

## WEEK OF STOCK MARKET OF KAZAKHSTAN January 11 - 17

1 US dollar = 145.10 tenge at official rate for the end of the period  
1 US dollar = 145.10 tenge at weighted average rate of the Exchange for the end of the period

### YIELD OF STOCK EXCHANGE 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) during January 11 - 17. In parentheses – figures of previous period. Instruments are given in ascending order, based on their attractiveness.

#### Investment attractiveness of stock exchange instruments from January 11 through 17

Financial instrument	Currency	Yield, % APR	Volume of deals, mln KZT	Volume of deals, mln USD
GB repo	KZT	*8.89 (7.66)	9,423.2 (13,379.3)	64,875.7 (91,966.9)
MEKKAM, notes	KZT	*7.84 (7.76)	1,455.1 (1,881.5)	10,018.2 (12,933.1)
Securities repo	USD	*14.50 ( –)	23.0 ( 0)	158.5 ( 0)
VITAb2	USD	13.54 (13.73)	0 ( 0)	0 ( 0)
ALKSb	USD	13.26 (13.59)	0 ( 0)	0 ( 0)
CCBNb1	USD	11.70 (11.69)	26.8 (1.8)	184.6 (12.2)
HSBkb	USD	11.59 (10.36)	73.9 ( 0)	508.7 ( 0)
ATFBb	USD	11.01 (10.72)	44.7 ( 0)	307.6 ( 0)
KARMB1	USD	10.90 (10.90)	0 ( 0)	0 ( 0)
KZOLb	USD	10.25 (10.31)	0 ( 0)	0 ( 0)
KZTOb	USD	10.18 (10.27)	0 ( 0)	0 ( 0)
TMJLb	USD	9.82 (9.90)	0 ( 0)	0 ( 0)
KKGBe2	USD	9.59 (9.60)	0 ( 0)	0 ( 0)
Euronotes-4	USD	8.85 (8.96)	152.7 (1,573.4)	1,051.3 (10,815.5)
Euronotes-2	USD	8.69 (9.06)	307.9 (1,020.5)	2,120.0 (7,014.6)
Euronotes-3	USD	8.26 (8.45)	2,276.7 (1,039.9)	15,674.2 (7,148.3)
TEBNb	USD	7.47 (7.66)	0 ( 0)	0 ( 0)
MEKABM	USD	*7.31 (6.00)	1,302.8 (245.4)	8,969.7 (1,686.5)
KKGBb	USD	5.19 (5.38)	0 ( 0)	0 ( 0)

**Notes:** yields of ATFBb, CCBNb1, HSBkb estimated as average of the deals. Yields of other corporate bonds are calculated as average of offer bids.

Tenge devaluation rate is estimated at weighted average rate of the main session of KASE in the week by a **negative trend of 17.10% APR.**

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.

### INDICATORS OF INTERBANK DEPOSIT MARKET

Following is the table of mean values of interbank offering rates (KIBOR), calculated by the quotations put out by the banks in the trade system of KASE. The trend reflects the change of the indicator relative to the last day of previous period. Minimum quotation volume is KZT15 mln. The quotations are indicative meaning that participants do not have to conclude deals on given terms.

#### Indicators of Kazakhstan interbank deposit market as of January 17, 4:00 PM ALT and changes during the week

Term	Currency	Rate	Trend
1 week	KZT	8.94	+0.54
2 weeks	KZT	9.69	+0.43
1 month	KZT	11.00	+1.10
2 months	KZT	11.94	+0.89
3 months	KZT	12.94	+1.44

As a whole, the banks felt the deficit of free money during this period. It has mainly affected the situation on the country's financial market altogether. Therefore, general trend of the growth in borrowing rates, which was observed during the previous week, was observed in this week as well. However, compared to previous period, it can be said that the cost of the money is stabilizing based on the dynamics of this market indicator.

## THE SECURITIES SECTOR (SS)

### Secondary market

During observed period 19 deals amounting to **\$2,806.2 th.** were made in **purchase and sale sector** of the securities on trade floors of the KASE. Relative to previous period (\$590.9 th., 18 deals) weekly turnover of the sector increased 4.7 times. Absolute leaders of the week were, just like in previous week, **common shares of Bank TuranAlem OJSC** (KZ1C34920412, official list of the KASE securities, category "A", BTAS), with their proportion reaching 49.0% of total volume. Then, there were coupon bonds of Halyk Bank of Kazakhstan (KZA7KAKK6A78, official list of the KASE securities, category "A", HSBKb) – 18.1%, followed by coupon bonds of AMB CJSC (KZ2CKAN3AA16, official list of the KASE securities, category "A", ATFBb) – 11.0%. For other securities, traded during the week, volumes of the deals were insignificant.

