

- Lower chamber has approved draft budget for 2008**
 Economic growth and inflation is expected to be at 8% in 2008.
- Consolidated authorized capital of Uzbek JSC's is equal to 3.109 trln UZS.**
 According to the information of Central Depository, 1932 joint stock companies operated in Uzbekistan as at October 2, 2007.
- Khauzak will start operating**
 Investment into the project is estimated at 2 bln USD.
- EurAsEC: single insurance market**
 In reference to european requirements authorized capital should be a minimum of 2 mln Euro.
- Kazakhstan Kagazy purchases shares in Uzbekistan and Kyrgyzstan companies**
- Coscom will renew its entire mobile network in Uzbekistan**
- Comments on trade results at RSE "Toshkent"**
 Consolidated sales volume at RSE "Toshkent" was 102 mln UZS.

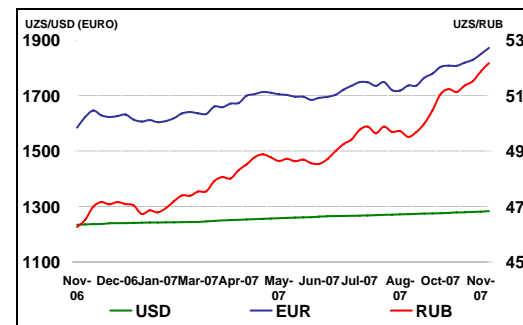
Official exchange rate of the CB RU to major world currencies (UZS)

| | 06.11.2007 | 30.10.2007 | chg./% |
|--------|------------|------------|--------|
| 1 USD | 1281,77 | 1280,65 | 0,09%↑ |
| 1 EUR | 1849,85 | 1828,64 | 1,16%↑ |
| 1 GBP | 2651,08 | 2620,72 | 1,16%↑ |
| 10 JPY | 104,24 | 111,99 | 6,92%↓ |
| 1 RUR | 51,87 | 51,52 | 0,68%↑ |

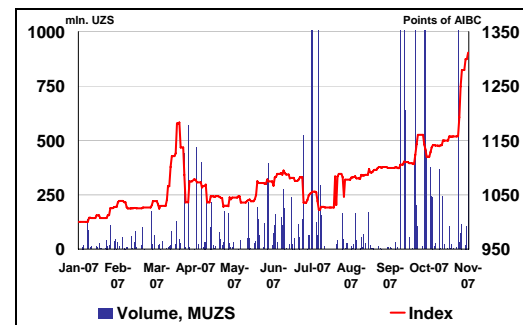
Key interest rates in national currency (in % per annum)

| | 12.11.2007 | Change in 3 months |
|----------------|------------|--------------------|
| CBU rate | 14,00 | 0% |
| UZIBOR (12 m.) | 13,71 | |
| AWACRI | 20,59 | -4,55% |
| AIBC | 1361,800 | +26,15% |

Dynamics of exchange rates for 52 weeks



AIBC dynamic



The main macroeconomic indicators of Uzbekistan for 2002-2007.

| indicator | 2002 | 2003 | 2004 | 2005 | 2006 | 1H07 |
|---|------|------|------|------|------|------|
| GDP, trill. UZS | 7,45 | 9,84 | 12,2 | 15,2 | 20,8 | 10.1 |
| Real GDP growth % | 4,0 | 4,4 | 7,7 | 7 | 7,3 | 9,7 |
| State budget execution % to GDP (-deficit./+surplus.) | -0,8 | -0,4 | -0,4 | +0,1 | -- | +1,9 |
| Foreign trade turnover, billions of USD | 5,7 | 6,7 | 8,7 | 9,5 | 10,7 | 6,6 |
| Inflation (CPI). % | - | 3,8 | 3,7 | 7,8 | 6,8 | 2,7 |

Quotations of share prices at exchange list of UzSE «Toshkent» for 15.10.2007

| Issuer | Price of last transaction (UZS) | Change (%) | Issuer | Price of last transaction (UZS) | Change (%) |
|-----------------------|---------------------------------|------------|----------------|---------------------------------|------------|
| Uzsanoatqurilishbanki | 2 100,0 | +4% | Xamkor Bank | 100,0 | -4% |
| Galla Bank | 100,0 | 0% | Ipak Yuli Bank | 100,0 | 0% |
| Ipoteka Bank | 1 111,0 | +11% | Kapital bank | 10 500,0 | 0% |
| Pakhta Bank | 1 050,00 | 0% | Aloka bank | 117,00 | 0% |
| Turonbank | 1165,00 | 16.5% | | | |

Lower chamber has approved draft budget for 2008

As press-uz.info informs, it is said in the materials of lower chamber of the parliament that Uzbekistan expects economic growth rate in 2008 to be approximately at the level of current and previous years – 8.0%, at the same time slight increase in inflation, up to 8%, is expected as well.

