

- **The share of spending for social sphere is going to increase up to 56,5%**

It is planned to increase the share of the State Budget spending for social sphere from 52,2% in 2008 up to 56,5% in 2009, «12.uz» reports.

- **China will open Tajikistan-Uzbekistan motorway in 2009**

300 mln USD was invested into construction of 380 km long Tajikistan-Uzbekistan motor way that is planned to be opened in 2009, writes «12.uz» quoting IA «Sinxua».

- **Banking system: Investments activity will be increased**

Enlarged session of administration took place at the Central Bank of Uzbekistan. It was held by the chairman of the Central Bank F. Mullajonov, said the press-release of Central Bank.

- **The state reinforces banking system**

National bank has become the forth bank of Uzbekistan, whose charter capital will be increased in accordance with the state decision, «gazeta.uz» says.

- **«Uzpromstroybank» has registered 11<sup>th</sup> additional emission**

«Uzpromstroybank» has registered 11<sup>th</sup> additional emission for the total of 65,4 bln sum, planning to increase the charter capital 2,9 times, up to 100 bln sum, «bankir.uz» writes.

- **Communication and information sphere has increased its gains by 65,8%**

Total gains of the sphere during the three quartiles made 1,044 trln sum. This amount exceeds the figure for the last year by 65,8%, «gazeta.uz» reports.

- **Comments on the results of trades in RSE «Toshkent»**

On October 29, 2008 the turnover of the stock exchange made more than 16,9 mln sum.

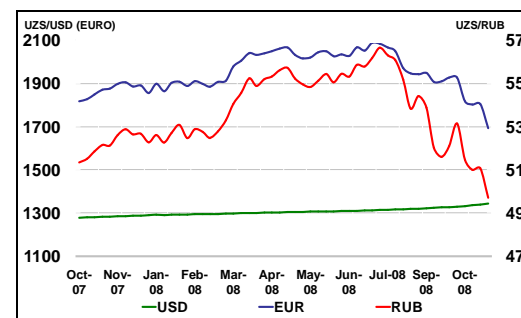
#### Official exchange rates of CB to the main international currencies (sum)

	28.10.2008	21.10.2008	Chg./%
1 USD	1 345,43	1 340,81	0,34↑
1 EUR	1 694,70	1 806,21	6,17↓
1 GBP	2 118,11	2 326,57	8,96↓
10 JPY	143,16	131,75	8,66↑
1 RUR	49,72	51,08	2,66↓

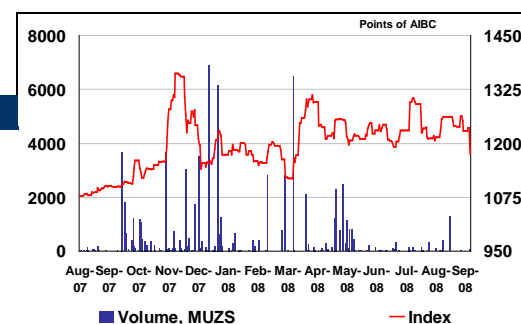
#### Main interest rates in national currency (in % annual)

	29.10.2008	3-months change
Rate of CB RU	14,00	0%
UZIBOR (12 months)	13,75	0%
AWACRI	17,61	0%
AIBC	1 265,1	+3,30%

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



#### Dynamics of AIBC index



#### 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

- November 5:** Special meeting of the shareholders of OJSC «Ammofos»
- November 6:** Special meeting of the shareholders of OJSC «STM»
- November 14:** Special meeting of the shareholders of OJSC «Kuvasaycement»
- November 21:** General meeting of the shareholders of OJSC «Delta Qurmah»

## The share of spending for social sphere will be increased up to 56,5%

This matter was discussed during the meeting of National Democratic party faction of Uzbekistan at the legislative chamber of Oliy Majlis of the country, «12.uz» reports. Moreover, the draft of the materials «On the project of the State Budget, main orientation of budget and tax policy of the Republic of Uzbekistan — budget message of 2009» to be brought to the legislative chamber were also discussed during the meeting. Deputy Minister of Finance Mubin Mirzaev spoke about this project.

State budget, main orientation of budget, and tax policy for the year 2009 was discussed at the session. It is expected that, in 2009 the state budget income will make 22,0% of the forecasted gross domestic product, and the 23,0%.

The spending in this sphere is planned to be raised from 52,2% in 2008 up to 56,5% in 2009 with the aim of developing the sphere itself and social support of population, increasing the income level and the overall welfare.

