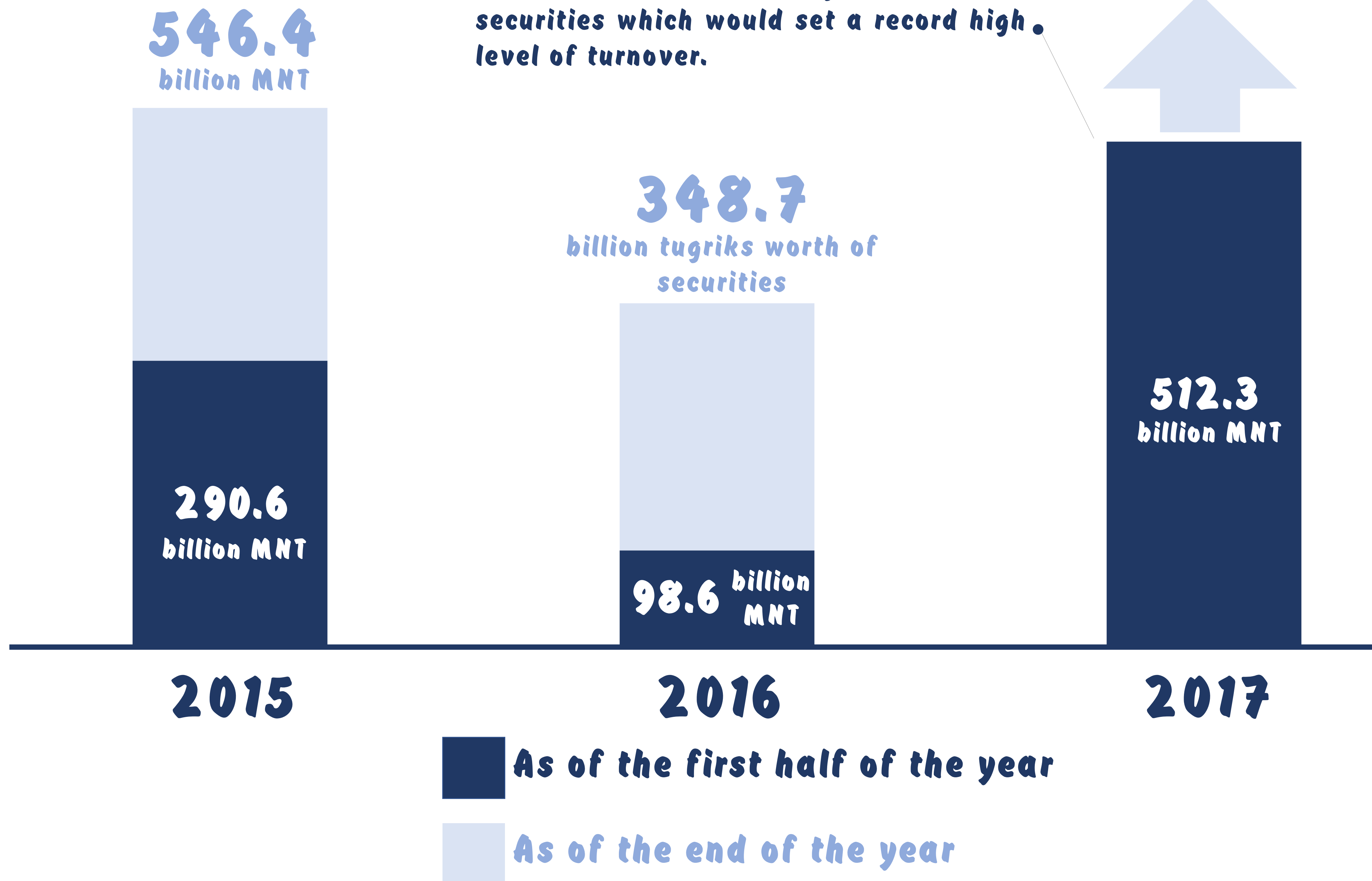




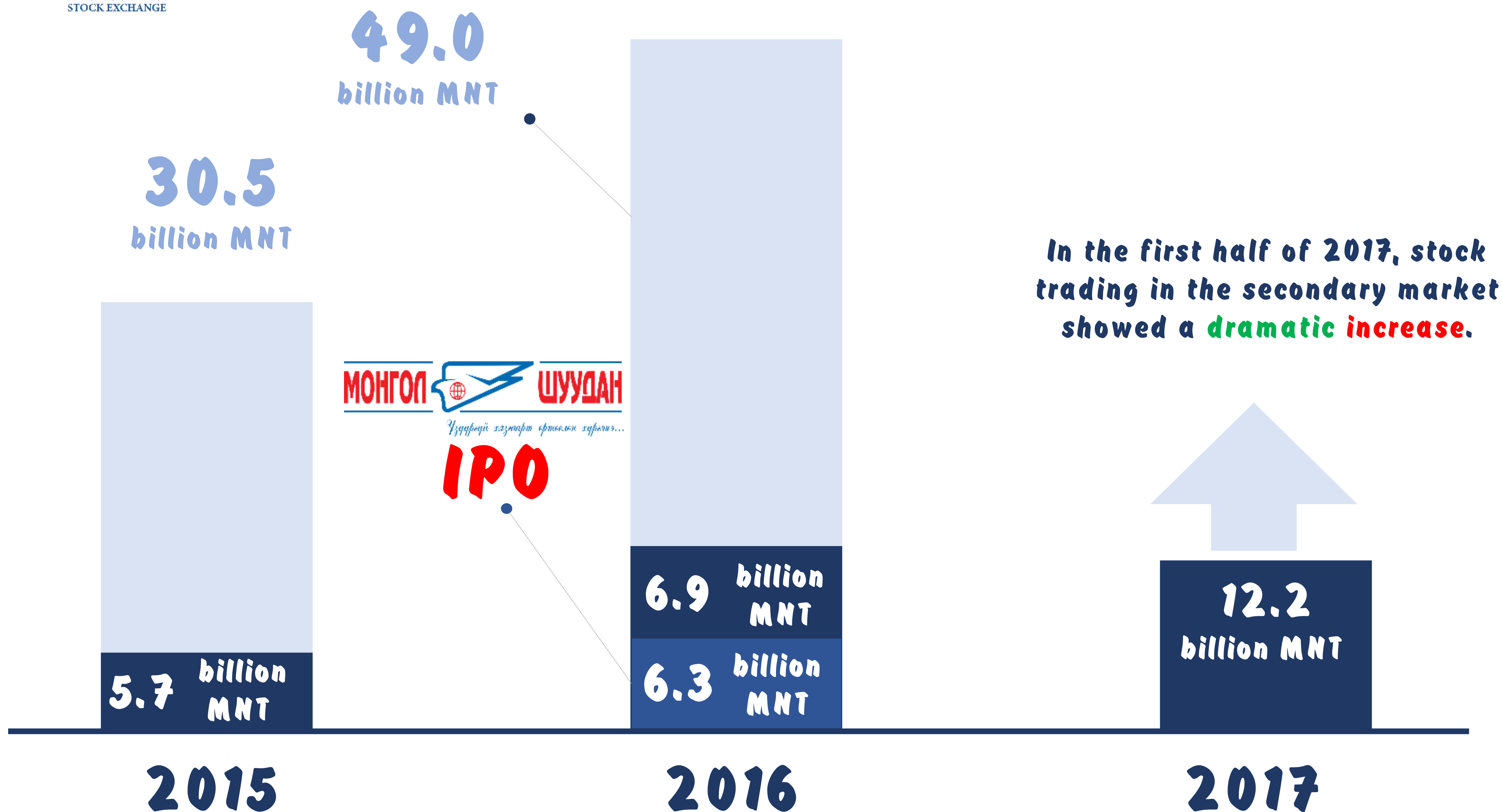
2017 SEMI-ANNUAL REPORT



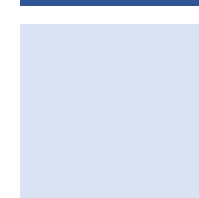
TOTAL TURNOVER

In the first half of 2017, MSE traded a total of **512.3** billion tugriks worth of securities which would set a record high level of turnover.



