

BUSINESS – PLAN
of Joint Stock Company
«Uzbek republican commodity stock exchange»
for 2015 y.

Tashkent - 2015 y.

Notification about confidentiality

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Full name of organization	Joint stock company "Uzbek republican commodity stock exchange"
Abbreviated name	JSC UzRCSE
Created on the basis of	Decree of the President of the Republic of Uzbekistan on February 28, 1994, under PD No. 772
TIN	200933985
OKONX	84100
OKPO	15350786
Primary activity	Exchange services
License	No. DB 001 000006, issued by State Property Committee (State Committee for Competition) of the Republic of Uzbekistan on March 26, 2003
Legal address	Tashkent city, st.Bobur, 77
Actual address	Tashkent city, st.Bobur, 77



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INTRODUCTION

Business plan of JSC UzRCSE is developed as a document defining main activities of exchange for 2015.

Plan is developed with account use of existing and potential opportunities of exchange, defines purposes of activity of society in 2015, contains statement of corporate tasks, formulates concrete organizational and technical and financial actions directed to implement these tasks and serves as a program on increase of competitiveness and efficiency of activity of the Exchange.

Performance of actions of Business plan will be provided due to carrying out system work on realization of all measures provided in it, and regular monitoring of its execution by board of the Exchange, control from corporate consultant, service of internal audit and Supervisory board.

INFORMATION ON SOCIETY

Uzbek republican commodity stock exchange is created according to Decree of the President of the Republic of Uzbekistan under No. PD 772 on February 28, 1994 in structure of Association “Uzoptbirzhetchorg”.

According to Decree of the President of the Republic of Uzbekistan under No. 2836 on April 27, 2001 JSC UzRCSE is withdrawn out of structure of Association “Uzoptbirzhetchorg” and carries out activity as an independent market structure.

According to resolution of Cabinet council of the Republic of Uzbekistan on February 4, 2003 under No. 66 "About licensing of exchange activity" on March 28, 2003 the Exchange was granted a license under No. RR 38-02.

The exchange carries out activity in the form of public joint stock company.

Authorized capital of the exchange is created for the sum of 8 620 218, 3 thousand UZS, number of distributed shares – 24 986 140.

Share of state in authorized capital of the exchange – 26,01%.

Shareholders of exchange are:

PJSCEB Trastbank - 22,13%;

JV LLC PRESYSTEM UNIVERSAL - 14,68%;

JSC Uzneftmakhsulot - 6%;

AGMK – 6%;

JSC Uzbek Metallurgic Complex - 6%;

other legal and physical entities – less than 20%.

CORPORATE PURPOSES AND TASKS OF THE EXCHANGE FOR 2015

Main objectives of JSC UZRCSE for 2015 are:

growth in volumes of transactions made at the exchange for 10%;

improvement of mechanisms for carrying out exchange, exhibition and fair and biddings and settlement and clearing customer service;

improvement of economic indicators characterizing activity of Society (income, profit, size of dividends paid to shareholders), including:

income of the exchange for 8-10%;

profits – 6%;

size of dividends paid to shareholders at the level of 190 UZS for per share.

STRATEGY OF THE EXCHANGE FOR 2015

Strategy of the exchange for 2015 is directed to use of competitive advantages of the exchange to achievement of goals, by means of resolution of the following tasks:

increase in commodity turnover of the exchange on the account of extending the nomenclature and volumes of products sold on exchange, exhibition and fair and biddings, improvement of mechanisms of tendering;

creating favorable conditions for small business on acquisition of this sector of economy of material resources by enterprises and realization at open auction of production made by them;

satisfaction of information needs of shareholders, participants of the exchange commodity market, and also business - partnerships of the republic and foreign investors in reliable information about the exchange and its activity;

technical and technological modernization of the exchange;

optimization of operational management and increase in efficiency of personnel policy of JSC UzRCSE.

REVIEW OF EXCHANGE MARKET AND COMPETITIVE ENVIRONMENT

Exchange market in the Republic of Uzbekistan is segmented on 3 basic segments: commodity (commodity), stock and currency. JSC UzRCSE concentrates its activity in the exchange commodity market.

Exchange trade in commodity markets plays an essential role in social and economic transformations, carried out in the republic, providing:

equal access to commodity resources for all enterprises of the republic, irrespective of size of enterprises and their territorial dislocation, forms of ownership and legal forms;

possibility of realization of production made by enterprises in new markets;

optimum formation of market prices on the account of publicity and publicity of auction and maximum level of competition at auction;

guarantees of execution of contractual obligations.

Advantages of exchange trade are:

high level of trade organization, publicity and predictability of trade rules and norms of a business conduct;

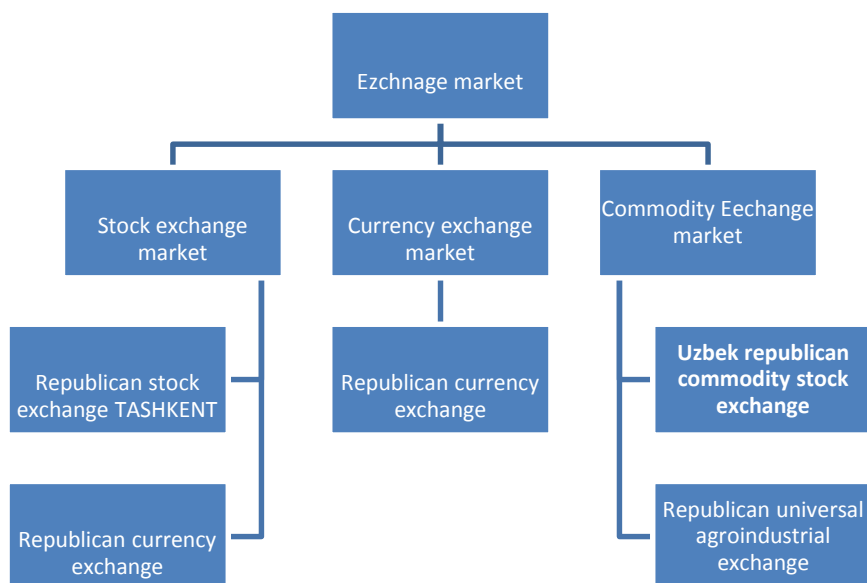
high liquidity of market, concentration of supply and demand at auction;