Additionally, in order to reinforcing guaranteed general and middle education, the system of higher education and realization of the program on reforming education system, particularly national program on training specialists and state national program on development of school education for the years 2004-2009, the spending in education sphere will be raised from expected 6,9% of gross domestic product in 2008 to 7,5% of GDP in 2009. Spending for the sphere of healthcare will be set to 2,7% of GDP in 2009 against 2,5% in 2008.

## China will open Tajikistan-Uzbekistan motorway in 2009

300 mln USD was invested into construction of 380 km long Tajikistan-Uzbekistan motorway that is planned to be opened in 2009, «12.uz» reports quoting IA «Sinxua». Besides, China has provided a grant of 60 mln Yuan for supporting China-Kyrgyzstan-Uzbekistan railway.

Xinjiang is connected to the contiguous countries by 54 transportation corridors of goods transportation (35 with Kazakhstan, 11 with Kyrgyzstan, 3 with Pakistan). In 2007 the volume of foreign trade goods transportation to Xinjian made 2,59 mln tons.

## Banking system: Investment activity will be increased

Enlarged session of administration took place at the Central Bank of Uzbekistan. It was held by the chairman of the Central Bank F. Mullajonov, said the press-release of Central Bank.

The stability of the system can be proved by such facts as receiving the rating of «stable» in three categories at once («rating of banking-financial system», «long term rating on deposits in national currency», «long term rating on deposits in foreign currency») of international «Moody's Investor Services» rating company in 2008, as well as, larger banks receiving separate ratings from such international rating companies as «Fitch Ratings» and «Moody's Investor Services».

In particular, NB FEA of RUz, «Pakhtabank», «Uzpromstroybank», «Asakabank», «Gallabank», «Ipotekabank», «Alokabank», «Turonbank», «Ipak yuli» and «Khamkorbank» have received international ratings of leading rating companies.

Aggregate capital of commercial banks in comparison with the corresponding period of 2007 has increased by 41,1% and made 1,760 trln sum. The assets of the banks comparing to the same period have grown by 29,6% and reached 11,798 trln sum. The number of shareholders since the beginning of the year has increased by 20,8 ths and made 218 ths, physical persons make not less than 71% of the amount.

The volume of the aggregate credit investments makes 6,279 trln sum at the moment. During the nine month of current year commercial banks have given investment credits for the total of 1 trln sum for financing projects on modernization, technical and technological re-equipment of economic subjects.

## The state is reinforcing banking system

National bank has become the forth bank, whose charter capital will be increased in accordance with the state decision, «gazeta.uz» reports. Uzpromstroybank, «Pakhta-bank» and «Galla-bank» had announced about this earlier.

According to the presidential decree from October 16, state commercial National bank of Uzbekistan will raise its charter capital up to 100 bln sum in 2008. During the next four years the charter capital will be increased up to 200 bln sum by additional emissions.

National bank of Uzbekistan was created in 1995 on basis of Uzbek republic savings bank and today is one of the largest banks of the country. 100% shares of the bank are state owned: 51% by the Ministry of Finance, and 49% by the Central Bank.

This is the forth bank that is announcing increase in its charter capital this month. A decree on raising the charter capitals of «Pakhta-bank» and «Galla-bank» (up to 50 and 100 bln sum accordingly) was signed on October 8. A decree on increasing the charter capital of Uzpromstroybank up to 100 bln sum was signed on August 13.

According to the specialists of «Avesta Research» analytical center, such measures will increase the resources of the banks significantly, which will raise the abilities of crediting not only special programs on development of branches of economy, but also of the private sector, and will result in faster growth of economy and production. Besides, this is an

additional measure for providing the safety of economy from the effects of world financial crisis that is showing an insignificant effect on the economy of Uzbekistan.

### «Uzpromstroybank» has registered 11<sup>th</sup> additional emission

«Uzpromstroybank» has registered 11<sup>th</sup> additional emission of shares for the total of 65,4 bln sum, with the plans of increasing its charter capital 2,9 times up to 100 bln sum, «bankir.uz» says. Emission will be provided by issuing 32,7 mln ordinary shares with the nominal price of 2 ths sum for a share.

According to the conditions of the emission, Ministry of Finance of Uzbekistan will purchase securities for the total of 35 bln sum, Reconstruction and Development Fund of Uzbekistan for 26 bln sum. After the purchase their share in the charter capital will make 35% and 26% accordingly. The rest 2,2 mln units of the shares will be sold among the shareholders of the bank: to the enterprises of basic branches of the industry and other investors.