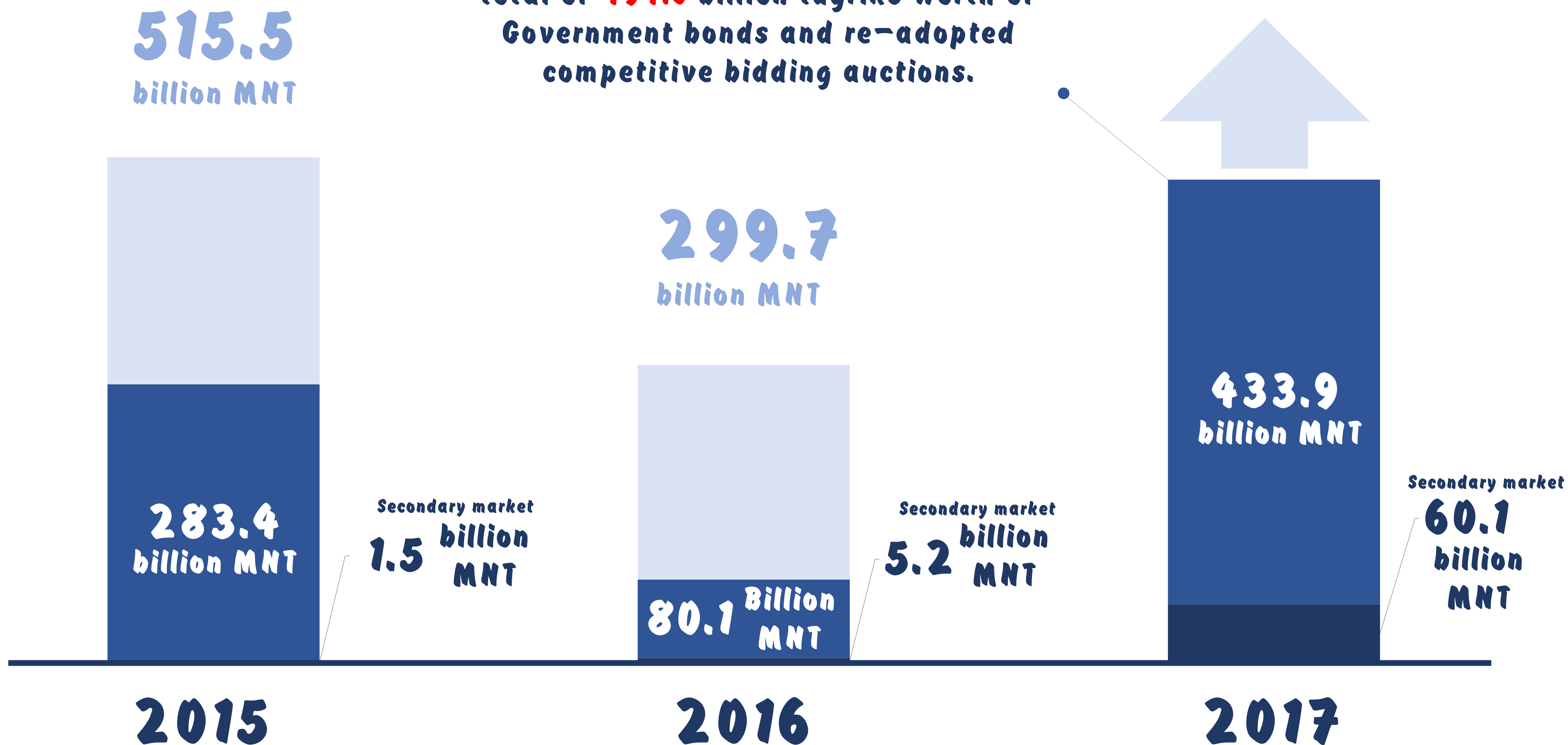
STOCK TRADING



-  As of the first half of the year (Secondary market)
-  As of the first half of the year (Primary market)
-  As of the end of the year (Total)

GOVERNMENT BOND TRADING

During the reporting period, MSE traded a total of **494.0** billion tugriks worth of Government bonds and re-adopted competitive bidding auctions.



- As of the first half of the year (Secondary market)
- As of the first half of the year (Primary market)
- As of the end of the year (Total)



CORPORATE BOND TRADING

The issue of Suu Bond was oversubscribed by 13% or 67,547 units of subscriptions valued at MNT 6,754,700,000 were received.

In the second half of 2015, **500 million** tugriks worth of Erchim Bond were traded in the primary market and 1.9 million tugriks in the secondary market.



