

WEEK OF STOCK MARKET OF KAZAKHSTAN May 18 - 24

1 US dollar = **142.40** tenge at official rate for the end of the period
1 US dollar = **142.38** tenge at weighted average rate of the Exchange for the end of the period

Yield of stock exchange financial instruments

Following is the table that allows to compare investment attractiveness of the financial instruments, which were regularly traded or quoted at Kazakhstan stock exchange (KASE) from April 6 through 12. In parentheses – figures of previous period. Instruments are given in descending order, based on their attractiveness.

Investment attractiveness of financial instruments at KASE from May 18 through 24

Financial instrument	Currency	Yield, % APR	Volume of deals, mln KZT	Volume of deals, mln USD
ALKSb	USD	14.96 (14.96)	0 (0)	0 (0)
MEKKAM, notes	KZT	*14.04 (14.46)	1,440.0 (1,266.9)	10,115.2 (8,895.6)
KOMBb	USD	13.89 (13.89)	0 (0.4)	0 (2.8)
KKGBb	USD	12.66 (12.41)	0 (0)	0 (0)
Euronotes-4	USD	11.19 (11.30)	53.4 (410.4)	375.1 (3,253.1)
Euronotes-3	USD	11.00 (11.02)	720.7 (1,046.2)	5,062.5 (7,346.0)
KZT (SS repo)	KZT	*10.19 (7.81)	1,687.2 (785.1)	11,851.6 (5,512.7)
Euronotes-2	USD	10.07 (10.07)	254.4 (463.3)	1,787.0 (3,253.1)
MEKAVM	USD	*7.21 (9.54)	7.7 (42.6)	54.1 (299.4)
BTAS	USD	0.00 (9.61)	0 (0)	0 (0)

Notes: Yield of BTAS was calculated for 5 days by bid quotations; for ALKSb, KKGBb, KOMBb – average for offer quotations.

Tenge devaluation rate is estimated in the week by a trend of **negative 0.38% APR** (tenge revalued).

The yields, shown here, do not incorporate overhead expenses that are inevitable when conducting operations and fixing profits (commission and tax collections, membership fees etc). Marked by a star are the instruments with less than a year circulation term. Weighted average effective yields are given for them.

Initial offerings

From **May 23 and 26** primary auction for offering **common inscribed shares of OJSC “Astana-finance”** (official list of securities, category “B”, KZ1C7671418, trade code in regular mode - ASFI) are conducted on trade floor of KASE. By the end of the second auction day the issuer was able to sell **252 shares for a total of KZT252 th.** Total of 17 deals were made. All the deals were made at face value of a share – KZT1000.00. The issuer intended to offer 2,000 shares for a total of KZT2 mln.

Distinctive feature of the auction is that the organizers of the project – issuer, KASE, CJSC “Fondovyi Servis” (Almaty) and OJSC “Halyk Bank of Kazakhstan” (Almaty) – give the private persons in Astana an opportunity to buy the shares of OJSC “Astana-finance” through Internet. As the representative of CJSC “Fondovyi Servis” informed the agency IRBIS, the cases of private persons buying the shares at the branches of OJSC “Halyk Bank of Kazakhstan” have been registered already.

Trades in corporate securities

During observed period 4 deals were made in the sector of private issue securities (PIS) on trade floors of Kazakhstan stock exchange (KASE) amounting to **\$109.5 th.** Relative to previous period (\$297.5 th., 18 deals) weekly turnover of PIS fell 2.7 times.

Results of the trades in shares from May 18-24

Issuer	Securities	Close	WA price	Volume	USD per share, unless otherwise specified	
					Best bid	Best offer
OJSC «Almaty Kus»	ALKS			0	0.15	0.31
OJSC «Bank TuranAlem»	BTAS	76.32		0	75.88	78.16
OJSC «Bank CenterCredit»	CCBN	1.27		0	0.91	1.42
OJSC «KAZKOMMERTSBANK»	KKGB	80.00		0	0.22	
«Kazakhtelecom»	KZTKp	8.88	8.88	3 793	8.88	8.88
OJSC «SHNOS»	SYRG	1.63		0	1.50	
OJSC «Temirbank»	TEBN	7.39		0		7.41
OJSC «Aliuminii Kazakhstana»	ALKZp	0.49	0.49	35 190	0.49	0.49
OJSC «Mangistaumunaigas»	MMGZp	7.92	7.92	7 318	7.92	7.92
OJSC «Jairemskii GOK»	JGOKp	3.99	3.99	144	3.99	3.99

To be continued on the page 2

Results of the trades in bonds from May 18 - 24

Issuer	Code	Currency	Last	yield for the buyer in % APR till maturity, unless otherwise specified			
				WA	Volume, th. USD	Best bid	Best offer
OJSC «Almaty Kus»	ALKSb	USD	14.96	–	0	16.63	15.45
OJSC «KAZKOMMERTSBANK»	KKGBb	USD	12.66	–	0	14.16	12.31
OJSC «Komirbank»	KOMBb	USD	13.89	–	0	30.07	13.90

Notes: bid and offer prices are given for the period; if no deals were made during reporting period (volume =0), the last price of successful trades will be given; marked by a star are indicative quotations in Quotation trade system of KASE unlike the bids submitted in regular trade mode, or the price of direct deals.

Preferred shares of OJSC “Mangistaumunaigas” (Aktau, official list of the securities, category “A”, **MMGZp**) were the leaders in terms of volumes of the deals. Their proportion in weekly turnover of PIS equaled 53.0% (\$57.96 th., 1 deal). Last week preferred shares of **OJSC “Aktobemunaigas”** were the leaders (Aktobe, “Non-listed securities” sector, admittance level 2, **AMGZp**).

