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Major Economic and Financial Indicators

CURRENCY RATES (05.09.2008)				ECONOMIC INDICATORS (3Q, 2008)		
	US\$	EUR	RUB		Uzbekistan	Kazakhstan
UZS	1400.52	1968.43	42.58	GDP (US\$, bln)	18.6	96.7
UZS (monthly change, %)	0.54 ▲	3.99 ▼	12.35 ▼	GDP (% y-o-y)	9.4	3.9
KZT	121.56	161.79	3.50	Agricultural output (US\$, bln)	5.78	9.42
KZT (monthly change, %)	0.71 ▲	4.39 ▼	16.82 ▼	Industrial output (% y-o-y)	12.4	2.9
<i>Source: Central Bank of Uzbekistan, National Bank of Kazakhstan</i>				Foreign Trade Turn-over (US\$, bln)	15.7	84.2
COMMODITY PRICES (28.01.2009)				Export (US\$, bln)	10.1	56.1
	Price (US\$)	Monthly change (%)		Import (US\$, bln)	5.6	28.1
WHEAT FUTURE (CBT) (bu)	585.750	0.60	▲	Inflation (%)	4.5	8.8
CORN FUTURE (bu)	379.250	4.71	▼	Population (mln)	27.4	15.7
NATURAL GAS FUTR (MMBtu)	4.366	25.43	▼			
BRENT CRUDE OIL FUTR (bbl)	44.400	18.97	▲			
GOLD 100 OZ FUTR	877.600	3.82	▲			
COTTON NO.2 FUTR (lb)	51.100	10.22	▲			

Source: Bloomberg



Economy:

Aureos is a global private equity fund manager focused on investments in SMEs in emerging markets throughout the world.

Aureos invests in businesses with extensive track records and tries to help them achieve their full potential, not only by providing much needed capital, but also by using its management's connections and experience to help the targets' management succeed.

Uzbek insurers paid US\$ 14.2 bln of insurance payout in 2008, or up 62.9% y-o-y. The insurance payout growth increases three times.

Accordingly, 45.6% of total payouts were carried out in the fourth quarter of 2008 both in voluntary and mandatory insurance products.

EBRD announces US\$ 10 mln in investments for Central Asia

The EBRD has announced that it plans to invest up to US\$ 10 mln in to the Aureos Central Asia Fund in a bid to encourage the growth and development of Small and Medium Enterprises (SMEs) throughout the region through equity or quasi-equity investments.

Begun in 2007, the Aureos Central Asia Fund had its first closing in November of that year with total commitments worth US\$ 50 mln, which were subsequently raised to US\$ 60 mln. Aureos' management hopes that the fund will be valued at approximately US\$ 100 mln at its final closing.

The Fund is expected to make investments of approximately US\$ 2-10 mln per company. The Fund will focus mainly on Kazakhstan, where Aureos management believe that there are the most opportuni-

ties for private equity to really develop, but they also expect to invest in other countries in Central Asia and the Caucasus. The current global financial crisis makes the move especially welcome, as the Fund will provide access to financing for SMEs at a time when money has become scarcer and fewer investors are showing a willingness to risk.

Lindsay Forbes, of the EBRD, described the Bank's move as a "vote of confidence in the fund and its team, but also in the private sector of Kazakhstan and the wider region. The EBRD's participation is expected to strengthen the fund and increase its attractiveness for other investors. Through the fund's investments, benefits are expected for the real economies of the countries where Aureos is active".

Talgat Kukenov, Aureos' managing partner, stated that the demand for private equity among companies is now stronger than ever. The Kazakh banking system in particular has been affected by the limited liquidity in capital markets worldwide. When credit is short, SMEs are often disproportionately affected. Private equity can fill that gap. Aureos is very pleased to team up partner with the EBRD, one of the most prominent investors in the region, and to join forces in creating a flourishing private sector in Central Asia.

According to Kazinform, with projects over US\$ 5 bln, the EBRD is the largest investor in Kazakhstan outside the energy sector. The Bank invests in all sectors of the economy and is especially focused on the financial sector.

Highlights of Uzbekistan Insurance Sector in 2008

Share of obligatory insurance in total volume of collected premiums in 2008 increased due to introduction of mandatory insurance of civil liability of vehicle owners (MIACL). Voluntary insurance has the largest share in collected premiums.

Accordingly, about 91.7% of premiums were collected on voluntary insurance products in 2008.

Introduction of MIACL resulted in increase of the share of obligatory insurance in the structure of collected premiums in 2008.

