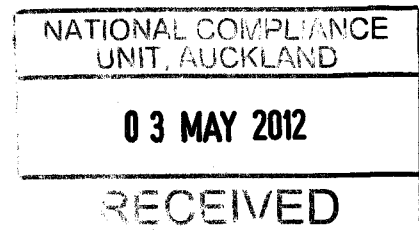


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CHARTIS INSURANCE NEW ZEALAND LIMITED
(formerly known as Chartis New Zealand Limited)

FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 NOVEMBER 2011



NPC# 27
- 3 MAY 2012

CHARTIS INSURANCE NEW ZEALAND LIMITED
(formerly known as Chartis New Zealand Limited)

TABLE OF CONTENTS

Directors' Report	2
Independent Auditors' Report	3
Statement of Comprehensive Income	5
Statement of Changes in Equity	6
Balance Sheet	7
Statement of Cash Flows	8
Notes to the Financial Statements	9

CHARTIS INSURANCE NEW ZEALAND LIMITED
(formerly known as Chartis New Zealand Limited)

DIRECTORS' REPORT
FOR THE PERIOD ENDED 30 NOVEMBER 2011

The Directors' submit their financial report for the period ended 30 November 2011.

Directors

The names of the Directors' in office during the financial period and until the date of this report are as follows:

C E Knell	(appointed 15 November 2010)
T E Elisara	(appointed 15 November 2010)
G R Bunkall	(appointed 15 November 2010; resigned 17 February 2012)
D E Wilson	(appointed 17 February 2012)
C G Townsend	(appointed 17 February 2012)
G R Willis	(appointed 15 November 2010; resigned 20 May 2011)

Nature of operations and principal activities

The Company's principal activity is the underwriting of general insurance and the investment of funds.

Operating and financial review

The net profit from ordinary activities after income tax for the period was \$4,769.

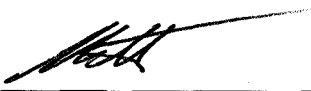
Significant changes in the state of affairs

Chartis Insurance New Zealand Limited is a new subsidiary of Chartis Singapore Insurance Pte Ltd. The Company was incorporated in November 2010 as part of the global restructuring activities within the AIG Group. The insurance business of American Home Assurance – NZ Branch ("AHAC-NZ") was transferred to this Company effective 1 December 2011. There are no changes to any policy terms or conditions for any of the AHAC-NZ's policyholders. The transfer involves all of the assets and liabilities of AHAC-NZ.

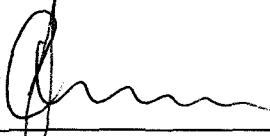
Auditors

An audit fee of \$10k for the audit of these financial statements has been provided for in the financial statements of AHAC-NZ. PricewaterhouseCoopers were appointed to undertake the audit for the financial statements for the period ended 30 November 2011.

For and on behalf of the Board of Directors



C E KNELL
Director



T E ELISARA
Director

Date:



Independent Auditors' Report

to the shareholders of Chartis Insurance New Zealand Limited

Report on the Financial Statements

We have audited the financial statements of Chartis Insurance New Zealand Limited on pages 5 to 20, which comprise the balance sheet as at 30 November 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

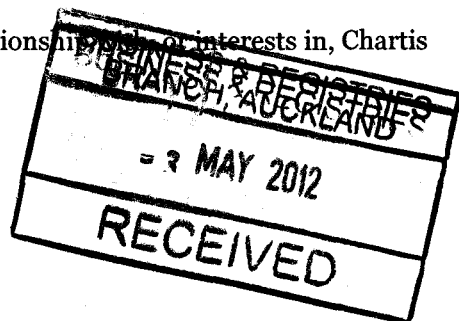
Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Company's preparation of financial statements that give a true and fair view of the matters to which they relate, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditors we have no relationships or interests in, Chartis Insurance New Zealand Limited.





