

#### ● Taxing policy in 2009

The concept of the tax policy of Uzbekistan for 2009 foresees further decreasing the tax burden on economy and income of population, «gazeta.uz» writes.

#### ● Controlling interests of two chemical enterprises are put up for tender sales

SCP has announced a tender on the sales of 51% of OJSC «Fergana-Azot» and 100% of UE «Ferganskiy zavod furanovich soedineniy» to foreign investors with the starting price of 52 mln USD and 37 mln USD correspondingly, «gazeta.uz» reports.

#### ● Roison-Electronics and Candy Group have created a JV

A JV «Roison-Candy» created by Italian Candy Group and its Uzbek partner «Roison Electronics» LLC was put into operation in Tashkent on basis of OJSC «Algoritm», «gazeta.uz» says.

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

On November 19, 2008 the turnover of the stock exchange made almost 8 mln sum.

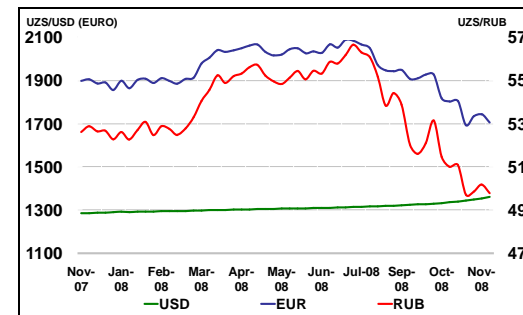
#### Official exchange rates of CB to the main international currencies (sum)

	18.11.2008	11.11.2008	Chg./%
1 USD	1 361,12	1 355,38	0,42↑
1 EUR	1 707,39	1 744,37	2,12↓
1 GBP	2 003,02	2 145,02	6,62↓
10 JPY	140,45	137,24	2,34↑
1 RUR	49,79	50,19	0,80↓

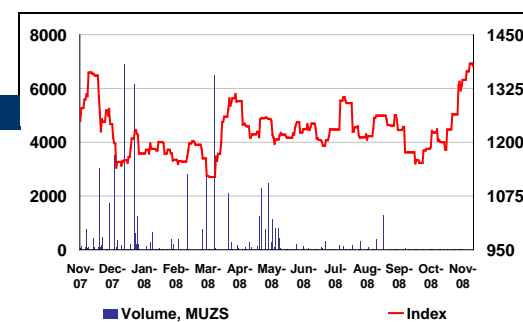
#### Main interest rates in national currency (in % annual)

	19.11.2008	3-months change
Rate of CB RU	14,00	0%
UZIBOR (12 months)	13,75	0%
AWACRI	17,61	0%
AIBC	1 377,0	+9,58%

#### 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	9M 2008
GDP, trillion sum	7,45	9,8	12,2	15,2	20,8	28,2	24,7
Real GDP growth, %	4,0	4,4	7,7	7	7,3	9,5	9,4
Administration of the state budget, to GDP	-0,8	-0,4	-0,4	+0,1	-0,5	1,1	--
Foreign trade turnover, bill. USD	5,7	6,7	8,7	9,5	10,7	14,2	15,7
Inflation, %	-	3,8	3,7	7,8	6,8	6,8	4,5

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

## Events Calendar

**November 21:** General meeting of the shareholders of OJSC «Delta Qurmah»

**November 27:** Special meeting of the shareholders of OJSC «Republic Stock Exchange «Ташкент»

**December 4:** Special meeting of the shareholders of OJSC «Uzsuvloyiha»

## Tax policy in 2009

The concept of tax policy of Uzbekistan for 2009, defined in the State Budget Project for 2009 approved by Legislative Chamber, foresees further decreasing the tax burden on economy and income of population, «gazeta.uz» reports.

First deputy prime minister of Finance of Uzbekistan Rustam Azimov noted while presenting the project of the State budget, that in 2009 it is proposed to decrease the income tax collected from physical persons.

Particularly, the lower rate of the tax for physical persons (up to six fold of minimum wage) is planned to be changed from 13% down to 12%, the middle rate from 18% down to 17% and the higher rate from 25% to 22%.

However, with the aim of balancing the provision of retirement fund accumulation for population it is planned to increase the rate of insurance fees from current 2,5% up to 3,5%.

The universal tax payment rate is also planned to be taken down from 8% to 7% in order to stimulating small-scale enterprises and micro firms. As the result, those enterprises and first will save more than 15 bln sum, that would have come to the budget.

The amount of fixed income tax for physical persons engaged in entrepreneurship will decline by 30% on average.

As Rustam Azimov highlighted, those measures are directed to attracting greater layers of population to engage in private production, provision of services, and to the sphere of out-work.

At the same time it is planned to increase land-tax, universal land-tax and taxes for using water resources by 25%.

## Controlling interests of two chemical enterprises are put up for tender sales

State committee on property of Uzbekistan has announced tender on sales of state shares of two chemical enterprises to foreign investors: 51% of OJSC «Fergana-Azot» and 100% of UE «Ferganskiy zavod furanovich soedineniy» with the starting price of 52 mln USD and 37 mln USD correspondingly, «gazeta.uz» states.