In 2008, the share of mandatory insurance in total volume of collected premiums rose by 1.6 times and made up 8.3%. Premiums collected on mandatory insurance products grew twice to US\$ 5 mln in 2008.

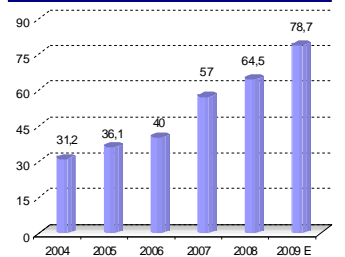
At the same time, Uzbek insurers collected US\$ 54 mln on voluntary insurance products, which is more by 20.7% y-o-y.

It is worth to mention that both personal and liability insurance actively developed in 2008. The growth rate on these insurance products made up 42.2% and 42.9% respectively.

Premiums on property insurance rose by 14.7% and the share of property insurance in total collected premiums comprised 68.2%.

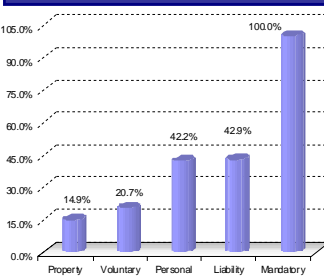
According to review of preliminary results of insurance market in 2008, Insurance companies of Uzbekistan collected insurance premiums for US\$ 65.4 mln in 2008 or 18.3% up y-o-y.

Growth of Premiums on Insurance in 2008



Source: Uzreport, Ansher Capital estimates

Growth of Insurance Premiums (mln US\$)



Source: Uzreport, Ansher Capital estimates

The total volume of insurance premiums on direct insurance (excluding from inbound re-insurance) comprised US\$ 60.8 mln or up 24.9% y-o-y.

In 2009 we forecast insurance premiums of companies to reach US\$ 79 mln or increase 22% y-o-y.



Economy:

BCC is the sixth largest commercial bank in Kazakhstan. It was founded in 1988 and reached the assets amount to US\$ 7.3 bln by the end of 2007.

The main BCC work direction is offering of services to Small and Medium Enterprises and retail clients. Bank has over 845 thousands of clients that are served through retail net that includes 205 affiliates and structural subdivisions, and 261 ATMs.

Bank has four subsidiaries in Kazakhstan that offer different services including broker's services, leasing, and other ones. Its shares are traded on KASE.

The Cross Border Cooperation program was approved by the European Commission on November 27 2008 and is to last till 2013 with a 10% co-financing from each of the member states. The program participants are Armenia, Azerbaijan, Georgia and Moldova entirely, as well as the adjacent regions of Bulgaria, Greece, Romania, Russia, Turkey and Ukraine.

The program has three components - socio-economic, cultural and environmental, and provides a wide range of opportunities for harmonization of institutional systems. Among other advantages of the program is the possibility of regional cooperation.

EBRD offers credit line to Kazakh BCC for financing energy saving projects

European Bank for Reconstruction and Development, EBRD offered credit line for financing of energy saving projects to JSC Bank Center Credit (BCC).

BCC attracted 5 year loan from EBRD in the amount of US\$ 10 mln for projects financing of clients that operates in the energy sector and related sectors. Credit was offered within Kazakhstan Sustainable Energy Finance Facility (KAZSEFF) new innovative credit line for project financing in the industry of energy efficiency increasing and exploring of renewable energy sources.

BCC became the first Kazakh Bank-participant of this credit line that leads to the new level EBRD efforts in assistance of Kazakh Economy develop-

ment and that is the main strategic direction in modernization and improvement of energy sector in the Republic. In particular, it will finance energy-saving projects of private companies.

It was also informed that the loan will consist of two components. They are the credit line in the amount of US\$ 10 mln and also technical assistance of KAZSEFF fund in the credit line application, offering help to the companies in the sector of energy loss causes detecting, offering of technical decisions in decreasing energy consumption and attractive for banking financing projects preparing.

According to Vladislav Li, Chairman of BCC, meaningful access of Kazakh Banks to International Markets of Capi-

tal has been decreased. In this situation the fact of EBRD loan offering to Kazakh Bank Center Credit approves positive attitudes of international partners to BCC as to stable finance institute with solid reputation and reasonable policy.

On the attracted funds BCC will finance current clients. Among them will be big and medium private industrial enterprises that invest in the projects financing of energy efficiency increasing and exploring renewable energy resources.

We expect that those companies with extra funding will innovate different methods of energy saving projects and contribute to the whole economy to get out of current crisis in shorter period.

