

Chartis Uzbekinvest Limited

**Annual Report and Financial Statements
for the year ended 31 December 2011**

Registered Number: 2997371

Chartis Uzbekinvest Limited

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Chartis Uzbekinvest Limited

Company Information

For the year ended 31 December 2011

Directors

B B Ashrafkhanov
F A Saidakhmedov
J Salinger
Raymond Antes (appointed)

Secretary

H Golding

Registered office

The Chartis Building
58 Fenchurch Street
London, United Kingdom
EC3M 4AB

Registered auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

Principal bankers

Citibank N A
Citigroup Centre
Canada Square
London
E14 5LB

Chartis Uzbekinvest Limited

Directors' Report for the year ended 31 December 2011

The directors have pleasure in presenting their annual report and the audited financial statements of Chartis Uzbekinvest Limited (the 'Company') for the year ended 31 December 2011.

Principal Activities

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

Business Review

Results and Performance

The results of the Company for the year, as shown on page 7, show a profit on ordinary activities before tax of \$67,826 (2010: loss of \$(24,114)).

At 31 December 2011, the shareholders' funds of the Company, as shown on page 8, total \$172,270 (2010: \$122,418).

Business Environment and Strategy

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.

UIIC 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 risks through its financial assets and financial liabilities. In particular, the key financial risks may arise:

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.

Credit risk - Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The key areas where the Company is exposed to credit 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).

Bad debts are monitored on a monthly basis, and appropriate adjustments are made where collection of an amount is doubtful or unlikely.

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

Foreign exchange 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.

Chartis Uzbekinvest Limited

Directors' Report

for the year ended 31 December 2011

Principal Risks and Uncertainties (continued)

Future Outlook

The future outlook of the Company is closely linked to the business strategy of the UIIC, for which it acts as an underwriting agent. Currently UIIC 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. Part of the UIIC action plan is to ensure that there is premium growth for the company. The effectiveness of these strategies will ensure that the future outlook of the Company is stable.

Dividends

No dividends were declared or paid during the years ended 31 December 2011 and 31 December 2010.

Key Performance Indicators

The Board monitors the progress of the Company in light of the following key performance indicators:

	2011 \$	2010 \$
Turnover	632,611	432,620
Profit / (Loss) on ordinary activities before taxation	<u>67,826</u>	<u>(24,114)</u>

Directors

The names of the current directors are listed on page 1. The details of the directors of the Company who were appointed at the date of this report included:

Appointed

Raymond Antes

16-May-11

The Directors are responsible for preparing the Directors' Report 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 UK 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.

Chartis Uzbekinvest Limited

Directors' Report for the year ended 31 December 2011

Statement of Directors' Responsibilities (continued)

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.

In accordance with Section 418 of the Companies Act 2006, each of the persons who is a director at the date of this report confirms that:

- so far as each of them is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all steps that they ought to have taken in their duty as a director in order to make themselves 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: 3/27/12

Chartis Uzbekinvest Limited

Independent Auditors' Report to the members of Chartis Uzbekinvest Limited for the year ended 31 December 2011

We have audited the financial statements of Chartis Uzbekinvest Limited for the year ended 31 December 2011 which comprise the 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 pages 3 and 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. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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:

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its profit 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 matters 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.

Chartis Uzbekinvest Limited

Independent Auditors' Report to the members of Chartis Uzbekinvest Limited (continued) for the year ended 31 December 2011

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
- we have not received all the information and explanations we require for our audit.



Matthew Nichols (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
Date: 28 March 2012

Chartis Uzbekinvest Limited

Profit and Loss Account for the year ended 31 December 2011

	Notes	2011 \$	2010 \$
Turnover	2	632,611	432,620
Administration expenses		(561,779)	(450,664)
		70,832	(18,044)
Other Operating Charges	5	(3,608)	(4,613)
Profit/(loss) on ordinary activities before interest and taxation		67,224	(22,657)
Interest receivable and similar income		602	9
Interest payable and similar charges	6	-	(1,466)
Profit/(loss) on ordinary activities before taxation		67,826	(24,114)
Tax on profit / (loss) on ordinary activities	7	(17,974)	-
Retained profit / (loss) for the financial year		49,852	(24,114)

All of the Company's activities arise from continuing operations.

The Company has no recognised gains or losses other than those included in the results above, and therefore no separate statement of recognised gains and losses has been presented.

Chartis Uzbekinvest Limited

Balance Sheet as at 31 December 2011

	Notes	2011 \$	2010 \$
Current Assets			
Debtors amounts falling due within one year	9	180,415	59,169
Cash at bank		104,929	106,645
Total Current Assets		285,344	165,814
Current Liabilities			
Creditors amounts falling due within one year	10	(113,074)	(43,396)
Net Current Assets		172,270	122,418
Net Assets		172,270	122,418
Capital and Reserves			
Called up share capital	11	200,000	200,000
Profit and loss account	12	(27,730)	(77,582)
Shareholders' Funds	13	172,270	122,418

The financial statements on pages 7 to 13 were approved by the Board of Directors on March 27, 2012 and were signed on its behalf by:

J Salinger
Director

Date: 3/27/12

Registered number: 2997371

Chartis Uzbekinvest Limited

Cash Flow Statement for the year ended 31 December 2011

	Notes	2011 \$	2010 \$
Net cash outflow from operating activities	A	(1,716)	(378,941)
Taxation paid		-	(745)
Net cash outflow		(1,716)	(379,686)
Cash flows were applied as follows:			
Decrease in net cash in the period		(1,716)	(379,686)
Net application of cash flows		(1,716)	(379,686)

	2011 \$	2010 \$
Note A		
Reconciliation of operating loss to net cash inflow from continuing activities		
Profit / (loss) on ordinary activities after taxation	49,852	(24,114)
(Increase) / decrease in debtors	(121,246)	114,449
Increase / (decrease) in creditors	69,678	(469,276)
Net cash outflow from continuing operating activities	(1,716)	(378,941)

Chartis Uzbekinvest Limited

Notes to the Financial Statements for the year ended 31 December 2011

1 Statement of Accounting Policies

A) 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.

