

Uzbekistan Daily

Review of Main Economic Events

- \$280m for modernization of Chemical industry**
 280m USD will be invested into technical re-equipment of enterprises of chemical industry in the next three years, writes «12.uz».
- Malaysian Petronas has started geological exploration of a new unit**
 Malaysian company will hold geological exploration of interiors of the Surkhandarya investment block that includes carrying out 1200p.km of seismic prospecting works, reports «Uzbekistan Today».
- JV «Gissarneftegaz» has increased natural gas extraction**
 JV «Gissarneftegaz» created on parity basis with NHC «Uzbekneftegaz» in 2005 has increased daily extraction of natural gas by 3m cubic meters and of liquid gas by 200 tons, reported on the side of «Zeromax GmbH».
- Uzbek uranium is attracting Japanese investors**
 By the end of the year 2008 Sojitz Corp. has to study the documents provided by the committee on given unit and make a decision on carrying out geological exploration works, «gazeta.uz» reports.
- 40% of the agricultural industry is linked to the grain crop resources**
 40% of the agricultural industry nowadays is directly connected to grain crop resources, and 1,298m ha of land is occupied by grain crops, «12.uz» informs.
- A new insurance company has been established by the banks**
 Microcreditbank and Turon bank have established Agro Invest Sugurta insurance company for providing insurance services in the agricultural sector of economy, «vesti.uz» says.
- Recent tendencies of furniture industry of Uzbekistan**
 Furniture industry of Uzbekistan is one of its fastest growing industries, highlights «Uzbekistan Today».
- Comments on the results of trades in RSE «Toshkent»**
 On October 9. 2008 the turnover of the stock exchange made more than 6m

Main macroeconomic figures of Uzbekistan for 2004-2007

Figures	2002	2003	2004	2005	2006	2007	1H 2008
GDP, trillion sum	7,45	9,8	12,2	15,2	20,8	28,2	13,6
Real GDP growth, %	4,0	4,4	7,7	7	7,3	9,5	9,3
Administration of the state budget, to GDP	-0,8	-0,4	-0,4	+0,1	-0,5	1,1	1,9
Foreign trade turnover, bill. USD	5,7	6,7	8,7	9,5	10,7	14,2	9,8
Inflation, %	-	3,8	3,7	7,8	6,8	6,8	-

Source: State Committee on Statistics of RU, Avesta Investment Group

Events Calendar

- October 15:** Uzbek international exhibition «Textile Expo Uzbekistan 2008»
October 27: Special meeting of the shareholders of OJSC «Makhsus tajriba avtokorkhona»

Daily Update

October 9, 2008

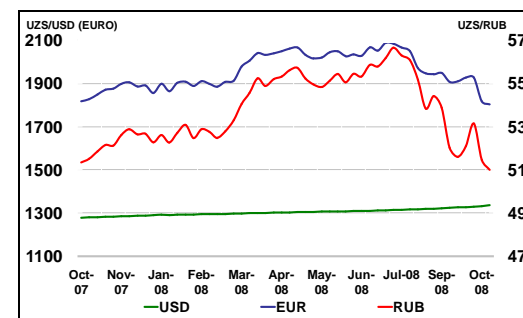
Official exchange rates of CB to the main international currencies (sum)

	07.10.2008	30.09.2008	Chg./%
1 USD	1 333,29	1 330,00	0,79↑
1 EUR	1 818,61	1 928,90	6,78↓
1 GBP	2 351,26	2 431,51	2,96↓
10 JPY	127,78	125,04	5,30↑
1 RUR	51,48	53,15	4,47↓

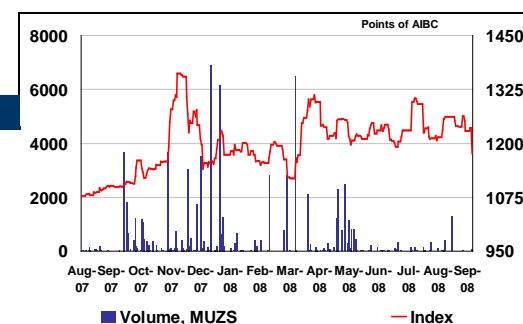
Main interest rates in national currency (in % annual)

	09.10.2008	3-months change
Rate of CB RU	14,00	0%
UZIBOR (12 months)	13,42	0%
AWACRI	17,61	-0,91%
AIBC	1 226	-0,28%

Dynamics of the change in the exchange rate of international currencies to sum



Dynamics of AIBC index



\$280m for modernization of chemical industry

280m USD will be invested into technical re-equipment of the enterprises of chemical industry during the next three years, «12.uz» writes.

