Approved at the meeting
of the Supervisory Board of «UzRCE» JSC
November 30, 2018.

BUSINESS PLAN
of Joint-stock company
« Uzbek Republican commodity exchange»
for 2019

Tashkent 2018

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For the purposes of information disclosure and in accordance with the requirements of the Provisions on requirements for corporate Web sites of joint-stock companies (Appendix 1 to the Decree of the Cabinet of Ministers of the Republic of Uzbekistan from 02.07.2014 N 176) business plan of "URCE" JSC for 2019 (in extracts) after approval of the Supervisory Board of the company is placed on the corporate website and other sources of information disclosure in accordance with the law.

Full name of the organization	Joint-stock company «Uzbek Republican commodity exchange»
Abbreviated name	«UzRCE» JSC
Established on the basis of	Decree of the President of the Republic of Uzbekistan from February 28, 1994, № UP 772
TIN	200 933 985
CCEA	66.11.0
OKPO	15350786
Main type of activity	Stock services
License	№ DB 001 000006, issued by the State property Committee (Goscomcompetition) of the Republic of Uzbekistan on March 26, 2003
Legal address	Tashkent city, Bobur str.,77
Actual address	Tashkent city, Bobur str.,77

Table of contents

Introduction Ошибка! Закладка не определена.

1. Brief information about the company **5**

2. Results of «UzRCE» JSC activity in 2018 **6**

Stock market trading. ***Ошибка! Закладка не определена.***

3. Tasks and prospects of the Exchange in 2019 and tactics for their achievement **10**

Activities to increase turnover of the Exchange and improve bidding mechanisms ***Ошибка! Закладка не определена.***

Relations with the public and media ***Ошибка! Закладка не определена.***

Compliance with corporate governance principles ***Ошибка! Закладка не определена.***

The further development of information and communication technologies and infrastructure of the Exchange ***Ошибка! Заклад***

4. International cooperation and implementation of new projects. **17**

5. Financial and economic activity **18**

Estimates of income and expenditure of «UzRCE» JSC in 2019 *22*

Pro forma balance for 2019 ***Ошибка! Закладка не определена.***

Pro forma statement about financial results for 2019 ***Ошибка! Закладка не определена.***

Dividend policy ***Ошибка! Закладка не определена.***

6. Criteria for evaluating activity performance **28**

Annex №1 to business plan of «UzRCE» JSC for 2019 **29**

INTRODUCTION

Business plan of "UzRCE" JSC is designed as a document, setting out main directions of the Exchange activity in 2019.

The plan is developed, taking into account existing and potential Exchange opportunities, it defines objectives of the company activity in 2018, includes setting of corporate objectives, formulates specific organizational - technical and financial activities, aimed at implementing these objectives, and serves as a programme to improve competitiveness and efficiency of the Exchange.

Implementation of the business plan arrangements will be achieved through systematic work on implementation of all the measures, provided for therein, and regular monitoring of its implementation by the Board of the Exchange, supervision by the corporate consultant, internal auditing service and supervisory board.

In accordance with paragraph 5 of the Regulations on the procedure for monitoring effectiveness of the trust managers activities on management of State-owned shares (reg. No. 1394 from 30.07.2004), this business plan is subject to the direction to the management centre of State assets in Goscomcompetition of the Republic of Uzbekistan in accordance with the established procedure.

In General, the present business plan includes projected growth in stock trading turnover by 15%, net profit of the enterprise by 30.39%, increase in enterprise assets by 19,8%.

In addition, present business plan provides direction of 9.3 billion UZS for capital investments.

As a result of the present business plan implementation, dividend payment is planned at the level of 12.3 billion. UZS, including 3.2 billion UZS to the State.

1. BRIEF INFORMATION ABOUT THE COMPANY

Today, "UzRCE" JSC largely focuses on the trading process servicing, the Exchange is engaged not only in quotation of prices, but also promptly and accurately performs settlements on exchange transactions, provide guarantees of concluded deals performance, and also is involved in organization of Government and corporate procurement.

Daily more than 2000 enterprises and organizations in both public and private sectors become Exchange clients. Thanks to the exchange mechanism, business entities not only get free access to goods and raw materials, but also successfully use modern exchange technologies in promoting their products to domestic and external markets.

Uzbek Republican commodity exchange was established in accordance with the Decree of the President of the Republic of Uzbekistan, dated February 28, 1994 № UP-772 in the structure of «Uzoptbirzhetorg» Association.

In accordance with the Decree of the President of the Republic of Uzbekistan

from April 27, 2001 № UP-2836 "UzRCE" JSC is removed from the "Uzoptbirzhetorg" Association and operates as an independent market structure.

In accordance with the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated February 4, 2003 № 66 "On licensing of Exchange activity" on March 28, 2003 license № RR 38-02 was issued to the Exchange.

Exchange operates as a joint-stock company.

Authorized Fund of the Exchange is formed in the amount of 15 741 268, 2 ths. sum, the number of distributed shares – 24 986 140.

The State share in the authorized capital of the Exchange is– 26,01 %.

Shareholders of the Exchange are:

"Trustbank» PJSB- 19 %;

«PRESYSTEM UNIVERSAL» JV LLC- 17,81 %;

"Uzneftmahsulot" JSC- 6 %;

AMMC – 6 %;

«Uzbek metallurgical Enterprise» JSC - 6 %;

other legal and physical persons-less than 20 %.

Collegial executive body Board of "UzRCE" JSC manages the enterprise. By the decision of the general meeting of shareholders from 25.05.2018 the following persons were elected to the Board:

№	NAME of a member of the Board of "UzRCE" JSC	Present post
1	Ibragimov Farohiddin Farhotovich	Chairman of the Board « UzRCE" JSC
2	Samatov Nabihon Subihonovich	Director of perspective development
3	Prokudina Christina Aleksandrovna	Director of finance and corporate governance
4	Zunnunov Bunyod Bahromovich	Director of purchasing and administration
5	Mutalibov Jahongir Abdulpattahovich	Director of tendering

Organizational structure is approved by the decision of the extraordinary general meeting of shareholders from 17.11.2017. According to the approved structure, staff numbers are 191 persons, including

AMS–90 persons, E-48 persons, T-21 persons, JSS – 32 persons.

2. Activity results of «UzRCE» JSC in 2018

Total volume of all transactions of the exchange trading platforms for 11 months of the year amounted to 2018 28 672,0 billion UZS.

The main share falls on trading platform.

Name of the platform	Trades turnover (billion. UZS)	% in turnover of trades
Stock trades	25 967,3	90,6%
Public procurement	1 581,7	5,5%
Exhibition and fair trades	1 017,3	3,5%
Auctions for TP implementations	105,7	0,4%
Total for 11 months 2018.	28 672,8	100,0%
Expected for 2018	**31 443,1**	

STOCK (EXCHANGE) TRADES

At the Exchange trades, for 11 months of 2018 transactions have been committed, totaling 25967.3 billion UZS (with 2.5 times bigger growth, compared with the same period of 2017).

Dynamics of committed transactions volume at the exchange trade in 2016-2018

At the exchange trades raw materials, materials and products were realized for total amount of 25967.3 billion UZS that exceeded similar indicator for 11 months of 2017 by 15685.7 billion UZS or 2.5 times. Proportion of the transactions volume on the Exchange platform in the total turnover of the Exchange amounted to 90,6%.