By the last deals of the period the price of AMGZp increased 7.5 times relative to the previous successful trades, BTAS – by 21.7%, CCBN fell by 1.8%, VTBNp – 70.1%. The values of ALKZp, EAECp, SSGPp did not change. The yields of ATFBb bonds fell from 11.3753% to 11.0078% APR, HSBKb – from 11.9999% to 11.5272% APR. The yield of CCBN1 did not change.

Data on the deals, bid and offer information in purchase and sale sector of the securities, as well as description of trade codes are given in the tables.

#### Results of the trades in shares from January 11 - 17

USD per share, unless otherwise specified						
Issuer	Securities	Close	WA price	Volume	Best bid	Best offer
Almaty Kus OJSC	ALKS			0	0.1540	0.3080
Aliumini Kazakhstana OJSC	ALKZp	*0.4100	0.4114	12 733	0.4123	0.4100
Aktobemunaigas JSC	AMGZp	*14.95	14.95	2 340	14.95	14.95
Bank TuranAlem OJSC	BTAS	89.62	76.29	18 030	89.62	68.90
Bank CenterCredit OJSC	CCBN	1.4451	1.4451	90 000	1.4451	1.3752
Evroaziatskaya energeticheskaya korporatsiya OJSC	EAECp	*2.40	2.40	901	2.40	2.40
Halyk Bank of Kazakhstan OJSC	HSBK	0.8324		0	0.9000	1.8000
KAZKOMMERTSBANK OJSC	KKGB	0.7000		0	0.2500	0.5000
Kazakhtelecom	KZTK	14.500		0	13.500	16.500
Kazakhtelecom	KZTKp	8.000		0	8.000	12.000
SAUR OJSC	SAYR			0		*0.3400
SSGPO JSC	SSGPp	*2.75	2.75	5 887	2.75	2.74
SHNOS OJSC	SYRG	1.6300		0	1.3000	
Temirbank OJSC	TEBN	*1.095		0	0.689	3.620
UKTMK OJSC	UTMK	*50.000		0	5.000	145.000
UKTMK OJSC	UTMKp	27.6000		0	5.0000	50.0000
VALUT-TRANZIT BANK OJSC	VTBNp	0.6892	0.6892	350 000	0.6892	0.6892

#### Results of the trades in bonds from January 11 - 17

yield for the buyer in % APR till maturity, unless otherwise specified							
Issuer	Code	Currency	Last	WA	Volume, th. USD	Best bid	Best offer
Almaty Kus OJSC	ALKSb	USD	15.0341		0.00	16.9663	13.3293
AMB CJSC	ATFBb	USD	11.0078	11.0078	307.62	11.0059	11.0078
Bank CenterCredit OJSC	CCBNb1	USD	11.6997	11.6997	184.56	11.6997	11.6997
Halyk Bank of Kazakhstan OJSC	HSBKb	USD	11.5972	11.5944	508.67	11.5932	11.5972
Karazhanbasmunai OJSC	KARMB1	USD			0.00	10.9936	10.9000
KAZKOMMERTSBANK OJSC	KKGBb	USD	10.20		0.00	9.96	5.24
NOC Kazakhoil CJSC	KZOLb	USD	10.6704		0.00	10.6545	10.3964
NOTC KazTransOil CJSC	KZTOb	USD	10.4601		0.00	10.2543	10.2000
Temirbank OJSC	TEBNb	USD	11.2835		0.00	12.0581	7.5304
Kazakhstan Temir Joly NSE	TMJLb	USD	10.8215		0.00	10.3044	9.8515
VITA LLP	VITAb2	USD			0.00	14.4709	13.5416

**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. For VITAb2 - auction deal.

**The KASE index** that reflects the changes in the ask bids on the shares from the official list of the Exchange's securities of the category "A", including the market capitalization of their issuers, **grew by 0.0059** during the week, at **106.3616** at January 17 closing.

**In the securities repo sector** 1 deal was made for opening of 59-day repo with preferred shares of VALUT-TRANZIT BANK OJSC amounting to \$158,516.00 at **14.50% APR** (declared rate) in terms of dollars. during the period. At the end of the period **two** indexed securities repos were opened at the trade floor of the Exchange for a total of **\$298.7 th.** Common shares of Bank CenterCredit OJSC and preferred shares of VALUT-TRANZIT BANK OJSC were used as the object of repo deals. The terms vary from 59 to 215 days, and the rates in USD from 11.50 to 14.50% APR.

## Capitalization

On January 17, 2001 the **capitalization of the companies**, whose shares are traded on the securities exchange market of Kazakhstan, equaled **\$1,594.5 mln** or KZT231.4 bln at tenge to dollar rate of the Exchange, effective on that date. During the week this number increased **by \$28.6 mln** in terms of dollars was caused mainly by a growth of the values of AMGZp and BTAS, though the values of other shares declined during the period (see above).

