**BRIEF INFORMATION ON JSC "UZNEFTEGAZINFORMATIKA"**

**AND BENEFITS FOR INVESTORS**

**1. Information about the industrial activity**

Joint Stock Company(JSC) "Uzneftegazinformatika" is an engineering and service commissioning organization in the field of industrial automation and information and communication technologies, and part of the organizational structure of the National Holding Company(NHC) "Uzbekneftegaz".

Since 2000 JSC "Uzneftegazinformatika" provides a full range of industrial automation services for major industrial enterprises of NHC "Uzbekneftegaz".

JSC "Uzneftegazinformatika" performs the following activities:

• Design, installation, commissioning, repair and service of industrial automation systems for enterprises, including hardware equipment, a controller and SCADA levels, as well as technical assistance to the customer in the commissioning of the control system introduced by third parties systems.

• Design, installation, commissioning, maintenance of automatic fire fighting systems, security and fire alarm.

• Design, installation, commissioning, maintenance of video surveillance systems(CCTV) of classified sites.

• Maintenance, repair and overhaul of electrical installations up to 1000V or higher.

• Commissioning of relay protection, automation, remote control and secondary control circuits.

• Installation, commissioning, design and programming of systems ACMSE (Automatic Control And Metering System Of Electricity) and ACMSG (Automatic Control And Metering System Of Gas).

• Development, implementation and support of application software and information systems for the financial and economic problems, and production management for enterprises of different activities and scales, the solution of computational and engineering challenges on technological processes of production, the organization of information systems for various purposes.

JSC "Uzneftegazinformatika" has all the necessary licenses and permits to carry out the above works, including those at high risk.

The composition of the units of "Uzneftegazinformatika" includes more than 300 highly qualified specialists in the design and development of process control systems, installation and commissioning of equipment and systems (including "intelligent"), local and wide area networks, the implementation of metrological works.

Clients of "Uzneftegazinformatika" are virtually all the major oil and gas companies of JSC "Uzneftegazdobycha", gas transport system division of JSC "Uztransgaz", Drilling Company JSC "Uzgeoburneftegaz" that the jurisdiction of the NHC "Uzbekneftegaz", a number of other oil and gas companies and enterprises of other branches of the real economy of the Republic Uzbekistan. JSC "Uzneftegazinformatika" has a stable positive business reputation in the market of Uzbekistan.

**2. Information about the owners (shareholders) of the company**

At this time, the statutory fund of the company is 615 323 thousand UZS(Uzbek Soums – national currency of Uzbekistan) (216.9 thousand USD at the exchange rate of the Central Bank of the Republic of Uzbekistan on the 04.02.2016y., 1USD= 2836, 87UZS).

Number of shares - 615 323 pieces.

Of them:

The share attributable to "Mubarekneftegaz" LLC - 52.46% - 322 797 pieces.

The share attributable to the Company's employees - 19.81% - 121 888 pieces.

The other shareholders - individuals - 27.73% - 170 638 pieces.

**3. Financial results for the last 5 years (production and sales, net income) in national currency**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Performance units | Unit measure | 2011 | 2012 | 2013 | 2014 | 2015 |
| Monetary value of the volume of work performed | mln. UZS | 5 708,94 | 8 223,79 | 10 042,89 | 14 075,91 | 16 820,96 |
| Sales proceeds | mln. UZS | 5 708,94 | 8 223,79 | 10 042,89 | 14 075,91 | 16 820,96 |
| Production costs | mln. UZS | 3 924,68 | 5 835,18 | 6 443,0 | 9 228,05 | 10 495 |
| Period expenses | mln. UZS | 1 404,21 | 1 812,54 | 2 968,54 | 3 826,96 | 5 719,6 |
| Including: |  |  |  |  |  |  |
| *- Management/administration cost* | mln. UZS |  128,41 |  173,29 |  223,32 |  289,89 |  343,28 |
| *- Other operating costs* | mln. UZS | 1 275,80 | 1 639,25 | 2 745,22 | 3 537,06 | 5 376,32 |
| Other income | mln. UZS | 6,17 | 1,35 | 6,52 | 29,04 |  3,34 |
| Other expenses | mln. UZS |  |  |  |  |  |
| Total production cost | mln. UZS | 5 327,38 | 7 647,72 | 9 411,54 | 13 055,01 | 16 214,6 |
| The financial result (profit / loss) | mln. UZS |  388,1 | 579,49 |  640,38 | 1 053,13 | 613,24 |
| Tax on income | mln. UZS | 106,75 | 74,26 | 93,95 | 115,3 | 73,48 |
| Other taxes | mln. UZS | 22,51 | 40,42 | 43,71 | 75,03 | 43,18 |
| Net profit | mln. UZS | 258,84 | 464,81 |  502,72 | 862,81 | 496,58 |

Over the past 5 years company has been paying dividends in the amount of 321 UZS to 400 UZS per share with nominal(face) value of shares in 1000 UZS.