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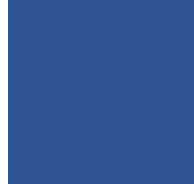
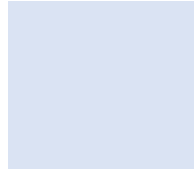
No corporate bonds were traded

6.0
billion MNT

2015

2016

2017

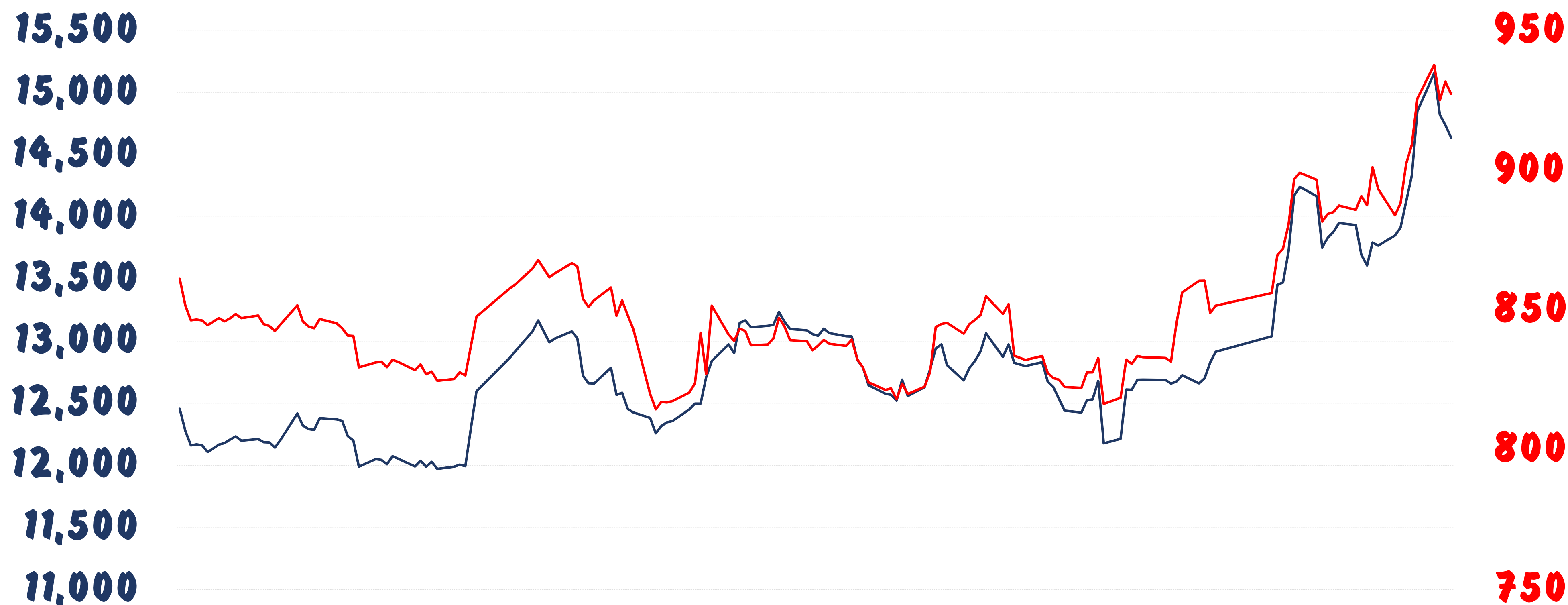
-  As of the first half of the year (Secondary market)
-  As of the first half of the year (Primary market)
-  As of the end of the year (Total)



MARKET INDICES

TOP-20

MSE-ALL



THE TOP-20 INDEX COMPOSITION IS RENEWED ONCE EVERY HALF YEAR AND ACCORDING TO THE RECENT REVIEW, 16 STOCKS WERE REMAINED AS A COMPONENT SECURITY, WHILE, "UB-BUK" JSC, "HERMES CENTER" JSC, "MEREX" JSC AND "REMICON" JSC WERE REMOVED. "BDSec" JSC, "Gutal" JSC, "Genco Tour Buro" JSC and "Telecom Mongolia" JSC were newly included in the Index.