public fixing of rights and obligations for transaction, and possibility of operative and public arbitration proceeding;

low cost of transactions.

Considering a special importance of exchange trade in economic reforms undertaken by Government of the republic and recognition by economic entities of advantages of exchange trade, prospects of development of branch are estimated as favorable, and there is estimated a growth of trade turnover on all segments of the exchange commodity market.

Structure of the exchange market in the Republic of Uzbekistan



A competitor of the exchange in exchange commodity market is the Republican universal agro-industrial exchange. Share of JSC UzRCSE is over 90 % of a turnover in national exchange commodity market.

Basic competitive advantages of JSC UzRCSE are:

rendering a wide range of services demanded by clients;

branched infrastructure of exchange trade;

provision of guarantees for execution of transactions

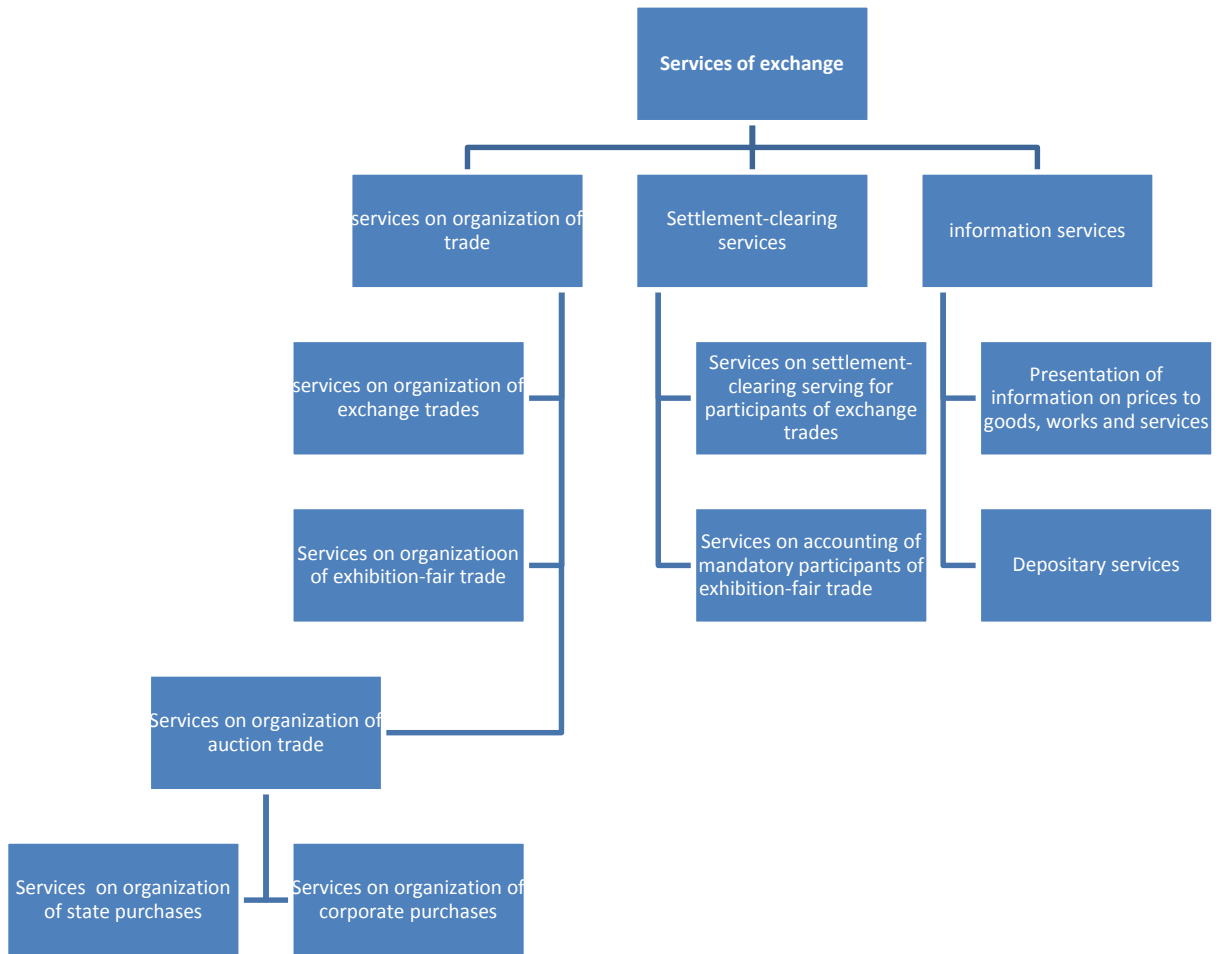
presence of qualified personnel;

use of modern information and communication technologies and their continuous modernization.

Due to use of specified competitive advantages, exchange from the moment of its foundation in 1994 holds a leading position in the exchange market of the republic.