In accordance with the Decree of the President of the Republic of Uzbekistan. from 14.11.2017 № PP-3386 "On measures for improvement of competition environment, eradicating conditions for abuse and theft in the sphere of fuel and energy resources provision and other highly liquid products, strengthening of payment discipline, reducing receivables and payables "in January-November 2018, marketable stock products were realized, totaling 19367.2 billion UZS (January-November 2017-7461.4 billion UZS) and grew up 2.6 times. Proportion of marketable products in the total volume of the Exchange turnover amounted to 67.5% (in 2017-58.9%).

Enterprises -vendors have received additional income by creating real market prices at the trades in the amount of 3641.8 billion UZS (amount, exceeding starting prices).

The main types of marketable products with the highest proportion in total volume of the stock exchange turnover for 11 months of 2018:

1)* cement – 4 580,8 billion. sum or proportion 16,0%;

2)* cotton fibre – sales value 4155.2 billion UZS or 14,5%;

3) mineral fertilizers - 2 197,2 billion. UZS or 7,7%;

4) diesel fuel– 1 721,4 billion. UZS or 6,0%;

5)* polyethylene – 1 636,9 billion. UZS or 5,7%;

6) rolled ferrous metal products – 1 413,2 billion. UZS or 4,9%;

7) copper products – 1 109,7 billion. UZS or 3,9%;

8) vegetable oil - 928,9 billion. UZS or 3,2%.

(*Note: cement taking into account import, cotton fiber and polyethylene along with export)

Electronic public procurement.

As of 01.12.2018, total volume of transactions, made on electronic public procurement, amounted to 1581.7 billion UZS, total savings of funds-267.6 billion UZS. Including: on auction of budget customers, volume of transactions - 561,3 billion UZS, savings – 137,4 billion UZS, on auction of corporate customers, volume of transactions - 532,5 billion UZS, savings – 81,4 billion UZS, on e-store of budget customers, volume of transactions - 340,7 billion UZS, savings – 42,1 billion UZS, on e-store of corporate customers, volume of transactions - 147,2 billion UZS, savings – 6,6 billion UZS.

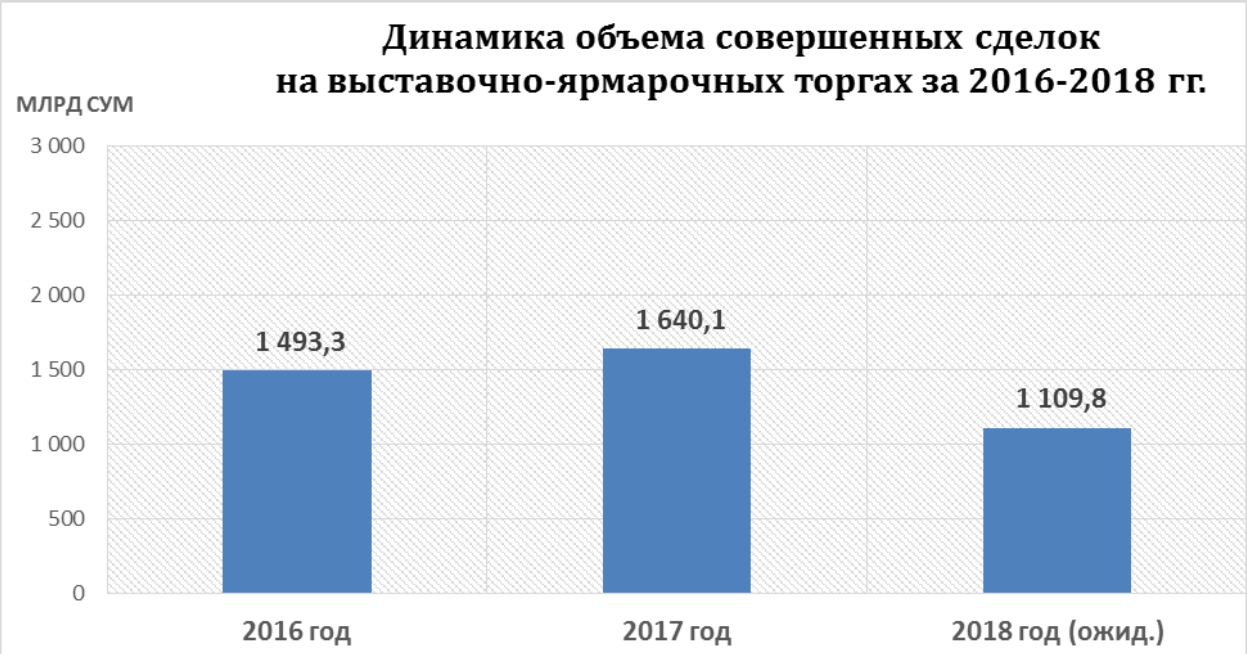
Dynamics of committed transactions volume at public procurement in 2016-2018

Exhibition and fair trade.

During the reporting period, at **e**xhibition and fair trades, transactions were

committed, totaling 1017.3 billion UZS. The greatest share falls on such commodity groups as: products of the chemical or related industries – 385,4 billion UZS or 37,9%, rolled metal and metal products – 126,6 billion UZS or 12,4%, food of industrial production- 113,1 billion UZS or 11,1%, building materials – 51,5 billion UZS or 5,1%.

Dynamics of committed transactions volume at exhibition and fair trades in 2016-2018 .



For the reporting period in the system of **e**xhibition and fair trades" 26.7 thousand transactions have been committed. Through this trading system 983 sellers sold and 691 buyers bought needed goods

Auction trades for realization of TP.

For the period January-November 2018 at electronic auctions for sale of State registration trade plates (TP) 20 778 transactions, totaling $105.7 billion UZS, have been committed. The average cost of one transaction amounted to 5.1 million UZS.

Export of goods.

During the reporting period, through currency trading platform of the Exchange and exhibition and fair trades total goods to 115.5 million United States dollars have been exported, nearly 2.1 times more than for 11 months of 2017.

The largest share in the total volume of exports belongs to the following types of products and raw materials:

-polyethylene – exported for 36.7 million of United States dollars or 31,7%;

- cotton fibre – 33,4 million of United States dollars or 28,9%;

- cathode copper - 16,6 million of United States dollars or 14,3%;
- industrial oil - 7,8 million of United States dollars or 6,8%;
- slack wax (gatch) of fraction II - 5,8 million of United States dollars or 5,0%;

Development of regional Exchange infrastructure

To create for bidders equal access conditions to trading systems of "UzRCE" JSC in all regions of the Republic, regional Exchange affiliates operate. In addition, regional structure includes a network of marketplaces, accredited at the Exchange that allows all bidders, irrespective of territorial location, to participate in tenders and lower their operating costs.

As of December 1, 2018, on "UzRCE" JSC 335 1 195 trade platforms, brokerage firms and 3 894 traders were accredited.

3. TASKS AND PROSPECTS OF THE EXCHANGE IN 2019 AND TACTICS TO ACHIEVE THEM

When defining tasks and prospects of the exchange for 2018, they were guided by the corporate governance code and the concept of development of the exchange for long-term (2016-2025) and mid-term periods 2016-2018, approved by the general meeting of shareholders on 27.05.2016.

The main tasks for the Executive Body in 2019 are:

1. Continued rapid growth in the volume of concluded transactions on all Exchange trading platforms;

2. To achieve the best financial indicators, in particular with regard to increase in net income by 18% and increase in dividend yield to 117%;

3. Continued compliance with principles of corporate governance and balanced personnel policy;

4. Introduction of modern information and communication technologies and regular updating of infrastructure.

To achieve set goals, "UzRCE" JSC intends to carry out necessary activities in each designated area.

