

Analytical note on the results of the work of AMMC for the 1st half of 2018

Implementing the most important priorities of the program for social and economic development, the collective body of Almalyk mining-and-metallurgical integrated works for the first half of 2018 ensured production of the marketable products:

- in current prices - 100.6%,
- in comparable prices - 100.7%.

The growth rate of output of marketable products in comparable prices by the corresponding period of 2017 amounted to 102.0%.

Copper ore was extracted 99.7% to the set target, the output of copper products was 104.9%, including 100.1% of own raw materials, 96.4% of metal zinc, including 96.4% of zinc from own raw materials 101,1%, sulfuric acid 95,2%, molybdenum trioxide 111,7%, refined gold 101,5% and refined silver 100,8%. Copper raw materials are processed 100.0% to the target, the growth rate is 106.4%.

For the first half of 2018, products for export were sold 141.0%,

Through the exchange trading of UzEx, for the first half of 2018, copper products were sold-100.0%, to the task, metal zinc -100.0% to the task, Portland cement - 107.1%.

In order to saturate the domestic market, the plant produced consumer goods worth 11.6 billion soums (excluding VAT) or 100.6% of the target, the growth rate was 101.9%.

In accordance with the Decree of the President of the Republic of Uzbekistan No. PP-3507 dated 03.02.2018 "On Approving the Lists of Investment and Infrastructure Projects for 2018", JSC Almalyk MMC implements 6 investment projects aimed at increasing the capacities for extraction and processing of raw materials from capital investments in the amount of 2,081.1 billion soums, including:

at the expense of own funds - 348.2 billion soums;

funds of the FRDU - 1 234.9 billion soums;

credits of commercial banks - 498.0 billion soums.

In the first half of 2018, investments in the amount of

1258.5 billion soums (105.1%), including:

No.	Description	Forecast, bln. soums	Fact, bln. soums	% fulfillment
1.	The construction of an underground ore mine at the Samarchuk site on the basis of the existing Kyzyl-Alma deposit	18,0	18,4	102,3

No.	Description	Forecast, bln. soums	Fact, bln. soums	% fulfillment
2.	Construction of a cement plant in the Sherabad district of the Surkhandarya region	863,8	864,6	100,1
3.	Development of "Yoshlik-1" deposit	305,9	364,5	119,2
4.	Development of "Yoshlik-1P" deposit	10,0	10,6	105,4
5.	Expansion of production capacities for extraction and processing of raw materials (Kalmakir, Sary-Cheku, UPZHT, UAT, MOF)	-	-	-
6.	Development of "Uch-Kulach" deposit by open-pit mining	-	0,06	-
	TOTAL	1197,7	1258,5	105,1

According to the Decree of the President of the Republic of Uzbekistan of December 26, 2016. №PP-2698 "On measures for the further implementation of prospective localization projects for the production of finished products, components and materials for 2017-2019," Almalyk MMC is implementing 32 projects for a total of 29.0 billion soums.

In the first half of 2018, localized products were manufactured for 43.3 billion soums or 306.4% of the forecast.

A complex of organizational and technical measures to reduce the cost of production for 2018, which involves reducing production costs by 273.7 billion soums or 7.5%.

The expected result of the implementation of a set of measures to reduce production costs for the first half of 2018 will be 6.7% against 6.1% of the target, including production costs 6.3% versus 5.2%.

According to the Decree of the President of the Republic of Uzbekistan No. PP-2692 of December 22, 2016 "On additional measures to accelerate the renewal of physically worn out and obsolete equipment, as well as to reduce the production costs of industrial enterprises", in 2018, 360 units of technological equipment for 22361,1 thousand dollars are subject to replacement and modernization.

For the first half of 2018, 23 units of equipment were replaced for \$ 576.5 thousand dollars.

The plant carried out activities to improve management, strengthen the financial and economic situation and implement monitoring to reduce receivables and payables.

The expected accounts receivable as of 01.07.2018 will amount to 436.2 billion soums, without the formation of overdue debts, accounts payable - 390.0 billion soums.

Debt to the budget and on wages is not available.