Cross Border Corporation program (CBC) of Black Sea countries launched in Armenia

According to Vahe Danielyan, the Armenian Deputy Minister of Economy, works on Cross Border Cooperation (CBC) of the Black Sea countries for a total of US\$ 23 mln have started in Armenia under the European Neighborhood and Partnership Instrument (ENPI).

This program is to maximally adapt Armenian institutional system to the European one and is very important to the country.

The Deputy Minister stated that the program is to establish problems of the countries involved in the program, as well as to reduce social, cultural and technological gap between the EU-founder countries and the new members of the EU – and all this through joint efforts.

Ruben Sarukhanyan, the Head

of project management agency of the Ministry of Economy, in his turn, reported that the seminar is held to introduce the program to public agents and the staffs of the country's regional administrations. Among the potential beneficiaries of the program are public organizations on tourism, ecology, culture, as well as business organizations, educational and cultural institutions.

Two large-scale seminars are planned to be held for individual applicants from public organizations, business communities, educational and cultural organizations.

Azerbaijan's economy grew by 10.8% in 2008

According to Shahin Mustafayev, the Economy Development Minister, the real country's GDP reached US\$ 46.348 bln that is by 10.8% more against the 2007, in-

cluding 7% increase in oil and 15.7% in non-oil sector. The GDP share in the private sector in 2008 totaled 84.5%.

Added value in manufacture made US\$ 27.3 bln (57.4% of GDP), in agriculture US\$ 2.8 bln (5.8%), construction US\$ 3.5 bln (7.6%), transport US\$ 2.4 bln (5.1%), communications US\$ 863 mln (1.9%), wholesale and retail trade US\$ 2.5 bln (5.3%), social services US\$ 4.2 bln (9.1%).

The economy in Azerbaijan in 2008 increased by 2.6 times compared to 2003. "The real GDP increased by 2.6 times, including the non-oil sector – 1.8 times and oil sector – 4.1 times in 2008 compared to 2003. In 2008 the nominal GDP per head increased five times and totaled US\$ 5,4 compared to 2003. The produced industrial products in 2008 totaled US\$ 34 bln.



Financial and Capital Markets:

The growing activeness of the companies in the operations on the securities market is also illustrated by the fact that last year the number of companies that passed the listing procedures at the stock exchange more than doubled.

The growth of capitalization of corporations served as a stimulus for the decision to raise the minimum capital requirement for the professional participants of the stock market, and thereby increase the level of their reliability, as well as reduce the risks associated with stock market operations.

Kyrgyz stock exchange (KSE) was established in 1995.

Settlement-Savings Company (RSK-Bank) has issued US\$ 7.84 bln worth of shares, the largest issue on the platform. ATF Bank has issued shares worth US\$ 5.1 bln, Ayil Bank- US\$ 4.57 bln, Eko Bank-US\$ 2.88 bln, Kazkommertsbank- US\$ 1.41 bln. Open joint stock company Kyrgyz-Too-Tash US\$ 0.98 bln, Kyrgyzpromstroibank- US\$ 0.24 bln, and Open joint stock company Ak-Zhol – US\$ 0.1 bln.

Uzbekistan Stock market development results for 2008

Stock market is one of the most objective reflections of the trends that can be observed in the industrial economy. The key indicators of the national stock market for the past year demonstrate positive shifts in the strengthening of financial stability of the enterprises of the country, improvement of the level of their capitalization.

In 2008, it was not only the institutions of the financial sector, particularly commercial banks that raised their capitals, but also the enterprises of a number of other sectors of the economy. For instance notable increases in capital were observed for the companies, such as UzTransGaz (up more than 3.6 times), General Motors Uzbekistan (up more than 28 times), and

the enterprises of the cotton processing industry, and some of the cement producing companies.

Thus, in the beginning of 2008 the paid-in capitals of all corporations in Uzbekistan made up US\$ 2.6 bln. By the end of the year, this indicator reached the level of US\$ 3.3 bln. The growth made up almost US\$ 0.96 bln, which is a record-breaking indicator for this market.

At the same time, the growth of capitalization of shareholding companies of Uzbekistan is one of the most important factors of their development, as the increase of the company's capital through additional stock floats assists the growth of its financial stability, and provides the market new

financial instruments, increasing the volume of IPO and secondary trades through them.

Thus, the total turnover of the market grew by more than US\$ 223 bln (up 1.7 times) compared to 2007. The share of the IPO trades in the total exchange turnover made up 68.5%. On the trade platforms of the unorganized IPO market the volume of stock sales more than doubled compared to 2007 results, which again illustrates the activeness of corporations in building-up their capital bases.

