

REMICON JOINT STOCK COMPANY RESEARCH

INTRODUCTION OF THE COMPANY

Remicon was the third largest concrete producer in Mongolia. Remicon was recognized by the Mongolian Stock exchange as one of the top publicly listed companies in Mongolia and was added to the Mongolian TOP 20 index in December, 2011. In 2010 Remicon's production increased 5.2 times.

MANAGEMENT

Remicon JSC has outstanding shares of 78,679,464. The table below shows the ownership structure.

Shareholders	Proportion %
Hera holding LLC	51 %
Frontier Securities	12 %
Gauli	11 %
Other shareholders	26 %

Gankhuyag Khassuuri, Chairman of board

Mr Gankhuyag is chairman of board Remicon JSC and President & CEO of the Hera Holding.

Munkhsaikhan Enkhbayat, CEO

Mr. Munkhsaihan, has vast experience in business management as well as in concrete and cement production. Mr. Munkhsaihan is currently an active member of the Mongolian Chamber of Commerce.

Resource: Mongolian Stock Exchange

FINANCIAL INFORMATION

Indicator	2010	2011
Total Asset (bln MNT)	6.3	10.6
Net profit (bln MNT)	0.4	1.8
Intangible assets and liabilities (bln MNT)	0.7	1.4
Earning Per Share (EPS)	5.4	23.5
Price to Earning Ratio (P/E)	12.3	5.7
Price to book ratio(P/B)	0.8	1.14
Return on Asset (ROA)	0.07	0.17
Return on Equity (ROE)	0.07	0.2
Dividend per share (DPS)	1.6	5
Annual average stock price (MNT)	66	134
Annual average market capitalization (bln MNT)	5.2	10.5

Resource: Standard investment LLC

GENERAL INFORMATION

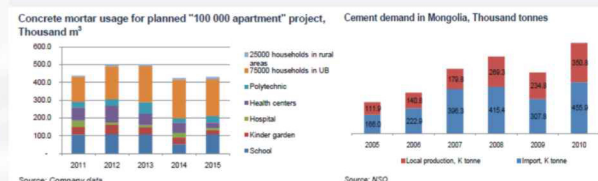
Establishment date	2008
Main activity	Concrete manufacturing
Board director	Gankhuyag.Kh
Total asset: (12.31.2011) bln MNT	10.6

INFORMATION OF STOCK

Code of stock	530
Symbol	RMC
Number of total share	78,679,464
Close price 2012.08.13 /MNT/	197
Market value /bln MNT/	15.5



MARKET OVERVIEW



Resource: National Statistical Office of Mongolia

GROWTH AND DEVELOPMENT OF THE COMPANY

In 2009, the construction sector collapsed 45% YoY due to limited credit availability for the construction of new projects and since 2010 the completion of these stalled projects has already begun. The Government of Mongolia has initiated the "100 000 Apartments" project, having completed its 40,000 apartments program. Implementation of the project will require approximately 2.3 million m³ of concrete mortar and over 1 million tonnes of cement, resulting in an annual increased demand of at least 400K m³ concrete mortar and 250K tonnes of cement in the coming 5 years.

Apart from the construction of residential and commercial real estate, there are numerous infrastructure projects expected. The Government of Mongolia has planned to invest MNT30.9 trillion (USD25.4bn) into infrastructure, mining, construction, energy and 4 other sectors from 2010 to 2015. This means that in the coming years there is expected to be a sharp increase in demand for both concrete mortar and cement.

Remicon's production increased 5.2 times in 2010 and is expected to increase 2.3 times in 2011, according to the company management team. The company is planning to build a cement factory with an annual capacity of 250-300K tonnes of Portland 42.5 cement product with a purpose to improve the company's independence and competitiveness, reduce the cost of goods of concrete mortar and upgrade the value of the company. The company is planning to finance the cement project by issuing shares on the MSE.

CONCLUSION

Mongolian government is supporting the construction sector and investing into infrastructure, mining and construction sectors in 2010-2015. These politics have a positive effect on to the construction sector. Remicon produces beton which is the raw commodity of the construction and as the sector grows, beton production also will rise in the future. Remicom JSC has performed 1.8 billion MNT net profit and distributed dividends of 5 MNT per share in 2011. If the project of the cement plant is successfully completed the cost of producing cement will drastically decrease. In that way net profit will rise and Remicon can invest into their next project or distribute more dividends per share. The return on equity (ROE) is 7% in 2010, and increased to 20% in 2011. Return on asset was 7% in 2010 and this also rose to 17% in 2011. This values show us that company growing. Price to book ratio was 0.83 in 2010, and 1.14 in 2011 respectively. This value shows us that the price of share is less valued in 2011 than 2010. Price to earning ratio is 12.32 in 2010 and 5.71 in 2011.

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Address:

**Jigjidjaw's street 5/3, Khoroo 1,
Chingiltei district, Ulaanbaatar, Mongolia
Tel: (976) 70114433
Fax: (976) 70114433
Website: www.standardinvestment.mn**

**CHIMGEE Tsedevdorj
Head research**

**Address: Jigjidjaw's street 5/3, Khoroo 1,
Chingiltei district, Ulaanbaatar, Mongolia
Tel: (976) 70114433
Fax: (976) 70114433
Mobile: (976) 99066293
E-mail: chimgee@standardinvestment.mn**