Along with organization and holding exchange auction, the exchange carries out activities for organization of exhibition and fair and biddings, rendering settlement and clearing and information services.

Scheme of rendering services to clients of the exchange



Basic directions for activity of JSC “UzRCSE”

Types of rendered exchange services	Beneficiaries of services	Advantages for participants
Organization and holding the exchange auction	<p>sellers - enterprise monopolists</p> <p>buyers – economic entities of all forms of ownership</p>	<p>expansion of number of buyers of production, additional income on the account of excess of starting prices at competitive auction, guarantee of performance of obligations by contractors;</p> <p>receiving equal access to highly liquid resources, guarantees of performance of obligations by contractors</p>
Organization and holding exhibition and fair auction	sellers and buyers - economic entities of all forms of ownership	expansion of sales markets, low cost in search for new contractors, speed of conclusion of transactions, public fixing of rights and obligations for transaction and possibility of operative and public arbitration proceeding
Organization and carrying out biddings for placement of government order	<p>customers are recipients of budgetary funds</p> <p>suppliers - economic entities of all forms of ownership, mainly subjects of small business</p>	<p>depreciation of cost for goods, works and services at government procurement, depreciation of cost for procedure of placing the order;</p> <p>receiving equal access to government order, public fixing of rights and obligations for transaction</p>
Organization and carrying out biddings for placement of corporate order	<p>customers - entities of natural monopolies, enterprises with shares of state</p> <p>suppliers - economic entities of all forms of ownership, mainly subjects of small business</p>	<p>depreciation of cost for goods, works and services at corporate procurement, depreciation of cost for procedure of placing the order;</p> <p>receiving equal access to corporate order, public fixing of rights and obligations for transaction</p>
Settlement and clearing service	enterprises – participants of trade	guarantee on performance of obligations by contractors
Information services	enterprise of all forms of ownership	obtaining information on environment of the commodity markets

The exchange intends to reach commodity turnover of 9600 billion UZS in value terms, having provided a growth, in comparison with 2013, for 10% and approved for 2014 business –plan for 2014 to 16,9%.

At the same time, growth in volumes of transactions will be reached on the account of growth on all electronic trading platforms of the exchange: exchange; exhibition and fair; auction (on organization of government and corporate procurement).

Forecast of growth of a turnover of auction in JSC UZRCSE in 2015.

(bln UZS)

	on business- plan for 2014	estimated in 2014	forecast for 2015	2015 in % to 2014
Turnover of trade, total	8210,3	8728,8	9600	110,0
including:				
exchange trades	6629,8	7005,6	7727,9	110,3
exhibition-fair trade (realization of production)	817,7	919,8	993,4	108,0
government procurement	511,3	452,5	475,1	105,0
corporate procurement*)	251,5	351,0	403,6	115,0

Growth rates predicted for 2015 are based on results of activity of Society in 2014 and planned measures for improvement of mechanisms of auction and efficiency of activity in all trading platforms.

RESULTS OF ACTIVITY OF SOCIETY FOR 2014

In 9 months 2014 turnover of auction (trades) in JSC UzRCSE made 6546,6 billion UZS, with growth by corresponding period of last year to 27% (3,1% on approved business plan for 2014).

There was growth for 19,9% in volumes of fulfilled transactions on platform of exchange auction, exhibition and fair auction increased by 49,5% - auctions for government procurement for 11,7% .

Comparative indicators of transactions volumes in January – September, 2013 – 2014.

Table 1

Indicators	January - September 2013	January - September 2014		January - September 2014 in %	
		plan	fact	on plan	for 2013
Total volume of transactions	5154,8	6349,0	6546,6	103,1	127,0
including:					
exchange trades	4381,9	5096,2	5254,2	103,1	119,9
exhibition-fair trade (realization of production)	461,4	680,8	689,8	101,3	149,5
government procurement	303,9	383,4	339,4	88,5	111,7

corporate procurement*)	7,6*)	188,6	263,2	139,5	*)
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*) are introduced since September, 2013.

On a platform of exchange auction there is realized highly liquid production for 4544,8 billion UZS with growth by corresponding period of last year in 22% and share in volumes of conducted transactions at exchange auction for - 86,5%.

There was considerable increase in volumes of exposure to auction and realization of such highly liquid production: diesel fuel – for 64,7%, secondary aluminum– for 34,9%; zinc metal – for 20,4%; lint cotton – for 38,2%; coal – for 61,5%; cement – for 11,5%; wheat feed – for 10,7%, flour – for 10,8%.

Export through exchange and exhibition and fair auction has made 311,3 billion UZS, with growth in 9 months of 2013 for 21,6%. Through currency trading are there is realized production for export on 95,2 million USD.

Manufacturing enterprises gained additional income due to formation at auction of actual market prices (excess of starting prices) in 2168,4 billion UZS, growth in comparison with corresponding period of 2013 - for 32%.

Active participation on exchange, in exhibition-fair auction and auctions for government and corporate procurement was accepted by businessmen, realizing production for 1201,6 billion UZS, with growth by corresponding period of 2013 for 92,1% (625,5 billion UZS in 2013).

In electronic system of auctions on decrease in starting prices there were implemented government procurement for 339,4 billion UZS that in 11,7% exceeds an indicator of the same period of last year (in 9 months 2013 – 303,9 billion UZS). Economy of budgetary funds, on the account of reduction of prices in the auction course, made 82,2 billion UZS, with increase in rather corresponding period of last year by 41,7% (58 billion UZS in 2013). In total of suppliers of goods, works and services share of small enterprises has made 92,7%, against 83,1% during last year.