Compared to the results of the year 2007, the total turnover of the secondary stock market of Uzbekistan grew by 65.5% or US\$ 63.02 mln.

The trading volume of the Kyrgyz stock exchange in 2008 reached US\$ 106.2 mln

Aybek Tolubaev, the president of Kyrgyz Stock Exchange declared that the trading volume of the Kyrgyz stock exchange in 2008 reached US\$ 106.2 mln. In comparison to 2007 the trading volume index decreased by US\$ 37.5 mln, which equals to 19.4%. Market capitalization was also reduced. The decrease constituted US\$ 29.6 mln- 24%.

As Aybek Tolubaev noted, the capitalization grew up until November of 2008 due to listing of five new companies. However in December four joint-stock companies have left and it has affected the indicators to a great extent.

Kant cement factory has had the greatest volume of trades –in the amount of US\$ 38.1 mln. 90% of shares were

bought by the company registered on Cyprus.

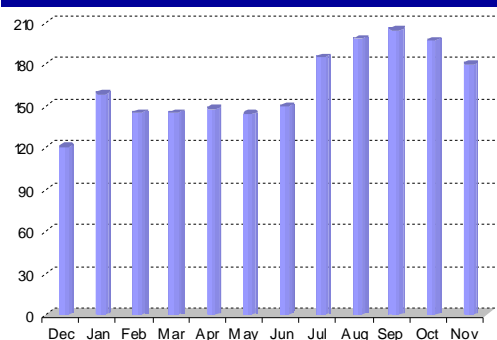
Total volume of trades with the securities of listed companies amounted to US\$ 15.14 mln. In comparison with 2007 this figure was reduced by US\$ 9.9 mln. The volume of operations with securities of the companies which have not undergone the listing procedure has made US\$ 88.49 mln. It was reduced in comparison to 2007 by US\$ 18.1 bln.

Nurbek Elebaev, the chairman of Kyrgyz Stock Exchange has noted that the world financial crisis has greatly affected the stock market and banking system.

Besides, the influence was made by the aggravation of competition in the domestic market.

He notes that experts in Kyrgyz Stock Exchange predict decrease in the trading volume to US\$ 101.5 mln in 2009. "These figures might be even lower. In general, the volume of operations tends to shrink. The reason is the influence of the global financial crisis. Western exchanges experienced an 80% drop in trading volumes.

Market Capitalization of KSE in 2008 (US\$ mln)



Source: FEAS, Ansher Capital Estimates



Financial and Capital Markets:

Uzbekinvest is a State-owned insurer in Uzbekistan with the mission of 'Assisting in stimulation of foreign investments attraction into the economy of Uzbekistan and growth of export potential through reliable insurance protection against political, natural and combined risks'. However, provision of this insurance is only a small part of the business, with direct insurance within the domestic market comprising the vast majority of premiums.

As at 31 December, 2007 Uzbekinvest had net assets of US\$ 152 mln and gross written premium of US\$ 12.6 mln. Net Income (before minorities) was US\$ 9 mln.

Accordingly, the government and the central bank will control the state of balance of payments and the exchange rate. This is important because a considerable part of assets and liabilities in the economy are denominated in dollars.

Kazakhstan's government debt remains relatively low but the banking sector reportedly owes about US\$ 40 bln to foreign lenders, of which US\$ 10.6 bln needs to be repaid this year and US\$ 7 bln in 2010.

Analysts warn that devaluation would make it harder for banks to service their debt. Moreover, since the large share of the banks' domestic loans have been issued to customers in foreign currencies the banks would likely face a significant default rate on these assets.

Moody's assigns first-time IFSR of B1 to Uzbekinvest

Moody's Investors Service assigned a first-time insurance financial strength rating of B1 to Uzbekinvest. The rating outlook is stable.

Uzbekinvest was established in April 1994, and reorganized into the national import-export insurer in February 1997. The company is 100% owned by the Republic of Uzbekistan through a 83.3% direct shareholding and 16.7% through the National Bank for Foreign Activity of Uzbekistan (Ba3/NP/Stable BFSR:E+)

Moody's notes the main stand-alone strengths of Uzbekinvest are its extremely strong capitalization in relation to insurance risk, its dominant position in Export-Credit insurance and strong position in domestic insurance provision.

Its ownership by the State provides competitive advantage and the State guarantee of export-credit risks are viewed positively, as is Uzbekinvest's relationship with AIG both locally and in the UK based joint-venture which provides underwriting and other technical support.