Almalyk MMC has developed and approved measures to reduce fuel and energy resources for 2018, due to which the expected savings in fuel and energy resources for the first half of 2018 will be:

- electric energy – 66,5 mln.kWh;

- fuel – 16,9 mln. m³;

Saving of fuel and energy resources amounts to 19,2 bln. soums.

JSC Almalyk MMC is implementing measures to expand the use of alternative energy sources. In 2018 it is envisaged the introduction of solar units in the amount of 60 pcs. in the "Oltin-Oлма" vocation hotel, which will save 0.2 million kWh per year.

For deep study and implementation of modern corporate governance methods at the proper level, a training manual has been prepared in cooperation with the Scientific and Educational Center for Corporate Governance of the Republic of Uzbekistan, which contains all regulatory and local acts adopted to improve the corporate governance system in joint-stock companies, corporate governance principles, corporate governance, international experience of foreign countries, a set of recommendations for further development the corporate governance system.

In the first half of the year 2018, 3 specialists of the plant upgraded their knowledge and skills in the training courses "Corporate Governance: Principles, Mechanisms and Implementation" and "Human Resources Management" organized by the Scientific and Educational Center for Corporate Governance.

In accordance with the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan of 28.07.2015, No. 207 "On the implementation of criteria for assessing the performance of joint-stock companies and other business entities with a share of the state" and the Regulation "On the application of key performance indicators of JSC Almalyk MMC" approved by the Supervisory Board of JSC "Almalyk Mining and Metallurgical Company", the criteria for the effectiveness of Almalyk MMC's activities were assessed. The integrated efficiency coefficient (IKE) of Almalyk Mining and Metallurgical Company for the 4th quarter of 2017 amounted to 458.07% (the efficiency of the executive body is recognized as high - if the value of the ITU exceeds 100 percent).

According to the Program for the creation of new jobs for 2018, it is planned to create 820 new jobs, of which the development of the industry 230 and under the investment program 590 workplaces.

In the first half of 2018, 350 new jobs were created, including 74 for the development of the industry and 276 for the investment program.

In accordance with the program on technical training of workers, 2,300 people were trained to upgrade the skills of the workers, 1,047 people retraining and mastering the second profession, further training and retraining of managers and specialists-934 people, including 374.

On a fee-based basis, 295 people study, including 146 in the Russian Federation, 112 at the correspondence and evening departments of the Almalyk branch of the Tashkent State Technical University, 20 at the correspondence department of the Navoi State Mining Institute. 13 Masters in absentia and 4 people are studying full-time in the Masters of NITU MISiS.

During the first half of the year 2018, 1875 students of professional colleges passed the industrial practice.

During the reporting period, 1,056 college graduates and 310 university graduates were employed.

According to the Resolution of the President of the Republic of Uzbekistan of 01.08.2016. No. PP-2569 "On Measures for the Further Development and Implementation of Information and Communication Technologies in the Real Economy Sector for 2016-2018" approved a list of priority projects for the implementation of information and communication systems and software products, which includes 6 projects of Almalyk Mining and Metallurgical Company with a total estimated value of 18.8 billion soums. During the implementation of the Resolution, in fact, 4.1 billion soums have been disbursed. Of these, for 2018 envisages the implementation of two projects with a deadline in the IV quarter:

1. Implementation of a process automation system for a cement plant in the Sherabad district of the Surkhandarya region.

Estimated cost: 11.6 billion soums.

The system will allow to control the process of cement production, by outputting the data of the operation of all technological equipment to the dispatcher plant as mnemonic schemes, to control the entire technological process from the operator's automated workplace, and to reduce the costs of energy resources (gas, electricity) with increasing output quality.

Works on installation and start-up and adjustment of the process equipment are being carried out.

2. Introduction of the automation system at the underground mine Samarchuk.

Estimated cost: 3.4 billion soums.

The automation system will automatically control the parameters of the main process equipment, provide emergency protection.

Construction work is underway.

Since the beginning of the year, 20 people have been upgraded in terms of minimum computer literacy in the ICT field, costs amounted to 111.6 thousand soums.