Semi-annual operating performance

Competitive bidding auctions were re-adopted in the market from July 2017 and 60,000 units of 39-week Government bonds with a total value of MNT **6 billion** were traded successfully by the first issue of competitive bidding auction which was oversubscribed by more than twice. As a result of competitive bidding, yield to maturity declined from **11.7%** to **10.3% p.a.**

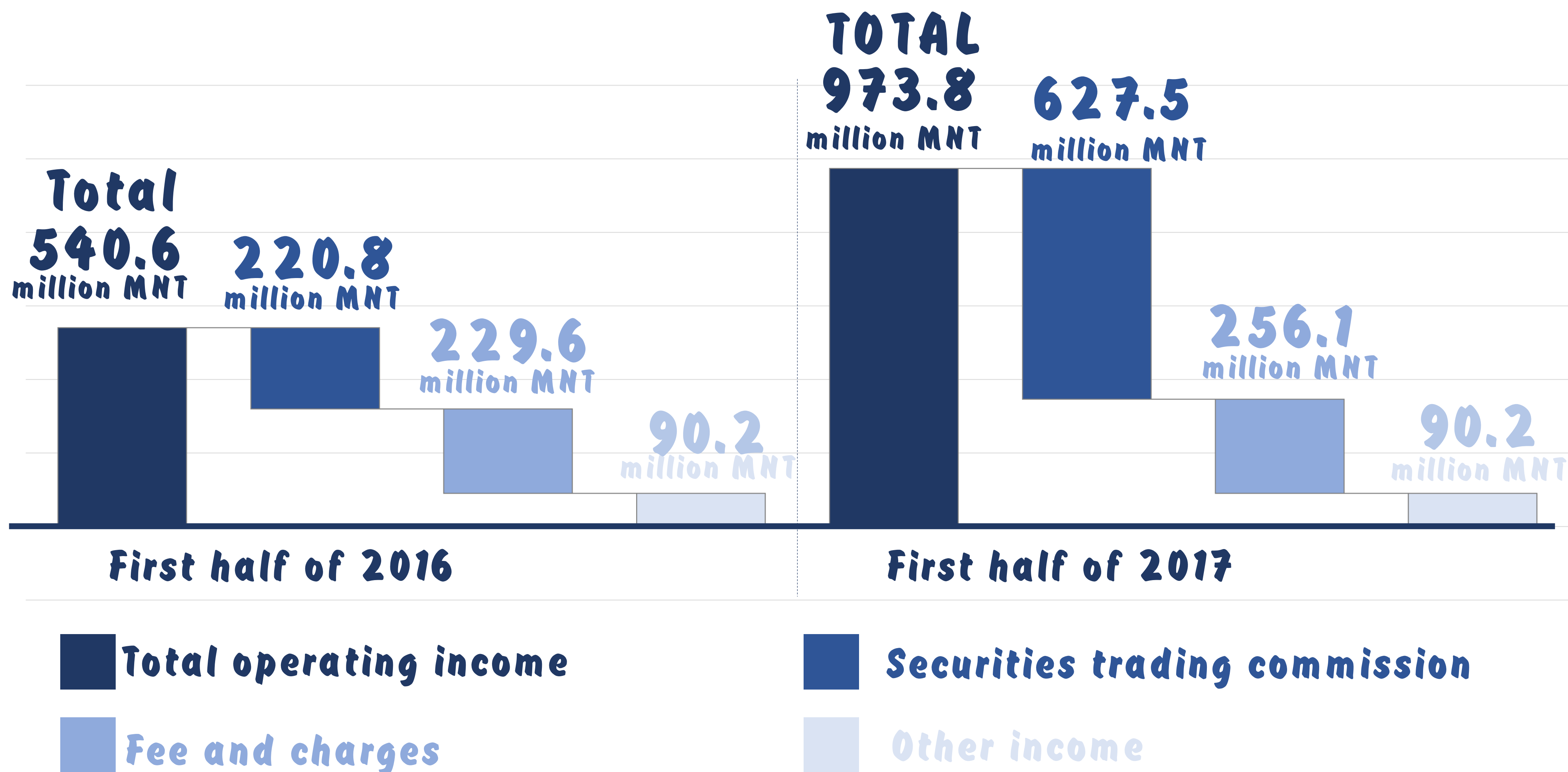
The “Suu Bond” with par value of MNT 100,000, annual interest rate of 17.5% and the total value of MNT 6.0 billion were issued by “Suu” JSC and were traded successfully on the Mongolian Stock Exchange on June 29, 2017.

The secondary market trading of Suu JSC was opened on July 4, 2017. As of August 18, 2017, **1.3 billion tugriks** worth of Suu Bond have been traded.