At the moment a large scale program planned for the years 2007-2011 that includes realization of 30 projects for the estimated total cost of 280m USD is being fulfilled at the enterprises of the industry. Completion of the program will result in decreased energy content, increased export potential of the branch and will rise the production volume 1,4 times.

OJSC «Ammofos» is among those enterprises as well. It is planned to hold work package on modernization of EFK-3 selective phosphoric acid production, organization of existing freshly beset phosphogypsum processing, and reconstruction of sulphuric acid production by the end of 2008. This will enable the enterprise to increase production of fertilizers up to 105 ths tons by the end of 2010.

Malaysian Petronas is starting a geological exploration of a new unit

Malaysian company will hold geological exploration of interiors of the Surkhandarya investment block that includes carrying out 1200p.km of seismic prospecting works using 2D method, gravimetric and magnetic surveys, as well as, drilling of one exploration well and providing geophysical and geological reports, notes «Uzbekistan Today».

Petronas has founded Petronas Carigali (Surkhanski) Operating Company LLC, a legal person who will be carrying out realization of the project on non-profit/non-loss basis.

Once the foreign investor fulfills the responsibilities on the geological prospecting program, negotiations on concluding an appropriate ADP for processing the unit will be held..

In May of 2008 Petronas and Uzbek holding have signed an agreement on holding geological prospecting of the interiors of Surkhandarya investment unit during 2008-2012.

It was declared earlier than during the first half of 2008 Petronas had realized the program on geolocial prospecting of another investment unit in Surkhandarya region, of Baysun. Prospecting works for about 80m USD anticipated 2D and 3D field seismic prospecting works, holding testing of the boreholes at «Gadjak» field and reading of the retrieved data. Parties plan to sign an ADP on processing fields of Baysun unit by the end of the year.

Malaysian company owns 20% of an international consortium, some other participants of which are «Uzbekneftegaz», Russian «Lukoil Overseas», Korean KNOC, and Chinese CNPC, that has signed an ADP with Uzbek government in August of 2006 for 35 years for processing Uzbek part of Aral sea. According to the conditions of the agreement during the first stage of the works each participant will own 10% of extracted product, and Uzbekistan 50%.

JV «Gissarneftegaz» has expanded natural gas extraction

JV «Gissarneftegaz» created on parity basis with NHC «Узбекнефтегаз» in 2005 has increased daily natural gas extraction by 3m cubic meters and of liquid gas by 200 tons, reported on the site of «*Zeromax GmbH*».

Increase in the extraction volumes has become possible due to the completion of building two pipe lines C-2 from the JV fields to the units of preliminary gas treatment (UPPG-2 «Shurtan») of Shurtan GPP.

The first one is Nishan gas pipeline UPPG-2 «Shurtan», with the total length of 43,5 km and diameter of 530mm, built from SP-3 collection unit at Nishan field to UPPG-2 «Shurtan».

The second one is 11 km long pipeline with the diameter of 325 mm that connects Beshkent field with the Nishan UPPG-2 «Shurtan»gas pipeline.

Construction-erecting works are held by the specialists of JV «Neftegazmontaj» LLC, design estimates are prepared by JV «Neftegaz Sanoat Loyiha». Construction of the pipelines was started on September 3 of this year and completed in 35 days.

As a result of putting new fields into exploitations capacity of the whole gas transfer system from the fields of the enterprise to the UPPG of Shurtan gas processing plant has increased from 12,5m (C-1) to 24,5m cubic meters (C-1 + C-2) a day.

It is planned that JV «Gissarneftegaz» will increase the volumes of daily natural gas extraction up to 17,5m cubic meters, of oil up to 450 tons and of liquid gas up to 1 451 tons already by the end of this week, if possibilities related to regulating well production, filling pipelines and putting Kamashi-1 and Shakarbulak-26 oil wells into operation (50 tons of daily each) might allow.

Putting 37th and 44th wells into exploitation at Northern Nishan field in the near future will create increase in daily gas extraction by 1m cubic meters, of liquid gas by 60 tons. Whereas, finishing drilling of new wells at the end of November JV «Gissarneftegaz» might reach the level of extracting 20m cubic meters of gas a day.

Uzbek uranium is attracting Japanese investors

Japanese company and State committee of Uzbekistan on geology and mineral resources have signed a protocol on providing Sojitz a sole right for exploring possibilities of a joint processing of one of the uranium fields in the region of Central Kizilkum, «*gazeta.uz*» writes.