Reference: Financial results for the last 5 years (production and sales volumes, net profit) in USD (the exchange rate of the Central Bank of the Republic of Uzbekistan on 04.02.2016y.)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Indicators** | **Unit .** | **2011y.** | **2012y.** | **2013y.** | **2014y.** | **2015y.** |
| Monetary value of the volume of work performed | Thousands, USD | 2 012,41 | 2 898,90 | 3 540,13 | 4 961,77 | 5 929,41 |
| Revenues from sales | Thousands, USD | 2 012,41 | 2 898,90  | 3 540,13 | 4 961,77 | 5 929,41 |
| Actual manufacturing cost | Thousands, USD | 1 383,45 | 2 056,91  | 2 271,17 | 3 252,90 | 3 699,50 |
| Expenses of the period | Thousands, USD | 494,99 | 638,92  | 1 046,41  | 1 349,01 | 2 016,17 |
| Including: | Thousands, USD |   |   |   |   |   |
| *- Management/administration cost* | Thousands, USD | 45,26 | 61,08  | 78,72 | 102,19 | 121,01 |
| *- Other operating costs* | Thousands, USD | 449,72  | 577,84  | 967,69 | 1 246,82 | 1 895,16 |
| Other income | Thousands, USD | 2,17  | 0,48  | 2,30 | 10,24 | 1,18  |
| Other expenses | Thousands, USD |   |   |   |   |   |
| Total expenses | Thousands, USD | 1 877,91  | 2 695,83  | 3 317,58 | 4 601,91 | 5 715,67  |
| The financial result (profit / loss) | Thousands, USD | 136,81  | 204,27  | 225,73 | 371,23 | 216,17  |
| Income tax (\*) | Thousands, USD | 37,63  | 26,18  | 33,12 | 40,64 | 25,90  |
| Other taxes and fees from the profit (\*) | Thousands, USD | 7,93  | 14,25  | 15,41 | 26,45 | 15,22  |
| Net profit | Thousands, USD | 91,24  | 163,85  | 177,21 | 304,14 | 175,05  |

The size of the company's assets as of 01.01.2016y. are 6 178 mln. UZS (2 177.75 thousand USD at the rate of the Central Bank of the Republic of Uzbekistan on 04.02.2016y.).

**4. Average number of personnel**

JSC "Uzneftegazinformatika" is a growing organization that is constantly expanding the volume of works on the lines of action already mastered, and exploring new areas of activity, which is reflected in the above financial indicators. The constant increase in the volume of works and the range of services require respectively recruitment of new qualified professionals. The dynamics of growth of average number of employees of JSC "Uzneftegazinformatika" is given below for the last five years:

2011 - 250 people;

2012 - 257 people;

2013 - 293 people;

2014 - 330 people;

2015 - 379 people.

**5. Shares of the company to be offered to investor of the company and the proposed order of foreclosure of investor share**

In accordance with the Resolution of the President of the Republic of Uzbekistan dated December 21, 2015 № PR-2454 "On additional measures to attract foreign investors to joint-stock companies", an additional issue shares and the implementation of foreign investors, which resulted in the share of foreign investors should be 15% of the share capital of JSC "Uzneftegazinformatika".

The total volume of shares, subject to the implementation by foreign investors is 110 000 units of shares, but this number could be increased by shares of other shareholders.

The nominal value of the planned implementation of a stake of 110 mln. UZS (38,78 thousand. USD. at the rate of the Central Bank of the Republic of Uzbekistan on 04.02.2016). The market value of shares sold will be determined by the Supervisory Board of JSC in the prescribed manner.

Payment offers of investors shares, in accordance with the Law of Uzbekistan "On joint-stock companies and protection of shareholders' rights", can be financed by other means of payment, like as property and rights (including property rights) on monetary value.

Payment for additional shares must be made by the investor up to 25.06.2016y.

According to the Law of Uzbekistan "On foreign investments", foreign investors may invest in the territory of the Republic of Uzbekistan, other than the payment of the authorized fund of funds, also property and intellectual property rights, including copyrights, patents, trademarks, utility models, industrial designs, trade names, know-how and goodwill.

Thus, apart from financial investments, the investor can pay for those shares in terms of monetary value of an advanced equipment, instruments and tools required by the Company to develop its production activity, as well as intellectual property in the form of rights to use, which is necessary for the production activity of the Company, such as specialized modern software products (royalties).

**6. The potential benefits for the investor**

*6.1 Dividends*

There are at least two ways to use the accrued dividends.

The first is their conversion and subsequent transfer to the foreign partner.

The second is the payment of dividends in the national currency of the Republic of Uzbekistan (UZS) and the use of cash in UZS for the purchase of products with plans for further exports.