Activities to increase turnover of the Exchange and improve bidding mechanisms

The Exchange intends to achieve in 2019 turnover, amounting to 39299.23 billion UZS in terms of value, ensuring growth, compared to 2018 by 15,59 %.

At the same time, increase in the volume of transactions will be achieved at the expense of growth at all electronic exchange trading platforms of the Exchange: Exchange, exhibition- fair platform and platforms on organization of public and corporate procurement.

Growth rate, projected for 2019, is based on the results of the company activities in 2018 and proposed measures to improve trading mechanisms and effectiveness of all trading platforms activity.

Trades turnover growth forecast for "UzRCE" JSC in 2019

(billion UZS)

	2015 actual	2016 actual	2017. actual	2018 expected	2019 in % to expected in 2018.	2019 . forecast
Total trading turnover	**8 837,9**	**11 963,8**	**13 276,0**	**34 000,00**	**115,59%**	**39 299,23**
including:						
stock trades	6 861,7	9 460,6	11 409,4	31 200,00	114,10%	35 600,00
exhibition and fair trade	1 088,1	1 493,3	1 669,5	1 000,00	122,08%	1 220,75
public procurement	543,8	667,7	497,8	1 050,00	133,34%	1 400,02
corporate procurement	344,3	444,8	364,7	750	143,79%	1 078,46

Increased turnover and improved mechanisms of stock (exchange) trade

In 2019 in Exchange trade, it is planned to sell products, raw materials and materials for 35.6 billion UZS or by14% more than expected volume of this year.

In the planned period, a set of measures is provided, aimed at further improving the mechanisms of Exchange trade, main aim of which is to simplify procedures for organization and establishment of additional facilities for clients and members of the Exchange.

So, achievement of set objectives includes:

development and implementation of logistics module at Exchange trading of UzRCE;

study of the possibility of introduction of electronic digital signature in the practice of concluding exchange deals and their settlement and clearing service;

improvement of the exchange quotation list on the official website of the stock exchange, in part of display in each contract for the clients of the exchange of information on the mortgage amount, as well as the introduction of features for viewing by customers of conformity certificates;

on the basis of received proposals of brokerage offices and employees of exchange affiliates, make necessary changes and additions to the accreditation module of brokerage offices;

in conjunction with the information technology Division to improve the module of Listing Commission;

in conjunction with oral appeals about problems on the actual shipment of purchased on the exchange trading marketable products, study of display and sales will be conducted, as well as the actual shipment of products at the Exchange auctions. The results will be sent to the Goscomcompetition for the adoption of measures in line with antimonopoly legislation in the event of violations detection.

to improve work quality and reduce paperwork and time, to create in the module documents distribution function for CH for RIN opening, as well as notification of assigned RIN to a brokerage firm.

to simplify work with foreign firms, as well as their involvement changes will be made in the rules of calculation-clearing service in "UzRCE" JSC, in part of the reduction of documents for accreditation of non-residents.

Improving mechanisms for electronic public procurement

In the regions, jointly with the Chamber of Commerce to organize training seminars to attract potential new suppliers.

Introduction of settlement mechanisms for transactions for budget customers, similar to mechanism for corporate customers, is planned.

To work out issue with the National agency of project management under the President of the Republic of Uzbekistan on the establishment of a trading platform for carrying out electronic completion and tender.

In 2019, it is expected to reach transactions volumes on electronic public procurement for more than 2478.48 billion UZS, including:

Electronic budget procurement – 878,96 billion UZS;

Electronic corporate procurement – 852,84 billion UZS;

E-store of budget customers – 521,06 billion UZS;

E-store of corporate customers – 225,62 billion UZS..

Development of exhibition and fair trade

Development of a new trading platform of exhibition and fair trade with providing mechanism in it of guarantees of transactions execution through CH.

For creating additional facilities for EFT system clients, designing and implementing of project for providing SMS-informing service on cash basis.

In 2019, turnover of exhibition-fair trade at "UzRCE”JSC in the amount of 1220.75 billion UZS is planned.

This figure is expected to be achieved through better bidding mechanism, as well as broadening the scope of e-commerce.

Projects on creation of new platforms will be the most important projects in 2019, such as:

electronic platform for implementation of mobile phone numbers

electronic platform for sale and purchase of goods and services by individuals
electronic platform for export of small business products

Relations with the public and media

The main work on interaction with the public and mass media will be focused on wide coverage of the Exchange activities in mass media, bringing stock information to the population and general public, provision of electronic trading participants with information, maintaining positive image of the exchange, as well as on new customers attraction, in the first place, business entities to Exchange and auction trades.

Within these works, it is planned to expand cooperation with leading national and foreign media, hold regular press conferences and briefings, intensify own media resources and social pages, organize large-scale advertising and PR campaign.

When interacting with mass media, holding of press conferences and briefings is provided on development of exchange trading, e-commerce and e-government procurement, increased participation of entrepreneurs in electronic trading of the exchange and other relevant issues.

In agreement with the Republican TV and radio channels, exclusive reports on the exchange, involving management and UzRCE staff, will be organized and broadcasted. It is planned to extend communications with the leading news agencies and to cooperate with information services of KUN.uz, UzReport, to increase the number of publications on the exchange activities in other print and electronic media.

Special attention will be paid to coverage of the outcome of the citizens appeals through Virtual and People's Portal of the President of the Republic of Uzbekistan, via electronic system "E-hut” of the Cabinet of Ministers of the Republic of Uzbekistan, e-appeal via official website of the exchange uzex.uz, as well as appeals, received by the helpline and Call-Center of the Exchange.

In 2019, in weekly television programme " UZEX News " in addition to the disclosure of the bidding process outcome in different product segments of the stock market, results of electronic government procurement, including E-store and auction, will be broadcasted.

Corporate newsletter «UZEX Xabarlari» will be supplemented by new headings and publications on promotion of the exchange external links with foreign partners, development of innovations and introduction of information-communication technologies in exchange activities, as well as analysis of new product segments of the stock market, outcomes of the bidding process on public procurement and online auction of trade plates.

On the basis of the trends, emerging on the stock market, problem issues will be

detected to make recommendations on decision-making. Continuous monitoring and analysis of the conjuncture of world commodity markets and foreign exchanges will allow forming analytical materials and reviews, with a view to their further use in covering of the Exchange activities.

Formed on the basis of bidding results, price quotes of goods, realized on the exchange, will be published on a weekly basis on the official website of the stock exchange, in corporate newspaper, Bulletin Board and other media. Quotation information will also be posted on a weekly basis on the official websites of various organizations and companies of the Republic.

One of the priorities is improvement of informativity of the exchange web resources, including official website uzex.uz, special information portal for public procurement xarid.uz, websites on exhibition and fair trade yarmarka.uzex.uz and system on trade plates realization avtoraqam.uzex.uz, as well as the exchange formal pages in social networks Facebook and Twitter.

On governmental portal of open data www.data.gov.uz, open data of the exchange, revealing basic information and dynamics of “UzRCE” JSC development, will be updated on a regular basis.

The most important factor, contributing to the successful activities of the Exchange is organization of the appropriate advertising-marketing and PR activities. This work will be aimed at improving UZEX brand popularity and wide attraction of new customers. In 2019, it is planned to develop new promotional and training videos, organize various PR campaigns, including through television, radio, electronic publications and through outdoor advertising.