Compared to previous successful trading day: price of **MMGZp** grew 52.6%, **ALKZp** – 40.0%, price of **KZTKp** fell by 38.2%. Data on the deals, bid and offer information, as well as description of trade codes are given in the tables.

In PIS repo sector a single deal was made for \$9.1 th. during the week. It was a repo opening deal for 61 days at 13.99% APR in terms of dollars. As an object of repo **common shares of OJSC “Halyk Bank of Kazakhstan”** (HSBK, KZ1C33870410, KASE official list of the securities, category “A”).

After closing of the last trades of the week six indexed (in U.S. dollars) PIS repos were opened for a total of \$1,445.4 th. on the trade floor of the Exchange. The following were used as an object of repo: **common inscribed shares of OJSC “Bank CenterCredit”** (CCBN; \$1,400.5 th.; 96.9% of all open repos in this sector; rates are 12.97% APR in terms of dollars for 186 days, and 14.00% APR for 260 days); **preferred inscribed shares of OJSC “UKTMK”** (UTMKp; \$7.0 th.; 0.5%; 16.00% APR for 92 days, respectively); **preferred inscribed shares of JSC “Kazakhstanaspishelf”** (KKSHp; \$28.8 th.; 2.0%; 14.12% APR for 91 days); **common shares of OJSC “Halyk Bank of Kazakhstan”** (HSBK; \$9.1 th.; 0.6%; 13.99% APR for 61 days).

Capitalization of the stock market for PIS

For May 24, 2000 total capitalization of the stock market for PIS of Kazakhstan (A+B+N without SBS) equaled **\$1,697.4 mln** or KZT241.7 bln at tenge to dollar rate of the Exchange, effective on that date. \$3.8 mln growth in capitalization in terms of dollars relative to the end of previous period was caused by the changes in trade lists of the Exchange (see below) and by a growth in the price of preferred shares of OJSC “Mangistaumunaigas” and OJSC “Aliuminii Kazakhstana”, which was partially compensated by a decrease in the price of preferred shares of “Kazakhtelecom” (see above).

Trades in state securities

In purchase and sale sector for SS of KASE total volume of **84 deals** reached **KZT2,476.5 mln**. Last week the volume equaled KZT3,229.4 mln with 93 deals made.

Deformation in the turnover structure of the Exchange’s secondary market of SS was minimal in this week, which was caused by a general stability of the country’s financial market and by positive trends developing recently. The banks are gradually leaving the dollar instruments, giving more and more preference to SS denominated in tenge. It is enough to say, that quite a big daily offering of MEKAVM at KASE does not create sufficient demand. By the reasons, mentioned above, the proportion of the bonds indexed by the devaluation fell considerably within total turnover of the sector, whereas the proportion of SS denominated in tenge is inclined to grow.

So far, the euronotes of Kazakhstan are able to maintain their positions on the market thanks to the pension assets management companies that have given their favor to this instrument a long time ago. However, their proportion has also decreased within a total turnover.

Today some experts believe, that domestic market of euronotes is “overheated”, prices were risen artificially as a result of successful placement of the last issue, mainly purchased by SAPF. However, there are no signs on the market that the owners of these bonds are willing to get rid of them: yield of the euronotes is stable, and it is even decreasing for the last issue.

Parameters of stock exchange transactions in SS from May 18 - 24

(in parentheses are comparable figures of the previous period)

Days till maturity	Yield to maturity for a buyer, % APR.				Volume, mln tenge discounted	Number of deals
	min	max	last deal	weighted average		
Discounted SS: MEKKAM-3, 6, 12, notes of NB				58.2% (39.2%) of purchase and sale sector's turnover		
less than 8	7.81	10.01	10.01	9.41 (-)	67.43	3
8 – 14	10.54	12.29	10.54	11.45 (10.03)	220.74	12
15 – 28	11.50	12.93	12.37	12.53 (12.34)	345.82	11
37 – 42	12.45	12.93	12.45	12.84 (12.81)	173.14	4
43 – 56	12.89	12.89	12.89	12.89 (12.89)	24.72	1
64 – 91	13.00	14.47	14.25	13.83 (14.47)	98.46	7
92 – 181	14.42	15.79	15.21	15.18 (15.22)	201.09	15
182 – 364	15.40	17.00	15.40	16.11 (16.29)	308.87	7
Total					1,440.3 (1 267.0)	60 (47)
Discounted indexed SS: MEKAVM-6, 9, 12				0.3% (1.3%) of purchase and sale sector's turnover		
less than 8	6.07	6.77	6.07	6.61 (-)	6.40	2
182 - 364	9.01	9.01	9.01	9.01 (9.51)	1.34	2
Total					7.7 (42.6)	4 (8)
Euronotes of Kazakhstan, USD				41.5% (59.4%) of purchase and sale sector's turnover		
*857 - 861	10.06	10.07	10.07	10.07 (10.07)	254.4	4
**1,591 - 1,597	10.96	11.01	11.01	11.00 (11.02)	720.7	13
***2,514 - 2,520	11.18	11.20	11.18	11.19 (11.30)	53.4	3
Total					1 028.5 (1 919.9)	20 (38)
SUBTOTAL					2 476.5 (3 229.4)	84 (93)

Notes: for euronotes (* - second issue, ** - third issue, *** - fourth issue) volumes of the deals are calculated at weighted average USD/KZT rate of the Exchange. Volumes for indexed domestic SS are calculated considering official rate of USD/KZT.

During the period **61 repo deals** were registered for a total of **KZT2,819.8 mln** in SS repo sector of KASE. Of this number 36 deals (for KZT1,687.2 mln) were repo opening deals and 25 (KZT1,132.6 mln) were repo closing deals. Last week total turnover of this sector of the market was at KZT2,548.0 mln. No principal changes are observed in this sector.