Investment responsibilities within the framework of selection make 55 mln USD for «Fergana-Azot» and 2,6 mln USD for «Ferganskiy zavod furanovich soedineniy».

«Fergana-Azot» (previous ME «Azot») was put into operation in 1956 and currently is the largest enterprise in chemical industry on production of nitrogen fertilizers: ammonium nitrate and carbamide.

In March of 2003 Czech MBNS International has completed modernization of non-concentrated nitrogen acid and ammonium nitrate production for the total of 58 mln USD. As the result of modernization the production capacity of the enterprise have gone up to 360 ths tons of non-concentrated nitrogen acid and 425 ths tons of ammonium nitrate annually.

At the moment MBNS is implementing reconstruction of AM-76 ammonium aggregate at the enterprise for the total of approximately 25 mln USD. It is also planned within the framework of the project that is designed to be realized by the end of the next year, it is foreseen to increase the load of ammonium aggregate up to 400 ths tons against current 295 ths.

49% of the shares in the charter capital of OJSC «Fergana-Azot» besides 51% put up for sales also belong to government.

«Ferganskiy zavod furanovich soedineniy» has been put into operation in 1946 and specialized on production of chemicals of strategic purposes. In 2002 German Unionmatex had put production of cotton cellulose with the capacity of producing 30 ths tons annually and the cost of about 50 mln USD into operation on the basis of the enterprise. 20% capacity of the enterprise is being enabled currently.

In accordance with the program on privatization of chemical industry it was presupposed to privatize 6 enterprises on production of mineral fertilizers and 3 enterprises on production of synthetics with the participation of foreign investors.

During 2007-2008 Spanish MAXAM Corp. S.A.U. has purchased assets of two chemical plants in the country: 49% shares of OJSC «Elektrochimprom» (Chirchik) with the price of 22 mln USD and investment requirements of 53 mln USD, as well as, 49% state owned shares of OJSC «Ammofos» (Almalik) with the price of about 18 mln USD and investment requirements of about 30 mln USD.

Russian «Monopolit» LLC (Moscow) had purchased 85,2% state owned shares of OJSC «Kokandskiy superfosfatniy zavod» (Fergana region), the only producer of ammoniated super phosphate in the country in the beginning of 2008, for the price of about 3,8 mln USD.

Tender procedure on sales of 49% shares of OJSC «Navoiyazot», the largest chemical enterprise in the country is being carried out with the starting price of more than 60 mln USD. The tender that was announced in April of 2007 has been prolonged several times.

## Roison-Electronics and Candy Group have created a JV

JV «Roison-Candy», created by Italian Candy Group, one of the leaders in production of domestic appliances in Europe, and its Uzbek partner «Roison Electronics» LLC was put into operation in Tashkent on basis of OJSC «Algoritm», «gazeta.uz» reports.

The investment made by Uzbek party includes production field, and Italian party provides technical documentation, accessories and aggregate, and compression molds. Thus, Italian party is making investments of 10 mln euros into production of household appliances in Uzbekistan in 2008-2009.

The projected capacity of the JV during the first stage will make 1500 units of refrigerators and washing machines of two types annually. The capacity might be tripled in the future. It is also projected to produce other types of household appliances as well, in particular, microwave ovens and dish washers.

It is planned to produce more and more accessories on the base of the JV in the process of mastering. In particular, the JV is intended to put the line on production of body parts for the appliances into operation in 2009.

Roison Electronics practices production of electrical appliances such as color TVs and air conditioning systems (split systems) under its own brand name of Roison, as well as, under the license of world producers on the basis of «Algoritm».

In 2007 Roison Electronics had obtained 45,4% shares of «Algoritm», one of the largest producer of electrical technical enterprises in the country for the price of about 6,5 mln USD, and had driven its share in the enterprise to 77,2%. In accordance with the purchase-and-sale agreement the investor plans to invest about 30 mln USD into development of the enterprise within 5 years.

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

Total turnover of the stock exchange on November 19 of 2008 made almost 8 mln sum. 14 exchanges on the shares of 8 companies and 1 bank went through exchanges at RSE «Toshkent». All of the exchanges were held for national currency on ordinary shares of 6 companies and premium shares of 2 companies and 1 bank.

The greatest amount of sales was held on premium shares of JSCB «UzPSB» for 6,04 mln sum. This amount was registered during 1 exchange. 2415 premium shares of the bank (0,006% of the total amount issued) participated in the exchanges with the price of 2 500 sum for a share.

Next greatest volume of sales was held on ordinary shares of JSC «Bukhoroneftegazparmalash» for 1 mln sum. This amount was registered during 1 exchange. 50 shares of the company (0,031% of the total amount issued) participated in the exchanges with the price of 20 062,5 sum for a share.

Largest quantity of sales, 5, took place on ordinary shares of FE OJSC «Kuvasoymcement». 38 shares of the enterprise participated in the exchanges with the price of 16 000 sum each, the total of the exchanges made 608 ths sum.