Independent Auditors' Report
Chartis Insurance New Zealand Limited

Opinion

In our opinion, the financial statements on pages 5 to 20:

- (i) comply with generally accepted accounting practice in New Zealand;
- (ii) comply with International Financial Reporting Standards; and
- (iii) give a true and fair view of the financial position of the Company as at 30 November 2011, and its financial performance and cash flows for the period then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the period ended 30 November 2011:

- (i) we have obtained all the information and explanations that we have required; and
- (ii) in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Restriction on Distribution or Use

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants
23 April 2012

Auckland

CHARTIS INSURANCE NEW ZEALAND LIMITED
(formerly known as Chartis New Zealand Limited)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 NOVEMBER 2011

	Note	2011 NZ\$000
Revenue		
Investment income	4	7
Operating revenue		<u>7</u>
Profit before taxation		<u>7</u>
Income tax expense	5	(2)
Profit after taxation		<u>5</u>
Total comprehensive income for the period attributable to owners of the Company		<u>5</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes

CHARTIS INSURANCE NEW ZEALAND LIMITED
(formerly known as Chartis New Zealand Limited)

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 NOVEMBER 2011

	Note	SHARE CAPITAL NZ\$000	RETAINED EARNINGS NZ\$000	TOTAL NZ\$000
At 15 November 2010		-	-	-
Net profit and total comprehensive income for the period			5	5
Issue of ordinary shares	9	60,000	-	60,000
At 30 November 2011		60,000	5	60,005

The above statement of changes in equity should be read in conjunction with the accompanying notes

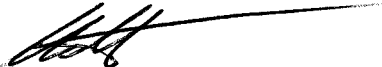
CHARTIS INSURANCE NEW ZEALAND LIMITED
(formerly known as Chartis Insurance New Zealand Limited)

BALANCE SHEET
FOR THE PERIOD ENDED 30 NOVEMBER 2011

	Note	2011 NZ\$000
ASSETS		
Cash and cash equivalents	7	59,444
Financial assets at fair value through profit or loss	8	550
Other receivables	9	13
TOTAL ASSETS		60,007
LIABILITIES		
Provision for taxation	6	2
TOTAL LIABILITIES		2
NET ASSETS		60,005
EQUITY		
Share capital	10	60,000
Retained Earnings		5
TOTAL EQUITY		60,005

The above balance sheet should be read in conjunction with the accompanying notes

The financial statements were approved for issue by the Board of Directors on 19 April 2012



C E KNELL
Director



T E VISARA
Director

CHARTIS INSURANCE NEW ZEALAND LIMITED
(formerly known as Chartis New Zealand Limited)

STATEMENT OF CASHFLOWS
FOR THE PERIOD ENDED 30 NOVEMBER 2011

	Note	2011 NZ\$000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Government Bond		(556)
Net cash outflow from investing activities		(556)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares		60,000
Net cash inflow from financing activities		60,000
Net increase in cash held		59,444
Cash at beginning of period		-
Cash and deposits at end of period	7	59,444
RECONCILIATION OF PROFIT TO NET CASH FLOW FOR OPERATING ACTIVITIES		
Profit per Statement of Comprehensive Income		7
<i>Non cash items:</i>		
Unrealised loss		2
Accrued income		(9)
Net cash flow for operating activities		-

The above statement of cash flows should be read in conjunction with the accompanying notes

CHARTIS INSURANCE NEW ZEALAND LIMITED
(formerly known as Chartis New Zealand Limited)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 NOVEMBER 2011

1. GENERAL INFORMATION

Chartis Insurance New Zealand Limited ("the Company") is a limited liability company incorporated on 15 November 2010 and domiciled in New Zealand.

The registered office of the Company is level 23, ANZ Centre, 23 Albert Street, Auckland.

The sole shareholder of the Company is Chartis Singapore Insurance Pte Ltd incorporated in Singapore. The ultimate parent company is American International Group Inc, ("AIG") is registered in the state of Delaware, USA.