Parameters of repo opening deals in SS at KASE from May 18- 24

(in parentheses – comparable figures for previous period)

Opening date	Term of repo, days	Currency	Amount raised, mln KZT	WA yield, % APR	Number of deals
May 18.00	1	KZT	33.50	6.00	2
May 18.00	7	KZT	50.80	10.00	2
May 18.00	30	KZT	315.47	10.50	2
May 19.00	3	KZT	333.10	9.22	5
May 19.00	4	KZT	32.50	10.00	2
May 22.00	1	KZT	45.86	9.50	2
May 22.00	3	KZT	100.00	13.00	2
May 23.00	1	KZT	44.99	9.17	4
May 24.00	1	KZT	711.13	9.24	11
May 24.00	9	KZT	19.89	12.00	4
TOTAL			1,687.2 (785.1)		36 (14)

After closing of the trades on May 24 total amount of opened repo equaled **KZT1,397.3 mln**.

Current weighted average rates as of May 24 (% APR, KZT, unless otherwise specified) equaled:

- 1 day (KZT711.1 mln) – **9.24%**;
- 3 days (KZT100.0 mln) – **13.00%**;
- 7 days (KZT50.8 mln) – **10.00%**;
- 9 days (KZT19.9 mln) – **12.00%**;
- 30 days (KZT315.8 mln) – **10.50%**;
- 35 days (KZT200.0 mln) – **12.42%**.

Total of 145 deals amounting to **KZT5,296.3 mln** were made on trade floors of KASE during last period (purchase and sale and repo sector). Last week volume of 142 deals was KZT5,777.4 mln.

In this week **proportion of the stock market turnover** in total volume of deals on Kazakhstani secondary market for SS for comparable operations (including euronotes and repo operations) equaled **79.7%**, for last week it was 74.7%.

Changes in trade lists

On May 22, 2000 based on the decision of the Exchange council of May 19, 2000, and by the decision of the Board of KASE, common inscribed shares (KZ1C33291013, trade code **VTBN**) and preferred inscribed shares (KZ1P33291018, trade code **VTBNp**) of **Open joint stock company “VALUT-TRANZIT BANK” (Karagandy)**

were entered into official list of the securities of the Exchange under category “B”. Trades in these securities will be opened at KASE **from June 1, 2000**.

General information. Date of initial registration – October 10, 1991. Legal status: open joint stock company. Ownership: private. Location (address): 103a, Jambyl St., 470061, Karagandy. Activities – banking services. Has the license #43 of the National Bank of Kazakhstan issued on February 29, 2000 to conduct banking operations in tenge and in hard currency. Member of the Association of the banks of Kazakhstan.

Activities. The bank is a successor of Joint stock bank “Prima-bank”, registered with the National Bank of Kazakhstan on October 10, 1991 and reregistered on June 18, 1999 with the Justice department of Karagandy region due to the renaming it into open joint stock company “VALUT-TRANZIT BANK”. As of February 1, 2000 the staff of the bank equaled 1,045 people.

By the classification of the National Bank the bank was put into the second group in achieving international standards. Presently, based on the size of its equity the bank meets the requirements set by the National Bank for the banks of the first group. The bank can be transferred into the first group only if it presents the National Bank with its 1999 financial statements audited by international standards, which is almost finished.

The bank has 29 settlement-cashier departments and 82 currency exchange offices in various cities of Kazakhstan. The bank has established correspondent relations with the following banks: Savings Bank of Russian Federation, Commercial Bank “Dialog-Optim”, Deutsche Bank AG, Dresdner Bank AG, Commerzbank AG.

Information on the shares of the bank as of April 1, 00. Announced and paid authorized capital – KZT1.0 bln. Face value of a share – KZT200.00. Total of 5,000,000 shares were issued, including 3,750,000 common inscribed and 1,250,000 preferred inscribed shares. constitutive documents of the issuer do not contain the clauses discriminating or limiting the rights of the owners of the securities to transfer (alienate) them.

The shareholders’ register is maintained by LLP “Agentstvo po registratsii tsennykh bumag” (Karagandy, license #09050019 of the National securities commission of Kazakhstan issued on April 25, 1997).

The shareholders of the bank. According to the extract from the register of the securities owners, as of January 21, 2000 the bank had 506 shareholders. The following are the owner with more than 5% of voting shares: **Partnership “TRADE Elena and Co”** (Karagandy; 1,099,939 shares; 22.0% in authorized capital; 934,230 voting shares; 24.9% of all voting shares); **partnership “Irina and Co”** (Karagandy; 990,180; 19.8%; 931,866; and 24.6%, respectively); **partnership “Lilya and Co”** (Karagandy; 961,863; 19.237; 929,916; 24.8%); **partnership “Olinda and Co”** (Karagandy, 930,890; 18.6%; 930,038; 24.8%).

Financial indices of the bank. The bank provided KASE with its financial statements: for 1997-1998 – annual balance sheets, income and cash flow statements, audited by independent auditor Raimjanov S., for 1998 – annual balance sheet, income and cash flow statements audited by “ELTAL UVEMAN consulting” (Almaty, Kazakhstan).

Based on auditing reports, financial statements represent a reliable and objective picture of the bank’s financial situation as of December 31, 1997, 1998, and 1999, and that of the results of its income and cash flow statements as of indicated dates in accordance with accounting standards adopted in Kazakhstan. Financial situation of the bank is stable, its solvency and liquidity is solid.

Following table shows financial data of the issuer (in th. KZT). The table was made on the basis of financial statements presented in accordance with the requirements of the National Bank of Kazakhstan.