The **capitalization of corporate bonds market of the Exchange by their best bids**, that are regularly put out by the market-makers of these securities in the trade system of the Exchange, was fixed at **\$176.7 mln** as of January 17, or KZT25,639.4 mln. This indicator **grew by \$1.4 mln** within a week, which is explained mainly by a noticeable growth of ask bids of HSBKb, CCBNb1 on January 15, 16, and 17. In nominal value (total face value of the bonds that were entered into trade lists of KASE) is estimated at **\$176.8 mln** as of this check date, or **KZT25,650.8 mln**.

## SECTOR OF GOVERNMENT BONDS (GB)

In **GB purchase and sale sector** of KASE total volume of 86 deals equaled **KZT5,762.1 mln**. From December 28 2000 through January 10 2001 the turnover reached KZT6,036.8 mln with 113 deals made. The changes in the turnover structure are presented in the table.

Parameters of stock exchange transactions in SS from January 11 - 17

(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		
<b>Discounted GB: MEKKAM-3, 6, 12, notes</b>						
<b>25.3% (31.1%) of purchase and sale sector's turnover</b>						
8 – 14	7.12	7.50	7.29	7.32 (6.98)	303.9	12
15 – 28	7.20	7.73	7.45	7.46 (7.23)	701.7	7
29 – 36	7.60	7.60	7.60	7.60 (7.49)	109.3	1
37 – 42	7.50	7.50	7.50	7.50 ( - )	60.4	2
43 – 56	7.73	7.73	7.73	7.73 (7.65)	134.7	2
57 – 63	7.75	7.81	7.75	7.76 ( - )	48.4	3
92 – 181	8.29	8.29	8.29	8.29 ( - )	1.0	1
182 – 364	8.00	11.07	11.07	9.24 (8.54)	95.7	3
Total					1,455.1 (1,881.5)	31 (46)
<b>Discounted indexed GB: MEKAVM-12</b>						
<b>4.1% (4.1%) of purchase and sale sector's turnover</b>						
8 – 14	6.50	6.50	6.50	6.50 ( - )	39.8	1
15 – 28	5.53	7.00	6.00	6.89 (5.70)	215.4	8
29 – 36	6.73	8.00	8.00	7.02 (6.72)	751.2	12
43 – 56	6.50	6.50	6.50	6.50 (6.90)	3.7	1
57 – 63	6.50	7.50	7.50	7.48 ( - )	292.7	3
Total					1,302.8 (245.4)	25 (5)
<b>Coupon GB: MEOKAM-24, MEOKAM-36</b>						
<b>4.6% (4.6%) of purchase and sale sector's turnover</b>						
1,053 - 1,057	17.12	17.13	17.12	17.13 (16.41)	266.7	3
Total					266.7 (276.0)	3 (5)
<b>Euronotes of Kazakhstan, USD</b>						
<b>47.5% (60.2%) of purchase and sale sector's turnover</b>						
*615 - 621	8.39	8.97	8.88	8.69 (9.06)	307.9	11
**1,352 - 1,357	8.16	8.40	8.16	8.26 (8.45)	2,276.7	13
***2,275 - 2,279	8.73	8.93	8.93	8.85 (8.96)	152.7	3
Total					2,737.3 (3,633.9)	27 (57)
<b>SUBTOTAL</b>					<b>5,762.1 (6,036.8)</b>	<b>86 (113)</b>

**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 GS are calculated considering official rate of USD/KZT.

In **GB repo sector 180 deals for a total of KZT19,837.0 mln** were made during the period. Of this number 87 deals (for KZT9,423.2 mln) were repo opening deals and 93 (KZT10,413.8 mln) were repo closing deals. From December 28 2000 through January 10 2001 the turnover of this sector of the market was at KZT26,973.2 mln. After closing of the trades on January 17 total amount of opened repo equaled **KZT4,956.3 mln**. Current weighted average rates as of January 17 (% APR) equaled: for 1 day – 9.14; for 3 days – 7.00; for 7 days – 12.25; for 16 days – 8.00; for 17 days – 7.50; for 30 days – 7.00; for 92 days – 9.86.

**Total of 266 deals** amounting to **KZT25,599.1 mln** were made in **GB on trade floors of KASE** during last two weeks (purchase and sale and repo sector). Last week volume of 272 deals was KZT33,009.8 mln.

In this week **proportion of the stock market turnover** in total volume of deals on Kazakhstani secondary market for GB for comparable operations (including euronotes and repo operations) equaled **94.1%**, for last week it was 72.8%.

## INFORMATION ON COMPANIES

**Almaty Merchant Bank CJSC** (AMB CJSC, Almaty), in accordance with the listing obligations, provided the Kazakhstan Stock Exchange (KASE) with a copy of the minutes of its shareholders extraordinary general meeting (now the minutes are to be signed by foreign shareholders), which was held on December 18, 2000.