Moody's notes the main challenges are: exposure to Uzbekistan which is a small economy with little risk diversification and with a developing legal, regulatory and political structure; developing the risk management functions as the size and complexity of the business grows.

Moody's added that upward rating pressure may evolve over time from continued improvements in underwriting

and risk management systems and controls and through improvements in the Uzbekistan economic environment.

On the other hand, the rating may experience downward pressure firstly from a change in the relationship with AIG, in particular in respect of reductions in the provision of local support in Uzbekistan or changes to the joint-venture in London. Secondly, it might be significant deterioration in the Uzbekistan economic environment and changes to the investment policy, particularly if there are significant shifts to lower-rated bonds or increased local equity/property market investments.

Kazakhstan Central Bank to focus on stable exchange rate

Kazakhstan will focus on keeping the exchange rate of its currency stable, as it tries to protect its heavily dollarized economy from possible devastating effects of a sudden devaluation. Kazakhstan unofficially pegged the tenge to the dollar in late 2007, and the National Bank kept the exchange rate at KZT 120-121 throughout the year.

Falling price of oil, however, has made it increasingly difficult for the central bank to intervene on the currency market, as its foreign exchange and gold reserves began to dwindle while external pressure on the currency grew. This week, for the first time, the tenge broke out of the KZT 120-121 range when the exchange rate fell to 121.12. Nevertheless, Anvar Saidenov, the chairman of the National Bank of Kazakhstan

has been strict that the exchange rate will not be floated or devalued suddenly. Earlier this year, the central bank stated that acceptable exchange rate fluctuations would be plus or minus five percent a year.

The government and central bank's task is to keep the currency stable or make sure the exchange rate moves smoothly within a manageable range without incurring losses to the gold and foreign exchange reserves.

Local observers noted that the central bank's interventionist policy runs a risk of depleting the country's foreign reserves. Yet, in December, the bank reported a small increase in its reserves, after several months of declines.

Tajikistan seeking new loans from international organizations

Debt-stricken Tajikistan is seeking an additional US\$

216 mln in loans from the International Monetary Fund and the European Bank of Reconstruction and Development to help avert a financial catastrophe.

An IMF team is expected in Dushanbe in early February and a US\$ 150 mln could be disbursed as early as March, Tajikistan's Central Bank chief, Sharif Rahimzoda, revealed. An EBRD loan of roughly US\$ 66 mln is also under discussion.

Tajikistan's foreign debt stood at US\$ 1.3 bln at the end of 2009, just over US\$ 100 mln more than it had been at the start of the year. The country's external debt today equals roughly 26.7% of its annual gross domestic product.

The external debt increase is mainly caused by the development of soft loans borrowed from international financial organizations and the China Exim Bank.



Company & Industry

Dragon Oil is an independent oil development and production company whose shares are traded under a dual primary listing on the Irish and London Stock Exchanges. Dragon Oil operates oil fields located in the Cheleken Contract Area Offshore Turkmenistan, in the Caspian Sea.

Dragon Oil had proved and probable oil reserves at 30/06/08 of 644 mln barrels (of which Dragon Oil's share was 283 mln barrels) and 3.4 trln cu. m. of gas resources.

Kyrgyzstan's power generation sector is 90% hydroelectric. Nevertheless only 10% of its potential has been developed. The total number of consumers is estimated at 1.08 mln people where 95 % of them are residential consumers.

Kyrgyzstan produces around 15 bln kWh energy every year. Although the country's net supply for internal usage is more than 10-11 bln kWh, domestic sales amount to 8 bln kWh per year. The main importers of the electricity are neighbor countries: Uzbekistan, Kazakhstan and Tajikistan.

Dragon Oil Accumulates US\$ 867 mln for Investments

Dragon Oil Plc, the Dubai-based oil and gas producer operating in Turkmenistan, has accumulated US\$ 867 mln in cash to fund investment plans and possible acquisitions.

Year-end cash and cash equivalents rose from US\$ 543 mln at the end of 2007. Average crude production advanced 28% to about 41,000 barrels a day in 2008.

According to Abdul-Jaleel Al-Khalifa, the Chief Executive Officer, the company plans to invest about US\$ 600 mln in infrastructure development and drilling in 2009, up from US\$ 307 mln last year. While considering acquisitions, the company has to maintain production of main assets.

"The market can be a little worried on the" mergers and

acquisitions front, stated Caren Crowley, a Dublin-based analyst at Davy Research, which serves as a financial adviser to Dragon Oil. They may be overly aggressive and overpay should they decide to acquire an asset or indeed another company.