Ratio	As of Jan.	As of Jan.	As of Jan.	As of Apr.
	1,98	1,99	1,00	1,00
Authorized capital, paid	200,000	500,000	1,000,000	1,000,000
Shareholders’ equity	213,872	523,547	1,041,823	1,047,905
Total assets	421,283	1,672,201	2,846,628	2,989,677
Liquid assets	67,817	120,870	190,468	135,384
Loans granted	260,617	1,160,509	2,408,919	2,291,038
Loans and deposits	207,361	915,639	1,796,066	1,884,916
Income from operating activities	142,490	338,536	656,378	125,736
Net income	20,741	20,181	29,002	5,006
Earnings per common share, KZT	20.55	8.06	2.22	–
Book value of a share, KZT	213.87	209.42	208.36	209.58

During the last year the bank was developing fast. The assets grew by 70% relative to 1998, shareholders’ equity – by 99%, operating income – 94%, net income – by 44%. By the decision of an extraordinary general meeting of the shareholders held on February 14, 00, during the year 2000 authorized capital of the bank will be increased up to KZT1.3 bln. The prospectus of the seventh issue of the bank shares for KZT300.0 mln was presented to the National Bank of Kazakhstan for approval.

Information on the dividends paid. According to the Charter of the bank, size of the dividends per common share is set by the Board of the bank and approved by the General meeting of the shareholders. The payment order and minimum size of dividends to preferred shares are set by the prospectus of the issue, which says that the minimum of dividends to preferred shares of the bank is set equal to refinancing rate of the National Bank of Kazakhstan, effective on official payment date. Dividends to preferred shares were paid by OJSC "VALUT TRANZIT BANK" beginning from 1994 annually. Their size varied from KZT16.56 to KZT200.00 per share.

Dividends to common shares were paid in 1994, 1996, and 1997 at KZT5.64 to KZT75.52 per share. In 1995, 1998, and 1999 dividends to common shares were not paid due to the fact that profit was used to increase authorized capital.

Based on the application of the trade member of Kazakhstan stock exchange (KASE) **from May 24** of current year preferred inscribed shares of **OJSC "Jairemskii gorno-obogatitelyni kombnat"** (OJSC "Jairemskii GOK, Jairem community, Karagandy region, trade code – **JGOKp**) will be admitted to the trades in "Non-listed securities" sector under the second admittance level. The shares of **the third issue** (KZ1C23422016) are admitted into the trades.

Announced and paid authorized capital of OJSC "Jairemskii GOK" (successor of JSC "Sary-Arkapolimetall") is 7,534,298.00 U.S. dollars. Total of 3,767,149 inscribed shares were issued, of which 9,689 – preferred. Face value of a share is 2.00 U.S. dollars.

Primary activities of the company: geological survey, development of the deposit site, extraction, processing and sale of ore and non-metallic minerals.

First two issues of the shares were cancelled because of the changes made in the amount and structure of the third issue, which is registered on June 24, 1999.

The first and second issue shares of OJSC "Jairemskii GOK" were in trade lists of the Exchange ("Non-listed securities" sector, second admittance level, SAPM, SAPMp) from July 23, 1998 through October 5, 1999. Since the admittance of the shares to the trades at KASE on May 4, 1999 a single deal was made in preferred shares.

From May 25, 2000 by the decision of the Board of KASE, and based on the decision of the Exchange council of May 19, **coupon bonds of Closed joint stock company "National oil and gas company "KAZAKHOIL"** (Astana) were entered into the Exchange's official list of securities under category "A". Bonds were assigned the trade code **KZOLb**. Also, the member of the Exchange – OJSC "Kazkommerts Securities" (Almaty) – was granted a status of a market-maker of CJSC "NOC "KAZAKHOIL" inscribed coupon bonds. The minimum volume of mandatory quotations of this instrument OJSC "Kazkommerts Securities" should maintain is set at **30 bonds**. It is the size of the block that should be available during the all trading day at KASE at any time. The market-maker will start to put out KZOLb quotations from the opening of the trades, which **will be announced additionally**.

When entering the bonds of CJSC "NOC "KAZAKHOIL" into official list of the securities of the Exchange under category "A" the Exchange council of KASE **has granted the issuer a respite from presenting audited statements for the year 1999**, since international audit of the company's financial statements has not been completed yet. Presently, the audit is conducted by "Ernst & Young", who is obliged to present the report on consolidated financial statements of CJSC "NOC "KAZAKHOIL" **only by August 15, 2000**. Due to the fact that the decision made by the Exchange council does not conform to the rules set in "Securities listing regulations" of KASE, the decision was addressed to the National securities commission of Kazakhstan (NSC) for coordination. In its official response **NSC did not cancel the decision made by the Exchange council**, and just took it into consideration.

General information on the bond issue

Issue registration date:	May 15, 2000
Type of the securities:	coupon bonds, indexed by the change in the exchange rate of the tenge against the U.S. dollar
National identification number:	KZ72LAG56A20
Face value, USD:	100.00
Issue volume, USD:	16,000,000.00
Number of securities:	160,000
Interest rate:	9% APR
Coupon:	semiannual
Coupon payment dates:	December 5, 2000; June 5, 2001; December 5, 2001; June 5, 2002.

The register of the issuer is maintained by CJSC "Fondovyi Tsentri" (Almaty), the license #20050002 of the National securities commission of Kazakhstan issued on December 12, 1996. The terms of the issue does not contain clauses discriminating or limiting the rights of the owners of the bonds to transfer (alienate) them.

Placement and repayment terms of the bonds. Beginning of the placement and the circulation of the bonds – June 5, 2000. Maturity of the bonds – June 5, 2002. The bonds are inscribed and issued in non-documentary form. Both private persons and legal entities, residents and non-residents of Kazakhstan can own the bonds.

Coupon is paid semiannually, using **360/30** (360 days in a year, 30 days in a month) time basis, correspondingly after six, twelve, eighteen and twenty eight months from the beginning of the circulation **in KZT at weighted average rate of the tenge against the U.S. dollar**, that has settled at the main (morning) trade session of KASE on the payment date. Individuals, who purchased the bonds not later than 30 days prior to the payment date, are entitled to receive the coupons.

