



Uzbekinvest International Insurance Company Limited

Annual Report and Financial Statements

for the year ended 31 December 2015

Registered number: 2997845

Company Information
For the year ended 31 December 2015

Directors

R Antes (Chairman)
R A Gulyamov
F A Saidakhmedov
S A Vafaev
H Mamadjonov

Company Secretary

K Hillery

Registered office

The AIG Building
58 Fenchurch Street
London
United Kingdom
EC3M 4AB

Independent auditors

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

Principal bankers

Citibank N A
Citigroup Centre
Canada Square
London
E14 5LB

Investment advisers

Falcon Private Wealth Ltd.
27 Knightsbridge
London
SW1X 7LY

Strategic report for the year ended 31 December 2015

The directors present their strategic report on the company for the year ended 31 December 2015.

Review of the business

The results of the Company for the year, as shown on page 8 and page 9, show a profit on ordinary activities before tax of US\$63,427 (2014: US\$234,087 gain). At 31 December 2015, the shareholders' funds of the Company, as shown on page 10, total US\$50,080,918 (2014: US\$50,030,651). The level of gross premiums written, as shown on page 8, has decreased to US\$219,757. (2014: US\$ 333,682).

The Company offers a range of insurance policies designed to protect the business and assets of companies investing in or doing business in the Republic of Uzbekistan. The coverage provides for investment and trade transactions against certain political risks and events in Uzbekistan. The investment covers include confiscation, expropriation and nationalisation. The trade covers include contract repudiation and wrongful calling of guarantees.

The above covers are sought by various industries and sectors, mainly concentrating in commodities, energy, mining, construction and transport. There has been a drop in demand for medium and long term policies mainly for investment risks, usually not backed by sovereign or bank guarantees. This is in line with a general drop in world economic activity, slow recovery and changes in structure of investments into Uzbekistan particularly.

Consistent with prior years no claims have been notified in 2015. The directors are of the view that no additional potential claims were incurred but not reported during the year. As a result no reserve for outstanding claims or IBNR has been established.

Business Environment

The Republic of Uzbekistan remains attractive to foreign investors. All investment projects in Uzbekistan have strong government backing and support, but the structure of investors is still unchanged and the proportion of investments from international financial institutions and foreign state companies to investments from the private sector is still high. The Government of Uzbekistan takes certain measures to improve its attractiveness (e.g. an opening of new free trade economic and industrial zones in four regions, tax privileges, etc.). The country remains politically stable and relations with developed and developing countries are improving.

The contraction of the global economy in the last few years has brought the financial control and banking lending activities into a difficult situation, which reduced the investment flows and business performance. And Uzbekistan economy, of course, also has been affected in a certain way by these challenges. But even thus, the Government of Uzbekistan takes certain measures to improve the business opportunities and investment attractiveness to foreign investors (e.g. setting up a favourable investment climate, an opening of new free trade economic and industrial zones, tax privileges, sale of state stakes in the companies of industrial base, etc.).

Although all investment projects in Uzbekistan have strong government backing and support, the structure of investors is still unchanged. The proportion of investments made by international financial institutions, foreign state companies and from the private sector is still high. The country remains politically stable and relations with developed and developing countries are improving.

We anticipate that real and significant growth of premiums can be expected when the global economy is fully stabilised and foreign private investors return to the country.

Business Strategy

Despite the efforts of supranational and national regulators in economic stabilisation of the world business environment, there are still a lot of uncertainties and challenges for the investors that we believe might be continued in 2016 globally.

As for the Uzbek economy, the volume of foreign direct investments are growing and we expect generally more activity of investors. Therefore, the Company intends to continue offering insurance policies designed to protect the business and assets of foreign companies investing or doing business in the Republic of Uzbekistan.

Since the Company is better positioned for the Uzbek market due to close co-ordination of the Company's activity with government departments and ministries, so the bulk of Company's activity is going to be focused onto the State Investment Program of Uzbekistan for 2016, the target list of projects and potentials, as well as to the Government program of Privatization.

Key performance indicators

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

	2015	2014
	\$	\$
Gross premiums written	219,757	333,682
Underwriting result	(197,437)	(418,504)
Ratio of investment return to the value of invested assets	1.39%	1.93%
Return on capital employed (profit for the financial year before tax in relation to the average equity shareholders' funds)	0.13%	0.47%

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management. Compliance with regulations, legal and ethical standards is a high priority for the Company. UIIC's Risk Register is reviewed internally by the company on a quarterly and by the Board on an annually basis. The Company conforms to a proper internal control framework which exists to manage financial risks and ensures that controls operate effectively.

Through this process the Company identifies the risks to which it is exposed, and assesses their impact on economic capital. This process is risk based and uses Individual Capital Assessment principles to manage the Company's capital requirements and ensure it has the financial strength and capital adequacy to support the growth of the business and to meet the requirements of policyholders, regulators and rating agencies.

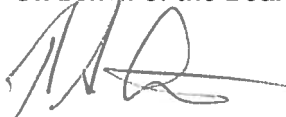
In particular, the Company is vulnerable to various political or economic events within the Republic of Uzbekistan, which if triggered could result in insurance claims.

In addition, the Company is exposed to financial risks through its financial assets, financial liabilities and policyholder liabilities. The information on the use of financial instruments by the Company and its management of financial risk is disclosed in Note 3 to the financial statements. In particular the Company's exposures to interest rate risk, currency risk, credit risk and liquidity risk are separately disclosed in that note.

