurance business are treated as the Company's assets and liabilities.

Tax

The charge for taxation is based on the results for the year adjusted for disallowable items and items not chargeable to tax. Deferred tax is provided in full on all material timing differences. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is calculated at the rates at which it is expected that the tax liability or benefit will arise. Deferred tax balances are not discounted.

Administrative expenses

Administrative expenses consist mainly of expenses incurred in relation to the Company's role as a service company, on behalf of Uzbekinvest International Insurance Company Limited. Expenses also include legal and professional fees, and brokerage fees payable in relation to any premiums written, when acting as an underwriting agent.

2. TURNOVER

	2010 \$	2009 \$
Service fees	93,090	87,031
Management fees recharged	<u>338,162</u>	<u>100,515</u>
	<u>431,252</u>	<u>187,546</u>

3. STAFF COSTS

The Company had no employees during the year and therefore incurred no staff costs (2009:US\$ Nil).

**Notes to the Financial Statements - continued
for the year ended 31 December 2010**

4. DIRECTORS' REMUNERATION

No fees or emoluments were paid directly by the Company to the directors in respect of their services to the Company (2009: US\$ Nil).

5. OTHER (EXPENSES)/INCOME

	2010 \$	2009 \$
Foreign exchange (losses)/gains	<u>(4,613)</u>	<u>7,956</u>

6. OPERATING (LOSS)/PROFIT

Operating loss is stated after charging:

	2010 \$	2009 \$
Auditors' remuneration for the audit of the Company	<u>9,351</u>	<u>12,883</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2010 \$	2009 \$
Bank interest	<u>1,466</u>	<u>1,463</u>

8. TAXATION

Analysis of the tax charge

The tax charge on the loss on ordinary activities for the year was as follows:

	2010 \$	2009 \$
Current tax:		
UK corporation tax	<u>-</u>	<u>1,024</u>
Tax on (loss)/profit on ordinary activities	<u>-</u>	<u>1,024</u>

UK corporation tax was charged at 28% (2009: 28%)

9. DIVIDENDS

There were no dividends paid or declared during the year (2009: Nil).

**Notes to the Financial Statements - continued
for the year ended 31 December 2010**

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 \$	2009 \$
Due from insurance companies and brokers	10,025	77,282
Amounts owed by participating interests	49,144	96,335
	<u>59,169</u>	<u>173,617</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 \$	2009 \$
Trade creditors	-	93,890
Amounts owed to group undertakings	24,360	94,786
Tax	0	745
Accrued expenses	19,036	23,995
Share capital reduction creditor	-	300,000
	<u>43,396</u>	<u>513,416</u>

Included in the amounts owed to group undertaking of \$24,360 is amounts owed to Uzbekinvest International Insurance Company Limited of \$14,048 and to Chartis UK Services Limited of \$10,312.

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2010 \$	2009 \$
Number:	Class:	Nominal Value:		
400	Ordinary	US\$500	<u>200,000</u>	<u>200,000</u>

13. RESERVES

	2010 \$	2009 \$
At 1 January	(53,468)	(56,101)
Deficit for the year	<u>(24,114)</u>	<u>2,633</u>
At 31 December	<u>(77,582)</u>	<u>(53,468)</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2010

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010	2009
	\$	\$
(Loss)/Profit for the financial year	(24,114)	2,633
	<u>(24,114)</u>	<u>2,633</u>
Share capital reduction	-	300,000
Net reduction of shareholders' funds	(24,114)	(297,367)
Opening shareholders' funds	<u>146,532</u>	<u>443,899</u>
Closing shareholders' funds	<u>122,418</u>	<u>146,532</u>

15. RELATED PARTY TRANSACTIONS

Uzbekinvest International Insurance Company Limited, an insurance company incorporated in Great Britain, and the Company are under common ownership. The Company has entered into a managing general agency agreement with Uzbekinvest International Insurance Company Limited whereby the Company is appointed as an exclusive agent worldwide, with the authority to do all things necessary for or incidental to the transaction of all types of authorised insurance and reinsurance business.

The compensation receivable by the Company under the agreement comprises commission at 25% of the gross premium written plus reimbursement of expenses necessarily incurred.

The commission under the agreement for the year ended 31 December 2010 amounted to US\$ 1,367 (2009: US\$ 31,873). The balances due from/ to Uzbekinvest International Insurance Company Limited have been produced as part of note 10, Debtors and note 11, Creditors.

Under an agreement with a group company, Chartis UK Services Limited, the Company incurs operating costs on behalf of Uzbekinvest International Insurance Company Limited and recharges such costs to Uzbekinvest International Insurance Company Limited. The contribution to turnover and administrative expenses in respect of this for the year ended 31 December 2010 amounted to US\$93,090 for service fees and \$338,162 for management fees. (2009: US\$ 87,031 and \$100,515 respectively). The total debtor and creditor balance outstanding at year end amounts to \$59,169 and \$43,396 respectively (2009: \$173,617 and \$513,417 respectively).

16. ULTIMATE CONTROLLING PARTY

At 31 December 2010, the ordinary shares in the Company were held by:

- Chartis Overseas Limited, a wholly owned subsidiary of American International Group, Inc., a company incorporated in the State of Delaware, United States of America - 51%; and
- Uzbekinvest National Export-Import Insurance Company, a company incorporated in the Republic of Uzbekistan and wholly owned by the Government of the Republic of Uzbekistan - 49%.

The ultimate parent company of Chartis Overseas Limited is AIG Inc., a company incorporated in the State of Delaware, United States of America. Copies of the ultimate parent company's consolidated financial statements may be obtained from the Company Secretary, Chartis Insurance UK Limited, The Chartis Building, 58 Fenchurch Street, London EC3M 4AB.