In the system of electronic corporate procurement there were made transactions for 263,2 billion UZS, at the same time saving of financial funds has made 49,4 billion UZS or 15,8% of starting cost of procurements.

For development and introduction of modern software products, interactive services and databases, on development of information-communication technologies (ICT) the following documents were approved:

Plan of activity improvement of JSC UZRCSE for 2014, section 5 is devoted to technical and technological modernization, introduction of new ICT, approved by decision of Board of JSC UZRCSE on 01.02.2014, minutes No. 1;

Plan of actions on development of ICT in all structural divisions of JSC UZRCSE approved by decision of Board of JSC UZRCSE on February 7, 2014, minutes No. 71;

Plan of actions on performance of minutes of joint session of Complex on macroeconomic development, structural transformations, attraction of foreign investments

and complex development of territories and Complex on information systems and telecommunication of Cabinet council concerning further development of Electronic Government system on December 28, 2013 under No. 382, No. 9 approved by decision of Board of JSC UZRCSE on January 15, 2014.

In order to execute of aforesaid plans the following practical actions were taken for introduction of ICT:

created systematized databank of statistical and analytical materials with their transfer to automatic mode;
implemented personal office for members of Supervisory Board of JSC UZRCSE;
implemented project "Personal Office of Client" providing a number of new interactive services for all participants of the exchange auction;
implemented a module for monitoring of debt on monthly fee of members of the exchange and trading area;
implemented Web module for clients of the exchange on check of accounts balance at SCC;
implemented an interaction module in activity of Arbitration commission and SCC.
developed and implemented software according to notification of broker offices on expiration of payment terms under signed contracts;
for improvement of office-work at the exchange, there are conducted works on introduction of EDO, in particular systems E- HAT;
there is conducted a work on connection to new electronic document management system "ijro" of divisions of central office and regional branches with use of digital signature.
there fulfilled actions on ensuring controllability of program of electronic exchange auction, correction of shortcomings, introduction of new functions according to requirements of legislation.

ACTIONS FOR INCREASE IN COMMODITY TURNOVER OF THE EXCHANGE AND IMPROVEMENT OF MECHANISMS OF TENDERING AND SETTLEMENT AND CLEARING SERVICE

Increase in commodity turnover of the exchange auction

A volume of conducted transactions on all trading platforms is planned to increase by 10%, with finishing it to 9600 billion UZS, at the same time it is provided to sell products, raw materials and materials at the exchange auction to 7727,9 billion UZS or 10% more than expected volume of the current year.

A volume of transactions at the exchange auction is planned to be increased in 7727,9 billion UZS or for 10,3%

Assessment of potential opportunities of exposure to the exchange auction of highly liquid production demonstrates preservation of volumes at level of 2014, except for separate types therefore there is provided some decrease in its share in volumes of transactions on exchange platform.

A work with territorial authorities of State committee of the Republic of Uzbekistan on privatization, demonopolization and development of competition and branches on control of exposure of highly liquid and exclusive types of production by enterprise monopolists, raw materials and materials on the exchange auction according to schedules will be continued that substantially will increase a level of execution of indicators provided by material balances.

In 2014- there will be continued a work on studying of unused potential of domestic producers, for attraction of goods made by them on the exchange auction, their inclusions in a quoted list.

Improvement of mechanisms of carrying out electronic biddings on organization of government and corporate procurement

Increase in turnover of biddings on organization of electronic government and corporate procurement will be reached due to realization of actions directed on:

extension of inventory (works, services) which procurements will be conducted on electronic biddings on decrease in starting price held by the exchange;
expansion in number of participants for corporate procurement, on the account of attraction of enterprises to trading which participation in electronic auction is not obligatory;
implementation of regular analysis of results of auction, identification and elimination of reasons for default satisfaction of applications for procurement of goods placed in electronic system.

In 2015 it is supposed to achieve volumes of transactions on electronic biddings on government and corporate procurement for 878,7 billion UZS, including:
electronic biddings on government procurement – 475,1 billion UZS (growth – 5%);
electronic biddings on corporate procurement – 403,6 billion UZS (growth – 15%).

Center for advance of production of small business entities will carry out additional work on studying of the best foreign practices of organization of government and corporate procurement, its adaptation to conditions of Uzbekistan and improvement of normative legal acts, local acts of the exchange and mechanisms on organization of electronic biddings processes.

Development of exhibition and fair trade

Exhibition – fair trade as a basis for development of electronic commerce will be improved on the basis of introduction of new mechanisms promoting creation of more attractive and favorable conditions for participation of enterprises and organizations of the republic and, first of all, entities of small business and private business.

The center for advance of production of small business entities will study and generalize experience of organization of activity of the most successful electronic trading platforms abroad and made suggestions for improvement of process on organization of exhibition and fair trade on JSC UZRCSE.

Introduction of mechanism on commission of guaranteed exhibition and fair transactions, and also introduction of measures for simplification of procedure on conclusion and execution of transactions, including foreign trade will become one of the main directions of improvement of exhibition and fair trade in 2015.

As a result of actions realization for improvement of mechanism of exhibition and fair trade, to attract new participants on auction and extension of nomenclature of the goods realized at auction, in 2015 there is planned a growth a turnover of exhibition and fair trade at JSC UZRCSE for 8%, with bringing volumes of transactions of auction to 993 billion UZS.