During training seminars, business forums, trainings, as well as during participation in the international fairs and exhibitions information materials of the exchange will be disseminated among clients and potential bidders.

Compliance with corporate governance principles

Further improvement of “UzRCE” JSC corporate governance is aimed primarily at protecting the rights and legitimate interests of the shareholders, including the State share. “UzRCE” JSC management considers compliance with the fundamental principles and recommendations of the Code of corporate governance to be an effective instrument for improving efficiency of the enterprise management, aimed at ensuring its long-term and sustainable development.

Understanding importance and need for improved corporate governance pursuant to the Decree of the President of the Republic of Uzbekistan from 24.04.2015 N UP-4720 "About measures for implementing modern corporate governance practices in joint-stock companies», “UzRCE” JSC is taking a number of steps in this direction.

Members of the Executive Body and other key employees of “UzRCE” JSC on a regular basis will enhance skills in the field of corporate management in the scientific-educational center of corporate governance on specially designed individual program for “UzRCE” JSC.

At the same time, material incentives for members of the Management Board depends directly on activity performance of “UzRCE” JSC, designed in accordance with the Regulations on the criteria for evaluating the performance of joint-stock companies and other business actors with the State share (Annex to the Decree of the Cabinet of Ministers of the Republic of Uzbekistan from 28.07.2015 N 207), and material incentives for members of the Supervisory Board-on the effectiveness of corporate governance system. Evaluation of corporate governance system is provided in the 1 quarter of 2018.

According to the results of 2017, evaluation of corporate governance system was held by the Central securities depository of the Republic of Uzbekistan. The evaluation system of corporate governance was recognized "high” according to the results of the evaluation

One of the decisive factors for the efficiency and competitiveness of “UzRCE” JSC is providing high quality of workforce capacity. The executive body of the Exchange is attentive to the interests and needs of employees and tries to make every worker personally interested in achieving the best results of his activities

Personnel policy, aimed at attracting highly skilled personnel, will contribute to the improvement of rendered services quality and maximizing shareholders benefit.

In 2019, gradual work on improvement of the system of training and continuity of personnel, as well as labour incentives system will be continued.

One of the principles of personnel policy is employees provision with occupational study opportunities, continuous training, which increases their competitiveness, including flexible system of employment and vacations as well as provision of fair wage and financial assistance in cases of emergency.

A separate direction of staff occupational study is improvement of the qualifications of the Executive Body members and other staff in the area of corporate governance, as well as improvement of service level.

IT technologies remain the most important direction of occupational study, which provide the whole process of the Exchange activities.

In accordance with the Decree of the Cabinet of Ministers of the Republic of Uzbekistan No. 289 from October 27, 2011, in order to promote effective use of computer equipment, public information systems and resources for compliance determination of the level of knowledge and skills of the organization employees with qualification requirements in use of computer technology in their work, certification of

employees of Government and economic management, public authorities on the ground is carried out.

Material stimulation of the Management Board members depends directly on the performance indicators of JSC activity, developed according to the Regulation on criteria for evaluating the performance of joint-stock companies and other business entities with the State share (annex to the Decree of the Cabinet of Ministers of the Republic of Uzbekistan28.07.2015 N 207).

During 2019, work with interested universities in the search for talented graduates (mainly IT directions), their traineeship at the Exchange will be continued, as well as further cooperation.

Social responsibility of “UzRCE” JSC as one of the steadily developing enterprises of the Republic extends not only to employees, but also to the company as a whole.

It is planned to allocate up to 20% of the proceeds for charity and sponsorship purposes. Funds limit size for charity (sponsorship) will be determined by decision of the general meeting of shareholders.

Increase in the cost of sponsorship objectives is related directly to the availability of additional income from financial activities

FURTHER DEVELOPMENT OF INFORMATION AND COMMUNICATION TECHNOLOGIES AND INFRASTRUCTURE OF THE EXCHANGE

The main activity of the Exchange on the development of information and communication technologies in 2019 will be aimed at improving technological platforms of Exchange trade, exhibition and fair trade, and Government and corporate procurement in accordance with the government regulations and the Exchange strategy for the short and medium terms.

In 2019, work on improvement of information technology provision in branches of “UzRCE” JSC will be continued.

So, in 2017-2018, all branches are connected by fiber-optic connection to the central unit of the Exchange, but with existing network equipment, there is no possibility to organize modern and highly efficient network services such as IP telephony, audio and video-conferencing.

For provision of smooth operation of infrastructure of functioning information and communication technology, activities are assumed to replace the core of data processing center and IT development in regional branches. Including:

- modernization of data transmission network: Upgrade of core of corporate data transmission network.
- upgrading network equipment of regional branches.
- expansion of backup equipment.

- development of server infrastructure (expansion of computation capacity, if necessary).
- Upgrade of uninterruptible power supply.

Introduction of means of confidential information leaks prevention from the information system (DLP), in order to prevent transmission of confidential information outside the Exchange's information system is planned.

Antivirus software license renewal is planned, in order to prevent infection (modification) of files or operating systems of servers and workstations of “UzRCE” JSC users from malicious code.

Implementation of hardware-software means of intrusion detection (IDS/IPS), intended for detection of unauthorized access to the computer system (network) of the Exchange, or their unauthorized management primarily through the Internet. Intrusion data of detection system are used to detect certain types of malicious activity that can violate security of a computer system.

Improved production infrastructure is one of the factors, contributing to the improvement of the enterprise activity, improving quality of rendered services, and has several other advantages.

Construction of the building of Syrdarya branch in Gulistan city was begun in 2018 and was continued in 2019. By decision of the Governor of Gulistan city No. 1254 of 14.11.2017 for this purpose a land plot was allotted with the total area of 1.748 HA.

Construction cost will amount to 9.3 billion UZS.

After completion of construction of the building of Syrdarya branch, updating of entire internal content-furniture, chairs, shutters, etc. will be performed.

Presence of own buildings on the balance sheet of “UzRCE” JSC imposes an obligation for their periodic repair, maintenance in good condition of municipal infrastructure, etc.

The Executive Body will consider feasibility and cost-effectiveness of the maintenance of their own large buildings in Navoi, Karshi and Khorezm (second block) and alternatives will be proposed regarding rent and realization of buildings.

4. INTERNATIONAL COOPERATION AND IMPLEMENTATION OF NEW PROJECTS.

Over the past period of the current year, significant work has been done to strengthen and expand relations of “UzRCE” JSC with international exchanges and foreign partners. In order to share experience in organization of modern trades, cooperation agreements are signed with Kazakh commodity exchange "ETS ", "Kyrgyz Stock Exchange" JSC, "Belarusian Universal commodity exchange” JSC,

exchanges of Tajikistan and Turkmenistan.

Pursuant to the Decrees of the President of the Republic of Uzbekistan from September 2, 2017 № UP-5177, #UP-5303, Decrees of the President of the Republic of Uzbekistan dated January 17, 2018 # PP-3479 and Decree of the Cabinet of Ministers from May 3, 2018 no. 323, “UzRCE” JSC together with other concerned agencies developed specific measures on organizing exchange trade on import and export of products with attraction of domestic and foreign producers.

The Exchange started a pilot project for realization of Kazakh cement through stock trades of “UzRCE” JSC with subsequent conversion of the proceeds, obtained from sale of imported goods, on electronic exchange platform of the exchange.

