

Avesta Research

UZBEKISTAN DAILY

Business update

September 19, 2005

Main economic events

- Legislation on protection of rights and guarantees for foreign investors introduced some changes**
 Uzbekistan plans to adopt \$865,78M of foreign investments in 2005.
- “Electromash” will produce accessories for “UzDaewooAuto”**
 By 2008 60 000 spare parts for “Matiz” and 40 000 for “Damas” will be produced here.
- Oxus has started production at its second mine in Uzbekistan**
 Uzbek-British gold-mining enterprise Amantaytau Goldfields (AGF) has started ore production at the new Vysokololtnoe mine with rich silver resources.
- JV “Bagat Tekstil” expands to external markets**
 The total value of production exported by JV “Bagat Tekstil” will soon approach to \$1mln.
- Almost one third of Earth population use mobile communication**
 Recently this growth was mainly due to gradual coverage of such underdeveloped markets as China, India, Eastern Europe, Latin America and Africa.

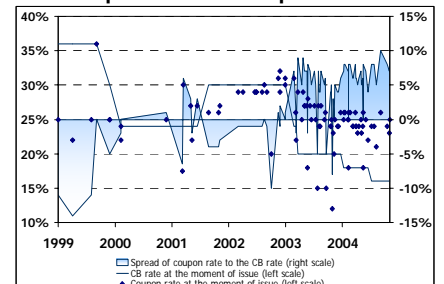
Official exchange rate of the CB RU to major world currencies (USZ)

	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 ↑

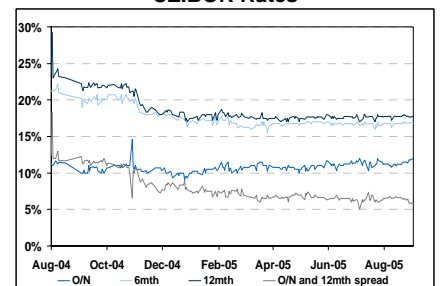
Key interest rates in national currency as of 19.09.2005 (in % per annum)

Refinancing rate of CB RU	16.00
UZIBOR (12 months)	17.75
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

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

Today

Coupon payments on corporate bonds are not expected

Upcoming events calendar

- September 20-22:** 6th Uzbek International Exhibition “Telecommunications and Information Technologies” will be held.
- September 21:** Payment of 3rd coupon of 6th CB issue of LLC “Qogoz Savdo” is expected.
- September 21:** Payment of 8th coupon of the 1st CB issue of JV “Sarbondeks” is expected.
- September 23:** Payment of the 5th coupon of 1st CB issue of LLC “Qurilish industriya hajmli uy joy” is expected.

Legislation on protection of rights and guarantees for foreign investors introduced some changes

Amendments and additions to the Tax Code and the law "On guarantees and measures for foreign investors' rights protection" have been implemented in Uzbekistan, informed "Prime-Tass" with the reference to published text of amendments introduced by Oliy Majlis.

According to the changes introduced to the Uzbek Tax Code foreign investors have received the following benefits:

- interests paid on long-term credits attracted by enterprises with foreign investments (EFI) without state insurance are not included in taxable income when calculating income tax;
- losses from main business activity made by newly launched EFI are postponed to be paid off in equal parts during the period of up to 5 years from the taxable income of the years following the period of losses etc.

Uzbekistan plans to adopt \$865,78M of foreign investments in 2005. \$350,15M will be foreign credits guaranteed by the government and \$515,63M will be direct investments. The volume of foreign investments to Uzbekistan in 2004 increased by 2.4% as compared to 2003 and amounted to 605,8 bln. soum. In particular, the volume of foreign investments insured by the government was 358,3 bln. soum (-15,6%), the volume of direct investments 247,5 bln. soum (1,48 increase).

"Electromash" will produce accessories for "UzDaewooAuto"

Kokand-based LLC "Electromash" has launched production cooperation with the joint venture "UzDaewooAuto" in Asaka for which it manufactures accessories of 24 types for "Nexia", "Matiz" and "Damas". The value of output already manufactured by "Electromash" is 500M soum as "UzA" reports.

Spare parts production technology was developed by the enterprise designers. By 2008 60 000 spare parts for "Matiz" and 40 000 for "Damas" will be produced here.

Oxus Gold has started production at its second mine in Uzbekistan

Uzbek-British gold-mining enterprise Amantaytau Goldfields (AGF) has started ore production at the new Vysokololtnoe mine with rich silver resources as it was announced in the official press release on the web site of *Oxus Gold plc*.

Mining of ore started at the Vysokovoltnoye gold and silver mine two weeks ago, following the first mine blast on 24 August. The plant is expected to produce its first silver and gold at the beginning of October.

Vysokovoltnoye has mineable reserves of 1.66Mt at grades of 127g/t Ag and 1.13g/t Au and 2.33Mt at grades of 27g/t Ag and 1.24g/t Au. Ongoing work aimed at defining extensions of the zones may increase the resource base for future growth.

Full production, after commissioning is scheduled for November 2005. Planned mine production is 21,035 ounces of gold and 2,469,083 oz of silver per annum. The capital cost of the project is \$9.1 million, which has been kept to a minimum due to the existing infrastructure at AGF. It is expected that the cash costs of metal production in terms of gold equivalent will be approximately \$160 per ounce.

Vysokovoltnoye is an open pit mine and forms part of the Amantaytau Goldfields' (AGF) licence area and is 30 kms away from AGF's existing Amantaytau mining operations, Oxus's first mine in Uzbekistan.

JV "Bagat Tekstil" expands to external markets

The total value of production exported by Uzbek-Turkish JV "Bagat Tekstil" based in Khorezm will soon approach to \$1mln, is said on the website of "UzA".

JV started to deliver its yarn from natural cotton fibre in May of the current year. Technological cycle from yarn production up to manufacturing of clothes allows the company to sell abroad not only cheap raw material but also finished goods. JV delivered to local Khorezm textile enterprises yarn for total amount of \$0.75M during 4 months.

Almost one third of Earth population use mobile communication

Agency «Wireless Intelligence» reported that number of mobile users in the world reached 2 bln. people.

Lately, this growth was mainly due to gradual coverage of such large but underdeveloped markets as China, India, Eastern Europe, Latin America and Africa. In August representatives of Nokia stated, that according to their calculations border of 2B mobile subscribers will be left behind in October or December 2005, while in 2010 number of mobile communication users will get to 3 bln. people.

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