On Friday the lower chamber approved the draft budget for the next year. The budget must be approved by the Senate, the upper chamber.

According to the draft, GDP in 2008 will be 34.480 trln UZS or 26.87 USD. Budget deficit, as expected, will be 1% of GDP or 344.8 bln UZS and will be financed by non-inflationary sources.

For 2007 the deficit is planned similarly at 1% of GDP. In 2006 the budget was executed with a surplus of 0.5% of GDP.

Consolidated authorized capital of Uzbek JSC's is equal to 3.109 trln UZS.

According to the information of Central Depository, 1932 joint stock companies operated in Uzbekistan as at October 2, 2007 with a total authorized capital of 3.109 trln UZS, bankir.uz informs.

During the previous week, extra share issues of 2 joint stock companies were put into register – CJSC IC "Alfa invest" with 635.3 mln UZS, whose authorized capital after issue will reach 1.16 bln UZS, and OJSC "Uzbekiston" with 544.7 mln UZS, authorized capital after issue – 845.1 mln UZS.

Khauzak will start operating

On November 27 "LUKOIL Overseas" (subsidiary of NC "LUKOIL" and "Uzbekneftegaz") will start exploiting Khauzak gas field in Bukhara region of Uzbekistan, Oil information agency (OIA) was informed in "LUKOIL Overseas", vesti.uz reports.

PSA (Production Sharing Agreement) between "LUKOIL" and "Uzbekneftegaz" on Kandym project was signed in 2004. The project is implemented by consortium of investors consisting of "LUKOIL Overseas" (90%) and "Uzbekneftegaz" (10%). Duration of PSA – 35 years.

Confirmed geological reserves volume of natural gas in the contracted area – 329 bln cubic km. Total cumulative volume of extracted gas within the framework of the project may reach up to 207 bln cubic km. Investment into the project is estimated at 2 bln USD.

In October "LUKOIL Overseas" within the context of Kandym-Khauzak-Shady-Kungrad project established a special marketing company LUKOIL Overseas Supply & Trading Ltd., which aims provision of oil and gas products sales. All of the extracted gas will be exported outside of Uzbekistan via pipelines of OJSC "Gazprom". Initial export volume of the gas will be 3 bln cubic km. per year. After the construction of Kandym gas processing complex and as project reaches its peak in output in 2012-2013 export of the gas will increase up to 12 bln cubic km. per year.

In the initial stage of implementation of the project oil and gas condensate will be sold in the internal market of the country. In the medium-term marketing company plans to process oil and gas condensate on oil refining enterprises of Uzbekistan with subsequent sale of ready oil products for export and internal market of the country.

EurAsEC: single insurance market

Member-countries of the Eurasian economic community will establish a single insurance market, vesti.uz informs.

Heads of EurAsEC member-countries are preparing for spring of the next year "to sign a protocol on establishment of single insurance market".

Draft of the protocol is currently under review of the executive committee of the economic community. The document, in particular, will determine parameters of activity of insurance companies and conditions of their entrance to the market.

Meanwhile, russian companies have to go through series of stages to meet international requirements. Thus, i.e., program to increase capitalization of russian insurers is incomplete. In line with european requirements the minimum level of authorized capital should be 2 mln Euro, legislation of Kazakhstan already includes this norm.

As key problems of russian market I. Lomakin-Rumyantsev named inefficiency of loss regulation system, unreliability of accounting system, as well as question of personnel in all dimensions – from top-managers to agents.

EurAsEC consist of Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan. Observers are Armenia, Moldova and Ukraine.

Coscom will renew its entire mobile network in Uzbekistan

(Source: <http://www.umts-report.de>)

Nokia Siemens Network to build a nationwide 2G network as turnkey deal with Coscom Coscom LLC JV has chosen Nokia Siemens Networks to build its future proof, nationwide mobile network in Uzbekistan. The agreement includes the replacement of the existing network and expansion of current network coverage and capacity. The deal which is worth USD 152m is for a period of two years.

Coscom LLC JV is one of the leaders in the Uzbek telecommunications market and a new customer to Nokia Siemens Networks. With this development, Coscom will cover all of Uzbekistan. The deal is a complete turnkey which includes, in addition to the network infrastructure system, also Delivery and Care Services as well as Consulting and Systems Integration. The new network is designed to address future needs and will be EDGE capable.

Bora Baysal, General Director of Coscom, said: "We are constantly looking at ways to provide advanced services to our customers. Our alliance with Nokia Siemens Networks will help us ensure that our network is stable, and our services are of higher quality than what is currently available in the market. The solution is future proof and it will help Coscom to address both the short term and long term opportunities in the market."

