

- **Inflation rate in January-October made up 5.1%**
Low inflation rate is one of preconditions to favouring investment climate.
- **Tender for construction of railway in South of the country will be held**
Tashguzar-Boisun-Kumkurgan railway will be constructed by the best one.
- **Gazprom is going to sign the long-term contract on gas supply**
Uzbek gas "will go" to Russia.
- **Bakrie & Brothers announced that sold Uzbek Buztel for \$4m**
The transaction amount has been eventually declared.
- **Uzbekistan launched a tender on the sale of 2 TPS for \$26.5m as combined starting price**
New inflows to state budget and investments for enterprises.

Business update

29 November 2005

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

	29.11.2005	22.11.2005	Chg./%
1 USD	1167.79	1164.61	+0.27 ↑
1 EUR	1365.26	1371.44	-0.43 ↓
1 GBP	1997.62	1999.52	-0.01 ↓
10 JPY	97.40	97.66	-0.02 ↓
1 RUR	40.56	40.38	+0.44 ↑

Key interest rates in national currency as of 29.11.2005 (in % per annum)

Refinancing rate of CB RU	16.00
UZIBOR (12 months)	17.69
AWACRI	22.65
CBCAP (UZS)	187.91
CBCAP (USD)	157.96

Corporate Bond Coupon Rate

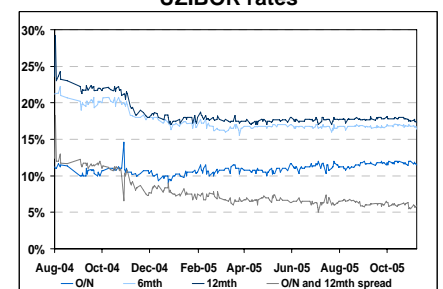


Main macroeconomic Indicators of Uzbekistan, 2002-2005.

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

UZIBOR rates



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

Today

Coupon payments on CB are not expected

Upcoming events calendar

- 1-2 December.** Exhibition «Info Business 2005» will be held in the Central show-room at the Academy of Arts.
- 5 December.** The seminar on "Extension of export opportunities for small and medium private enterprises in Uzbekistan" will be held in hotel "Dedeman".

Inflation rate in January-October made up 5.1%

CPI for 10 months reached 5.1% (vs. 2.1% for analogous period in 2004), as reported by IA *"Pime-TASS"* with reference to State Statistics Committee RU. Inflation rate in October made up 1.9% (vs. 1.8% in 2004). Inflation rate for 2004 came to 3.7% (vs. 3.8% for 2003). According to 2005 state budget parameters, the inflation rate in Uzbekistan in the consumer market is projected at the level of 6-7%.

Comment: Decline in inflation pace is one of the prerequisites for economy development and attraction of foreign investments. Nevertheless, excessive control over the money supply can affect negatively the consumers demand and consequent slow-down of economic growth in the country.

Tender for construction of railway in South of the country will be held

Winner of international trades will manage the construction of new railway Tashguzar-Boysun-Kumkurgan (total cost is \$447.4m), as reported by IA *"REGNUM"* referencing to the Dept. on Investment Projects Administration at State-joint-stock railway company (SJSRC) "Uzbekiston Temir Yullari". For the realization of this project JBIC loaned Uzbekistan 16.359b Yens (about \$151.5m), means will be directed for the construction of middle mountain sector of railway Boysun-Dehkonobod (length is about 110km). New railway line (223km) is to connect two north regions – Kashkadarya and Surkhandarya, roundabout the Turkmen territory. The project is to be completed by the end of 2008. The financing of the projects is carried out via state budget and "Uzbekistan temir yullari" means.

Comment: Construction of new railway is advantageous by two reasons: Uzbek enterprises may receive orders on the conducting of by-contractual works; and local producers will be able to decrease their transportation considerably.

Gazprom is going to sign the long-term contract on gas supply

Gazprom is planning to sign a long-term contract with Uzbekistan, as reported at the website of IA *AKM* (www.akm.ru) referencing to the announcement by Aleksand Ryazanov, the company chairman deputy, at the 3rd international forum "Russia Gas 2005". A. Ryazanov highlighted that Gazprom had already signed 5 year contacts on gas transit with Uzbekistan and Kazakhstan, and on transportation – with Turkmenistan. He also stated that the gas transit volume via Central Asia territory had reached about 55b m³. In addition, Gazprom plans to establish a JV with Kazakhstan in Orenburg, where 15b m³ of Karachagan gas will be processed annually.

Bakrie & Brothers announced that sold Uzbek Buztel for \$4m

Indonesian company PT Bakrie & Brothers sold 100% shares of Uzbek mobile operator to Russian "Alfa-telecom" for \$4M, as reported by IA *"Interfax"* referencing to *"Bloomberg"*. As reported earlier, in December, 2004 "Alfa-telecom" purchased shares of "Buztel", which has license to operate in Tashkent on GSM-900 standard. The sum of transaction was not announced at that time.

Comment: This information confirms forecast of analysts of Avesta Investment Group concerning purchase price. According to our analysts amount of deal should be not more than \$5M, while many foreign research units were estimating deal in the scope of \$8-15M. Besides, we think that at the moment of transaction "Buztel" had around 5 thousand subscribers. At present, the cellular communication market in Uzbekistan is featured by fierce competition. And "Buztel" is considered to be an outsider. Whether it will manage to become one of the leading companies depends on the amount of investments by the Russian entrepreneurs.

Uzbekistan set a tender on the sale of 2 TPS for \$26.5m as combined starting price

State Property Committee RU declared a tender on the sale of shares of 2 thermoelectric power stations to foreign investors, as reported by IA *"Interfax"* referencing to the head of committee. 39% of OJSC "Navoi TPS" shares (\$18.2m) and 38.9% of OJSC "Takhiatash TPS" shares (\$8.3m) were put up for sale. The company ready to offer the highest bid and to assume investment commitments will have an advantage. Regular capacity of "Navoi TPS" is 1,250 MW, annual amount of power provided to Uzbek energy system is more than 6.4b kw/h. "Takhiatash TPS" combines 5 power-plants (capacity 100-210 MW), total regulation capacity is 730 MW, annual amount of power provided is about 2.8b kw/h. "Takhiatash TPS" is a condensation station working in peak regime. As it was reported earlier, in the beginning of April, 2005 State Property Committee did declared independent international tenders on the sale of 4 TPS' assets (combined starting price \$155.079m). British SAB Energy did participate; it applied for the tender on sale of "Tashkent TPS" and "Mubarek TPS" shares. The conclusions of the tender were not drawn yet.

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