Decline in the share price of OJSC «Kashkadaryo parmalash ishlari» continued today as well. Shares of the company went through 1 exchange for the total of 125 ths sum, with the participation of 14 shares of the company at the price of 8 930 sum each. This exchange is the 7<sup>th</sup> of the exchanges held on different days for the total of 115 mln sum with the participation of 2344 ordinary shares. Prices for these shares have gradually declined from 50 000 sum for a share (November 6) down to current 8 930 sum only in 2 weeks.

Total turnover at RSE «Toshkent» since the beginning of 2008 has reached 99,453 billion sum. Total turnover at RSE «Toshkent» for October made 2,494 bln sum.

### Results of the exchanges at RSE «Toshkent» for 19.11.2008

Issuer	Type	Region	Sector	Max. Price of the deals, UZS/\$	Qty of the shares, units	% of the charter capital	Volume, sum
JSCB «UzPSB»	Prem.	Tashkent city	Bank	2 500	2 415	0,006%	6 037 500
JSC «Bukhoroneftegazparmalash»	Ord.	Bukhara	Energy	20 062,5	50	0,031%	1 003 125
FE OJSC «Kuvasoymcement»	Ord.	Fergana	Construction	16 000	38	0,007%	608 000
OJSC «Kashkadaryo parmalash ishlari»	Ord.	Kashkadarya	Energy	8 930	14	0,007%	125 020
OJSC «Toshneftgazqurilish»	Ord.	Tashkent city	Energy	700	121	0,017%	84 124
JSC «Uzneftgazqazibchiqarish»	Prem.	Tashkent city	Energy	1 013	48	0,00005%	48 624
OJSC «Ipak yuli avtotrans»	Ord.	Andijan	Transportation	1 500	27	0,0006%	40 500
OJSC «Temir yul transport boshqarmasi»	Ord.	Navoiy	Transportation	3 315	4	0,02%	13 260
AK «Uzgeoburneftgaz»	Prem.	Kashkadarya	Energy	1 055	2	0,0001%	2 110
<b>Total:</b>							<b>7 962 263</b>

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

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

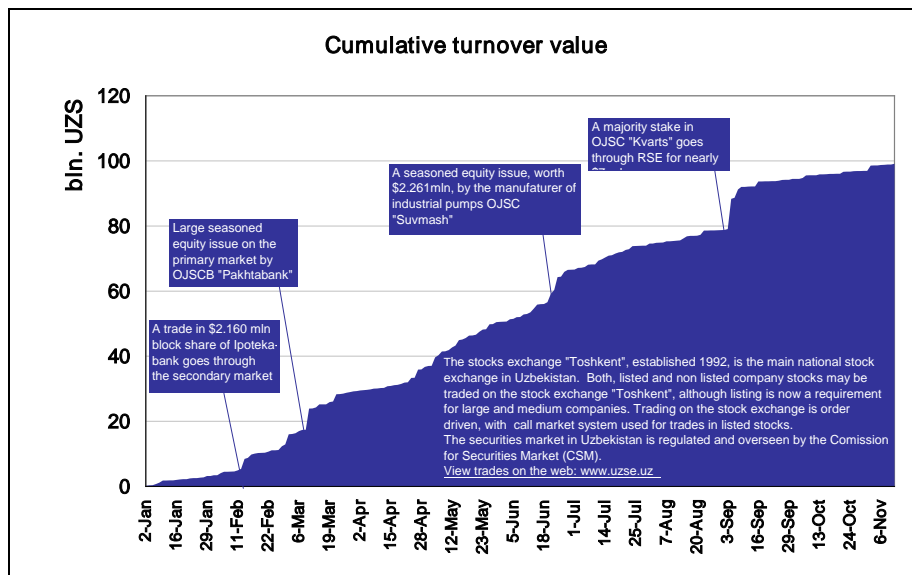
	January	February	March	April	May	June	July	August	September
Total turnover (m. shares)	10,2	15,4	13,1	11,7	45,3	12,4	7,8	17	1,7
Total turnover (b. sum)	3,3	9,1	16,0	7,8	13,5	16,0	7,8	4.8	15,7
Average daily turnover (thousand shares)	537	734	688	534	2 158	592,6	370	810	81
Average daily turnover (m. sum)	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	0,0	1 050	1 090	29,1%	15,9%	160	16,0%
Kvartz	9 252	3,2	69 000	101 018	2760,9%	10,1%	0	0,0%
Kizilkumcement	6 729	0,0	\$95	116 352	4,0%	7,3%	5 950	7,4%
Ipotekabank	6 647	0,7	1 460	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	2 356	6,5	130	103	21,8%	2,5%	40	400,0%
UzKKhMLizing	2 200	2,7	2 200	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	99,45	96,26	110,21
Cumulative turnover of ESNET	6,38	6,15	12,94
AWACRI, %	17,91	17,51	18,52
Refinancing rate of CB RUz, %	14,00	14,00	14,00
AIBC, units	1 377,0	1 200, 0	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	814,00	727,00
Lease of offices, \$/sq.m	9,40	9,40	9,90
Trade volumes at the SEN	1,3	0,26	78,70
Exchanges amount at the SEN, thn.	0,10	0,08	9,70

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

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