

AIG Uzbekinvest Limited

**Annual Report and Financial Statements
for the year ended 31 December 2016**

Registered Number: 2997371

AIG Uzbekinvest Limited

**Company Information
for the year ended 31 December 2016**

Directors

F A Saidakhmedov
C Ouin
H Mamadjonov

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
SE1 2RT

Principal bankers

Citibank N A
Citigroup Centre
Canada Square
London
E14 5LB

AIG Uzbekinvest Limited

Strategic Report for the year ended 31 December 2016

Review of the business

Results and Performance

The results of the Company for the year, as shown on page 12, show a loss before taxation of US\$ (78,726) (2015: profit of US\$ 39,775).

At 31 December 2016, the shareholders' funds of the Company, as shown on page 13, total US\$ 216,629 (2015: US\$ 295,911).

Business Environment

The global economy still faces daunting challenges, both political and economic, that has put further downward pressure on global trade and investment activity. Stagnant trade and heightened policy uncertainty in advanced economies, as well as weak investment prospects across many emerging markets is now expected to remain for the medium-term.

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.

In such challenging conditions the Government of Uzbekistan is carrying out wide-scale reforms aimed to boost resilience and improve growth prospects of the national economy. Further enhancing international and regional integration by promoting trade and foreign direct investment, as well as providing strong government support for the major sectors of economy, continuing improvement of business environment, fiscal stimulus and creation of favourable investment conditions, in conjunction with political stability, means the Republic of Uzbekistan remains one of the attractive countries in Central Asia to foreign investors.

Although the real and significant Company's business activity should be expected when the global economy is fully stabilized and foreign investors return to the country, however we anticipate that implementation of current structural reforms and new market incentives of the Government (e.g., internal currency market liberalization, tax benefits, business registration and licensing easing), while reducing bureaucratic and legal barriers, will contribute substantially to growth of trade and investment attractiveness of Uzbekistan and, therefore, to the growth of business and premiums of the Company.

Business Strategy

Uzbekinvest International Insurance Company Limited (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.

As the Company is better positioned for the Uzbek market through close co-ordination with immediate government trade departments and ministries, therefore the bulk of Company's business strategy is going to be focused onto close cooperation with the participants, both domestic and foreign, of the Annual Investment Program of Uzbekistan for 2017, as well as the 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.

AIG Uzbekinvest Limited

**Strategic Report
for the year ended 31 December 2016**

Key Performance Indicators

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

	2016	2015
	US\$	US\$
Turnover	<u>299,052</u>	<u>345,261</u>
(Loss)/Profit on ordinary activities before taxation	(78,726)	39,775

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. AUL's Risk Register is reviewed internally by management on a quarterly basis 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 identified the risks to which it is exposed, and assesses their impact on economic capital.

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
- 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.

AIG Uzbekinvest Limited

**Strategic Report (CONTINUED)
for the year ended 31 December 2016**

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.

Future developments

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 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 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.

On behalf of the Board



Charles Ouin
Director

8 August 2017

AIG Uzbekinvest Limited

Directors' Report for the year ended 31 December 2016

The directors present their annual report and the audited financial statements of AIG Uzbekinvest Limited (the 'Company') for the year ended 31 December 2016.

Future developments

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

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.

Dividends

No dividends were paid during 2016 (2015: nil).

Directors and directors' interests

The directors of the company who were in office during the Company financial year were:

- R Antes
- B Ashrafkhanov
- J Hegeman
- H Mamadjonov
- F A Saidakhmedov

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

R Antes	Resigned 02 March 2017
B Ashrafkhanov	Resigned 16 May 2016
J Hegeman	Resigned 16 May 2016
H Mamadjonov	Appointed 16 May 2016
C Ouin	Appointed 02 March 2017

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

AIG Uzbekinvest Limited

Directors' Report for the year ended 31 December 2016

Qualifying third party indemnity provisions

During the financial year and also at the date of approval of the financial statements the Company had in place qualifying third party indemnity provisions for the directors of the Company.

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 2016 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 in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

AIG Uzbekinvest Limited

**Directors' Report
for the year ended 31 December 2016**

Financial Risk Management

The financial risk management of the company is discussed in the strategic report.

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



Charles Ouin
Director

8 August 2017

Independent auditors' report to the members of AIG Uzbekinvest Limited

Report on the financial statements

Our opinion

In our opinion, AIG Uzbekinvest 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 2016 and of its loss and cash flows 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.

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 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Cash Flow Statement 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

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 8, 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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Richard Nicholas (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
17 August 2017

AIG Uzbekinvest Limited

**Statement of Comprehensive Income
for the year ended 31 December 2016**

	Notes	2016 US\$	2015 US\$
Turnover	3	299,052	345,261
Administrative expenses	4	(398,219)	(285,364)
		(99,167)	59,897
Other Income / (Charges)	6	21,898	(16,983)
(Loss)/Profit before interest and taxation		(77,269)	42,914
Interest receivable and similar income		577	2
Interest payable and similar expenses	7	(2,034)	(3,141)
(Loss)/Profit before taxation		(78,726)	39,775
Tax on profit	10	(556)	(10,376)
(Loss)/Profit for the financial year		(79,282)	29,399

The notes on pages 16 to 22 form an integral part of these financial statements.