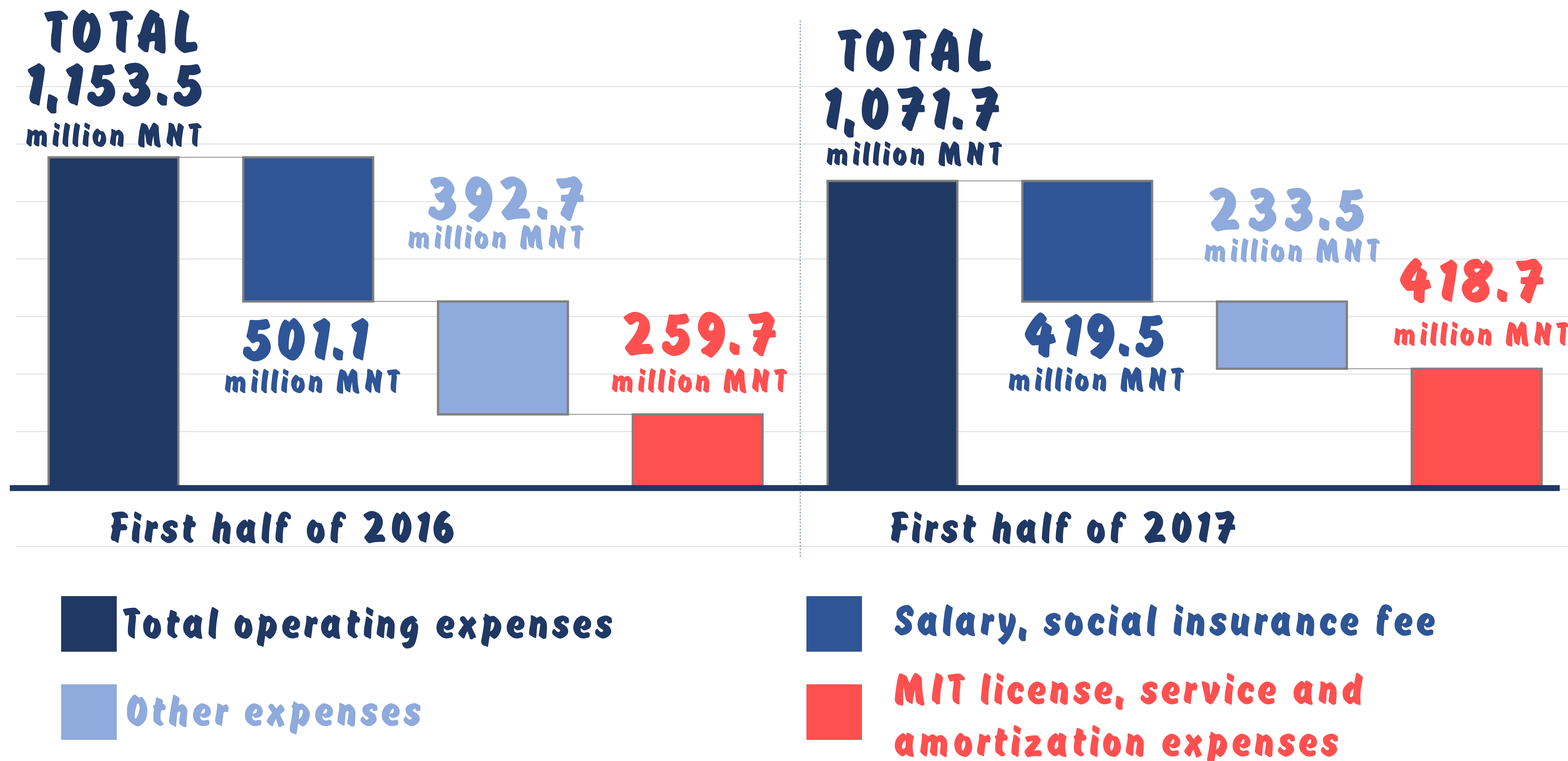


FINANCIAL PERFORMANCE

In the first half of 2017, MSE achieved an operating surplus of **320.8 million tugriks** before allowing for the 653 million tugriks of operating expenses. The pre-tax loss amounted to **97.9 million tugriks** which was driven by the accumulated license, service and amortization expenses related to Millennium IT trading system.



FINANCIAL PERFORMANCE



Within the framework of the Strategic Partnership with the London Stock Exchange, 20 billion tugriks were granted from the State Budget in the past years. In accordance with the Order No.334 of the Finance Minister dated September 27, 2016, MSE's equity was increased by **21.9 billion** tugriks.

TAXES PAID TO STATE BUDGET

MSE paid a total of **238.6 million** tugriks of taxes and commissions to the State Budget in the first half of 2017.