Work is underway to upgrade the existing wireless data network. Permits for temporary operation of radio electronic means have been obtained. Connected to the corporate data network remote units, such as the Limestone Plant, the Plant of explosive materials. Completion of the project is planned in the second quarter of 2018. Modernization will increase the capacity of the data transmission network between remote units located in remote mountainous areas up to 60 Mbit/s. SanitWork is underway to upgrade the existing wireless data network. Permits for temporary operation of radio electronic means have been obtained. Connected to the corporate data network remote units, such as the Limestone Plant, the plant of explosive materials. Completion of the project is planned in the second quarter of 2018. Modernization will increase the capacity of the data transmission network between remote units located in remote mountainous areas up to 60 Mbit / s. Sanitary passports of the radio engineering object were obtained. Work is underway to establish a working commission for the reception of radio equipmentary passports of the radio engineering object were obtained. Work is underway to establish a working commission for the reception of radio equipment.

New server equipment Huawei RH2288 v3 for the proxy server AGMK was commissioned.

Pursuant to the Decree of the President of the Republic of Uzbekistan of January 22, 2018, No. UP-5308, "On the State Program for Implementing the Strategy of Action for the Five Priority Areas for the Development of the Republic of Uzbekistan in 2017-2021" in the "Year of Support of Active Business, Innovative Ideas and Technologies" Almalyk MMC has developed and approved 39 activities for the amount of 12.2 billion soums.

During the first half of 2018, measures were implemented for 6.4 billion soums.

In order to meet the needs of the workers of the plant and the saturation of the city's market with meat and dairy products for the first half of 2018,

meat products - 30 tons;

of dairy products - 1014 tons were produced.

In order to timely execute the orders and improve the control system of the executive discipline, the Executive Office of Almalyk Mining and Metallurgical Company set up a service to monitor the execution of orders from higher organizations (Order No. 322 of April 26, 2017) and establish a systematic and critical analysis of the status of the performing discipline.

Throughout the period, work was carried out to introduce a system of reporting and monitoring the implementation of documents in a timely manner, to study the implementation of the Laws, acts of the President of the Republic of Uzbekistan and Governmental decisions on the ground. According to the work plan of the plant, protocols are prepared with the formulation of analytical references.

In pursuance of the Resolution of the President of the Republic of Uzbekistan from April 11, 2017 No. PP-2881 "On the personal responsibility of the State Councilors of the President of the Republic of Uzbekistan, the heads of the Cabinet of Ministers and its complexes, state and economic management bodies, as well as khokimiyats at all levels for effective and efficient execution of acts and instructions of the President of the Republic of Uzbekistan, and also for strengthening the executive discipline" and the Regulation on the application of disciplinary measures to officials of the Cabinet of Ministers, heads of state bodies the Council of Ministers of the Republic of Karakalpakstan, the regional and city khokimiyats approved by the Resolution of the Cabinet of Ministers of May 10, 2017 No. 264 approved and introduced the Regulation "On the Procedure for Applying Disciplinary Measures to Officials of Almalyk Mining and Metallurgical Company.

Systematic work is carried out to critically analyze the implementation of their own decisions, identify shortcomings and develop specific measures to eliminate them.

In the first half of 2018, only 502 acts were registered in JSC Almalyk MMC, including 2 decrees, 23 resolutions, 1 decree, 4 protocols of instructions of the President of the Republic of Uzbekistan, 37 instructions of the President's Office, 453 acts and instructions of the Cabinet of Ministers of the Republic of Uzbekistan, 161 instructions of the Prime Minister and his deputies, and 178 instructions of the Cabinet of Ministers' IAD.

According to the aforementioned acts of the President and the Cabinet of Ministers of the Republic of Uzbekistan (70), 54 decisions were taken in total, including 46 orders and 2 instructions and 4 complex measures.

To ensure an open dialogue with citizens, careful consideration and resolution of appeals at the plant, the Service for Control and Coordination of Work with Applications of Individuals and Legal Entities was established. Daily reception is organized.

During the first half of 2018, there were 1885 applications, 432 of them written, 867 oral, and 586 - electronic appeals arrived. According to 126 applications measures were taken, 23 applications were re-submitted, for 1668 explanations were given, 73 applications were under consideration and 12 were rejected.

The nature of the applications - the provision of material assistance, employment, treatment, utilities, restoration to work, transfer to other units of the plant, as well as transport problems and other.