The nature and principal activity of the Company during the period was the underwriting of general insurance and related financing activities, however, as at 30 November 2011 the Company had not commenced trading (refer note 12).

The financial statements have been authorised for issue by the Board of Directors on 19 April 2012. The directors do not have the power to amend these financial statements after issue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied across the period, unless otherwise stated.

a) Basis of preparation

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZIFRS) and other applicable Financial Reporting Standards for profit-oriented entities and with International Financial Reporting Standards. The financial statements comply with the Financial Reporting Act 1993 and the Companies Act 1993.

All amounts in the notes are shown in thousands of dollars, rounded to the nearest thousand, unless otherwise stated.

b) Operating expenses

Operating expenses are included in the profit or loss component of the statement of comprehensive income and are recognised at cost on an accrual basis.

c) Goods and Services Tax (GST)

All items reported in the statement of comprehensive income are shown exclusive of GST. All items on the balance sheet are stated exclusive of GST, except accounts receivable and accounts payable which include GST amounts invoices.

CHARTIS INSURANCE NEW ZEALAND LIMITED
(formerly known as Chartis New Zealand Limited)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 NOVEMBER 2011

d) Impairment of non financial assets

At each balance date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use.

An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of the asset exceeds its recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying value does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in the statement of comprehensive income.

e) Investment Income

Investment income is recognised in the profit or loss component of the statement of comprehensive income when it is earned using the effective rate of interest method and is deemed to be revenue.

f) Taxation

Current taxation

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred taxation

Deferred tax is provided in full, using the comprehensive balance sheet liability method in respect of temporary differences. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled, based on the tax rates enacted or substantively enacted at the time.

A deferred tax asset is recognised in the financial statements only where it is probable that the benefit of the timing differences will be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of the other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at call with banks, which are readily convertible to cash on hand and bank overdrafts. Bank overdrafts are shown within liabilities on the balance sheet.

CHARTIS INSURANCE NEW ZEALAND LIMITED
(formerly known as Chartis New Zealand Limited)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 NOVEMBER 2011

h) Trade and other receivables

Trade and other receivables are initially recognised at fair value, being the amounts due. They are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

A provision for doubtful debts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows. The impairment charge is recognised in the profit or loss component of the statement of comprehensive income.

When there is objective evidence that an impairment loss has been incurred, the carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss component of the statement of comprehensive income. Any subsequent recoveries of amounts previously written off against the allowance account are credited against other expenses in the statement of comprehensive income.

i) Trade and other payables

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods or services received. Trade and other payables are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services.

j) Financial Assets

The Company classifies its financial assets into the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at the initial recognition and re-evaluates this designation at every reporting date.

Financial assets at fair value through profit or loss

Financial assets are designated at fair value through profit or loss in accordance with NZ IAS 39 when they are deemed to be backing the insurance liabilities of the Company, as set out under NZ IFRS 4. Purchases and sales of investments are recognised on trade date - the date on which the Company commits to purchase or sell the asset. Unrealised gains and losses arising from changes in the fair value of securities are recognised in the profit or loss component of the statement of comprehensive income.

For financial instruments traded in active markets, the determination of fair values of financial assets is based on quoted market prices or dealer price quotations.

Fair value hierarchy:

Financial instruments that are measured in the balance sheet at fair value (excluding short term amounts held at a reasonable approximation of fair value), are categorised by the following fair value measurement hierarchy levels:

- Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2—Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3—Inputs for that asset or liability that are not based on observable market data (i.e. unobservable inputs)

CHARTIS INSURANCE NEW ZEALAND LIMITED
(formerly known as Chartis New Zealand Limited)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 NOVEMBER 2011

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Purchases and sales of loans and receivables are recognised on trade date - the date on which the Company commits to purchase or sell the asset. Loans and receivables are measured initially at amortised cost using the effective rate of interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due as to their original terms.