Also, in accordance with the Decree of the President of the Republic of Uzbekistan dated October 30, 2018 No.UP-5564 relevant work on the following projects is carried out:

- development of a new electronic trading system;
- establishment of branch economic company (BEC) for storage and logistics of the traded at the exchange products, as well as development and introduction of information-communication technologies (registration of BEC is scheduled before the end of 2009, beginning of activity-I quarter of 2019).

5. Financial and economic activity

Profit maximization and improvement of economic indicators, characterizing activities of the company in order to improve shareholders welfare, is the main purpose of “UzRCE” JSC activity.

In 2019, increase in income from primary activity of the Exchange by 29,05 % is planned.

The Exchange's income from primary activity is the amount of Commission fee, received from the provided by the Exchange services:

on secured transactions;

clearing services;

transactions in the system of exhibition and fair trades;

transactions in the public procurement system;

transactions in corporate procurement system;

fees from sale of State registration number plates

provision of information-analytical materials.

Income from rendering services to the members of the Exchange:

fee for workstation;

fee for the broker's place;

fee for connecting trading platforms.

Other income from primary activities:

short term rental.

Fines for violation of the rules of Exchange trade

Income from financial activities:

percentage from allocation of free funds;

positive exchange difference.

Planned proceeds on income items in terms of amount in terms of quarters:

(ths. UZS)

Income item	I quarter	II quarter	III quarter	IV quarter	Total
Revenue from commission fees	24 526 132	26 755 781	27 870 605	32 329 902	111 482 420
Income from rendering services to the members of the exchanges and bidders	588 079	641 541	668 272	775 195	2 673 088
Other income from primary activities	165 000	180 000	187 500	217 500	750 000
Income from financial activities	3 982 023	4 344 026	4 525 027	5 249 031	18 100 106
Total	**29 261 235**	**31 921 347**	**33 251 403**	**38 571 628**	**133 005 614**

Cost of services of the Exchange.

1. Size of the commission fee, levied on services, related to stock transactions, services related to the exchange trading system, clearing house services and information services are regulated by the Declaration of limit tariffs for “UzRCE” JSC services, registered in the Ministry of Finance of the Republic of Uzbekistan under №MM/15-04-Uz-2015/15 from 04.01.2016 . (Without VAT).

2. Size of the commission fees for transactions in the public procurement system is 0.05% of the transaction amount from each bidder, on the basis of the Decree of the President of the Republic of Uzbekistan №PP-1948 from 05.04.2013 . (incl. VAT).

3. Size of the commission fee for transactions in corporate procurement system, except for small businesses, is 0.1035% of transaction amount with each tenderer on the basis of the Declaration of limit tariffs for “UzRCE” JSC services, registered in the Ministry of Finance of the Republic of Uzbekistan under №MM/15-04-Uz-2015/15 from 04.01.2016 . (Without VAT).

4. Size of the commission fee for transactions in corporate procurement system for small businesses is 0.05% of the transaction amount from each bidder, under paragraph 48 of the Decree of the Cabinet of Ministers of the Republic of Uzbekistan "On additional measures to improve the process of Government and corporate procurement” No. 166 from 11.06.2013. (including VAT).

5. Size of the fee for posting ads on special information portal for corporate procurement is 3622.5 UZS, on the basis of the Declaration letter of limit tariffs for “UzRCE” JSC services, registered in the Ministry of Finance of the Republic of Uzbekistan under №MM/15-04-Uz-2015/15 from 04.01.2016 (Without VAT).

6. Fee for broker workstation is installed in the Central Hall of the Exchange at the rate of 62% to the current minimum wage, and 41% to minimum wage-in trade halls of regional branches on a monthly basis, based on the minutes of the meeting of the Supervisory Board from 20.08.16. (including VAT)

7. Fee for the broker's place (right of access to EET system, repeal by decision of the Supervisory Board since 01.06.2018).

8. Fees for connecting one trading platform:

Located in Tashkent - 10 minimum monthly wages per month;

located in the regional center - 7 minimum monthly wages per month ;

in towns and districts of district subordination - free.

Wage payment costs.

Payment costs of productive nature labour include accrued wages of production and administrative nature for actually performed work on the basis of tariff rates and salaries in accordance with adopted form of time-based labour pay system, including payment of incentive nature, provided by regulations "On stimulation and social support of exchange employees " and "About bonus payments to employees at the end of the year", approved by the collective contract of the exchange.

Thus labour payment costs are only 19 837 986 ths. UZS (without single social payment), including productive nature labour 10 174 186,95 ths. UZS, administrative nature-5 787 488,90 ths. UZS., and on realization 163 267,83 ths. UZS

Compensation and incentive payments amounted to 3 713 042 ths. UZS.

Depreciation of fixed assets.

Expenditures on depreciation of fixed assets and intangible assets include sum of depreciation charges (accrued depreciation), calculated on the basis of the original cost (replacement cost) value of production fixed assets, and approved in the prescribed manner norms.

On the basis of fixed assets value, set at the time of drafting the business plan, depreciation of fixed assets of industrial purpose will be-3 468 201 thousand UZS, administrative purpose-458 217 thousand. UZS, other OS-23 693 thous. UZS, totaling 941 099 thousand UZS.

Deductions to extrabudgetary fund of the Ministry of finance and Ministry of economy

In accordance with the Decree of the Cabinet of Ministers from May 31, 2004 No. 251 “On additional measures to improve functioning of commodity exchanges ", it

is provided that when declaring limit sizes of commission fees of “UzRCE” JSC , levied on stock exchange transactions, commission fees are taken into account in the amount of 0.1% for services of “UzRCE” JSC on realization of marketable products, transferred in equal shares to non-budgetary funds of the Ministry of economy and Ministry of Finance of the Republic of Uzbekistan.

Planned amount of royalties from sale of marketable products in 2018 amounted to 19 333 421 ths. UZS.

including:

Extrabudgetary fund of the Ministry of finance – 50% or 9 666 710,50 ths. UZS.

Extrabudgetary fund of the Ministry of economy – 50% or 9 666 710,50 ths. UZS.

Also deductions into extrabudgetary fund of the Ministry of finance on TP sale are planned in size 3 102 076 ths. UZS.

Total planned contributions are 22 435 497 ths. UZS.

Use of the borrowed funds and their return.

At the time of the business plan drafting, the Exchange does not use borrowed funds and has no plans to receive loan in 2019.

Taxes and compulsory payments.

The Exchange is a payer of common taxes, also costs include obligatory payments to the budget, taxes, fees, deductions in Government trust funds, produced in accordance with current legislation.

Payment of taxes is made in estimating way at the rates, established by the legislation of the Republic of Uzbekistan. Tax rates are revised in accordance with the provisions of the Decree of the President of the Republic of Uzbekistan from 29.06.18. № UP-5468 "On the concept of improvement of tax policy of the Republic of Uzbekistan"

VAT – 20 %;

Tax on profit – forecast 12 %;

Tax on use of water resources (calculated);

Land tax (calculated

Property tax – forecast 2 %;

Tax on income, paid in the form of dividends – 10 %;

Tax on income of individuals;

Deductions to extra-budgetary funds:

Pension Fund:

Single social payment from salary Fund – 25 %;

From volume of rendered services – forecast 0 %;

Mandatory insurance payments of citizens – forecast 0%;

The Republican road fund – forecast 0 %;

Fund for reconstruction, renovation and equipping of educational and medical institutions – forecast 0 %.