It should be noted that the Resolution of the President of the Republic of Uzbekistan dated December 21, 2015 № PP-2454 foreign investors don’t pay tax from dividends coming from shares up to January 1, 2020 in Uzbekistan.

*6.2 Planned investment projects of NHC "Uzbekneftegaz" in the field of automation of production activities, and participation of JSC "Uzneftegazinformatika" on those projects*

According to the Decree of the President of Uzbekistan from 03.04.2015, the PD-4707 "About measures for structural reforms, modernization and diversification of production in 2015-2019years" it is planned to implement by the National Holding Company "Uzbekneftegaz " three major investment projects in the field of automation of industrial activities and coordination of these projects entrusted, by the decision of NHC "Uzbekneftegaz", to JSC "Uzneftegazinformatika". By implementing these projects in accordance with established procedure, JSC "Uzneftegazinformatika" will hire as specialized industry organization that will enable to carry out additional works with a corresponding increase in their profits. Brief information on these projects is given below.

*The first project* is the "Implementation of an integrated information system for the computerization of production and economic activities of the National Holding Company" Uzbekneftegaz "" (hereinafter - ICC project). The project envisages the implementation of ERP-system on 45 of the largest companies of the NHC "Uzbekneftegaz". Pre-implementation period is 2016-2018years. The total project cost is 98.7mln USD.

As part of this project JSC "Uzneftegazinformatika" has the opportunity to participate both at the stage of the pilot project (covering 3 companies), and at the stage of replication (42 enterprises of NHC "Uzbekneftegaz").

In addition, the project envisages the creation on the basis of JSC "Uzneftegazinformatika" specialized service units on the project and the development of the ICC - authorized service and commissioning Service, with the quantity of 45 units.

The approximate additional amount of services in the implementation of the project (2016-2018years.) annually can be up to 1 billion UZS (352.5 thousand USD, at the rate of the Central Bank of the Republic of Uzbekistan on 04.02.2016y.), beginning with the launch of the project in productive operation (2017y.) the volume of maintenance work on the draft project can be up to 3 billion UZS (1 057.5 thousand. USD. at the rate of the Central Bank of the Republic of Uzbekistan on 04.02.2016y.) annually.

*The second project* is "The introduction of operational accounting and automated production process monitoring of preparation, storage and transportation of extracted hydrocarbons, their processing and shipment of commercial products" of the enterprises such as joint-stock companies "Uzneftegazdobycha" and "Uznefteproduct" (hereinafter - ASOUP project). The implementation period is 2016-2019 years. The total project cost is 37.4 mln. USD.

As part of this project JSC "Uzneftegazinformatika" will be one of the key performers, and has good prospects for further system maintenance.

The total amount covered by hydrocarbon metering is more than 2.3 thousand units. The estimated cost of commissioning works on the project ASOUP is 5.7 mln. USD,, at the rate of the Central Bank of the Republic of Uzbekistan on 04.02.2016y. The amount of maintenance work on the project ASOUP can be up to 3 billion UZS ($ 1 057.5 thousand USD, on rate of the Central Bank of the Republic of Uzbekistan on 04.02.2016g.) annually.

*The third project* is “Introduction of GPS positioning system monitoring and parameters, traffic and machinery subordinate units of NHC "Uzbekneftegaz "” (hereinafter - GPS Project). The implementation period is 2016-2019 years. The total project cost is $ 29.2 million USD.

As part of this project JSC "Uzneftegazinformatika" will be one of the key performers, and has good prospects for further system maintenance.

The estimated cost of commissioning works of the project is 4.5 mln USD, at the rate of the Central Bank of the Republic of Uzbekistan on 04.02.2016y. (Provides coverage of more than 9 thousand units of vehicles across the territory of the Republic of Uzbekistan). Estimated cost of services is 1.6 billion UZS (564 thousand. USD at the rate of the Central Bank of the Republic of Uzbekistan on 04.02.2016y.)

*6.3 Implementation of joint projects.*

It is possible to implement the following options for cooperation.

If the role of the foreign investor will perform engineering company, it is possible to have joint implementation in the field of industrial automation projects in the oil and gas industry and other sectors of the real economy.

For example, in the implementation of the project on modernization of a manufacturing plant foreign partner may act as a general contractor who supplies the necessary equipment and performs part of the commissioning work, and, if necessary, carries out supervision overseeing the rest of the pre-commissioning. "Uzneftgazinformatika", on the other hand, will carry out the majority of the works (both in terms of commissioning CMI and SCADA) with the possible involvement of other companies in the Republic of Uzbekistan of similar profile, with whom JSC "Uzneftgazinformatika" has established relations.

As practice shows, the availability and hiring qualified local partners, who can take over the majority of the commissioning works, greatly reduces the cost of the project and thus increases the chances of winning the tenders.

**7. Contacts**

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