Improvement of settlement and clearing service

In order to improve settlement and clearing service in 2015, it is provided:

improvement of a program complex for carrying out calculations for exchange transactions with guaranteed provision
introduction of program complex for carrying out payment under exhibition and fair transactions;
expansion of access to program systems of branches staff for timely and high-quality service of participants of exchange auction;
development of uniform module on registration of clients on government procurement, corporate procurement and exhibition and fair auction.

There shall be carried out a package of actions on improvement of activity of SCC and creation of a standard basis for introduction of mechanisms providing full performance of obligations of participants of trade. Performance of obligations on exchange transaction at insufficiency of funds in members of the exchange will be provided with fund on ensuring execution of concluded exchange transactions provided to them on a paid and returnable basis.

INFORMATION SUPPORT FOR PARTICIPANTS OF EXCHANGE, EXHIBITION AND FAIR AND AUCTION TRADE

The exchange intends to achieve new quality of information service of bidders and clients of the exchange in 2015. Main emphasis of information and analytical activity of the exchange will be placed on improvement of specially created information portal and expansion of its functions. Due to improvement of special information portal in 2015 the exchange will broaden a sphere of repository services that will positively affect increase in the income of the exchange.

In the sphere of information activity there shall be held a system work on bringing quoted, analytical and other business information to general public, and also relevant ministries and departments.

There shall be carried out large-scale updating and modernization of own information resources, including corporate portal, newspaper and telecast "UzEx News" A main objective of holding these actions is increase in their informational content and popularity among users.

For providing the Supervisory board and shareholders of JSC UZRCSE with operational information about activity of the exchange there shall be held electronic mailing of information product "Exchange bulletin".

Paid service of information services will gain development. These services include presentation of information through corporate portal, especially delivery of quotes on request of clients, information-analytical reviews on order of clients and subscribers, advertizing on information resources of the exchange.

In general these tools will promote extended coverage of activity of the exchange in mass media and to promote receiving additional profit.

Considering a growing demand from producers, and also for obtaining additional income, there shall be organized a paid subscription to information packages containing

information about auction, competitive and tenders on placement of government and corporate procurement carried out in the republic, there shall be expanded practice on granting the paid information on level of the exchange, exhibition and auction prices of different types of goods and services.

Carrying out analysis of results of auction, continuous monitoring and analysis of environment of the world commodity markets and foreign exchanges will allow to form analytical materials and reviews, for the purpose of their further use according to activity of the exchange.

Analytical reviews of separate segments of commodity market will light market condition, with corresponding forecasts for a short-term and long-term perspective.

Work on adjustment and maintenance of international backgrounds, organization of international fairs and exhibitions will be sped up.

Organization of advertizing and marketing and PR activity will be a major factor promoting successful information and analytical work.

In addition, public relations and interaction from media will be an integral part of activity of the exchange. In this direction implementation of the following events is provided:

preparation of press releases and information materials.

maintenance and development of communications with news agencies, cooperation with national and foreign mass media for full and unbiased interpretation of activity of the exchange.

constant tracking and publicizing of activity of the exchange in media for preparation of corresponding reports to management.

MODERNIZATION OF TECHNICAL MEANS AND ENGINEERING PROCEDURES, UPDATING OF BASIC FUNDS

In 2015, there is provided an implementation of the following actions on improvement of engineering procedures on the basis of modernization and updating of technical means.

Optimization of data transmission networks and reservation of escalating volumes of information.

Creation of an alternative channel of connection with use of network equipment allowing to hold auction and also to support official sites of exchange, in case of disconnection from main communication channel provided by the Central bank.

Introduction of electronic digital signature (EDS), by creation of Center on registration of EDS shall allow to provide refusal of papers, to save funds and will be one of mechanisms on protection of information security in systems of the exchange and a basis for creation and development of electronic commerce.

One of directions, planned to be developed in 2015 shall be SMS service of informing participants of exchange trade. This service will allow participants of exchange trade to obtain urgent information on inquiries in form of SMS.

For realization of listed directions on modernization of engineering procedures, it is

provided an allocation of 1,3 billion UZS.

In 2015, there shall be continued a work on updating of fixed assets of Society.

It is provided to conduct capital repairs of buildings of Khorezm, Navoiy and Djizakh branches and central office of the exchange with allocation of 3,35 billion UZS.

CADRES POLICY AND OPTIMIZATION OF OPERATIONAL MANAGEMENT

Personnel (cadres) policy of Society, being a component of general strategy of its development, will be directed to optimization of operational management of personnel.

Improvement of a personnel management system will be carried out by transition from a method of post-response to arising personnel problems to system and constant improvement of work with personnel, its planning on the basis of analysis and diagnostics.

Achievement of objectives of personnel policy in JSC UzRCSE for 2015 will be carried out by use of effective mechanism of human resource management on the basis of social partnership principles, for providing high rates of activity of the exchange, decrease in turnover of staff and motivation of full devotion of employees for achievement of objectives stipulated by the present Business plan, a harmonious combination of staff interests of JSC UZRCSE and shareholders of the exchange.

A main task of personnel policy of the exchange is preparation and continuous professional development of experts, creation of competitive working conditions, remunerations for it and carrying out strong social policy.

Difficulties in providing the exchange with qualified personnel are explained by absence of the highest and average special educational institutions in the republic, carrying out training for exchange, exhibition and fair and auction trade.

In 2015 it is provided:

carrying out for staff of the exchange of seminars – trainings concerning organization of exchange, exhibition and fair and auction trade;
organization of monthly briefings about questions of changes in legislation and in local regulations of the exchange;
organization of courses for increase in level of computer literacy and studying of information technologies used at the exchange;
creation of corporate library for providing opportunities of self-education and increase in professional level of employees.