Based on approved agenda, the shareholders of AMB CJSC decided to:

- change the legal status of the bank from closed to open company and register AMB OJSC with the Ministry of Justice of Kazakhstan;
- adopt a new edition of AMB OJSC Charter;
- cancel previous five issues of the shares totaling 2,202 common shares for amount of KZT1,211,100,000;
- conduct the sixth issue of AMB OJSC shares with following structure: total issue volume – KZT1,611,100,000 (size of announced authorized capital), total number of shares – 1,611,100 shares at KZT1,000 each, of which: 1,211,100 shares for a total of KZT1,211,100,000 – common inscribed shares and 400,000 shares for a total of KZT400,000,000 – preferred inscribed shares without voting rights and with minimum guaranteed amount of dividends at 12% APR of the face value;
- exchange common inscribed shares of previous issues into common inscribed shares of the sixth issue in the proportion of one old share into 550 common shares of the sixth issue depending on the proportion of the stake of each existing shareholder for a total of KZT1,211,100,000;
- offer preferred shares of the sixth issue in public, that is among unlimited number of individuals by conducting an auction, and (or) selling them in compliance with existing legislature.

Following is a percentage stake each shareholder of AMB OJSC has in KZT1,611,100,000 authorized capital of the bank and KZT1,000 share face value: Cormoto B.V. (Amsterdam, Netherlands) – 18.81%, Fintrade OJSC (Almaty, Kazakhstan) – 18.19%, Reson Holding AG (Sug, Switzerland) – 15.40%, Glencore International AG (Baar, Switzerland) – 11.40%, Myrzakent OJSC (Almaty, Kazakhstan) – 5.70%, ATERA capital LLP (Almaty, Kazakhstan) – 5.67%, preferred shares for public offering – 24.83%.

Besides, the meeting approved the assignment of Fondovyi Tsentri LLP (Almaty, Kazakhstan) as the bank's registrar, and Arthur Andersen as international auditor, and ELTAL UVELMANN LLP as the Kazakhstani auditor.

**SHNOS OJSC** (Shymkent; production, processing and sales of oil products), in accordance with the listing requirements, provided the KASE with its financial statements for 9 months of 2000: balance sheet, income and cash flow statements. By the results of the issuer following are his results of the issuer in 9 months of 2000

### Comparable indicators of SHNOS OJSC financial and economic activities in 9 months of 2000

(in th. KZT, unless otherwise specified)

Indicator	As of Oct.1,99	As of Oct.1,00	Change, %
Authorized capital (announced)	100,000	100,000	0
Authorized capital (paid-up)	83,096	83,096	0
Shareholders' equity	9,180,923	26,647,533	+190.2
Total assets	18,297,058	31,202,968	+70.5
Net working capital	1,597,657	18,723,331	+1,071.9
Accounts receivable	3,878,763	22,416,339	+477.9
Doubtful loan provision	860,387	2,426,967	+182.1
Accounts payable	9,116,135	4,269,934	-53.2
Sales of goods (services)	21,231,060	56,887,184	+167.9
Cost of goods sold	13,424,208	32,880,165	+144.9
Net income (loss) of the period	3,313,696	12,290,495	+270.9
Book value of one share, KZT	110.49	426.27	+285.8

Compared to similar period of 1999: **shareholders' equity** of the company grew by KZT17.5 bln, or 2.9 times (cut in re-purchases of own shares at rate higher than nominal one - KZT5.4 bln, increase in final amount of undistributed income - by KZT12.1 bln and decrease in fixed assets revaluation fund by KZT11.6 bln); **assets** grew by KZT12.9 bln or 70.5% (growth of accounts receivable); **liabilities** decreased by KZT4.6 bln, or 50.0% (decrease in accounts payable); **sales** increased by KZT35.7 bln or 2.7 times; **cost of goods sold** grew by KZT19.5 bln or 2.4 times; **expenses** decreased by KZT516.4 mln or 15.0%. As a result, **net income** of the SHNOS OJSC received in 9 months of the year 2000 amounted KZT12.3 bln, that is higher by KZT9.0 bln or 3.7 times against similar period of 1999.

### Dynamics of some company's indicators during the year 2000 on a quarterly and non-accruing sum basis

(in mln KZT)

Indicator	I-2000	II-2000	Change, %	III-2000	Change, %
Sales	11,722.1	22,915.2	+95.5	22,249.9	-2.9
Net income	3,691.5	2,186.2	-40.8	6,412.8	+193.3

Also, the SHNOS OJSC provided the KASE) with the minutes of its shareholders extraordinary general meeting, which was held on October 30, 2000. Based on approved agenda, the shareholders of SHNOS OJSC dismissed previous Board of directors ahead of schedule (Bernar Izotie, Marlo Kreg Thomas, Bizakov Nurlan Sedinovich) and elected new Board of directors consisting of three people: Bernar Izotie - The president and chairman of the Board of directors of Hurricane Hydrocarbons Ltd.; Marlo Kreg Thomas - The president of SHNOS OJSC; Christian Klerei -First vice-president on processing, marketing and trade of Hurricane Hydrocarbons Ltd.

