

Main economic events

- Inflation rate in Uzbekistan up to 1.8% in Jan-Aug, 2005**
 In August, 2005 inflation was 0.2% as compared to 1.3% in August, 2004.
- Income of population will increase from 1st October**
 Salaries, pensions, student stipends and social transfers will be increased by 20% on average from October 1, 2005.
- Historic issue in the CB market**
 On 9th September, 2005 CSM registered the CB issue of LLC "Gambrinus" which may initiate the new stage of CB market development in Uzbekistan.
- Privatization of OJSC "Smarkandskiy liftostroitelny zavod"**
 Full state-owned share of 75% of OJSC "Samarkandskiy liftostroitelny zavod" has been sold.
- JSMA "Uzmetkombinat" increased steel production by 18.3%**
 Uzmetkombinat increased steel production to 447.618Kt in Jan-Aug, 2005
- Majority of compensations has been paid to agricultural sector**
 Main insurance compensations carried out by SJSIC «Uzagrosugurta».

Main macroeconomic indicators of Uzbekistan (2000-2004)

Indicators	2002	2003	2004	2004 1Q	2005 1Q
GDP, trln. soum	7.45	9.84	12.2	2.1	2.5
Real GDP growth, %	4.0	4.4	7.7	4.8	4.8
State budget execution, % to GDP (-def./+prof.)	-0.8	-0.4	-0.4	4.0	1.9
Foreign trade turnover, billion USD	5.7	6.7	8.7	2.1	2.3
Inflation (CPI), %	-	3.8	3.7	1.1	2.2

Source: State Statistics Committee, Avesta Research

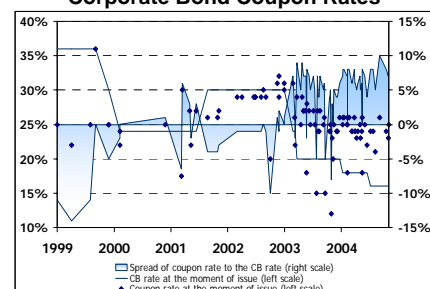
Official exchange rate of the CB RU to major world currencies (USZ)

	13.09.2005	06.09.2005	Chg./%
1 USD	1136.58	1134.41	+0.19 ↑
1 EUR	1401.97	1426.41	-1.71 ↓
1 GBP	2086.08	2095.71	-0.46 ↓
10 JPY	103.78	103.98	-0.19 ↓
1 RUR	40.23	40.08	+0.37 ↑

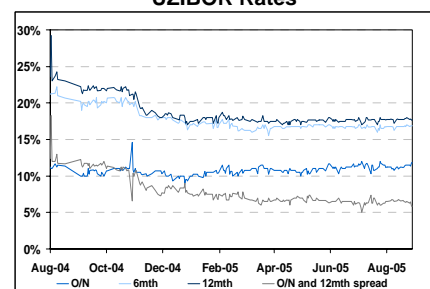
Key interest rates in national currency as of 15.09.2005 (in % per annum)

Refinancing rate of CB RU	16.00
UZIBOR (12 months)	17.67
AWACRI	23.27
CBCAP* (UZS)	200.05
CBCAP* (USD)	172.31

Corporate Bond Coupon Rates



UZIBOR Rates



Sources: Avesta Research, Central Bank of RU, Uzbekistan Banking Association

Today

Coupon payments on corporate bonds are not expected

Upcoming events calendar

- September 16:** Payment of 6th coupon of 3rd CB issue of JV "Coscom"
- September 16:** Payment of 6th coupon of the 3rd CB issue of LLC "Favorit-Intel" is expected
- September 17:** Payment of 8th coupon and redemption of the 1st CB issue of "Biznes Vestnik Vostoka"
- September 17:** Payment of the 7th coupon of 1st CB issue of JV OJSC "Qoxiz" is expected.
- September 20-22:** 6th Uzbek International Exhibition "Telecommunications and Information Technologies" will be held.

Inflation rate in Uzbekistan up to 1.8% in Jan-Aug, 2005

Inflation rate in Uzbekistan in the consumer market during Jan–Aug, 2005 was 1.8% against 1.1% deflation in the same period last year, informed *“PRIME-TASS”* with reference to State Statistics Committee of RUz.

In August, 2005 inflation was 0.2% as compared to 1.3% inflation in August, 2004. In 2004 inflation was 3.7% as compared to 3.8% in 2003. According to 2005 budget parameters, inflation in the Uzbek consumer market is expected to be 6-7% in the current year.

Income of population will increase from 1st October

The size of wages, pensions, student stipends and social allowances will be increased by 20% on average from October 1, 2005 as is stated in the President's Decree.

According to the decree minimum wage and initial rank of tariff scale will be increased to 9 400 soum from 7 835 soum, minimum pension and welfare payment to people disabled from childhood –to 18 605 soum from 15 505 soum, allowances to the aged and disabled people without work record –to 11 270 soum from 9 390 soum.

Expenses related to increase in wages, pensions and allowances will be covered by state budget and Pension Fund. This is the second increase in wages, pensions, student stipends and social allowances in the current year. Before that they were raised on 1 May, 2005 by 20% on average.

Historic issue in the CB market

On 9 September, 2005 CSM registered the CB issue of LLC *“Gambrinus”* which may initiate the new stage of CB market development in Uzbekistan. The point is that the maturity period is 4 years. This is the longest maturity period out of all issues in the market. The volume of the issue is quite small – 250 mln. soum and the coupon rate is 20% annually, as *“Gambrinus”* authorities inform.

“Avesta Research” specialists consider this issue to be of great importance as it may positively affect total prolongation of corporate debt, which is the essential part of any developed debt market. After the placement date this issue will also have positive effect on the market coupon rate index AWACRI, which will again fall from 23.27% to 23.25%, while market capitalization will rise by 0.6%. Capitalization index in soum CBCAP (UZS) will rise from the current 200.5 to 201.3 points.

Privatization of OJSC *“Smarkandskiy liftostroitelniy zavod”*

Within the scope of the State privatization program for 2005-2006 on enterprises of *“Uzeltchanoat”* association State Property Committee of RUz completed the sale of full state-owned share of 75% of OJSC *“Samarkandskiy liftostroitelniy zavod”*, *“Avesta Research”* was informed in the association.

The contract on share purchase and investment commitment assumption with *“Condor Co”* (Iran) was registered on August 29, 2005. According to the contract the buyer keeps the enterprise's specialization unchanged and during 5 years invests \$2,4M into fixed and working capital for development of elevator production.

JSMA *“Uzmetkombinat”* increased steel production by 18.3%

In Jan-Aug, 2005 JSMA *“Uzmetkombinat”* increased steel production by 18.3% as compared to the same period last year to 447.618K tons, informed *“PRIME-TASS”*.

In 2004 steel production in the Republic rose by 24% up to 602.161K tons, including *“Uzmetkombinat”* production increase by 24,6% to 588.091Kt. *“Uzmetkombinat”* is the only ferrous metallurgy enterprise using metal scrap in production process. At present the enterprise does not work at full power due to reduction in scrap supply.

Majority of compensations have been paid to agricultural sector

In January, 2005 total compensations increased by 9.7% to 1.96B soum, as *“Uzreport.com”* informs with the reference to State Insurance Inspection of RUz.

According to Inspection, main compensations were paid by SJSIC *“Uzagrosugurta”* (about 885M soum or 45% of total compensations), which can be explained by the company's specialization in the risky farming business. By the amount of compensations paid, NEIIC *“Uzbekinvest”* took the 2nd place (33%) and *“UVT Insurance”* took the 3rd place (5%).

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