Thus payments to the budget – resource taxes (property tax, land tax and tax for use of water resources) will be 1 580 785 ths. UZS, deductions to extra-budgetary funds (pension road, for development of school education), calculated from amount of sale of rendered services will be 2 031 240 ths. UZS, tax on profit 1 361 180 ths. UZS and tax on landscaping and development of infrastructure – 903 031 ths. UZS

Profit and loss forecast.

Financial results of the exchange activity are described by the following profit indicators:

gross profit from sales of products, which is defined as the difference between net sales proceeds from sales and production cost of sales, equals to 88 389 855 ths. UZS

profit from primary activity, which is defined as the difference between gross profit from products sales and expenses for the period and plus other income or minus other losses from primary activity equals 28 444 189 ths. UZS

profit before tax payment, which is defined as the profit from general economic activities plus extraordinary profit and minus extraordinary losses, totaling 37 624 366 ths. UZS and equals profit from general economic activity due to absence of planning of extraordinary profits and losses.

net profit of the year, which remains at the disposal of the Exchange after tax payment, is profit before taxes payment minus tax on profit and minus tax on infrastructure. Estimated planned net profit in 2019 will be 30 962 243 ths. UZS

Profit and loss statement is presented in compiled estimate of income and expenditures.

ESTIMATES OF INCOME AND EXPENDITURES OF «UzRCE» JSC for 2019

(ths. UZS)

№	INDICATORS	Actual performance for 9 months of 2018 .	Business plan for 2019	including on quarters progressive			
				1 quarter	1 half-year	9 months	2019
	Total revenue	**76 177 202**	**114 155 507**	**25 114 212**	**52 511 533**	**81 050 410**	**114 155 507**
	Revenue from commission fees (without VAT)	**74 158 213**	**111 482 420**	**24 526 132**	**51 281 913**	**79 152 518**	**111 482 420**
	including:						
	- guaranteed transactions	34 529 804	52 945 700	11 648 054	24 355 022	37 591 447	52 945 700

	- guaranteed currency transactions	371 473	569 592	125 310	262 012	404 410	569 592
	- clearing services	17 622 998	27 021 931	5 944 825	12 430 088	19 185 571	27 021 931
	- fee in off-budget Fund of ME	13 025 571	19 972 542	4 393 959	9 187 369	14 180 505	19 972 542
	- transactions in EFT systems	1 145 247	1 756 045	386 330	807 781	1 246 792	1 756 045
	- transactions in the system of State procurement	4 300 662	5 000 000	1 100 000	2 300 000	3 550 000	5 000 000
	- transactions in the system of Corp. procurement						
	- commission fee from TP sale	3 162 458	4 216 611	927 654	1 939 641	2 993 794	4 216 611
	Income from rendering services to the members of the exchange and bidders	**2 018 989**	**2 673 088**	**588 079**	**1 229 620**	**1 897 892**	**2 673 088**
	including:						
	- rent of workplace	1 467 431	2 250 061	495 014	1 035 028	1 597 544	2 250 061
	- for connection of trading platform	252 763	387 569	85 265	178 282	275 174	387 569
	- for the right of access to the system ESET	270 660	-	-	-	-	-
	- SMS informing service	3 042	2 000	440	920	1 420	2 000
	- other revenue (information, advertising, etc)	25 093	33 457	7 360	15 390	23 754	33 457
II	**Cost-total**	**55 260 305**	**85 711 319**	**19 461 175**	**40 233 454**	**61 661 283**	**85 711 319**
	including						
1	**Production cost-total**	**11 900 966**	**25 765 652**	**6 049 976**	**12 360 909**	**18 802 323**	**25 765 652**
1.1	Production material costs, including	1 571 763	5 077 961	1 117 151	2 335 862	3 605 352	5 077 961
	- purchased materials (paper)	48 809	78 094	17 181	35 923	55 447	78 094
	- purchased materials (stationery)	16 559	26 494	5 829	12 187	18 811	26 494
	- purchased materials (household inventory)	2	60 000	13 200	27 600	42 600	60 000
	- purchased materials (Office maintenance)	21 768	34 828	7 662	16 021	24 728	34 828
	- purchased materials (water in capsules)	20 044	32 070	7 055	14 752	22 769	32 070
	- purchased materials (fuel)	4 289	6 862	1 510	3 157	4 872	6 862
	- purchased materials (others)	62 943	100 708	22 156	46 326	71 503	100 708
	- rent and use of buildings	432 579	692 127	152 268	318 378	491 410	692 127
	- utilities	143 366	238 944	52 568	109 914	169 650	238 944
	- electricity	176 452	294 087	64 699	135 280	208 802	294 087
	- current repairs of buildings	644 952	3 513 746	773 024	1 616 323	2 494 760	3 513 746
1.2	Labour costs	4 942 985	10 674 187	2 653 547	5 317 093	7 985 640	10 674 187
	- wages	3 537 561	7 137 483	1 784 371	3 568 742	5 353 112	7 137 483
	- production premiums	1 084 594	3 036 704	759 176	1 518 352	2 277 528	3 036 704
	- wages of GPA	320 830	500 000	110 000	230 000	355 000	500 000
1.3	Social insurance contributions	1 220 198	2 668 547	663 387	1 329 273	1 996 410	2 668 547
	-from wages	868 842	1 784 371	446 093	892 185	1 338 278	1 784 371
	- from production premiums	271 149	759 176	189 794	379 588	569 382	759 176
	-from wages of GPA	80 207	125 000	27 500	57 500	88 750	125 000
1.4	Depreciation of fixed assets and intangible assets	2 261 870	3 468 201	763 004	1 595 372	2 462 423	3 468 201
1.5	Other costs of production purpose	1 904 150	3 876 757	852 887	1 783 308	2 752 497	3 876 757

	- maintenance and repair of fixed assets (air conditioners)	57 077	91 324	20 091	42 009	64 840	91 324
	- rent of channel	369 736	591 577	130 147	272 126	420 020	591 577
	- maintenance of equipment	34 079	54 526	11 996	25 082	38 713	54 526
	- communication services	29 505	47 208	10 386	21 716	33 518	47 208
	- postal-Telegraph expenses	4 640	7 424	1 633	3 415	5 271	7 424
	- Internet	108 734	173 974	38 274	80 028	123 521	173 974
	- cost of maintaining and upgrading IT and IT security	591 526	946 442	208 217	435 363	671 974	946 442
	- renewal of furniture and internal content	232 797	372 475	81 944	171 338	264 457	372 475
	- SMS informing	437	699	154	322	497	699
	- transport services	18 893	30 229	6 650	13 905	21 463	30 229
	- fire and alarm security (video surveillance, fire hoses, etc..)	52 886	1 000 000	220 000	460 000	710 000	1 000 000
	- maintenance of UPS and generators	54 480	87 168	19 177	40 098	61 890	87 168
	- travel allowance	16 577	30 000	6 600	13 800	21 300	30 000
	- maintenance of the system for TP sale (URPC payment 0,5)	332 783	443 711	97 616	204 107	315 034	443 711
2	**Expenses of the period**	**43 359 339**	**59 945 666**	**13 411 200**	**27 872 544**	**42 858 961**	**59 945 666**
2.1	**Selling expenses**	**438 181**	**1 205 370**	**271 304**	**562 634**	**863 976**	**1 205 370**
	- wages (press service)	75 575	99 211	24 803	49 605	74 408	99 211
	- production premium	27 739	64 057	16 014	32 029	48 043	64 057
	- deduction for social security	25 314	40 817	10 204	20 408	30 613	40 817
	telecast News of UzEx on Uzbekistan 24 channel	90 000	150 000	33 000	69 000	106 500	150 000
	- advertising (videos, brochures, posters, etc)	201 696	322 714	70 997	148 449	229 127	322 714
	- Press-Conference	7 950	12 720	2 798	5 851	9 031	12 720
	- participation in exhibitions and fairs	0	0	0	0	0	0
	- printed products	8 977	14 363	3 160	6 607	10 198	14 363
	- souvenirs and presents	930	1 488	327	684	1 056	1 488
	- advertising		500 000	110 000	230 000	355 000	500 000
2.2	**Administrative expenses**	**5 601 248**	**8 520 194**	**2 091 473**	**4 208 664**	**6 338 712**	**8 520 194**
	- wages	2 654 001	3 008 068	752 017	1 504 034	2 256 051	3 008 068
	- production premium	1 239 541	2 779 421	694 855	1 389 710	2 084 565	2 779 421
	- deductions for social insurance	970 602	1 446 872	361 718	723 436	1 085 154	1 446 872
	- depreciation of fixed assets of administrative purpose	298 837	458 217	100 808	210 780	325 334	458 217
	- costs of vehicles maintenance	28 368	95 384	20 984	43 877	67 723	95 384
	- costs of road transport (fuel)	120 876	193 402	42 548	88 965	137 315	193 402
	- communication services	27 939	44 703	9 835	20 563	31 739	44 703
	- travel allowances	168 204	269 127	59 208	123 798	191 080	269 127
	- cost of representation	92 880	200 000	44 000	92 000	142 000	200 000
	- other administrative expenses	0	25 000	5 500	11 500	17 750	25 000