Impairment of financial assets

The Company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss has been incurred on loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit and loss component of the statement of comprehensive income.

k) Functional and presentation currency

Items included in the financial statement of this Company are measured using the currency of the primary economic environment in which the Company operates ("functional currency"). The financial statements are presented in thousands of New Zealand dollars, which is the Company's functional and presentation currency.

l) Comparatives

There are no comparatives for this reporting period as the Company had not begun trading as at 30 November 2011.

m) Reporting period

The Company was incorporated on 15 November 2010 and these financial statements have been prepared for the period from incorporation to 30 November 2011.



CHARTIS INSURANCE NEW ZEALAND LIMITED
(formerly known as Chartis New Zealand Limited)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 NOVEMBER 2011

3. RISK MANAGEMENT POLICIES AND PROCEDURES

The Company's operations are exposed to a number of key risks including insurance risk and financial risk. The Company's policies and procedures in respect to managing these risks are set out below, however, as the Company has not commenced trading as an insurer the insurance risks will not be applicable until the next financial year.

a) INSURANCE RISK

The principal risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. Insurance events are, by their nature, random, and therefore unpredictable.

The Company manages its insurance risk through a clearly defined underwriting strategy and limits as well as the Company's reinsurance strategy. Underwriting and binding authorities of all policies are tightly controlled in terms of the AIG guidelines. Individual authorities are granted per type of insurance contract. Adherence to underwriting and binding authorities is monitored through audits of policy files by both internal audit as well as regional underwriting managers. The Company adheres to a global underwriting and reinsurance strategy that is determined, reviewed and managed by AIG based in New York.

The delegated underwriting authorities follow the worldwide Group's strategy and reflect the level of risk the Company is prepared to take. The level of risk is measured by reference to previous underwriting results, environmental and market factors and other potential drivers of volatility.

The Company makes full use of centralised reinsurance programmes available through the AIG to take advantage of the tight control over reinsurer security, underwriting discipline and to maximise the advantages of economies of scale. The majority of the Company's reinsurance is through the treaty facilities available within AIG with facultative reinsurance used as required.

The Company has developed its insurance underwriting strategy to mitigate risk through product diversification.

Concentration of Insurance Risk

Concentration risk is significant in the case of natural disasters and other catastrophes which usually result in a concentration of affected policyholders. The Company's exposure to concentrations of insurance risk is mitigated by a diverse portfolio of business written across a broad range of locations and industries.

The Company has a specific concentration risk associated with natural catastrophes. This risk is mitigated through a combination of underwriting strategy, management of risk undertakings and the purchase of reinsurance cover.

CHARTIS INSURANCE NEW ZEALAND LIMITED
(formerly known as Chartis New Zealand Limited)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 NOVEMBER 2011

b) FINANCIAL RISK

Credit risk

The Company has exposure to credit risk, that is, the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are:

- Reinsurer's share of insurance liabilities;
- Amounts due from reinsurers in respect of claims paid;
- Amounts due from insurance intermediaries;
- Amounts due for money market and cash positions;
- Amounts due from debt securities; and
- Amounts due from insurance policyholders.

The Company structures the level of credit risk it accepts by placing limits on its exposure to a single counterparty and this is reviewed on an annual basis.

Reinsurance is used to manage insurance risk. This does not however discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the full payment to the policyholder.

Through a centralised process AIG worldwide identifies, approves and monitors all credit exposures relating to reinsurance through its Reinsurance Security Department. The primary function of the Reinsurance Security Department is to review the financial stability of the reinsurance companies that AIG uses in both its treaty and facultative programmes. This is achieved through analysis of financial information gathered on both the industry and the reinsurer. Information is gathered through rating agencies and other reliable, publicly available sources.

Using this information AIG compiles a list of approved reinsurers and a list of approved reinsurance intermediaries which must be adhered to by all AIG offices around the globe. Reinsurance placements must be confirmed by the underwriter against these lists before binding. If an underwriter wishes to use a reinsurer or reinsurance intermediary that is not on the list, they must seek approval from the Reinsurance Security Department before binding the reinsurance.