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

The Company has no other comprehensive income other than those included in the results above, and therefore no separate statement of other comprehensive income has been presented.

There are no material differences between the profit before taxation or the profit for the financial years stated above and their historical cost equivalent.

AIG Uzbekinvest Limited

**Balance Sheet
as at 31 December 2016**

	Notes	2016 \$	2015 \$
Current Assets			
Debtors amounts falling due within one year	12	532,362	1,027,926
Total Current Assets		532,362	1,027,926
Current Liabilities			
Creditors amounts falling due within one year	15	(315,733)	(732,015)
Net Current Assets		216,629	295,911
Net Assets		216,629	295,911
Capital and Reserves			
Called up share capital	13	200,000	200,000
Profit and loss account	14	16,629	95,911
Shareholders' Funds		216,629	295,911


Charles Quin
Director

08 August 2017

AIG Uzbekinvest Limited

**Statement of changes in equity
for the year ended 31 December 2016**

	Note	Called-up share capital US\$	Profit and loss account US\$	Total shareholders' funds US\$
Balance at 1 January 2015		200,000	66,512	266,512
Profit for the financial year		0	29,399	29,399
Balance as at 31 December 2015		200,000	95,911	295,911
(Loss)/Profit for the financial year		0	(79,282)	(79,282)
Balance as at 31 December 2016		200,000	16,629	216,629

AIG Uzbekinvest Limited**Cash Flow Statement
for the year ended 31 December 2016**

	2016	2015
	US\$	US\$
Cash Flow from operating activities		
Decrease in debtors	350,294	358,488
Decrease in creditors	(441,116)	(384,852)
Interest received	577	2
Taxation paid	0	(23,141)
Net cash used in operating activities	(90,244)	(49,503)
	Note A	
Cash Flow from investing activities		
Acquisition of subsidiary (net of cash acquired)	0	0
Purchase of tangible assets	0	0
Proceeds from disposal of tangible assets	0	0
Dividends from associates	0	0
Net cash used in investing activities	0	0
Cash flow from financing activities		
Dividends paid to owners of the parent	0	0
Interest paid	0	0
Loans to Other Parties	90,244	49,503
Net cash generated from financing activities	90,244	49,503
Net (decrease) increase in cash at bank and in hand	0	0
Cash and cash equivalents at the beginning of the year	0	0
Cash and cash equivalents at the end of the year	0	0
Cash and cash equivalents consists of:		
Cash at bank and in hand	0	0
Short term deposits presented within other financial investments	0	0
Cash and cash equivalents	0	0

AIG Uzbekinvest Limited

**Cash Flow Statement (CONTINUED)
for the year ended 31 December 2016**

Note A - Reconciliation of retained profit to net cash used in continuing activities

	2016	2015
	US\$	US\$
Profit for the year	(79,282)	29,399
Decrease / (increase) in debtors	405,320	(170,457)
(Decrease) / increase in creditors	(416,282)	91,554
Net cash outflow from continuing operating activities	(90,244)	(49,504)

AIG Uzbekinvest Limited

Notes to the Financial Statement for the year ended 31 December 2016

1 ACCOUNTING POLICIES

General information

AIG Uzbekinvest Limited (the Company) is an underwriting agent 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. The Company is a private company limited by shares and is incorporated in England. The address of its registered office is The AIG Building, 58 Fenchurch Street, London EC3M 4AB.

Basis of Preparation

The financial statements have been prepared on the going concern basis and in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

The financial statements have been prepared on the historical cost basis.

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

A summary of the significant accounting policies is set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Details of the transition to FRS 102 is disclosed in Note 19.

Turnover

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

Turnover also includes a 3.5% mark up on all intercompany invoices paid on behalf of UIIC. This is per the amended service agreement dated 30 July 2015 between the Company and UIIC (original Services Agreement is dated as 16 May 2011).

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.

Tax

The charge for taxation is based on the results for the year adjusted for disallowable items. Deferred tax is provided in full on all material timing differences. Deferred tax assets are recognized to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is calculated at the substantially enacted tax rate and where such an asset is recognized the credit is reflected in the profit and loss account for the year. Deferred tax balances are not discounted.

AIG Uzbekinvest Limited

**Notes to the Financial Statement
for the year ended 31 December 2016**

1 ACCOUNTING POLICIES (CONTINUED)

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. Non-monetary assets and liabilities are reported using the exchange rate that prevailed at the date of the transaction.

Dividends

Interim or final dividends payable are recognized when they are appropriately approved and no longer at the discretion of the Company.

Other debtors and creditors

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in any active market other than those that the company intends to sell in the short term or that it has designated as at fair value through profit or loss. When a financial liability is recognized initially it is measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial liability. Loans and receivables are subsequently measured at amortized cost using the effective interest method.

Receivables arising from the insurance contracts are classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables. This basis of valuation is viewed by the directors as having prudent regard to the likely realizable value.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognized in the income statement in other operating expenses.

Share capital

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.