Speaking about the partnership, Murat Kircuval, Head of Customer Business Team, Nokia Siemens Networks, said, "The Uzbekistan market is among the fastest growing in Central Asia, and we believe it has great potential. At Nokia Siemens Network, we create solutions that are suitable for any market need. Our partnership with Coscom is significant for the reason that it reiterates our ability to provide end to end solutions and services that are innovative and specific to their peculiar needs."

About Coscom LLC JV. COSCOM is the first GSM operator in Central Asia. The company is leader in serving Uzbekistan's corporate segment. COSCOM provides a well-established distribution network in main cities and serves with ISO 9001 quality certification. The company is headquartered in Tashkent.

TeliaSonera paid \$292 million for U.S.-based MCT Corp, Coscom's parent company, in July. Earlier, Coscom said TeliaSonera would spend \$160 million to upgrade its network in Uzbekistan.

Coscom services 10 percent of Uzbekistan's 4.57 million mobile subscribers. Its main competitors, Russian cell phone operators Mobile TeleSystems and Vimpelcom, control 50.1 and 35.6 percent of the country's telecom market respectively.

About Nokia Siemens Networks. Nokia Siemens Networks is a leading global enabler of communications services. The company provides a complete, well-balanced product portfolio of mobile and fixed network infrastructure solutions and addresses the growing demand for services with 20,000 service professionals worldwide. Nokia Siemens Networks is one of the largest telecommunications infrastructure companies with operations in 150 countries. The company is headquartered in Espoo, Finland.

Kazakhstan Kagazy purchases shares in Uzbekistan and Kyrgyzstan companies

(Source: Visor Capital)

The largest paper and cardboard producer in Kazakhstan has bought 5% stakes in Central Asian paper and cardboard producing companies. Slight positive share impact is expected due to the potential increase in stakes in the future and because of its increased market share.

Yesterday, Kazakhstan Kagazy (KAG LI) announced purchasing of 5% stakes in Osiyo Qogoz Markazi (Uzbekistan) and EcopakAsia (Kyrgyzstan). Earlier, we reported about this potential acquisition. There were no details given about the prices of the acquisitions.

We see slight positive share impact due to further potential increase of the stakes in the mentioned companies. Also positively, it will lead to the higher market share for Kazakhstan Kagazy on the Central Asian paper and cardboard market.

This is the second purchase of a competitor by the company. Earlier this year, Kazakhstan Kagazy bought a 100% stake in KazUpak (the 3rd largest paper producer in Kazakhstan) for US\$5m in cash while assuming US\$3m debt.

Kazakhstan Kagazy PLC is the largest paper and cardboard producer in Kazakhstan and central Asia was established in 2001. Today, the company has 100% stakes in Kagazy Recycling LLP and Prime Estate Activities Kazakhstan LLP. Kagazy Recycling LLP is the largest producer of paper, corrugated board and packaging products in Central Asia. PEAK operates in commercial real estate developer, owning approximately 538 hectares of prime land near Almaty. The land is used for construction of commercial warehousing and logistics infrastructure facilities and has strategic location in a newly created industrial zone.

Comments on trade results at RSE “Toshkent”

On October 12, 2007 consolidated sales volume at RSE “Toshkent” was 101.9 mln UZS. Trades were carried out with 62 981 shares of 6 issuers.

Leader in sales volume was “Ravnak bank” – 72.5 mln UZS, whose shares were traded at price exceeding nominal value by 1.4 times. Shares of glass products producer “Kvarts” were sold at 2.2 times of nominal value, volume of transactions reached 28.2 mln UZS. The highest ratio of price to nominal value was 2.2 times, on shares of “Kvarts”.

Trading results at RSE “Toshkent” (12.11.2007)

| Emitter | Region | Sector | Max price, Soum/\$ | Number of shares, units | Volume, Soum | P/NBV |
|---------------------|---------------|--------------|--------------------|-------------------------|--------------------|-------------|
| Tansik-non | Tashkent city | Food | 400 | 214 | 85 600,00 | 2,00 |
| Kvarts | Ferghana | Construction | 5 100,00 | 5546 | 28 284 600,00 | 2,20 |
| Motor car park #154 | Andijan | Transport | 1 900,00 | 240 | 456 000,00 | 1,00 |
| Turkiston invest | Tashkent city | Finance | 100 | 130 | 13 000,00 | 1,00 |
| Ravnak bank | Tashkent city | Bank | 1 400,00 | 51851 | 72 591 400,00 | 1,40 |
| Donolik va Kelajak | Tashkent city | Finance | 100 | 5000 | 500 000,00 | 1,00 |
| Total: | | | | 62 981 | 101 930 600 | |

Source: RSE «Toshkent», Calculations: Avesta Investment Group

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