The Company further manages its exposure to credit risk by accepting business from intermediaries that meet the Company's corporate guidelines. New intermediaries are accepted on a case by case basis and are only accepted after having gone through an internal screening process. All intermediaries are subject to the Company's credit terms.

Liquidity risk

The Company has to meet daily calls on its cash resources, notably for its insurance and reinsurance contracts. The risk is that sufficient cash will not be available to settle liabilities, when due, at reasonable cost. Liquidity risk is managed by holding sufficient levels of cash in call accounts and short term deposits. In the event that a shortfall arises, the Company may liquidate a fixed interest security from its investment portfolio to ensure it meets its obligations. If required, the Company may also access short-term funding from Head Office. The Company's cash position is monitored on a daily basis, with forecasts for the next three months being compiled and reviewed weekly.

CHARTIS INSURANCE NEW ZEALAND LIMITED
(formerly known as Chartis New Zealand Limited)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 NOVEMBER 2011

Market Risk

Market risk is the risk of change in the fair value of financial instruments from fluctuations in the foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk), whether such change in price is caused by factors specific to an individual financial instrument or its issuer or factors affecting all financial instruments traded in a market.

Market risk is managed through diversification of the investment portfolio in accordance with investment guidelines established under the governance of the various investment committees which the Company operates locally and reports into at regional and global levels.

Currency risk

Currency risk is the risk of loss resulting from changes in exchange rate when applied to assets and liabilities or future transactions denominated in a currency that is not the Company's functional currency. The Company's principal transactions are carried out in New Zealand dollars and its exposure to foreign exchange risk is monitored and addressed in accordance with investment guidelines established under the governance of the various investment committees which the Company operates locally and reports into at regional and global levels.

Being that the Company has minimal net exposure to currency risk a movement in exchange rates is unlikely to result in a material impact on the financial statements.

Interest rate risk

Interest rate risk is the risk that the value or future value cash flows of a financial instrument will fluctuate because of changes in interest rates. As with market risk above, interest rate risk arising from its interest bearing investments is managed in accordance with investment guidelines established under the governance of the various investment committees which the Company operates locally and reports into at regional and global levels.

The Company is exposed to interest rate risk because of cash and fixed interest securities held by the Company. A sensitivity analysis has not been conducted as it is deemed not material for this reporting period.

Price risk

Price risk is the risk of loss resulting from the decline in prices of equity securities or other assets. Price risk is managed through diversification of the investment portfolio in accordance with investment guidelines established under the governance of the various investment committees which the Company operates locally and reports into at regional and global levels.

The Company has minimal exposure to price risk as the investment portfolio does not currently include equity securities.



CHARTIS INSURANCE NEW ZEALAND LIMITED
(formerly known as Chartis New Zealand Limited)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 NOVEMBER 2011

Capital Management Policy

The Company's objectives when managing capital are:

- To comply with the insurance capital requirements of the Reserve Bank of New Zealand for a licensed general insurer; and
- To provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

The Company manages its capital on a basis of 150% of its minimum regulatory capital position. Management considers the quantitative threshold of 150% sufficient to manage the solvency position of the Company and to continue as a going concern.

CHARTIS INSURANCE NEW ZEALAND LIMITED
(formerly known as Chartis New Zealand Limited)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 NOVEMBER 2011

4. INVESTMENT INCOME

	2011 NZ\$000
Cash and fixed interest securities interest income	9
Fair value losses on investments at fair value through profit or loss	(2)
Total investment income	7

5. AUDIT FEES

An audit fee of \$10,000 for the audit of these financial statements has been provided for in the financial statements of American Home Assurance – New Zealand Branch, (AHAC-NZ). For details of the transfer of business from AHAC-NZ refer to note 12.