**Kazakhstan Temir Joly NSE** (Astana; transportation services to the economy, and public in transporting cargo and passengers; international economic relations for Kazakhstan; exports and imports of goods), in accordance with the listing requirements, provided the KASE with its financial statements for 9 months of 2000: balance sheet, income and cash flow statements. By the data of the issuer following are his results in 9 months of 2000

**Comparable indicators of Kazakhstan Temir Joly NSE financial and economic activities in 9 months of 2000**

(in th. KZT, unless otherwise specified)

Indicator	As of Oct.1,99	As of Oct.1,00	Change, %
Authorized capital	917,371	904,631	-1.4
Shareholders' equity	149,065,048	150,835,126	+1.2
Total assets	186,678,259	186,100,715	-0.3
Net working capital	22,263,666	17,144,107	-23.0
Accounts receivable	27,363,349	19,945,841	-27.1
Liabilities, total	37,613,211	35,265,589	-6.2
Long-term loans	16,659,324	17,257,541	+3.6
Short-term loans	1,362,386	3,344,645	+145.5
Accounts payable	19,591,501	14,510,406	-25.9
Services offered	65,043,735	117,238,876	+80.2
Cost of services offered	48,951,754	81,481,209	+66.5
Net income (loss) of the period	329,367	11,720,882	+3,458.6

Compared to similar period of 1999 following changes took place: **shareholders' equity** of the company grew by KZT1.8 bln, or 1.2% (final amount of undistributed income - by KZT30.0 bln and decrease in authorized capital by KZT12.7 mln due to removal of the subdivision, decrease in fixed assets re-evaluation fund by KZT28.2 bln); **assets** decreased by KZT577.5 mln, or 0.3%; **liabilities** decreased by KZT2.3 bln, or 6.2%; **Services offered** increased by KZT52.2 bln, or 80.2%, including **their cost** - by KZT32.5 bln, or 66.5%, **expenses of the period** - by KZT5.3 bln, or 65.9%, **losses from secondary activities** - by KZT4.7 bln, or 3.2 times. As a result, **net income** of Kazakhstan Temir Joly NSE received in 9 months of the year 2000 amounted to KZT11.7 bln, against KZT11.4 bln, or 35.6 times more than in similar period of last year.

**Dynamics of some Kazakhstan Temir Joly NSE indicators during the year 2000 on a quarterly and non-accruing sum basis**

(in mln KZT)

Indicator	I-2000	II-2000	Change, %	III-2000	Change, %
Sales	34,718.1	40,271.2	+16.0	42,249.6	+4.9
Net income	248.1	6,068.8	+2,346.0	5,404.0	-11.0

**Mangistaumunaigas OJSC** (Aktau), in accordance with the listing requirements, provided the Kazakhstan Stock Exchange (KASE) with the materials of its annual general shareholders meeting (minutes, report of the Board, report of the Revision commission), which was held on August 10, 2000. Based on approved agenda of the meeting, the shareholders of Mangistaumunaigas OJSC ratified financial statements and 1999 report of the Revision commission, changes and amendments to the company's charter, considered auditing report of Arthur Andersen made on its 1999 financial statements. Besides, at the meeting it was decided:

- due to KZT1,760,981 th. loss incurred last year from the company's ordinary activities, and uncovered loss of previous years totaling KZT14,610,383 th., not to consider the matter on the distribution of net income received in 1999 and **not to charge dividends to common shares for the year 1999**;
- approve dividends to preferred shares **at KZT100 per share** and pay them using KZT109 mln reserve fund, and declare December 24, 2000 as the dividend payment beginning date;
- approve the assignment of Arthur Andersen as the company's international auditor for the year 2000.

Krymkulov S.E., general director of the company, made a speech on Mangistaumunaigas OJSC results in 1999. It is said that in 1999 the company extracted 4,037 th. tons of oil, or 99.1% of planned volume (20.6% increase relative to 1998); 133 mln cubic meters of accompanying gas, with the plan of 135 mln cubic meters. The oil supplies in 1999 reached 4,419 th. tons, or by 121 th. tons, or 3.0% more than planned volume (799 th. ton, or 23.8% increase relative to 1998), including more than 3,134 th. tons exported. Compared to 1998 both the production volume and the product quality improved. High grade oil supplies equaled 81% of all supplies (14% growth relative to 1998), first grade oil - 18.8%, second grade - 0.2%.

Of all the wells to be repaired, 94% has been already fixed, and 77% of capital construction works has been completed (KZT539.4 mln was used), construction and design works were done for a total of KZT510.4 mln

(98.6%), KZT324.3 mln worth of fixed assets were put into service. More than KZT426 mln was spent on environment protection activities.