According to Regulation on conditions of material and moral incentive of results of production activity of employees of structural divisions approved by board of the exchange JSC UzRCSE, on results of every quarter there shall be given an objective joint assessment of performance of the exchange by divisions and each expert of indicators provided by program documents.

As criteria for evaluation of results of work indicators on growth of auction turnover on all trading platforms of the exchange, growth of volumes of export of production through currency trading area and exhibition-fair auction, extension of nomenclature of production put

up for sale, increase in number of clients of the exchange and others, and also indicators characterizing contribution of each expert to achievement of indicators provided by programs, including business qualities, performing discipline, etc.

For increase in level of business in implementation of program documents on development of the exchange and according to system approved by Executive body, on quarterly basis there shall be estimated development of business environment in branches.

Actions for social development will be developed and be implemented together with trade-union committee of the exchange and will provide:

comfortable and safe working conditions;
 medical service;
 provision of guarantees for security from labor accidents;
 support and development of physical culture and sport;
 development of amateur works of employees.

FINANCIAL AND ECONOMIC INFORMATION

1. Income of the exchange from primary activity is commission sum collecting received from provided exchange services:

according to guaranteed transactions;
 clearing services;
 transactions in system of exhibition and fair auction;
 transactions in system of government procurement;
 transactions in system of corporate procurement;
 placement of announcements on special information portal;
 granting information and analytical materials.

Income from rendering services to members of the exchange:
 charge for automated workplace;
 charge for broker place;
 payments for connection of trading areas.

Other income from primary activity:
 short-term lease.

Income from financial activity:
 percent from placement of available funds;
 positive exchange difference.

Planned receipt under articles of income in total expression in a section of quarters:

(thsd.UZS)

article of income	I quarter	II quarter	III quarter	IV quarter	TOTAL
Proceeds from commission collecting	7 038 380	7 333 962	7 639 543	8 556 289	31 189 217
Income from rendering services to members of the exchange and to bidders (granting broker	173 170	181 829	193 149	193 140	780 983

place, workplace and connection to line of a communication channel)					
Other income from primary activity	22 530	23 657	25 129	25 128	142 657
Income from financial activity	650 214	682 725	725 228	725 194	4 203 553
TOTAL	7 874 380	8 222 172	8 583 049	9 499 751	36 316 410

2. Cost for services of the exchange.

1. Amount of collectable commission collecting on services connected with exchange transactions, services connected with UZBEX system, services of clearing house and information services are regulated by Declaration of limit tariffs for services of JSC UZRCSE registered in Ministry of Finance of the Republic of Uzbekistan under No. MA/15-04-Uz-2014/17 on 31.12.2014. (Without VAT)

2. Amount of commission charge for transactions in system of government procurement makes 0,05% of transaction amount from each bidder, on the basis of Resolution of the President of the Republic of Uzbekistan under No. PP-1948 on 05.04.2013 (including VAT)

3. Amount of commission charge for transactions in system of corporate purchases makes 0,09% of transaction amount from each bidder, on the basis of Declaration of limit tariffs for services of JSC UZRCSE registered in Ministry of Finance of the Republic of Uzbekistan under No. MA/15-04-Uz-2014/17 on 31.12.2014. (Without VAT)

4. The amount of charge for placement of announcement on special information portal on corporate purchases makes 4200 UZS, on the basis of letter of Ministry of Finance of the Republic of Uzbekistan under No. MA/15-04-19-12/99-938 on 25.07.13 (including VAT)

5. An amount of charge for information and analytical materials are established at a rate of 4919 UZS for 1 page, on the basis of Minutes of Board of Directors under No. 74 on 21.12.12 (including VAT)

6. Charge for automated workplace of broker is established at a rate of 73408 UZS in central hall of the exchange, and 48544 UZS in trading area of regional branches in monthly manner, on the basis of Minutes of the Board of Directors under No. 12 on 15.01.15 (including VAT)

7. Charge for broker place (right of access to ESBT system) on tariff scale, calculated on the basis of 120768 UZS for one trader, on the basis of Minutes of Board of Directors under No. 12 on 15.01.15 (including VAT).

8. Payments for connection of one trading area:
located in Tashkent - 7 minimum sizes of salaries a month;
located in regional center - 5 minimum sizes of salaries in a month;
in cities and areas of regional submission - free.

3. Constant and variable expenses.

Constant expenses are expenses which size does not depend on change in volume of rendered services.

Constant expenses include:

rent and operation of buildings – 192 548 thousand UZS;
depreciation of fixed assets and intangible assets:
production appointment - 578 092 thousand UZS;
administrative appointment - 72 000 thousand UZS;
communication services:
production appointment – 226 121 thousand UZS;
administrative appointment – 2 945 thousand UZS;
labor costs of administrative personnel – 2 313 536 thousand UZS;
assignments on social insurance – 267 443 thousand UZS;
other expenses - 82 068 thousand UZS;
In total for the sum of 3 734 753 thousand UZS.

Variable expenses consist of expenses:

purchased materials of production purpose - 767 946 thousand UZS;
natural raw materials, fuel and energy of all types of everything for the sum - 170 644 thousand UZS;
labor costs of production personnel of 4 843 421 thousand UZS;
assignments on social insurance of 1 210 855 thousand UZS.

Besides variable expenses include other expenses of production appointment (maintenance and repair of fixed assets, rent of communication channel of the Central Bank, travel expenses) total for the sum of 426815 thousand UZS and advertizing for 40 344 thousand UZS.

In total variable expenses of production and administrative appointment will make 12 371 584 thousand UZS.