Future developments

The Company will continue to follow its diversified marketing strategy which includes broker marketing and direct marketing, as well as a more focus on potential projects in Uzbekistan according to the country's investment and industrial development programs. The Company will continue to identify the banks providing backing to companies participating in trade projects and actively develop business relationships with them.

On behalf of the Board



Raymond Antes
Director

17 June 2016

Directors' report for the year ended 31 December 2015

The directors present their report and the audited financial statements of Uzbekinvest International Insurance Company Limited (the Company) for the year ended 31 December 2015.

Future Developments

Likely future developments in the business of the company are discussed in the strategic report.

Principal activity

The principal activity of the Company is the transaction of political risk insurance for foreign investors in infrastructure, natural resource development and industrial production in the Republic of Uzbekistan.

Dividends

No dividends were paid during 2015 (nil in 2014).

Directors and directors' interests

The directors of the company who were in office during the year and up to the date of the signing of the financial statements were:

B B Ashrafkhanov
R A Gulyamov
F A Saidakhmedov
S A Vafaev
R Antes
H Mamadjonov

The details of directors who were appointed or resigned at the date of the report included:

Bakhrom Bakhodirovich Ashrafkhanov	Resigned 31 March 2016
Hasan Mamadjonov	Appointed 31 March 2016

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

Qualifying third party indemnity provisions

During the year the Company had in place qualifying third party indemnity provisions for the directors of the Company.

Financial Instruments

Information on the use of financial instruments by the company and its management of financial risk is disclosed in Note 4 to the financial statements. In particular, the Company's exposure to price risk, credit risk and liquidity risk are separately disclosed in that note. The company's exposure to cash flow risk is addressed under the heading of 'Credit Risk', 'Liquidity Risk' and 'Market Risk'.

Disclosure of information to auditors

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 information relevant to the audit of the Company's financial statements for the year ended 31 December 2015 of which the auditors are unaware; and
- the directors have taken all steps that they ought to have taken 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.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* (FRS 102), 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors

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.

On behalf of the Board



Raymond Antes
Director

17 June 2016

Independent auditors' report to the members of Uzbekinvest International Insurance Company Limited

Report on the financial statements

Our opinion

In our opinion, Uzbekinvest International Insurance Company Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit 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.
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What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance sheet as at 31 December 2015;
- the Profit and loss account for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Matthew Nichols (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 June 2016

**Profit and loss account
for the year ended 31 December 2015**

Technical account - general business	Note	2015	2014
		\$	\$
Earned premiums, net of reinsurance			
Gross premiums written		219,757	333,682
Net premiums written		219,757	333,682
Change in the gross provision for unearned premiums		(29,338)	(181,453)
Change in the net provision for unearned premiums		(29,338)	(181,453)
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Earned premiums, net of reinsurance		190,419	152,229
Claims incurred, net of reinsurance	5	-	-
Net operating expenses	6	(387,856)	(570,733)
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Total technical charges		(387,856)	(570,733)
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Balance on the technical account for general business		(197,437)	(418,504)
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**Profit and loss account
for the year ended 31 December 2015**

Non-technical account	Notes	2015 \$	2014 \$
Balance on the general business technical account		(197,437)	(418,504)
Investment income	10	645,346	846,046
Unrealised (losses)/gain on investments	10	(212,588)	362,302
Investment expenses and charges	10	(186,054)	(575,878)
Total investment income	10	246,704	632,470
Other income	7	14,160	20,121
Profit on ordinary activities before tax		63,427	234,087
Tax on profit on ordinary activities	11	(13,160)	(48,790)
Profit for the financial year	16	50,267	185,297

The above operating results are all derived from continuing operations.

The Company has no recognized gains and losses other than the profit for the 2015 and 2014 financial years.

**Balance sheet
as at 31 December 2015**

	Note	2015 \$	2014 \$
ASSETS			
Investments			
Debt securities and other fixed income securities	13	49,419,817	49,920,784
Debtors: amounts falling due within one year			
Arising out of direct insurance operations		605,652	388,921
Other debtors	14	197,300	28,895
		802,952	417,814
Debtors: amounts falling due after one year			
Deferred tax asset	11	392	392
Other assets			
Cash and cash equivalents		849,036	381,325
Prepayments and accrued income			
Accrued interest		129,399	192,757
Deferred acquisition costs		53,824	46,490
Other prepayments and accrued income		1,109	1,067
		184,332	240,314
Total assets		51,256,529	50,960,629
LIABILITIES			
Capital and reserves			
Called up share capital	15	50,000,000	50,000,000
Profit and loss account	16	80,918	30,651
Shareholders' funds		50,080,918	50,030,651
Technical provisions			
Provision for unearned premiums		215,297	185,959
Creditors – amounts due within one year			
Arising out of direct insurance operations	17	148,046	93,107
Other creditors including taxation and social security	17	702,796	508,681
		850,842	601,788
Accruals and deferred income		109,472	142,231
Total liabilities		51,256,529	50,960,629

The financial statements on pages 8 to 21 were approved by the Board of Directors on 17 June 2016 and signed on its behalf by:


Raymond Antes

Director
17 June 2016

**Statement of changes in equity
as at 31 December 2015**

	Note	Called-up share capital	Profit and loss account	Total Shareholders' funds
		\$	\$	\$
Balance at 1 January 2014		50,000,000	(154,646)	49,845,354
Profit for the financial year		-	185,297	-
Balance as at 31 December 2014		50,000,000	30,651	50,030,651
Profit for the financial year		-	50,267	-
Balance as at 31 December 2015	15, 16	50,000,000	80,918	50,080,918