B) Accounting Policies

A summary of the significant accounting policies is set out below:

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 (UIIC) all expenses incurred are recharged back to the Company.

Turnover also includes a 7% mark up on all intercompany invoices paid on behalf of UIIC. This is per the amended service agreement dated 16 May 2011 between the Company and UIIC.

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.

Insurance balances

The Company acts as an underwriting agent on behalf of a group company, UIIC. 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.

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 expenses.

Administration expenses

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

Chartis Uzbekinvest Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2011

2 TURNOVER

	2011	2010
	\$	\$
Service fees	153,386	93,090
Management fees recharged	468,512	338,162
Commission Received	10,713	1,368
	<u>632,611</u>	<u>432,620</u>

3 STAFF COSTS

The Company had no employees during the year and therefore incurred no staff costs (2010: US\$ Nil). Any staff costs which relate to the Company are paid by UIIC. Although the Company does not have any direct employees of its own, the finance team and tax team who are involved in producing the financial statements are employed by Chartis UK Services Limited.

Directors' Remuneration

No fees or emoluments were paid directly by the Company to the directors in respect of their services to the Company (2010: US\$ Nil).

4 AUDITORS' REMUNERATION

	2011	2010
	\$	\$
Fee payable to the Company's auditors for the audit of the Company	<u>9,302</u>	<u>9,351</u>

The auditors remuneration is expensed and paid by UIIC

5 OTHER OPERATING CHARGES

	2011	2010
	\$	\$
Foreign exchange losses	<u>(3,608)</u>	<u>(4,613)</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2011	2010
	\$	\$
Bank charges and interest	<u>-</u>	<u>1,466</u>

7 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

Analysis of tax charge in the year

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

	2011	2010
	\$	\$
Current tax:		
UK corporation tax on profit for the year	17,974	-
Tax charge on profit on ordinary activities	<u>17,974</u>	<u>-</u>

The standard rate of corporation tax in the UK changed from 28% to 26% with the effect from 1 April 2011. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 26.5% and will be taxed at 26% in the future.

Chartis Uzbekinvest Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2011

8 DIVIDENDS

There were no dividends proposed or declared in 2011 and 2010.

9 DEBTORS

	2011	2010
	\$	\$
Amounts falling due within one year:		
Due from insurance companies and brokers	45,100	10,025
Amounts owed by group undertakings	135,315	49,144
	<u>180,415</u>	<u>59,169</u>

10 CREDITORS

	2011	2010
	\$	\$
Amounts falling due within one year:		
Amounts owed to group undertakings	85,057	24,360
Taxation and social security balance payable	17,974	-
Other creditors	741	-
Accruals and deferred income	9,302	19,036
	<u>113,074</u>	<u>43,396</u>

Other creditors consist of VAT payable to HMRC.

11 CALLED-UP SHARE CAPITAL

	Nominal Value / Number	2011	2010
		\$	\$
Alloted, Issued and fully paid up	\$500 / 400	<u>200,000</u>	<u>200,000</u>

12 RESERVES

	Profit and Loss account	
	2011	2010
	\$	\$
At 1 January	(77,582)	(53,468)
Profit / (loss) for the financial year	<u>49,852</u>	<u>(24,114)</u>
At 31 December	<u>(27,730)</u>	<u>(77,582)</u>

Chartis Uzbekinvest Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2011

13 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 \$	2010 \$
As at 1 January	122,418	146,532
Profit/(loss) for the year	<u>49,852</u>	<u>(24,114)</u>
At 31 December	<u>172,270</u>	<u>122,418</u>

14 RELATED PARTY TRANSACTIONS

As at 31 December 2011, the Company has the following related party relationship with:

UIIC, an insurance company incorporated in Great Britain. The Company has entered into a managing general agency agreement with UIIC 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 2011 amounted to US\$10,713 (2010: US\$1,368).

Under an agreement with a group company, Chartis UK Services Limited, the Company incurs operating costs on behalf of UIIC and recharges such costs to UIIC. The contribution to turnover and administrative expenses in respect of this for the year ended 31 December 2011 amounted to US\$144,082 for service fees and US\$468,512 for management fees. (2010: US\$93,090 and US\$338,162 respectively). The total debtor and creditor balance outstanding at year end amounts to US\$180,414 and US\$112,334 respectively (2010: US\$59,169 and US\$43,396 respectively).

During the year ended 31 December 2011 two policies were incepted with Chartis Europe Limited (CEL) and AIU Insurance Company (AIU). The amounts received were net of 20% commission and were US\$10,414 and US\$5,000 from AIU and CEL respectively. These premiums are then due to UIIC as the insurance company and form parts of the amounts owed to group undertakings as at 31 December 2011.

15 ULTIMATE PARENT COMPANY

At 31 December 2011 and 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 Europe Limited, The Chartis Building, 58 Fenchurch Street, London EC3M 4AB.