

### Main economic events

- Financial results of Uzbek enterprises turned out to be positive in amount of 979B UZS**  
 Total profit volume jumped up by 44.1%, though 178 enterprises operated unprofitably.
- Some results of privatization**  
 For 10 months 11 contracts on purchase-sale of state assets (on amount of \$45.9 million and more than 6B UZS) have been concluded with foreign investors.
- Number of mobile subscribers might increase by 3.2 times to 3.5 million by 2010**  
 This will occur if the current growth tendency continues, though there are reasons for doubt.
- Corporate bonds will be traded at ITS**  
 First trades at ITS are to be held on 17 November, 2005.

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

|        | 08.11.2005 | 01.11.2005 | Chg./%  |
|--------|------------|------------|---------|
| 1 USD  | 1158.28    | 1155.14    | +0.27 ↑ |
| 1 EUR  | 1368.86    | 1392.75    | -1.7 ↓  |
| 1 GBP  | 2027.34    | 2050.14    | -1.1 ↓  |
| 10 JPY | 98.35      | 99.85      | -1.5 ↓  |
| 1 RUR  | 40.56      | 40.64      | -0.2 ↓  |

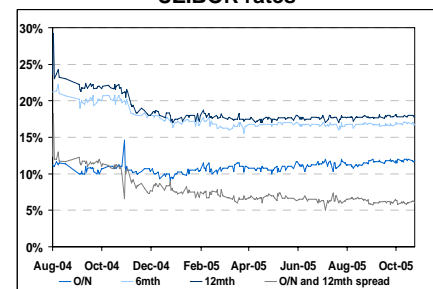
#### Key interest rates in national currency as of 10.11.2005 (in % per annum)

|                           |        |
|---------------------------|--------|
| Refinancing rate of CB RU | 16.00  |
| UZIBOR (12 months)        | 17.80  |
| AWACRI                    | 23.18  |
| CBCAP (UZS)               | 181.96 |
| CBCAP (USD)               | 153.80 |

#### Corporate Bond Coupon Rates



#### UZIBOR rates



#### Main macroeconomic Indicators of Uzbekistan, 2002-2005

| Indicators                                      | 2002 | 2003 | 2004 | 2004 1st Q | 2005 1st Q |
|---|------|------|------|------------|------------|
| GDP, trillion sums                              | 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

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

### Today

Coupon payments are not expected

### Upcoming events calendar

- 11 November:** Start of 5<sup>th</sup> coupon payment on the 1<sup>st</sup> CB issue of «Stamford Capital, Inc Tashkent» is expected.
- 12 November:** Start of 7<sup>th</sup> coupon payment on the 2<sup>nd</sup> CB issue of «Biznes Vestnik Vostoka».
- 12 November:** Start of 3<sup>rd</sup> coupon payment on the 2<sup>nd</sup> CB issue of LLC «Nuron Savdo» is expected.
- 13 November:** Start of 5<sup>th</sup> coupon payment on the 2<sup>nd</sup> CB issue of OJSC «Almalyk MMC» is expected.
- 13 November:** Start of 5<sup>th</sup> coupon payment on the 1<sup>st</sup> CB issue of LLC «RUNDIS».

## Financial results of Uzbek enterprises turned out to be positive in amount of 979B UZS

The 8 month results of enterprises in Uzbekistan (without considering agricultural and budgeted) turned out to be positive, totaling 979.2 bln soums, as reported by *"Prime-TASS"* with reference to State Statistics Committee. Total profit volume jumped by 44.1% to 1.079 trillion soums.

45% accounted for industry enterprises (vs. 53.5% in 2004), 28% of which – extractive industries (26.4%), 72% - processing (73.6%). The highest profit margin was received by Navoi MMC, totaled 134.7B soums (growth by 1.45 times). The highest profit growth was seen at enterprises of NHC "Uzbekneftegaz", by 1.9 times (amounted 33.1 billion soums). During Jan-Aug the total amount of loss decreased by 11.9% to 99.56 bln soums. 178 enterprises turned out to be unprofitable, which is by 10.6% than results of 2004. The national airway company "Uzbekiston Havo Yullari" suffered the most dramatic loss, amounted 38.8B UZS.

**Comment:** Profit growth can be explained by fact that foreign investors entered the market, first of all Russian companies, and rise in world prices of energy resources. Losses suffered indicated the management inefficiency, which can be eliminated through increase in competition and reformation of structure.

## Some results of privatization

The head of monitoring department on the implementation of investment commitments at State Property Committee M. Makhmudov gave an interview to *"Pravda Vostoka"*, where he told about some results of privatization. For 10 months of 2005 11 contracts on purchase-sale of state assets (in amount of \$45.9M and more than 6B soums) have been concluded with foreign investors. More than \$35.2M as commitments were fulfilled by foreign partners. 60% of investment engagements account for purchase of equipment and spare parts. 40% account for replenishment of working capital, clearing off the credits, etc.

Furthermore, 12 contracts for the total amount of \$6.5M and 1.2B soums were concluded with native investors. The fulfillment of investment commitments for this year made up \$1M and more than 2.9B soums. 354 objects were determined as offered for zero price, 316 of which have been already sold, 11.4B soums were fulfilled as investment commitments.

**Comment:** Speeding-up the low-profitable objects' sale with future commitments mostly depend on the activity of local businessmen and government bodies on the attraction of native and foreign investments.

## Number of mobile subscribers might increase by 3.2 times to 3.5 million by 2010

The number of subscribers could reach 3.5 million by 2010 (vs. 1.1 million expected by the end of 2005), as reported by *"Prime-TASS"*. This was stated by Abdulla Aripov, the general director of UzACI. Reasoning from growth rates, he expects that during 2006-2007 the number of subscribers will amount 2 million. According to agency data, practically all operators offer service not less than level 2.5G, and great number of tariff plans and flexible price policy can satisfy any social category. At present, the major number of subscribers are concentrated in Tashkent and Tashkent region, where the penetration level is 20%. At the same time, this indicator in regions does not exceed 2%. The revenues of service providers jumped by 1.6 times to 143.7B UZS. The number of users climbed up by 68.7% to 917.8 thousand, particularly, among the population – by 2 times up to 790.9 thousand people.

**Comment:** Realization of expectations mainly depends on the continuation of cutting down the prices on service offered. It can be concluded, that in near future the non-price competition will develop, which can contain the growth of subscribers base.

## Corporate bonds will be traded at ITS

Interbank trade system officially declared the beginning of the first organized over-the-counter trades at corporate bonds market, as reported by *"Bankovskiye vedomosti"*. First trades are to be held on 17 November, 2005. At present, 9 commercial banks are members of ITS: "Alp Jamol Bank", "Asakabankl", "Ipak Yuli", "Kapitalbank", Halq bank, "Ravnakbank", "Trastbank", "Uzprivatbank", "Uzpromstroybank".

For now, ITS carries negotiations with other commercial banks. Halq bank, "Ipak Yuli", "Kapitalbank" made a decision on the participation as market-makers on certain securities, on the basis of supplementary market-maker contracts and assumption of additional rights and obligations on support of the secondary market through the continuous trade of issuers' bonds. ITS board of directors decided to permit participation of two CB issues – OJSC «Marvel Juice» and «Polifleks».

**Comment:** Introduction of interbank trade system at CB market opens up new possibilities for enterprises to attract additional investments, for issuers – to sell the securities at more profitable price.

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