The bonds are repaid at face value with the payment of the last coupon in KZT **at weighted average rate of the tenge against the U.S. dollar**, that has settled at the main (morning) trade session of KASE on the payment date by transferring the money to the accounts of the owners of the bonds, who were registered in the register 10 days before the maturity date – May 26, 2002. If the coupon payment date or maturity date happens to be a week-end, the payments to the owner of the bonds are made on the first business day following that week-end.

No lotteries are provided by the terms of the issue.

Use of the funds raised from the placement of the bonds. The funds, raised by issuing the bonds, are to be used to increase the production at **Central-Eastern Prorva** deposit site in order to increase the production by 348 th. tons within the next three years. Affiliated company of CJSC "CJSC "NOC "KAZAKHOIL" – OJSC "Kazakhoil-Emba" has received a license to extract hydrocarbons at Central-Eastern Prorva deposit site in July of 1995. In the year 2000 13 new wells will be drilled. Total amount of planned capital investments is to reach \$16.4 mln. Exploration works that revealed new horizons in Triassic and Jurassic deposits were made in 1987-1991. As of Jan. 1, 00 residual reserves equal: geological – 16,120 th. tons, extractable – 6,928 th. tons.

Additional information. The closed joint-stock company "National oil and gas Company "KAZAKHOIL" has been created in April, 1997 according to Decree #3878 of the President of Republic of Kazakhstan from March 04, 97 "About creation of the National oil and gas company "KAZAKHOIL" and Decree #410 of the Government from March 24, 97 "About joint-stock company "National oil and gas Company "KAZAKHOIL". "NNK "KAZAKHOIL" is involved in exploring, development, production and processing of hydrocarbons. The Company has obtained the rights to possess, use and manage the state blocks of shares in joint-stock companies and state shares in other companies, and also Kazakhstan's shares in the agreements on partition of production, royalty, rights in other agreements on hydrocarbons prospecting, production and processing.

Primary activities of CJSC "NOC "KAZAKHOIL" are: oil operations, including exploration and drilling, extraction, preparation, and processing, transportation, and storing, marketing and sales, distribution, imports and exports both on the territory of Kazakhstan and abroad. Main products: oil, gas, petroleum products. Major goal of the company – to regulate and assist the development of oil and gas production industry of Kazakhstan, including by attracting various investments in oil and gas industry and receiving income from all types of activities, provided by the Charter.

Announced authorized capital of CJSC "NOC "KAZAKHOIL" is KZT50.0 bln, registered – KZT17.76 bln, paid as of Apr.24, 00 – **KZT14.49 bln**. Shareholders' equity – KZT136.04 bln (\$984.35 mln). The only founder and owner of 81.61% (paid authorized capital) shares is the government of Kazakhstan.

"NOC "KAZAKHOIL" participates in the capital of the many biggest petroleum enterprises of Kazakhstan: its structure includes more than 40 legal persons, in 35 of which the Company possesses 5% of shares or more. The largest from 18 affiliated companies are: JSC "Kazakhoil-Emba", JSC "Uzen'munajgaz" and JSC "Atyrau oil refining factory" (JSC "ANPZ").

JSC "Uzenmunajgaz' develops 2 petroleum and 6 gas fields, including Uzen which is the third oil field in Kazakhstan. From a beginning of the exploitation till January 01, 00 268 million tons of petroleum were recovered. The residual geologic and extracted reserves make 789 and 198 million tons accordingly. There are in total 5 537 working wells. Production of crude makes 8 282 tons a day. For financing of the project of the Uzen oil field rehabilitation the Company has obtained a loan of the World Bank of reconstruction and developing to the sum of \$109 million, from which \$11,70 million are already invested (on January 01, 00).

JSC "Kazahoil -Emba" was formed in August, 1999 as a result of amalgamation of joint-stock company "Embamunaigaz" and joint-stock company "Tengizmunaigaz". Now in crude oil production 6 oil and gas producing enterprises are engaged: Zhaikneft, Dossorneft, Makatneft, Kajnarmunaigaz, Kul'saryneft, Prorvanef, which have in total 1 713 wells and develop 33 oil and gas fields (January 01, 00). The initial geologic reserves were 528.9 million tons and recoverable reserves – 217.1 million tons. 129.1 million tons has been extracted till now and residual recovered reserves of petroleum on January 01, 00 has made 87.9 million tons. Residual gas

reserves make 29.9 billion cube meters, reserves of dissolved gas – 5.4 billions cube meters, reserves of condensate – 1.51 million tons.

JSC “ANPZ”, located in Atyrau, is the oldest of three Kazakhstan’s refineries. The factory capacity is 5 million tons of petroleum annually; depth of processing - 59%. During the last 2 years the loading of factory has fallen to 40%. In 1999 JSC “ANPZ” processed only 1.9 million tons of petroleum. With the purpose of increase of quality and magnification of volumes to 4.3 million tons “NOC ”KAZAKHOIL” plans to reconstruct the factory at the expense of the credits to the sum of \$412 from Japanese bank of international cooperation.

Joint ventures

Kazakhstan and Chevron Company originally created **LLP “Tengizshevroil” Ltd (TSHO)** in 1993 for development of Tengiz oil field (about 900 million tons of petroleum). Now the participants of the project are: Chevron (50%), Mobil (20%), KAZAKHOIL (25%) and LukArko (5%). Within the last 4 years three quarters of the republican gain of crude oil production were provided by TSHO. The peak of production - 27 million tons annually is planned to be reached by 2010. Due to high quality and modern clearing system, the price of Tengiz petroleum exceeds the average export price of the Kazakhstan petroleum by about 50%. The total recovered reserves of Tengiz and Korolevskoe fields developed by TSHO make about 1 billion tons of petroleum or about 35% of all Kazakhstan’s reserves.