6. TAXATION

	2011 NZ\$000
Net profit before income tax	7
Prima facie tax payable at 28%	2
Income tax recognised in Statement of Comprehensive Income	2
Comprising:	
Estimated current period tax assessment	2

7. CASH AND CASH EQUIVALENTS

	2011 NZ\$000
Cash on hand and at bank	444
Deposits at call	59,000
Total	59,444

CHARTIS INSURANCE NEW ZEALAND LIMITED
(formerly known as Chartis New Zealand Limited)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 NOVEMBER 2011

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2011 NZ\$000
Government securities	550
Total	550
Non current	550
Total	550

These financial assets are classified as Level 1 in the fair value hierarchy and are fixed rate listed government bonds. The maturity date is 15 April 2015.

9. OTHER RECEIVABLES

	2011 NZ\$000
Accrued income	13
Total	13
Current	13
Total	13

10. SHARE CAPITAL

	2011 NZ\$000
1 ordinary share issued 15 November 2010	-
60,000,000 ordinary shares issued 30 November 2011	60,000
30 November	60,000

As at 30 November 2011, the Company had 60,000,001 ordinary shares that were issued for \$1 per share. All shares are fully paid. There is one class of ordinary shares. All shares issued carry equal voting and distribution rights.

11. CREDIT RATING

On 1 December 2011, the Company's financial strength rating of A- was confirmed by rating agency Standard and Poor's (Australia) Pty Ltd in accordance with the Insurance Companies Rating and Inspections Act 1994.

CHARTIS INSURANCE NEW ZEALAND LIMITED
(formerly known as Chartis New Zealand Limited)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 NOVEMBER 2011

12. EVENTS OCCURRING AFTER BALANCE DATE

On 1 December 2011 the operations of American Home Assurance Company New Zealand Branch (the "Branch") was transferred to the Company. The Branch is a branch of American Home Assurance Company ("AHAC"), a company incorporated in the state of New York in the United States of America. AHAC is a member entity in the American International Group, Inc ("AIG").

In exchange for the business of the Branch, the Company will issue a Promissory Note to the Branch for the purchase price of \$83m. An external independent firm has been engaged to provide a fair value for the business as at 30 November 2011. A true up payment of the purchase price will be structured either by Promissory Note or cash. The Promissory Note will be distributed to respective owners of AHAC. The Company will ultimately receive the Promissory Note as a capital contribution from its immediate parent company, thereby extinguishing the Promissory Note.

All the insurance contracts, insurance rights, insurance liabilities, business assets and business liabilities on the branch were transferred to Company as a going concern. The Company assumes all of the Branch's obligations and there is no recourse to the Branch or AHAC. As the Branch and Company are entities under common control of AIG, the transfer of the business will be accounted for using the predecessor values method. The excess of the consideration over the net assets transferred will be recognised in Equity.

As at 30 November 2011 the Branch had \$96.5 million of tax losses that were not recognised in Branch's Balance Sheet. Subject to tax legislation being met, it is intended that these losses will be transferred to and utilised by Company.

CHARTIS INSURANCE NEW ZEALAND LIMITED
(formerly known as Chartis New Zealand Limited)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 NOVEMBER 2011

The following assets and liabilities were transferred to the Company at the Branch's carrying values on 1 December 2011 as follows:

Assets:	<u>2011</u> <u>NZ\$000</u>
Cash and cash equivalents	91,127
Trade and other receivables	61,709
Deferred acquisition costs	12,236
Investments	85,758
Intangible assets	108
Provision for reinsurance unearned premiums	41,133
Provision for reinsurance and other recoveries	470,135
Total Assets	<u>762,206</u>
Liabilities:	
Trade and other payables	16,670
Deferred reinsurance commissions	8,288
Provision for gross unearned premiums	90,105
Provision for gross claims outstanding	627,864
Total Liabilities	<u>742,927</u>
Equity transferred	<u>19,279</u>