Other operating expenses will make only 13 234 827 thousand UZS.

4. Expenses on remuneration for labor.

Labor costs of production character include calculated salary of production and administrative character for actually performed work, proceeding from tariff rates and official salaries according to compensation taken by form of time system, including payments of stimulating character provided by regulation "On Stimulation and Social Support of Employees of the Exchange" and "On Awarding the Workers following the results of a Year", approved by collective agreement of the exchange. Thus labor costs make only 7 747 842 thousand UZS, including production 4 843 421 thousand UZS and administrative purpose - 2 904 421 thousand UZS.

5. Depreciation of fixed assets.

Expenses on depreciation of fixed assets and intangible assets of production appointment include - sum of depreciation charges (added depreciation) estimated proceeding from initial (recovery) cost of production fixed assets and norms approved in accordance with established procedure.

Proceeding from the cost of fixed assets established as of the moment of preparing the Business plan, depreciation of fixed assets of production appointment will make 578 092 thousand UZS, and administrative appointment – 72 000 thousand UZS, total for the sum of

650 092 thousand UZS including 43548 thousand UZS wear (depreciation) of intangible assets, calculated, proceeding from initial cost and term of their useful use.

6. Use of the borrowed means and their redemption.

At the time of drawing up the Business plan the exchange does not use borrowed funds and does not plan receiving a loan in 2015.

7. Taxes and obligatory payments.

The exchange is a payer of generally established taxes, including obligatory payments to budget, taxes, charges, contributions to state specialized funds made according to acting legislation.

Payment on taxes is made in settlement at rates established by legislation of the Republic of Uzbekistan:

VAT – 20%;

Profit tax – 7,5%;

Tax on improvement and development of infrastructure – 8%;

Tax on use of water resources (settlement);

Land tax (in settlement);

Property tax – 4%;

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

Tax on income of natural persons;

Contributions to off-budget funds:

Pension fund:

ESP from salary fund – 25%;

From volume of rendered services – 1,6%;

Obligatory insurance premiums of citizens – 7%;

Republican road fund – 1,4%;

Fund of reconstruction, capital repair and equipment of educational and medical institutions – 0,5%.

Thus payments to budget (property tax, land tax and a tax for use of water resources) will make 731 057 thousand UZS, contributions to off-budget funds (pension, road, on development of school education) calculated from the sum of realization of rendered services will make 1 91 623 thousand UZS, profit tax - 1 371 274 thousand UZS and tax on improvement and development of infrastructure – 565 575 thousand UZS.

8. Information on cash flows.

(thsd.UZS)			
Name of indicators	Code of line	Income	Outcome
1	2	3	4
Operating activities			
Monetary receipts from product sales (goods, works and services)	10	31 189 217	
Monetary payments to suppliers for materials, goods of work and service	20		10 959 094
Monetary payments to personnel and from their name	30		8 537 435
Other monetary receipts and payments from operating activities	40	5 072 936 865	5 059 183 047

Total: net monetary inflow / outflow from operating activities (p. 010-020-030+/-040)	50	25 446 507	
Investment activity			
Acquisition and sale of fixed assets	60		
Acquisition and sale of intangible assets	70		
Acquisition and sale of long-term and short-term investments	80		
Other monetary receipts and payments from investment activity	90		
Total: net monetary inflow / outflow from investment activity (p. 060+/-070+/-080+/-090)	100		
Financial activity			
Received and paid percent	110		
Received and paid dividends	120		3 043 922
Other monetary receipts and payments from financial activity	170		2 500 000
Total: Net monetary inflow / outflow from financial activity (p. 110+/-120+130-140+/-150+/-160 +/-170)	180		3 723 922
Taxation			
Paid profit tax (A line in edition of the Order MF registered by the MU of 11.10.2012 N 1209-5)	190		1 371 274
Paid other taxes	200		8 640 766
Total: paid taxes (p. 190+200)	210		10 012 040
Total: net monetary inflow / outflow from financial and economic activity (p. 050+/-100+/-180-210)	220	11 710 544	
Balance of the exchange differences formed from revaluation of money in foreign currency	221		
Money for the beginning of year	230	286 107 888	
Money on the end of the year	240	297 818 432	

**INFORMATION ABOUT ACTION OF MONEY FUNDS
IN FOREIGN CURRENCY**

(USD)

Name of indicators	Code of line	Sum	
Balance for the beginning of year	250	6 448 592	
Arrived currency means, all (p. 261+262+263+264) including	260	76 536 435	
Sales proceeds	261	112 291	
Converted	262		
On financial activity	263		
Other sources	264	76 424 144	
It is spent currency means, all (p. 271+272+273), including	270	77 518 192	
Payments to suppliers and contractors	271	10 974	

Payments for financial activity	272	2 580	
On other purposes	273	77 504 638	
Balance for the end of year	290	5 446 835	

9. Forecast of profit and losses.

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

gross profit on product sales which is defined as a difference between net proceeds from realization and production prime cost of sold products is equal to 23 553 758 thousand UZS.

profit on primary activity which is defined as a difference between gross profit on product sales and period expenses and plus other income or minus other losses from primary activity equal to 6 506 446 thousand UZS.

profit on general economy activity which is deemed as a sum of profit on primary activity plus income and minus expenses on financial activity equal to 8 440 956 thousand UZS.

profit before tax discharge which is defined as profit on general economy activity plus extraordinary profit and minus extraordinary losses making 8 440 956 thousand UZS and equal to profit on general economy activity in view of absence of planning of extraordinary profit and losses.

net profit of year which remains at disposal of the exchange after tax discharge represents profit before tax payment minus profit tax and minus a tax on infrastructure. Settled and planned net profit in 2015 will make 6 504 107 thousand UZS.