By the end of 2008 Sojitz Corp. Should study the documents provided by the committee on the field and make its decision on possibilities of holding geological exploration.

These fields are prospective for revealing dark shale uranium. The whole process of studying and exploring the field might take maximum of three-five years.

In July of 2008 Japanese Mitsui & Co. signed a similar document with State committee on geology on exploration of Western Kokpatas ore field in Central Qyzylqum with the aim of creating a JV on uranium processing.

In October of 2007 State Committee on geology had signed a contract with Japanese Itochu Corp. on holding exploration and performing technical-economical calculations of industrial mastering of «Rudnoye» field (Central Qyzylqum). It is planned to start discussions on creation of a JV on parity basis in accordance with the outcomes of exploration works.

Nowadays uranium fields of a dark shale type are not processed in Uzbekistan. Moreover, they require large scale investments, first of all, for developing techniques of separating uranium and vanadium necessary for mastering this type of uranium fields.

40% agricultural industry is connected to the grain-crop resources

Nowadays, almost 40% of agricultural industry is directly connected to the grain-crop resources. They occupy 1,298m ha (1,292m ha in 2007) of land, «12.uz» informs.

Crop capacity of grain resources has increased 4,5 times in comparison with the first years after independence. Croppage has grown 6,5 times. In 2008 6,175m tons (in 2007 6,250m tons) of grain, while average crop capacity of irrigated land made 48,0 c/ha. More than 2,5m tons of grain has been binned in the country.

A new insurance company has been created by banks

Microcreditbank and Turon bank have established an insurance company Agro Invest Sugurta for providing insurance services to the agricultural sector of economy, informs «vesti.uz».

Up to the present time insurance services in agricultural branch were provided only by State Joint Stock Company «Uzagrosugurta».

Charter capital of the new IC makes 850m sum. Microcreditbank owns 51,2% of the funds in the charter capital, Turon bank 41,2%, and «Agromashlising» leasing company 7,6 %.

According to the general director of the new company, on Tuesday the 7th of October the Ministry of Finance of Uzbekistan has issued Agro invest sugurta a license on the right of providing services of 7 types of general voluntary insuring.

The company plans to implement complex insuring of farms, small agricultural enterprises, private companies, including voluntary insuring against property and financial risks.

There are 30 insurance companies, including 28 of general insurance, one life insurance, and one reinsurance company operating in the country at the moment.

Recent tendencies in furniture industry of Uzbekistan

Furniture industry is one of the fastest developing industries of Uzbekistan. While only 5-7 years ago local market of the country would be formed 65-70% by the products of foreign producers, at the present about 70% of it is occupied by local products. According to the results of 2007 total volume of furniture production made 72,8 billion sum, 59,8 bln of which (82%) was produced by small and private businesses, and 13 bln sum (18%) by «Fayz» holding company that is a leading company in Uzbekistan in furniture, initial materials and furniture accessories production, and wood processing. More than 500 different companies are operating in this sphere, half of which are representatives of small private businesses, which were created during the last five years, «Uzbekistan Today» says.

Specialists of furniture industry note significant increase of the volumes of furniture being produced. In 2005 total volume of the furniture market had made more than 51 bln sum, and in 2007 it exceeded 102 bln sum. This happened due to the improvements made in certification process, according to which furniture companies have a right not to go through additional certification, in case they change the design, outlook of the product that does not affect safety procedures. Time constraints for registration and issuing certificate of conformance have also shortened from 1 month to 10 days starting from the day of submitting all the documents. Some parts of the furniture do not have to go through certification any longer.

Holding company «Fayz» that, is one of the largest furniture producers of the country, plays an important role in this segment of economy. Nowadays, the company includes 24 enterprises, 15 of which are production enterprises, including 8 with the participation of foreign capital from the World bank, Germany, UAE, Slovenia, Italy, South Korean and other countries. This year within the framework of the program on modernization, technical and technological re-equipment «Fayz» has purchased equipments for more than 580 ths euros and localized production of about 19 types of raw materials and products necessary for furniture production.

Comments on the results of trades in RSE «Toshkent»

On October 9 of 2008 the turnover of the stock exchange made almost 16m sum. 9 exchanges on the shares of 4 companies went through exchanges at RSE «Toshkent». All the exchanges were implemented for national currency and with the ordinary shares of the companies. Maximum volume of exchanges was recorded on the shares of «Bofanda». The total volume made 13,5m sum.