Dragon Oil lost 8 pence, or 5.4%, to 139.5. The stock has fallen 62% in the past 12 months, giving the company a market value of 713 mln pounds.

Dragon will add one oil and gas platform by the end of 2009, bringing the number of producing platforms operated by the company to 12.

Accordingly, there was supposed to be more, but the company has decided to utilize the market situation, as it is expecting prices to decline.

The producer plans to boost extraction by at least 15% this year. Even as crude oil prices decline worldwide, Malaysia's Petronas Gas Bhd., Russia's OAO Lukoil and its U.S. partner ConocoPhillips, are developing plans to expand in Turkmenistan. Dragon, which pumps all of its oil in the Central Asian state, is studying acquisitions of assets and companies to expand further in Central Asia, the Middle East and North Africa. It is not currently considering sites in Kazakhstan or Azerbaijan.

Nine development wells were completed in 2008 and 10 more are planned for 2009.

The company reported it will double the capacity of its on-shore oil and gas processing facility to 100,000 barrels a day in early 2010.

WB gives US\$ 11 mln to assist Kyrgyzstan in overcoming energy crisis

The World Bank's Board of Directors approved an IDA credit and grant in the total amount of US\$ 11 mln for the Energy Emergency Assistance Project in the Kyrgyz Republic. The Energy Emergency Assistance Project finances the provision of equipment, materials, and spare parts to increase power and heat generation at the Bishkek and Osh Combined Heat and Power Plants. The World Bank financing will be put into operation within 16 months.

In the long run, there is a need to bring institutional efficiency in the sector through reform of corporate governance, and implementation of modern management systems. The Kyrgyz Republic is in need of outside financing in order to provide heat and electricity for its citizens, particularly be-

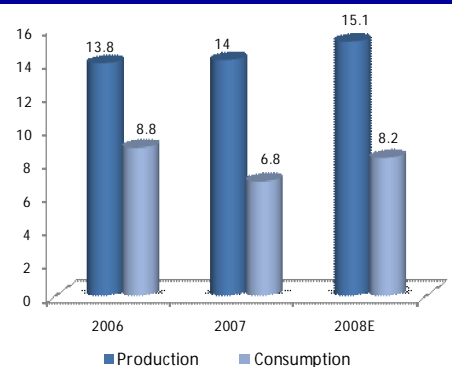
cause this winter is predicted to be the harshest seen in decades. The uncertain hydro-power production during the winter particularly affects the thermal power stations of Bishkek and Osh, these are critical because these facilities supply not only power, but also heat to major Kyrgyz cities. Kyrgyzstan is almost 90% dependent on hydroelectricity; hence further investment in this sector is crucial in order to avoid further crises.

The current grant from the World Bank is meant to serve as a jump start to a more efficient and fruitful production of electricity in Kyrgyzstan.

The World Bank is one of the largest sources of development

assistance to the Kyrgyz Republic. From July 2005 - July 2008, the Bank provided all funding to the Kyrgyz Republic on a grant basis. Current terms for Kyrgyzstan are: 45% grants, and 55% credits with no interest, and a 0.75% service charge. Credits are repayable in 40 years, including a 10-year grace period.

Total Production and Consumption of Energy (bln kWh)



Source: Index Mundi, Ansher Capital Estimates



Company & Industry

Turkmenneft's task in 2009 is to actively develop and study new fields.

Exploration will continue at the Simler and Garadashli and commence at the Midar and Yilakli oil and gas fields.

ArmRosgasprom holds the monopoly for supply and distribution of the Russian natural gas on the domestic market in Armenia. The company was founded in 1997. "Gasprom" Open Joint Stock Company and Armenian Ministry of Energy had 45% of the shares each with the remaining 10% belonging to "Itera".

Turkmenneft produces 8 mln tons of oil in 2008

The state-run Turkmenneft oil concern produced 7,964,800 tons of oil in 2008. The figure is 517,500 tons more than in 2007. Over 321,500 tons were delivered to the Turkmenbashi Oil Refinery. Oil deliveries to the Seidin Oil Refinery increased by nearly 10%.

The new Altiguyu oil and gas field opened in the Esenguly district in Balkan in 2008. An oil gusher was immediately found at a depth of 3,670-3,680 meters in the first drilled well.

The well's output was over 100 tons. The drillers succeeded in opening the gas horizon to a depth of 3,616-3,625 meters. This confirmed promising forecasts for the field. New wells are currently being drilled.