Production and sales expenses of the company equaled KZT24.4 bln in 1999, whereas the planned amount was KZT17.5 bln. Excess of KZT6.9 bln was due to an increase in oil transportation expenses (KZT6.0 bln) as a result of NOTC KazTransOil CJSC tariff increase in the second half of 1999, which also resulted in 40.4% growth of cost of 1 ton of oil (KZT5,737, or \$49.45, while the plan was KZT4,324, or \$36.13).

In 1999 budgetary and off-budgetary accounts were settled for a total of about KZT13 bln, including more than KZT8 bln is arrears for the years 1996-1998. As of late 1999 the company had no overdue amounts, all wages have been paid, actual average monthly wage increased from KZT23,618 to KZT31,238 within a year, or 132%.

Based on auditing of Mangistaumunaigas OJSC 1999 financial statements, conducted by Arthur Andersen, the company's resulting income from its main activities equaled KZT45.8 bln, expenses for main activities - KZT39.9 bln, expenses for secondary activities - KZT3.4 bln, taxes - KZT4.2 bln. As a result, the company incurred KZT1.8 bln from its main activities. However, taking into consideration the set-off of tax liabilities for an amount of KZT9,851.1 mln, to be compensated to Mangistaumunaigas OJSC in compliance with the share purchase and sale agreement between Kazakhstan and Central Asia Petroleum Ltd., which is considered subsidies of executive bodies, the company has positive financial result for the year 1999, at KZT8,090.1 mln.

The report also contains the reasons for which the company did not meet its oil extraction obligations in 1999. It reads that lack of financing became a common grounds for this, which was caused by the need to pay off the debts of previous years, which in turn stopped drilling works (no new wells were drilled out of 34 planned wells in 1999); caused the company to fall behind the plan of conducting geological activities regarding the effects on near well area; became a reason for putting into service only 56 wells instead of 140 wells; and switching the wells from gas-lift mode to mechanical extraction mode and maintaining the wells in working conditions.

The management of Mangistaumunaigas OJSC believes that today the main problem is that noticeable number of extraction and pressure wells are idle or not in use (for Kalamkasmunaigas - 7% extraction and 17% pressure, for Jetybaimunaigas - 67% and 77%, respectively). Moreover, Jetybai deposit size has a problem of active development of main reserves due to high wear out rate of trunk pipelines and pressure lines making it impossible to reach projected pressure levels. In order to increase the effectiveness of Jetybai deposit site the layer pressure maintenance system should be reconstructed to keep the pressure at 170-200 atmospheres, whereas present pressure is at 90-110 atmospheres.

**Prepared by the agency «IRBIS»**

## COMPARISON OF ACTIVITIES OF THE COMPANIES FROM KASE LISTING BY THEIR THIRD QUARTER 2000 RESULTS

Information agency for financial markets IRBIS completed comparisons of activity of industrial enterprises whose shares and bonds were entered into category "A", "B" of the KASE official list. Comparisons were made by results of economic activities in 1999 and 9 month of 2000. The comparison was made on the basis of data enterprises submitted to KASE according to the listing requirements. The only company that did not submit consolidated financial statements was NOC KAZAKHOIL CJSC. The absent data include statement for II and III quarters of 2000.

The results presented below should not be considered as an opinion of IRBIS and KASE regarding companies' efficiency. In many respects, the evaluation is subjective due to methodology selected by IRBIS. However, in the IRBIS opinion this methodology provides comparable data on various companies. It can be also used by potential investors as an appraisal of the investment attractiveness.

Indicators of the activities of the companies from the KASE listing in 1999 and three quarters of 2000 (intermediary data)