2.3	**Other operating expenses**	**37 319 910**	**50 220 102**	**11 048 422**	**23 101 247**	**35 656 272**	**50 220 102**
	- payments to the budget	891 526	683 051	150 271	314 203	484 966	683 051
	including property tax	753 437	462 108	101 664	212 570	328 097	462 108
	including land tax	29 641	47 426	10 434	21 816	33 672	47 426
	including water resources tax	2 080	3 328	732	1 531	2 363	3 328
	incl. VAT (trading platforms in areas)	106 368	170 189	37 442	78 287	120 834	170 189
	- deductions in Government trust funds	2 300 049		0	0	0	0
	- payments of compensation and incentive nature	1 976 984	3 713	817	1 708	2 636	3 713
	- social insurance contributions	462 863	928	204	427	659	928
	- cost of maintaining the Trade Union	83 359	150 000	33 000	69 000	106 500	150 000
	- landscaping of CA territory and regions (façade, flowers, decorating for holidays, yard, etc.)	166 839	200 000	44 000	92 000	142 000	200 000
	- audit, bank services and evaluation services, consulting	271 219	300 000	66 000	138 000	213 000	300 000
	- charity (sponsorship)	8 240 666	20 000 000	4 400 000	9 200 000	14 200 000	20 000 000
	- compulsory insurance	1 720	15 000	3 300	6 900	10 650	15 000
	-personnel training and skills development	39 640	50 000	11 000	23 000	35 500	50 000
	- subscription	9 512	15 220	3 348	7 001	10 806	15 220
	- other expenses (membership dues, EDS, villa in Bostanlik, archiving and miscellaneous)	103 871	300 000	66 000	138 000	213 000	300 000
	- creation of reserve for bad debts according to GSM solution	7 800 000	6 000 000	1 320 000	2 760 000	4 260 000	6 000 000
	- deductions to extra-budgetary funds MF and ME	12 608 753	19 333 421	4 253 353	8 893 373	13 726 729	19 333 421
	- development of system for SRNP sale	1		0	0	0	0
	- deduction in MF from SRNP sales	2 326 557	3 102 076	682 457	1 426 955	2 202 474	3 102 076
	- translation of documents into 3 languages	6 921	8 000	1 760	3 680	5 680	8 000
	- litigation costs	1 816	10 000	2 200	4 600	7 100	10 000
	- wages of GPA	9 730	20 000	4 400	9 200	14 200	20 000
	- social insurance contributions	2 433	5 000	1 100	2 300	3 550	5 000
	Depreciation of other fixed assets	15 452	23 693	5 212	10 899	16 822	23 693
	Other income from primary activities	706 634	750 000	165 000	345 000	532 500	750 000
	Financial result of general economic activity	21 623 530	29 194 189	5 818 036	12 623 080	19 921 627	29 194 189
	Income from financial activities	9 805 846	18 100 106	3 982 023	8 326 049	12 851 076	18 100 106
	income from Exchange rate differences	7 382 571	9 843 428	2 165 554	4 527 977	6 988 834	9 843 428
	income in the form of %	2 405 009	8 206 679	1 805 469	3 775 072	5 826 742	8 206 679
	income in dividends	18 266	50 000	11 000	23 000	35 500	50 000
3.	Costs of financial activities	7 252 447	9 669 929	2 127 384	4 448 167	6 865 650	9 669 929

	Exchange difference from revaluation of foreign currency balance sheet items	7 252 447	9 669 929	2 127 384	4 448 167	6 865 650	9 669 929
III	Financial result before taxes payment	24 176 929	37 624 366	7 672 675	16 500 961	25 907 053	37 624 366
	Tax on profit 12%	4 684 425	6 662 122	1 393 105	2 967 827	4 633 357	6 662 122
V	**Net profit**	**19 492 504**	**30 962 243**	**6 279 570**	**13 533 134**	**21 273 695**	**30 962 243**

Pro forma balance for 2019

(ths. UZS)

Name of indicator	Expected as of 31.12.2017	Forecast as of 31.12.2018	Name of indicator	Expected as of 31.12.2017	Forecast as of 31.12.2018
ASSETS			**LIABILITIES**		
Long-term assets total	34 236 979	38 691 533	***Sources of own funds***	53 354 088	61 626 737
Fixed assets at book value	46 932 102	46 932 102	Authorized capital	15 741 268	15 741 268
Fixed assets at residual value	30 232 981	34 591 648	Added capital	564 835	564 835
Intangible assets at book value	479 433	479 433	Reserve capital	7 919 810	11 956 371
Intangible assets at residual value	162 498	258 385	Repurchased own shares		
Long-term investments	3 841 500	3 841 500	Retained earnings	28 770 730	33 006 818
Equipment to install	0	0	Special purpose receipts	1 094 994	1 500 000
Capital investments		0	Reserves for future expenses and payments	357 445	357 445
Current assets	1 298 164 197	1 557 791 710	**Liabilities**	1 279 047 088	1 534 856 506
Industrial stocks	120 000	140 000	Current Payables	1 279 047 088	1 534 856 506
Expenses of future periods	6 633	6 633	Long-term loans		
Debtors	8 200 000	9 840 000	Long-term bank loans		
Funds	1 289 837 564	1 547 805 077			
Short-term investments					
Other current assets	0				
BALANCE	**1 332 401 176**	**1 596 483 242**		**1 332 401 176**	**1 596 483 243**

Pro forma statement of income for 2019

Name of indicator	Line code	Expected for 2018		Forecast for 2019	
		Income (profit)	Expenses (loss)	Income (profit)	Expenses (loss)
1	2	5	6	5	6
Net proceeds from sales of the products (goods, works and services)	010	100 545 165,90	x	114 155 507	x
Cost of sold products (goods, works and services)	020	x	17 429 404,36	x	25 765 652