JV “Kazakhturkmunai” (Kazakhstani-Turkish joint venture) increased oil production 3.3 times in 1999. Beginning from 1993 volume of investments into JV “Kazakhturkmunai” exceeded \$300 mln, of which 58% has been directed on exploration works; 2 fields with reserves of 24 million tons were put into exploitation.

The major agreements on production partition. On November 18, 1997 the companies Agip Karachaganak B.V., BG Exploration and Production Limited, Texaco International Petroleum Company, JSC LukOil Petroleum company, Closed JSC “NOC ”KAZAKHOIL” and the Government of Republic of Kazakhstan have signed the Final agreement on partition of production from Karachaganak gas and condensate field. The Karachaganak integrated organization (“Contractor”) formed by Agip Karachaganak B.V. (32.5%), BG Exploration and Production Limited (32.5%), Texaco International Petroleum Company (20.0%) and LukOil (15.0%) is the operator of the field.

According to the agreement 60% of the hydrocarbons extracted belong to the Contractor’s share as the compensatory raw material; 5% hydrocarbons are directed on the compensation of expenditure in construction of the KTK pipeline; 35% are distributed between the indicated parties in a following proportion:

- before the payback of the project (roughly 2008) Contractor has 80% of this share, Republic of Kazakhstan - 20%;
- than, with the project profitability growth, share of Kazakhstan will be step-by-step augmented to 80%.

Major changes in the structure of the company. Since November, 1997 Closed JSC “NOC ”KAZAKHOIL” carries out monitoring of an international consortium operating the Karachaganak gas and condensate field. The right on part of production (according to agreement mentioned above) belong directly to Republic of Kazakhstan.

In March, 1998 half of 50% hare of participation of Kazakhstan in **TSHO** was sold to the company Mobil. Since that the share of “NOC ”KAZAKHOIL” in TSHO makes 25%.

At the moment of formation, “NOC ”KAZAKHOIL” represented Kazakhstan in the **OKIOC** consortium, where it possessed 14.3% of the shares. In September, 1998 this share was sold to the companies Philip Petroleum and Impex for \$481.5 million, from which \$136 millions were given to “NOC ”KAZAKHOIL”.

In May 1999 “NOTC “KazTransOil” was appointed as the representative of Kazakhstan in the project of the Caspian pipeline consortium. CJSC “NOC ”KAZAKHOIL” has transmitted to “NCTC “KazTransOil” rights on possession and using of the share of Kazakhstan (19%).

In August, 1999 **OJSC “Mangistaumunaigas”** and **OJSC “Aktobemunaigas”** were removed from the Company’s structure (till that the Company possessed 25% and 20.5% of the shares accordingly).

Perspective fields. The total volume of oil extracting by the all affiliated companies of “NOC ”KAZAKHOIL” for the three last years has increased from 19.7 to 21.4 million tons, which is 81% from Kazakhstan’s production. Thus the quantity of petroleum which fall to the share of the Company, somewhat decreased due to mentioned changes in the structure.

The significant gain in the Company’s recovered reserves is expected on the new fields located in the Aktyubinsk oblast - **Alibekmola**, **Kozhasaj** and **Urihtau**. The preliminary explored reserves make 71 million tons of oil and 74 billions cube meter of gas.

Total amount of the recovered reserves of petroleum on the fields of all affiliated companies (with allowance for preliminary explored) is about 1 420 billion tons. At present volumes of cumulative recovery (about 16 million tons annually) it could supply production on average during 89 years.

The probable resources of the perspective sites, on which the affiliated companies conduct the prospecting works, exceed 1 billion tons. In particular large reserves are expected on the shelf of Caspian Sea where the "Kazhstankaspishelf" conducts exploration works together with some foreign companies.

"NOC "KAZAKHOIL" is the member of the World petroleum congress and a constant participant of the annual international exhibition "Petroleum and gas of Kazakhstan" (KIOGE). It is also member of the Kazakhstan Oil and gas Association (Kazakhstan Petroleum Association, KNA) – an noncommercial organization established with the purposes of collaboration of the oil and gas companies operated in Kazakhstan.

CJSC "NOC "KAZAKHOIL" has representation in the Moscow. The number of the company's employees on March 30, 00 is 305 persons, including: 298 persons in headquarters and 7 persons in branches.

Financial ratios. The company presented the following statements made in accordance with the Kazakhstani accounting standards (KAS): unconsolidated financial statements (balance sheet, income and cash flow statements) for the year 1997, consolidated financial statements for the year 1998 (balance sheet, income statement), and for the year 1999 (balance sheet, income and cash flow statements).

Data from the financial statements, presented by the issuer, are shown below (in th. KZT, unless otherwise indicated):

Ratio	As of Jan.1,99	As of Jan.1,00
Authorized capital (paid)	4,112,564	10,996,378
Shareholders' equity	98,448,536	136,036,707
Book value of the assets	191,067,336	301,476,112
Net working capital	3,474,261	29,600,089
Accounts receivable (net)	65,423,002	74,394,726
Total liabilities	92,618,800	165,439,405
Loans received	16,508,609	19,668,851
Accounts payable	71,351,978	139,544,077
Sales (services offered)	65,338,076	72,886,642
Net income (loss)	1,913,344	18,038,975
Return on sales (ROS), %	58.93	98.60
Return on equity (ROE), %	1.94	13.26
Return on assets (ROA), %	1.00	5.98

The data of the year 1997 are not presented in the table, since KAS #13 "Consolidated financial statement and accounting of investments into affiliated company", KAS #14 "Accounting of the investments into affiliated company" and KAS #15 "Reflecting the participation in joint stock ventures in financial statements" went into effect in 1998.