Turkmenneft uses advanced international experience to

produce hydrocarbon materials. The company works with firms from Azerbaijan, China, Russia and Japan.

Along with oil production Turkmenistan is paying attention to industrial development of eastern gas fields as well. Turkey is stepping up the industrial development of its eastern gas fields, especially the new wells and onshore infrastructure in the Gurrukbil-Garabil field, the Turkmengaz State Concern stated.

Development of the field located in the Takhtabazar region in Mary province will enable Turkmenistan to increase the gas production by 2 bln cu. m. per year by the end of 2009 and to bring the production to 4 bln cu. m. of gas by the end of 2010.

A gas preparation set will be built as part of the preparation of the fields for experimental-

industrial operation. Three strings with the capacity of 5 mln cu. m. of gas per day, as well as a gas reservoir with a diameter of 720 mm tubes and a total length of 90 kilometers, will be linked to the set. The reservoir will supply the fuel to the main units of Dowlatabad, from where gas is exported through the Central Asia-Centre pipe to Russia.

Gas and condensate multi-layer Gurrukbil, East Gurrukbil and West Garabil fields are located along the Murgab valley. They were discovered in 1990. Their proximity to the largest gas and condensate fields - Dowlatabad-Donmaz in the north-west and Garabil-skomu in the east, give reasons to assume the presence of a common zone of accumulation. And this opens good prospects for discovery of new gas deposits.

Investments by ArmRosgasprom in gas installations was US\$ 10.4 mln

ArmRosgasprom company completed all the works on gas installations provided for under this year investment program. The total volume of the investments made was US\$ 10.4 mln. The last facility where a gas installation was made this year was Arazap community of the country's Armavir region where the arrival of blue fuel was marked the day before.

In 2008, ArmRosgasprom Company provided gas installations to 109 facilities under the program on restoration of gas supply. About 150 kilometers of gas pipeline was built. Khachatur Baghdasaryan, the Deputy General Director of ArmRosgasprom stated that gas supply was installed in 38 new settlements, including 11 ones where the company carried out the gas installation

works at its own expense.

In total, 45 Armenian towns and 465 villages have natural gas today. The number of potential subscribers went 21,000 up to 675,000. Real number of subscribers grew by 58,000 people to 574,000 people.

After implementation of two out of three planned investment stages of the project (after purchase of additional shares of ArmRosgasprom in 2006 and 2008) the share of "Gasprom" company in the authorized stock has increased to 75.55%. The share of the Armenian Government is 20% and that of "Itera" 4.44%.

Georgian Delegation at Budapest for Energy Summit

On 26-27 January 2009 International Energy Security Summit was held in Budapest. The Summit adopted a

"Declaration of the Budapest Nabucco Summit", which once again expresses support for the implementation of "Nabucco" project.

The Summit was attended by heads of states and governments and senior officials from Azerbaijan, Georgia, Czech Republic, Bulgaria, Austria, Hungary, Turkey, Egypt and the United States. Among the high-level officials was European Energy Commissioner Andris Piebalgs.

It is notable that the Summit was also attended by Georgian official delegation headed by Deputy Prime minister Mr. Nika Gilauri. At the Summit Mr. Nika Gilauri delivered speech and once again stressed the importance of realization of "Nabucco" project for ensuring energy security of Europe and a whole region.