Rating	Code	1999	As of Oct 01, 1999	As of Oct 01, 2000	Code	1999	As of Oct 01, 1999	As of Oct 01, 2000	
<b>1. Assets, KZT, mln</b>					<b>5. Return on assets (ROA), %</b>				
1	TMJL	184,405	186,687	<b>186,101</b>	SYRG	47.1	18.1	<b>39.4</b>	
2	KZTO	30,877	122,191	<b>128,181</b>	KARM	11.1	–	<b>37.8</b>	
3	KZMS	90,449	81,227	<b>104,851</b>	KZMS	5.0	1.2	<b>26.2</b>	
4	KZTK	57,453	56,473	<b>59,696</b>	ALKZ	28.9	16.1	<b>13.9</b>	
5	MMGZ	42,494	45,956	<b>51,882</b>	MMGZ	19.0	43.2	<b>11.8</b>	
6	KZCR	39,952	N/A	<b>49,516</b>	KZTK	2.6	–	<b>7.8</b>	
7	SYRG	17,884	18,297	<b>31,203</b>	TMJL	0.1	0.2	<b>6.3</b>	
8	ALKZ	18,826	20,904	<b>27,561</b>	KZCR	36.8	N/A	<b>4.7</b>	
9	KARM	5,181	6,049	<b>8,894</b>	BSUL	–	–	<b>4.3</b>	
10	UTMK	7,351	7,104	<b>7,544</b>	KZTO	18.3	2.6	<b>3.0</b>	
11	ALKS	709	702	<b>1,425</b>	VITA	4.9	N/A	<b>2.9</b>	
12	BSUL	758	761	<b>826</b>	UTMK	0.9	–	<b>1.6</b>	
13	VITA	604	N/A	<b>723</b>	ALKS	4.3	3.4	<b>0.1</b>	
<b>2. Shareholders equity, KZT, mln</b>					<b>6. Return on equity (ROE), %</b>				
1	TMJL	141,888	149,065	<b>150,835</b>	KARM	179.5	–	<b>91.3</b>	
2	KZTO	25,149	21,120	<b>105,076</b>	SYRG	58.6	36.1	<b>46.1</b>	
3	KZMS	32,673	30,667	<b>60,743</b>	KZMS	13.9	3.2	<b>45.3</b>	
4	KZCR	32,175	N/A	<b>38,629</b>	MMGZ	61.0	63.1	<b>34.6</b>	
5	KZTK	33,552	30,659	<b>35,635</b>	ALKZ	44.0	33.5	<b>23.7</b>	
6	SYRG	14,357	9,181	<b>26,648</b>	KZTK	4.5	–	<b>13.1</b>	
7	MMGZ	13,254	31,417	<b>17,711</b>	TMJL	0.1	0.2	<b>7.8</b>	
8	ALKZ	12,356	10,065	<b>16,163</b>	VITA	10.2	N/A	<b>6.8</b>	
9	UTMK	5,642	5,345	<b>5,728</b>	BSUL	–	–	<b>6.1</b>	
10	KARM	319	(1,282)	<b>3,684</b>	KZCR	45.7	N/A	<b>6.0</b>	
11	ALKS	698	691	<b>699</b>	KZTO	22.4	3.1	<b>3.6</b>	
12	BSUL	540	507	<b>575</b>	UTMK	1.2	–	<b>2.2</b>	
13	VITA	292	N/A	<b>313</b>	ALKS	4.4	3.5	<b>0.2</b>	
<b>3. Volume of sales, KZT, mln</b>					<b>7. Return on sales (ROS), %</b>				
1	TMJL	99,779	65,044	<b>117,239</b>	KARM	73.5	59.2	<b>80.2</b>	
2	KZMS	74,479	50,283	<b>83,840</b>	ALKS	53.0	50.1	<b>71.0</b>	
3	MMGZ	45,782	29,362	<b>68,406</b>	KZMS	46.8	46.0	<b>57.7</b>	
4	SYRG	31,828	21,231	<b>56,887</b>	MMGZ	82.5	74.6	<b>52.8</b>	
5	KZTK	29,843	21,330	<b>26,345</b>	SYRG	48.6	36.8	<b>39.1</b>	
6	KZTO	17,698	11,890	<b>24,152</b>	ALKZ	33.0	30.5	<b>38.4</b>	
7	ALKZ	18,303	12,713	<b>18,453</b>	KZTK	48.5	42.6	<b>38.2</b>	
8	KZCR	34,113	N/A	<b>14,040</b>	KZCR	28.0	N/A	<b>33.3</b>	
9	KARM	6,185	2,708	<b>11,986</b>	TMJL	25.0	24.7	<b>30.5</b>	
10	UTMK	5,940	4,380	<b>3,837</b>	KZTO	43.0	33.9	<b>24.1</b>	
11	VITA	121	N/A	<b>341</b>	VITA	39.8	N/A	<b>21.6</b>	
12	BSUL	918	545	<b>228</b>	UTMK	22.6	24.2	<b>16.4</b>	
13	ALKS	98	71	<b>95</b>	BSUL	12.1	13.1	<b>13.4</b>	
<b>4. Net income (loss), KZT, mln</b>					<b>Codes of companies</b>				
1	KZMS	4,555	983	<b>27,513</b>	<b>ALKS</b>	Almaty Kus OJSC			
2	SYRG	8,416	3,314	<b>12,290</b>	<b>ALKZ</b>	Aliuminii Kazakhstan OJSC			
3	TMJL	174	329	<b>11,721</b>	<b>BSUL</b>	Bayan-Sulu OJSC			
4	MMGZ	8,090	19,831	<b>6,130</b>	<b>KARM</b>	Karazhanbasmunai OJSC			
5	KZTK	1,516	(1,390)	<b>4,661</b>	<b>KZCR</b>	TNC KAZCHROME OJSC			
6	ALKZ	5,440	3,367	<b>3,839</b>	<b>KZMS</b>	Corporation Kazakhmys OJSC			
7	KZTO	5,640	1,353	<b>3,788</b>	<b>KZTK</b>	KAZAKHTELECOM			
8	KARM	573	(1,060)	<b>3,364</b>	<b>KZTO</b>	NOTC KazTransOil CJSC			
9	KZCR	14,713	N/A	<b>2,303</b>	<b>MMGZ</b>	Mangistaumunaigas OJSC			
10	UTMK	67	(71)	<b>124</b>	<b>SYRG</b>	SHNOS OJSC			
11	BSUL	(29)	(62)	<b>35</b>	<b>TMJL</b>	Kazakhstan Temir Joly NSE			
12	VITA	30	N/A	<b>21</b>	<b>UTMK</b>	UKTMK OJSC			
13	ALKS	31	24	<b>1,4</b>	<b>VITA</b>	VITA LLP			