Also, CJSC "NOC "KAZAKHOIL" presented auditing reports, made by "Ernst & Young" (Almaty, Kazakhstan) in accordance with International accounting standards, based on consolidated financial statements of the company for the years 1997-1998. The company did not present auditing report on its 1999 financial statements, because, according to the letter from "Ernst & Young", the compilation of the financial statements is getting complicated due to the fact that it requires the consolidation of more than 40 different companies, joint ventures and investments, with the biggest of them requiring separate consolidation and preparation of consolidated financial statements. Based on the financial statement preparation plan, presented by the auditor, final version of CJSC "NOC "KAZAKHOIL" financial statements will be ready on August 15, 2000.

By 1999 financial statements the company presented auditing report made by CJSC "BDO Kazakhconsulting" (Almaty, Kazakhstan), and in accordance with that financial statements give a reliable and accurate picture of the company's financial situation as of January 1, 2000 in all essential aspects on the basis of accounting methods adopted in Kazakhstan.

Data of the auditing report are presented below (in th. USD, unless otherwise indicated):

Ratio	As of Jan.1,98	As of Jan.1,99
Authorized capital (paid)	37	54,425
Shareholders' equity	1,063,971	1,853,579
Book value of the assets	2,412,817	3,603,744
Net working capital	-120,951	-109,949
Accounts receivable (net)	663,979	813,545
Total liabilities	1,348,846	1,750,165
Loans received	910,878	974,640
Accounts payable	353,066	664,488
Sales (services offered)	1,009,546	664,878
Net income (loss)	(6,875)	373,729
Return on sales (ROS), %	44.17	28.45
Return on equity (ROE), %	–	20.16
Return on assets (ROA), %	–	10.37

According to the auditing report, "Ernst & Young" does not express its opinion regarding the results of financial and economic activities of the company, and correspondingly, regarding its shareholders' equity and cash flows in 1997 and 1998 due to significant limitations in the volumes of following procedures:

- confirmation of current value of the inventory, reflected in the balance sheet as of December 31, 1997, to identify the need for the correction of the results and beginning balance of undistributed income in 1998;
- confirmation of the reliability of the depreciation expenses;
- confirmation of the sufficiency of the reserves, formed to restore beginning natural condition of the deposit sites;
- absence of cash flow statements for the year 1997.

Due to the facts mentioned above, “Ernst & Young” does not express its opinion regarding the financial situation of the company as of December 31, 1997 and regarding its results as of indicated date. At the same time, it is mentioned in the report that 1998 balance sheet gives a reliable representation of “NOC “KAZAKHOIL” financial situation as of December 31, 1998 in accordance with International accounting standards issued by the Committee on International accounting standards.

Brief description of the risks.

Risks, associated with the fall in oil prices. Prices on oil sold by the company are calculated on the basis of the correlation between the price of “Urals” blend and price of “Brent” blend. Average production cost per barrel of oil at the enterprises of CJSC “NOC “KAZAKHOIL” is **\$6.5-\$7**, including the transportation – about **\$11**. In case the prices on Brent oil fall below **\$18** per barrel, the company has to cut long-term capital investments. However, as the demand grows constantly and measures to maintain the prices are taken by OPEC, such decrease is hardly possible in next years.

Risks, associated with the reduction in production volumes. Low oil prices in 1997-1998 caused the investments into the development of new deposit sites and into the repairs to decline. In 1999 11 wells were put into operation, against 30 in 1998. Significant growth in oil prices in 1999 and their stability in the near term will let the company to catch up. In 2000 CJSC “NOC “KAZAKHOIL” plans to drill 65 new wells and open again 6 wells at Alibekmola deposit site, as well as to allocate KZT1,420 mln to make a major overhaul of 943 wells.

Major changes in sales of oil, that the company accounted for in last three years, were related, first of all, to the removal of share holding in several oil producing companies. Hardly forecasted **risk of the decrease in sales due to structural reorganization** is also related to it.

Risks, associated with the competition. The company controls 64% production of oil and the production of 32% of petroleum products in Kazakhstan. Also, considering its participation in most of oil projects, domestic competition should be considered crucial. The competition with the Russian and the Azerbaijan oil companies takes place solely due to insufficient capacities of existing pipelines. Putting into service and reconstruction of Atyrau-Novorossiisk, Baku-Supsa, Atyrau-Samara and Makhachkala-Novorossiisk pipelines should provide the region with necessary exports for the near future.

Risks, associated with the export quotas. In order to increase the load on domestic oil refineries in late 1999 the government of Kazakhstan limited maximum exports to 22 mln tons this year. On April 14, 00 this restriction was removed, however, there is still a possibility of returning to such measures of protecting the market.

Presently, most of the company’s profit comes from the exports of crude oil (more than 70% of all inflows in 1999). By supplying oil into the domestic market instead of exporting it, the enterprises of the company lose about \$70 per ton under current price level, or \$13-14 mln a month. Partially, the losses can be compensated by an increase in the production and sales of petroleum products of OJSC “ANPZ”.

Risks, associated with ecological consequences. When building the wells both in Soviet era, and in 90s quite often temporary reservoirs for drilling solutions, liquid wastes and oil were created, which later were not liquidated. As a result, there are about 500 to 1,000 th. tons of wastes in Atyrau and Mangistau region. The thickness of the layer in the soil saturated with oil is about 15-20 centimeters. If the level of Caspian sea rises there is a great risk that spilled oil would get into the sea. To prevent this major overhaul of 7.5 km of protection dams and strengthening weak parts on the area of 10 th. square kilometers for a total of KZT10 mln are planned in 2000. The enterprises of the holding allocate up to 1% of all expenses to environmental issues annually. The budgets of affiliated companies provide more than KZT400 mln for environmental problems in 2000.