Profit and loss report is presented in made estimate of income and expenses (financial plan).

**ESTIMATE
OF INCOME AND EXPENSES
(financial plan)
for JSC "UZRCSE" for 2015**

(th.UZS)

INDICATORS		for 2015 - paid	including on quarters			
			1 quarter	2 quarter	3 quarter	4 quarter
I	Income - all	36 316 410	8 658 529	8 743 050	9 133 237	9 781 594
	including:					
	Proceeds from commission collecting	31 189 217	7 460 778	7 485 412	7 797 304	8 445 722
	Income from rendering services to members of the exchange	780 983	182 443	191 566	203 492	203 482
	Other income from primary activity	142 657	33 326	34 992	37 170	37 169
	Income from financial activity	4 203 553	981 982	1 031 081	1 095 270	1 095 220
II	Expenses - all	25 606 411	6 451 244	6 199 604	6 109 083	6 846 480
	including:					
1	Production prime cost of all	8 416 442	2 331 328	2 200 310	1 942 412	1 942 391
	from it					
1.1	Production material inputs	1 131 138	264 242	277 454	294 727	294 714
1.2	Labor costs	4 843 421	1 416 026	1 294 540	1 066 427	1 066 427
1.3	Assignments on social insurance	1 210 855	354 006	323 635	266 607	266 607
1.4	Depreciation of fixed assets and intangible assets	578 092	144 523	144 523	144 523	144 523
1.5	Other expenses of production appointment	652 936	152 531	160 157	170 128	170 120
2	Period expenses	17 189 969	4 119 916	3 999 294	4 166 671	4 904 089
2.1	Expenses on realization	40 344	9 425	9 896	10 512	10 511
2.2	Administrative expenses	3 914 798	1 134 527	1 037 960	871 157	871 155
	expenses on compensation	2 904 421	853 551	774 314	638 278	638 278
	assignments on social insurance	726 105	213 388	193 578	159 570	159 570
	depreciation of fixed assets of administrative value	72 000	18 000	18 000	18 000	18 000
	Other administrative expenses	212 273	49589	52068	55309	55307
2.3	Other operating expenses	13 234 827	2 975 964	2 951 438	3 285 002	4 022 423
	payments in budget and contributions to state specialized funds	1 822 679	431 908	441 309	463 384	486 074
	payments of compensating and stimulating character and assignment on social insurance	2 433 397	465 363	328 107	555 959	1 083 968
	sponsor help	1 370 873	323 711	348 554	348 554	350 054
	other expenses and contributions to off-budget fund of Department of Economic Affairs	7 607 878	1 754 982	1 833 469	1 917 101	2 102 327
3.	Expenses on financial activity	2 269 043	530 065	556 569	591 218	591 191

	Financial result before tax payment	8 440 956	1 677 220	1 986 877	2 432 936	2 343 923
IV	Taxation	1 936 849	428 890	468 399	523 348	516 212
V	Net profit	6 504 107	1 248 329	1 518 479	1 909 588	1 827 711

10. Forecasted balance for 2015

(th.UZS)

Name of indicators	from the beginning of period	to the end of period	Name of indicators	from the beginning of period	to the end of period
ACTIVE			PASSIVE		
<i>Long-term assets, all</i>	14 145 581	14 730 803	<i>Sources of own funds</i>	29 394 689	29 116 008
Fixed assets at book value	20 088 684	21 725 998	Authorized capital	12 118 278	12 118 278
Fixed assets at residual cost	13 429 055	14 221 074	Added capital	564 835	564 835
Intangible assets at book value	928 759	928 759	Reserve capital	6 783 659	7 462 025
Intangible assets at residual cost	215 708	401 460	Redeemed own shares		
Long-term investments			Retained earnings	9 570 472	8 613 425
The equipment to installation	66 765	66 765	Target receipts	-	
Capital investments	434 053	41 500	Reserves of forthcoming expenses and payments	357 445	357 445
<i>Current assets</i>			<i>Obligations</i>		
Production stocks	328 139	295 325	Current accounts payable	273 850 298	245 763 372
Expenses of future periods	5 116	6 139	Long-term loans		
Debtors	2 582 498	2 324 248	Long-term bank credits		
Money	286 107 888	257 497 099			
Short-term investments					
Other current assets	75 765	25 765			
BALANCE	303 244 987	274 879 380		303 244 987	274 879 380

11. Liquidity, profitability, coefficients of working capacity are not lower than certain limits.

It should be noted that article of balance with "money" and "obligations" include money of clients and members of the exchange (mortgage sums of bidders) on debit and obligations for return of these means after transactions on credit balance.

On the basis of predicted balance and financial plan of the exchange for 2015 (minus money and obligations of clients of the exchange) main economic indicators, such as the followings were calculated:

Coefficient of liquidity-1,3;

Coefficient of profitability of assets – 0,07;

Coefficient of profitability of expenses – 0,58;
Coefficient of security with own current assets – 0,22;
Coefficient of a ratio of own and short-term loan funds – 1,00;
Coefficient of depreciation of fixed assets – 0,65.

12. Actions on collecting receivables and reduction of accounts payable.

In JSC UzRCSE there will be held continuous work on reduction of receivables and obligations to suppliers by means of carrying out analysis of performance of contracts on received IH (inventory holdings) and services, and also carrying out mutual settlements with suppliers and customers on a regular basis.