Gross profit (loss) from sales of products (goods, works and services) (l.010-020)	030	83 115 761,54	-	88 389 855	-
Expenses of the period, total (l.050+060+070+080), including:	040	x	60 643 058,22	x	59 945 666
Selling expenses	050	x	884 241,20	x	1 205 370
Administrative expenses	060	x	8 961 997,52	x	8 520 194
Other operating expenses	070	x	50 796 819,50	x	50 220 102
Costs of reporting period, deducted from taxable profits in the future	080	x		x	
Other income from primary activities	090	706 634,00	x	750 000	x
Profit (loss) from primary activities (l.030-040+090)	100	23 179 337,32	-	29 194 189	-
Income from financial activities, total (l.120+130+140+150+160), including:	110	13 561 693,58	x	18 100 106	x
Income in the firm of dividends	120	18 265,84	x	50 000	x
Income in the form of interest	130	3 700 000,00	x	8 206 679	x
Proceeds from finance lease	140		x		x
Income from currency exchange differences	150	9 843 427,74	x	9 843 428	x
Other income from financial activities	160		x		x
Costs of financial activities (l.180+190+200+210), including:	170	x	9 669 929,33	x	9 669 929
Expenses as percentage	180				
Costs in the form of interest on financial lease	190	x		x	
Losses from currency exchange rate differences	200	x	9 669 929,33	x	9 669 929
Other expenses on financial activities	210	x		x	
Profit (loss) from general economic activities (p.100+110-170)	220	27 071 101,57	-	37 624 366	-
Extraordinary profit and losses	230				
Profit (loss) before income taxe payment (p.220+/-230)	240	27 071 101,57	-	37 624 366	-
Tax on profit	250	x	6 455 282,78	x	6 662 122
Other taxes and other mandatory payments from profit	260	x		x	
Net profit (loss) of reporting period (p.240-250-260)	**270**	**20 615 819**	**-**	**30 962 243**	**-**

It should be noted, that in balance sheet items «funds» and «obligations» , funds of clients and members of the Exchange are included (security amounts of bidders) on debit and obligations on these funds return after transactions on the balance loan.

Activities for receivables collection and reduction in accounts payable.

At “UzRCE” JSC, constant work is performed to reduce receivables and liabilities to suppliers through analysis of contract execution on received inventory and

services, as well as mutual settlements with suppliers and customers on a regular basis. Unsettled receivables are transferred voluntarily to the Court.

Dividend policy

“UzRCE” JSC bases its dividend policy on the interests balance of the company and its shareholders, on enhancement of company's investment attractiveness, on respect for and strict observance of the rights of shareholders, stipulated by the current legislation of the Republic of Uzbekistan, the Charter and local instruments of “UzRCE” JSC

It is fair that shareholders should expect specific proceeds from the company. Stable financial position of the Exchange in 2019 allows creating and redistributing the cost to our shareholders

According to the dividend policy, approved by the general meeting of shareholders on 27.05.2016, dividend yield in 2019 can reach 117%.

The company intends to distribute 60-65% of net profit, or 18 billion UZS as dividends. According to the results of 2019, it is planned to determine the amount of dividends, paid to the shareholders, at the level of 743 soum per 1 common share (2018-230 UZS, 2017 - 210 UZS per share, 2016, 2015 - 200-160 UZS per share).

6. Criteria for evaluating the activity performance

In accordance with the Regulation on criteria for evaluating activity performance of joint-stock companies and other business entities with State share (annex to the Decree CM RUz from 28.07.2015 № 207) forecasted values of major and additional performance indicators of “UzRCE” JSC are developed.

Calculation of key performance indicators (KPIs) is performed on quarterly basis. Source of information for KPIs calculation is data , availabe at organization, contained in:

accounting documents;

accounting, submitted to public authorities (financial, statistical, tax, etc.);

business plan;

other materials, obtained or developed in accordance with the established procedure.

Weighted average value for all KPIs is denoted as integral coefficient of efficiency of activity of the executive organ of the Organization (ICE).

List of primary and secondary KPIs of “UzRCE” JSC is presented in annex 1 to the present business plan.

Annex №1
to business plan of «UzRCE» JSC for 2019

LIST
of main key performance indicators (KPIs)

N	Indicator		1 quarter of 2019		1 half year 2019		9 months 2019		2019	
		minimum value (standard)	Proportion	Forecast (target) value	Proportion	Forecast (target) value	Proportion	Forecast (target) value	Proportion	Forecast (target) value
Main key indicators										
1	Earnings before interests, taxes and amortization. (EBITDA - Earnings Before Interest, Taxes, Depreciation & Amortization)*								10%	10,7 billion. UZS
2	Cost/income ratio (CIR - Cost Income Ratio)*								9%	0,76
3	Return on equity (ROE - Return On Equity)*								5%	0,06
4	TSR - Total Shareholders Return*								5%	0,3
5	Return on assets	>0,05 (except monopoly enterprises)	30%	0,015	30%	0,015	30%	0,015	18%	0,015
6	Absolute liquidity ratio	> 0,2	25%	0,98	25%	0,98	25%	0,98	17%	0,98
7	Coefficient of financial independence	>1	23%	0,07	23%	0,07	23%	0,07	15%	0,07
8	Accounts receivable turnover in days		3%	1 817	3%	1 737	3%	1657	2%	1577
9	Receivables turnover in days		3%	54	3%	46	3%	38	2%	30
10	Coverage ratio (paying capacity)	0,2	16%	1,01	16%	1,00	16%	1	12%	1,01
11	Dividend yield								5%	0,6
	Total		**100%**		**100%**		**100%**		**100%**	
Additional key performance indicators										
1	Fixed assets depreciation ratio	<0,5	13%	0,29	13%	0,28	13%	0,28	13%	0,27
2	Coefficient of renewal of fixed assets		7%	0,04	7%	0,04	7%	0,04	7%	0,04
3	Labour productivity * (ths. UZS)		9%	85 346	9%	170 692	9%	256 038	9%	341 403
4	Return on assets		6%	1,27	6%	1,5	6%	1,8	6%	1,9
5	Energy efficiency (share of energy costs in the cost structure of the product)		3%	0,02	3%	0,02	3%	0,02	3%	0,02
6	Staff training costs, per employee * (ths. UZS)		5%	50	5%	175	5%	250	5%	325

7	Turnover rate of personnel	1	3%	1	3%	1	3%	1	3%	1
8	Net profit profitability ratio		12%	0,18	12%	0,18	12%	0,18	12%	0,18
9	Return on assets (without taking into account security amounts of clearing house clients)		10%	0,16	10%	0,17	10%	0,17	10%	0,18
10	Absolute liquidity ratio (without taking into account security amounts of clearing house clients)		10%	1,1	10%	1,06	10%	1,03	10%	1
11	Accounts receivable turnover in days (without taking into account security amounts of clearing house clients)		3%	125	3%	125	3%	125	3%	125
12	Receivables turnover in days (without taking into account security amounts of clearing house clients)		3%	10	3%	10	3%	10	3%	10
13	Exchange trading turnover growth rate		10%	1,3	10%	1,3	10%	1,3	10%	1,3
14	Proportion of employees with higher education (with the exception of JSS)		3%	0,75	3%	0,75	3%	0,75	3%	0,75
15	Net profit per 1 employee** (ths. UZS)		3%	15 703	3%	31 406	3%	47 109	3%	62 812
	Total		**100%**		**100%**		**100%**		**100%**	

* It is filled after moving to accounting publications under international financial accounting standards.

** it is considered accrued total