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- Russia and Uzbekistan will produce and sell 40 aircrafts to China**
 Russia will receive about 65% of contracted sum, the rest will account for Uzbek party.
- National bank of Uzbekistan is being prepared for privatization**
 At present about 25,000 privatized companies operate Uzbekistan; the privatization program for 2005-2006 assumes the privatization of nearly 2,250 enterprises.
- Uzpharmprom plans to attract funds in the amount of \$72m**
 The concern has developed a program, comprising 5 projects, for the realization of which \$72.2m will be required, from which \$55.6m will be in form of direct investments.

Business update

13 – 14 December 2005

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

	13.12.2005	06.12.2005	Chg./%
1 USD	1174.09	1171.04	+0.26 ↑
1 EUR	1389.77	1369.18	+1.50 ↑
1 GBP	2066.99	2025.90	+2.04 ↑
10 JPY	97.20	96.53	+0.69 ↑
1 RUR	40.51	40.43	+0.20 ↑

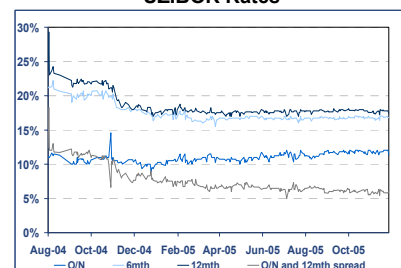
Key interest rates in national currency as of 14.12.2005 (in % per annum)

Refinancing rate of CB RU	16.00
UZIBOR (12 months)	17.40
AWACRI	22.77
CBCAP (UZS)	185.57
CBCAP (USD)	154.69

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

LLC « Alyans Investment», (300m UZS)

Start of 1st coupon payment

- coupon rate – 24%
- coupon payment amount – 18m UZS

«Doka Toreks Korporatsiya», (350m UZS)

Start of 1st coupon payment

- coupon rate – CB+8%
- coupon payment amount – 21m UZS

Upcoming events calendar

15 December. Start of payment of the 5th coupon on the 1st CB issue of LLC «Favorit-Intel» is expected.

15 December. Start of payment of the 7th coupon on the 3rd CB issue of JV «Coscom» is expected.

20-23 December. At showroom of “Uzkurgazmasavdo”, Central-Asian exhibition of textile, textile industry and technologies «CENTRAL ASIA GARMENT TECH» will be organized.

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“Altimo” announced the sale of “Buztel” assets

“Altimo” (the former “Alfa-Telecom”) sells its assets of mobile communication companies in Uzbekistan. «*Uzreport.com*» informs that several Russian and Asian companies will participate, referencing to Russian Mass media. “Alfa-Telecom” acquired “Buztel” from past owner «Bakrie Group» in 2004 (the value of deal made up \$4m). Kirill Babayev, the vice-president of “Altimo” in his interview with *Cnews.ru* declared that the tender has begun and interested parties could familiarize with the terms in Moscow, Tashkent, Dubai. “Buztel” was founded in 1996 by Indonesian «Bakrie Group». The statutory fund makes up \$17m. It owns licenses on GSM-900 all over the country (launched in 1997), the number of clients makes up about 3,000 people. Russian business-daily “*Vedomosti*” reported, referencing to 3 close to deal sources, that 100% tender of “Buztel” assets was announced. Sources report that “Megafon”, “VimpelCom” and number of Asian companies have already applied for the participation in tender. The source has estimated the “Buztel” at \$60-70m. “Altimo” is the leading private joint-stock group, used by “Alfa-Group” as the unique driving force for the investment into the telecommunication assets in Russia, CIS and other prospective developing markets. For now “Altimo” has significant investments in mobile operators “Vimpelcom” and “Megafon” and “Kyivstar” (the leading operator in Ukraine). In addition, the company invests into fixed communication and Internet (FC&I) provider «Golden Telecom», which governs another FC&I provider in Uzbekistan - “Buzton”.

Russia and Uzbekistan will produce and sell 40 aircrafts to China

Airplanes Il-76MD supplied to China, will be assembled in basic configuration, as reported at the website of «*AviaPort.Ru*» referencing to the information source in the sphere of military-technical cooperation with foreign countries. China plans to buy Il-76MD in basic setting (changes in construction and equipping will be minimal). The source specified that the engines, instrument equipment are practically the same that are installed at the exploitable models IL-76MD. The airplanes are sold to China via government intermediary company “Rosoboronexport”. Russia and China initiated the contract on the delivery 38 Il-76TD in September 2005. The sum of this contract will make up nearly \$850m. The lot of the airplanes for China will comprise less than 40 units (34-38), four of which are tanker-refuellers Il-78. Russian party will receive about 65% of contracted sum, the rest will account for Uzbek party.

National bank of Uzbekistan is being prepared for privatization

National Bank for Foreign Economic Activity is prepared for privatization, as reported in press-release of investment-holding “*Finam*”, the organizer of meeting between the delegation from the State Property Committee (SPC) RU and representatives of large Russian companies on 13th December, 2005 in Moscow. At the same time the privatization of such enterprises like Almalyk MMC, “Uzbektelecom”, “Uzbekneftegaz” is not considered. At present, about 25,000 privatized companies operate in Uzbekistan; the privatization program for 2005-2006 assumes the privatization of nearly 2,250 enterprises, including in the power, car-manufacturing and other branches. M. Askarov, the chairman of SPC, stated that the priority will be given to Russian companies due to the alliance agreement between countries. The publicized privatization model is following: firstly, investors are offered with the blocking holdings of the companies, in number of cases with extra investment commitments. The investor receives state-holdings at the enterprise, and 25% of received via privatization means, at any case, will remain at the enterprise. M. Askarov marked that in independent strategic branches, including energetic, this indicator could be brought up to 100%. When the investor shows himself as the efficient manager, he could purchase the controlling holding. Other way to participate in the privatization activities is the purchase of holdings at Uzbek Stock Exchange. The advantage of this ‘participation’ is that there are no any investment commitments associated.

Uzpharmprom plans to attract funds in the amount of \$72m

State Joint-stock concern “Uzpharmsanoat” (“Uzpharmprom”) intends to attract foreign investments for the development of the pharmaceutical industry for 2006-2010, as reported at the website of “*Kazkommertsbank*” referencing to the Dept. on the attraction of foreign investments at the company. The concern has developed a program, comprising 5 projects, for realization of which \$72.2m will be required, from which \$55.6m will be in form of direct investments. In the course of the program it is planned to establish JV “Pharmplast” on the production of disposal self-destroying syringes (project cost - \$40m, planned direct investments - \$24.6m). Ray Projects (Luxembourg) plans to realize the project on the production of medicine knit fabric (planned investments - \$35.8m).

From 1994 to 2004 \$104.5m foreign funds were invested into the concern. In 2005 \$23.5m are to be utilized for the realization of 3 projects. The concern consists of more than 70 pharmaceutical enterprises, 18 of those, JVs, account for 65% of total industry production.

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