### Communication and information sphere has increased its gains by 65,8%

According to the information disclosed at the session of Uzbek communication and information agency board on Tuesday, total gains of the branch during the three quartiles has made 1,044 trln sum, having increased by 65,8% in comparison with the last year. The volume of services provided to the population has increased by 43,2% and made 536 bln sum, «gazeta.uz» reports.

There are 2,37 mln internet users in the country, which makes 83 of 1000 people. At the end of the first half year this figure had made 2,21 mln (81 of 1000), and in the beginning of the year 2,01 mln (74 of 1000).

Total speed of international information networks connection made 515 Mbit/sec.

The number of main telephones of fixed communication has made 1,835 mln during January-September, the level of digitalization of ATS is 86%.

5 mln users have connected to the mobile communication network during the 9 months. On October 1 their number made 10,883 mln.

The quantity of the domain names registered in UZ zone is reaching 7400, which exceeds the figure for the beginning of the year almost by 28%.

25,4 ths keys and EDS key certificates were given by the centers of registering keys of electronic digital signature (EDS).

### Comments on the results of trades in RSE «Toshkent»

Total turnover of the stock exchange on October 29 of 2008 made more than 16,9m sum. 11 exchanges on the shares of 5 companies went through exchanges at RSE «Toshkent». All the exchanges were held for national currency, 10 of them on ordinary shares, and 1 on premium shares.

Greatest amount of sales was held on ordinary shares of OJSC «Fargonanon» - 14 mln sum, this amount was registered during 1 exchange. 2869 ordinary shares of the company took place at the exchange, but this amount makes only 4,52% of the total shares issued. Besides, exchanges on ordinary shares of 2 more representatives of food industry JV «Okhalik-Lolmann-parranda» and OJSC «Kurgontepa don makhsulotlari» took place. 186 and 765 shares of the companies respectively took place at the exchanges for the total amount of 1,5 mln sum and 765 mln sum. Shares of the companies were traded for 8250 sum and 1000 sum for a share respectively.

7 exchanges were held on ordinary shares of «Delta Qurmah», but the total amount made only 518 ths sum. However, the most significant fact is that, those shares are being traded for the same price 4176 sum for a share for a long time now.

Total turnover at RSE «Toshkent» since the beginning of 2008 has reached 96,905 billion sum. Turnover at RSE «Toshkent» during September had made 15,709 billion sum.

#### Results of the exchanges at RSE «Toshkent» for 29.10.2008

Issuer	Type	Region	Sector	Max. Price of the deals, UZS/\$	Qty of the shares, units	% of the charter capital	Volume, sum
OJSC «Fargonanon»	Ord.	Fergana	Food	4 880	2 869	4,52%	14 000 720
JV «Okhalik-Lolmann-parranda»	Ord.	Samarkand	Food	8 250	186	0.02%	1 534 500
OJSC «Kurgontepa don makhsulotlari»	Ord.	Andijan	Food	1 000	765	0,33%	765 000
OJSC «Delta Qurmah»	Ord.	Tashkent city	Construction	4 176	124	0.02%	517 824
OJSC «Fargona Issiklik elektr markazi»	Prem.	Fergana	Energy	10 400	10	0.001%	104 000
<b>Total:</b>							<b>16 922 044</b>

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	September
Total turnover (m. shares)	10,2	15,4	13,1	11,7	45,3	12,4	7,8	17	1,7
Total turnover (b. sum)	3,3	9,1	16,0	7,8	13,5	16,0	7,8	4,8	15,7
Average daily turnover (thousand shares)	537	734	688	534	2 158	592,6	370	810	81
Average daily turnover (m. sum)	175	433	844	353	643	761	370	199	748
The volume of primary distribution (m. sum)	918,5	2 121	8 857	2 008	5 068	4 139	0	1 603	1 965
Turnover in national currency (m. sum)	3 214	8 125	15 450	7 508	9 743	7 200	4 104	3 724	5 579
Turnover in USD (m. sum in equivalent)	120	961	594	264	3 760	8 783	3 663	458	10 130

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	September
Services	64%	72%	90%	72%	61%	40%	33%	52%	12,2%
Industry	26%	16%	9%	19%	26%	59%	64%	35%	86,6
Agriculture	9%	12%	1%	8%	12%	1%	2%	6%	0%
Other	1%	4%	0%	1%	1%	0%	1%	8%	1%

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	14 590	18,1	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	6 646	5,6	1 530	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%
Suvmash	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	2 350	46,6	131	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	96,90	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	1 265	1 228	1 079,94
Total assets of the banks	11 798,00	11 097,00	9 106,70
Total capital of the banks	1 760,00	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	2,77	2,00	78,70
Exchanges amount at the SEN, thn.	0,27	0,3	9,70

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

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