Liquidation of closed wells. Presently, there are 1,010 wells in West Kazakhstan, that were not liquidated properly and are in bad condition. In 1999 CJSC “NOC “KAZAKHOIL” shut down 342 wells and created a liquidation fund for KZT607 mln. KZT390 mln was allocated for the conservation and liquidation of the wells in 2000.

Risks, associated with social factors. Most of the expenses in social sphere are related to the maintenance of housing in Jana-Ozen – the base of OJSC “Uzenmunaigas”. In 1994 a decision was made to switch the base

to municipal budget for 5 years. The expenses of OJSC “Uzenmunaigas” in 1999 equaled KZT480 mln. Beginning from the year 2000 the allocations will equal \$5 mln a year.

Information about the companies

In accordance with listing requirements of KASE, **OJSC “Astana-finance”** (official list of securities, category “B”) has submitted to the Exchange records of General meeting of shareholders held on March 30, 2000 and the report of Executive board on the company’s activity in 1999.

Nevertheless, due to incompleteness of the report on company’s financial statements for 1999 by “Arthur Andersen” (Almaty, Kazakhstan), the meeting proceeded on April 29, 2000.

According to meeting’s agenda, the shareholders of OJSC “Astana-finance” approved amendments to the company’s regulation including those related to broadening of the number of Board directors from 5 to 7 persons. The meeting held on March 30 also approved following resolutions:

- increase an authorized capital of “Talion” Ltd (share of OJSC “Astana-finance” in the company is 49%) by \$4,333,288;
- to approve a transfer of share of Astana-finance in Talion Ltd to the municipal authorities of Astana (Against the commitments of Astana-finance to the Municipal council of Special Economic Zone);
- approve a decision to increase liabilities of Astana-finance on 25% or more to the shareholders capital (by KZT576.82 mln or \$4.07 mln, that is a large-scale deal according to the law “On joint-stock companies”). These liabilities will be incurred during realization of “City-Palace” project with total costs of \$80 mln.

At the same day the shareholders held additional elections of members of the Board. The newly elected directors are Mr. Mesheryakov N.I., deputy of the municipal legislative body, and Mr. Kurtihovskiy, director of “Saya” Ltd (legal entity, owner of 33.26% of shares of Astana-finance).

On the next meeting held on April 29, 2000, shareholders approved the Report of the company’s executive board. It contained the results of economic activity, financial statements for year 1999, and the conclusion of inspection commission, as well as the order of distribution of the net profit to following purposes: formation of reserve capital - KZT541,862,494; sponsor’s aid - KZT100,000,000; consumption fund - KZT55,000,000; employees bonus fund - KZT25,000,000; dividend payments fund - KZT1,339,312,000.

According to the admitted decision, the dividend payments will take form of common prescribed shares (second emission) in proportion of each shareholder’s part in total sum of issued securities. Dividends will be paid on to those who became a shareholder of the company before April 4, 2000.

The member of directors’ board and the head of executive board of Astana-finance, Mr Islamov, noted on this meeting that company’s assets grew in 1999 by 60.65%. The growth in shareholders equity (from KZT234.62 mln in 1998 to KZT2,298.23 in 1999 – *comm. of KASE*) was conditioned by the increase of undistributed profit, reserve capital and paid up part of authorized capital. The income totaled KZT6,537 bln (including: income from securities operations - KZT2.74 bln, exchange rate differentials - KZT3.09 bln), whereas expenses equaled KZT4,367 bln. The net income in 1999 was KZT1,519.31 mln. The investments into share capital of legal entities were KZT1,113 bln.

Later, Mr. Islamov announced that according to the audit report of “Arthur Andersen”, financial statements of Astana-finance are exact and reflect actual position of the company as of December 31, 1998 and 1999.

According to the Executive Board’s report, 206,589 shares of the company have been distributed by April 4, 2000.

According to listing requirements, “**Kazakhtelecom**” (Almaty, official list of securities, category “A) provided Kazakhstan Stock Exchange (KASE) with its consolidated financial statements for the first quarter 2000: balance sheet and income statement.

Following are the results of the company in the first quarter 2000 by the data of the issuer (in th. KZT):

Ratio	As of April 1 '99	As of April 1 '00	Change, %
Authorized capital	12,136,529	12,136,529	0
Shareholders’ equity	37,295,347	36,362,504	-2.5
Total assets	56,370,289	58,777,703	+4.3
Net working capital	4,063,537	2,073,102	-49.0
Accounts receivable	9,853,714	7,143,429	-27.5
Liabilities	19,074,942	22,415,199	+17.5
Accounts payable	6,261,798	5,693,579	-9.1
Sales (services offered)	5,885,938	8,574,679	+45.7
Cost of goods sold (services offered)	3,372,675	4,417,571	+31.0
Net income (loss)	1,264,836	2,744,669	+117.0
Book value of a share, KZT	3,072.98	2,996.12	-2.5

Compared to the first quarter of 1999:

- shareholders' equity fell by KZT932.84 mln, or 2.5% (decline in additional unpaid capital – by KZT1.23 bln was partly compensated by growth in additional paid capital on 125.34 mln and total undistributed profit by 175.40 mln);
- liabilities rose by KZT3.34 bln, or 17.5%;
- assets grew by KZT2.41 bln, or 4.3%.

Sales (services offered) increased by KZT2.69 bln, or 45.7% relative to the first quarter 1999, cost of goods and services sold increased by KZT1.04 bln, or 31.0%. Total expenses for the period declined by KZT429.97 mln, or 25.4%.

As a result, net income of "Kazakhtelecom", by results for the reported period, totaled KZT2.74 bln that is by 1.48 bln or 117% higher than year before.

Prepared by the agency «IRBIS»