Total turnover at RSE «Toshkent» since the beginning of 2008 has reached 95,794 billion sum. Turnover at RSE «Toshkent» during September made 15,709 billion sum.

Results of the exchanges at RSE «Toshkent» for 8.10.2008

Issuer	Type	Region	Sector	Max. Price of the deals, UZS/\$	Qty of the shares, units	Volume, sum
Bofanda	Ord.	Samarkand	Other	1 750	7 733	13 532 750
Pakhta-bank	Ord.	Tashkent city	Bank	1 000	1 942	1 942 000
Popdonmankhsulot	Ord.	Namangan	Food	2 625	194	509 250
Uzpakhtamash	Ord.	Tashkent city	Cotton	563	260	146 380
Total:						16 130 380

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

General statistics of the market at RSE «Toshkent» since the beginning of 2008

	January	February	March	April	May	June	July	August
Total turnover (m. shares)	10,2	15,4	13,1	11,7	45,3	12,4	7,8	17
Total turnover (b. sum)	3,3	9,1	16,0	7,8	13,5	16,0	7,8	4.8
Average daily turnover (thousand shares)	537	734	688	534	2 158	592,6	370	810
Average daily turnover (m. sum)	175	433	844	353	643	761	370	199
The volume of primary distribution (m. sum)	918,5	2 121	8 857	2 008	5 068	4 139	0	1 603
Turnover in national currency (m. sum)	3 214	8 125	15 450	7 508	9 743	7 200	4 104	3 724
Turnover in USD (m. sum in equivalent)	120	961	594	264	3 760	8 783	3 663	458

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

Shares of the sectors at the exchange market from the beginning of 2008

Sector	January	February	March	April	May	June	July	August
Services	64%	72%	90%	72%	61%	40%	33%	52%
Industry	26%	16%	9%	19%	26%	59%	64%	35%
Agriculture	9%	12%	1%	8%	12%	1%	2%	6%
Other	1%	4%	0%	1%	1%	0%	1%	8%

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

Top -10 according to the turnover volume at the RSE «Toshkent» since the beginning of 2008

Company	Turnover volume, m sum		Last price, sum	Average price, sum	% of the charter capital	% of the volume for the year	Dividends in 2007, sum	
	Year	Month					sum	% of the nom.
Pakhta bank	14 588	1,6	1 000	1 058	29,1%	15,9%	160	16,0%
Kvartz	9 249	0,0	\$90,05	101 018	2 760,9%	10,1%	0	0,0%
Kizilkumcement	6 729	0,0	\$95	116 352	4,0%	7,3%	5 950	7,4%
Ipotekabank	6 644	3,3	1 000	1 050	9,8%	7,2%	120	12,0%
Alokabank	3 966	0,0	120	120	11,7%	4,3%	11	11,0%
Kapital sugurta	3 924	0,0	250	235	98,1%	4,3%	0	0,0%
Suv mash	2 976	0,0	\$42,47	\$42,47	262,7%	3,3%	2 534	25,3%
Kredit-standard	2 404	0,0	\$282,78	\$282,78	21,4%	2,6%	0	0,0%
Khamkorbank	2 303	0,0	130	103	21,8%	2,5%	400	400,0%
UzKKhMLizing	2 142	0,0	\$2	2 098	22,9%	2,3%	-	-

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

Main indicators for the year 2008, billion sum

	Last figures	A month ago	2007
Cumulative turnover of RSE	95,79	85,27	110,21
Cumulative turnover of ESNET	6,15	5,75	12,94
AWACRI, %	17,91	17,51	18,52
Refinancing rate of CB RUz, %	14,00	14,00	14,00
AIBC, units	1 226	1 228	1 079,94
Total assets of the banks	11 097,00	11 097,00	9 106,70
Total capital of the banks	1 657,00	1 657,00	1 349,60
Average price of property, \$/sq.m	814,00	785,00	727,00
Lease of offices, \$/sq.m	9,40	11,40	9,90
Trade volumes at the SEN	4,33	2,00	78,70
Exchanges amount at the SEN, thn.	0,22	0,3	9,70

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

Main indicators for the year 2008, billion sum

	Last figures	A month ago	2007
Cumulative turnover of RSE	94,68	78,02	110,21
Cumulative turnover of ESNET	5,78	5,45	12,94
AWACRI, %	17,91	17,51	18,52
Refinancing rate of CB RUz, %	14,00	14,00	14,00
AIBC, units	1 181	1263	1 079,94
Total assets of the banks	11 097,00	11 097,00	9 106,70
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Exchanges amount at the SEN, thn.	0,45	0,3	9,70

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

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