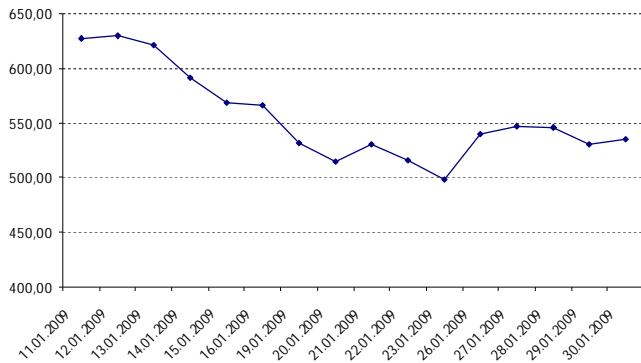


Monthly Capital Market Updates

Statistical and Graphical Results

Performances of Stock Exchanges in January 2009

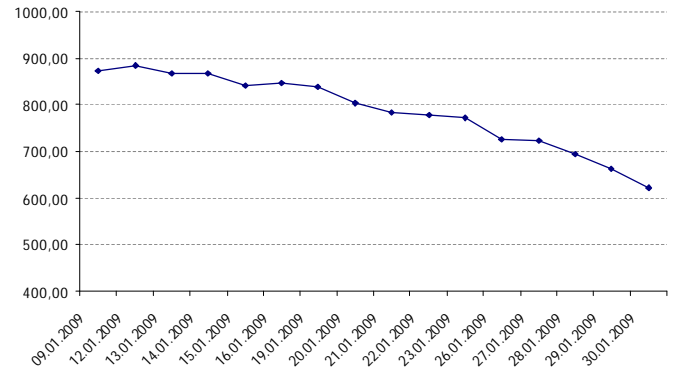
RTS



Index RTS

Current	1 Day	1 Month	6 Month	1 Year	2 Year	5 Year
535,04	0,82%	14,45%	72,55%	73,00%	70,68%	12,45%

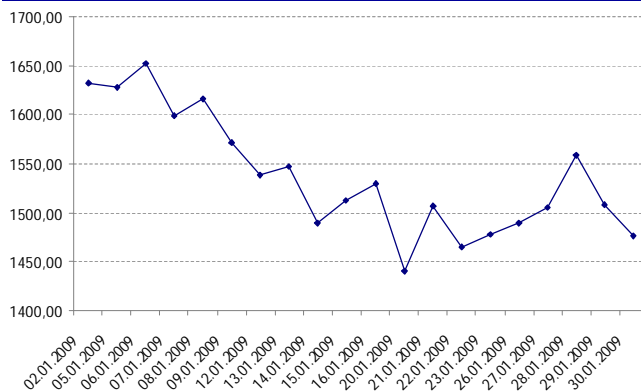
KASE



Index KASE

Current	1 Day	1 Month	6 Month	1 Year	2 Year	5 Year
622,27	6,25%	29,80%	73,36%	76,06%	74,14%	314,47%

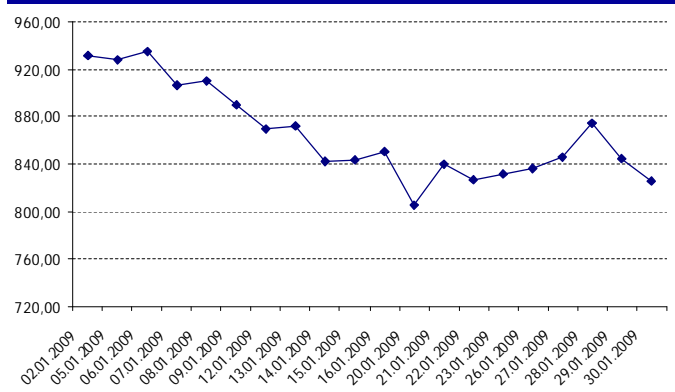
NASDAQ



Index NASDAQ

Current	1 Day	1 Month	6 Month	1 Year	2 Year	5 Year
1476,42	2,08%	4,79%	36,63%	37,15%	39,70%	28,54%

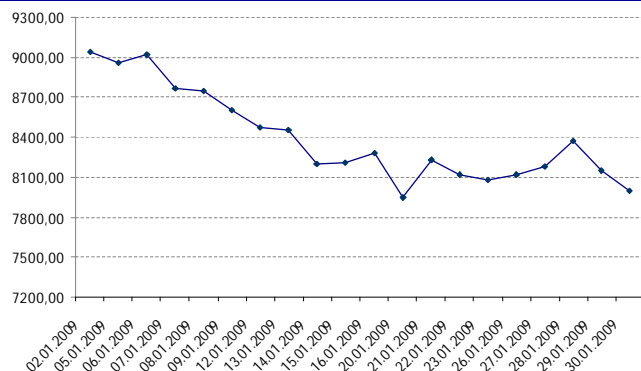
S&P 500



Index S&P 500

Current	1 Day	1 Month	6 Month	1 Year	2 Year	5 Year
825,88	2,28%	7,27%	35,69%	39,09%	42,02%	26,99%

DJIA



Index DJIA

Current	1 Day	1 Month	6 Month	1 Year	2 Year	5 Year
8000,86	1,82%	7,70%	30,93%	35,70%	36,11%	23,71%

In January some stock exchanges like RTS and KASE opened late on 9th and 11th of the month respectively. Their performances within a month showed that RTS index declined by 14.45% and KASE by 29.8%.

However performances of other giant stock exchanges were negative, their indices did not fall as much as RTS and KASE did.

On average Dow Jones and S&P 500 indices declined 7.7% and 7.3% respectively in January. Another stock exchange NASDAQ index fell by 4.8% within a month.

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