## 8. Estimation of average indicator and ratings of companies

Code	Rating			Average figures and ratios					
	As of Oct		As of Oct	Sh. equity	Volume of sales	Net income	ROS	ROA	Company's average
	1999	01, 99	01, 99	*35,572	*32,582	*5,830	39.7%	12.3%	
KZMS	5	3	1	1.708	2.573	4.719	1.453	2.134	2.517
TMJL	1	2	2	4.240	3.598	2.010	0.768	0.512	2.226
SYRG	3	4	3	0.749	1.746	2.108	0.985	3.203	1.758
KARM	9	9	4	0.104	0.368	0.577	2.018	3.076	1.228
MMGZ	4	1	5	0.498	2.100	1.051	1.328	0.961	1.188
KZTO	6	6	6	2.954	0.741	0.650	0.606	0.240	1.038
KZTK	8	7	7	1.002	0.809	0.800	0.960	0.635	0.841
ALKZ	7	5	8	0.454	0.566	0.658	0.965	1.133	0.755
KZCR	2	N/A	9	1.086	0.431	0.395	0.837	0.378	0.626
ALKS	7	8	10	0.020	0.001	0.000	1.788	0.008	0.363
UTMK	12	10	11	0.161	1.117	0.021	0.412	0.134	0.169
VITA	11	N/A	12	0.009	0.010	0.004	0.544	0.238	0.161
BSUL	13	11	13	0.016	0.007	0.006	0.337	0.348	0.143

\* – hereafter all monetary amounts (except for special cases) are given in KZT

The final table 8 was created by stepwise averaging of tables 2, 3, 4, 5 and 7. **First step** - estimation of simple mean among companies using tables 2, 3, 4, 5, and 7. **Second step** - estimation of an appropriate indicator of the company to its average value. **The third step** - estimation of resulting indicator for each company using simple mean of appropriate indicator. Resulted indicators are given in descending order.

Selecting indicators of an economic activity IRBIS agency tried to consider the scale of a company, thus favoring stability on one hand. On the other, IRBIS considered number of indicators displaying efficiency of resources' utilization, thus favoring efficient of a management.

### Brief analysis of the companies' activities

**Kazakhmys Corporation OJSC** (Jezkazgan) is a one of the best developing companies of the listing. On horizontal level such factors as acquisition of mines, increase in ore processing capacity have contributed to growth in production of major item - refined copper (for 9 month 2000 production grew by 12% compared to same period of 1999). Vertical growth, i.e. acquisition of auxiliary companies - power stations, coal pits, machine works, provided company with stability and decrease in cost of produced goods. Sharp increase in virtually all financial indicators for 2000 related to growth of the world prices for copper by 15%.

As a result, in year 2000 company holds the first place in respect to net income, second place after Kazakhstan Temir Joly on volume of sales and included in leading three in respect of ratio performance (ROA, ROE, ROS). By result of third quarter 2000 current assets of company have for the first time since 1996 exceeded its liabilities.

**Kazakhstan Temir Joly NSE (Astana)** is still largest company in terms of assets, shareholders equity and sales volume. There are two main reasons for considerable improvement of financial indexes of the company in this year. First, growth in freight transportation tariffs which amounts for 77% of gross income between Jan.01 and Apr.01 by 20-100%. Second, large increase in passenger and freight transportation that took place in year 2000. By results of the first six months, goods turnover increased by 46%, passenger turnover - 18% compared to the same period of 1999. Other indicators displaying the company's efficiency has also recorded increase. For instance, return on assets and equity increased about 35 times.

**SHNOS OJSC (Shymkent)** whose shares (88% stake) have been taken by Hurricane Hydrocarbons Ltd. develops Kumkol oil field. Along with Karazhanbasmunai OJSC and Corporation Kazakhmys OJSC the SHNOS has highest ROA, ROE, ROS ratios. In terms of these ratios the company has been a leader by results of 1999 and during 2000. Considerable growth of sales in 2000 relates to rise in oil products prices and export of oil supplied against processing services cost (by 12.6 bln in second quarter and 14.4 bln in the third).

**Karazhanbasmunai OJSC (Aktau)** - is relatively small oil producing company, while still obvious leader in terms of efficiency ratios. There are two reasons for that: first, low production cost (20% to sale price), second, small volumes of equity and assets. Considering appropriate indicators the company has been leading in terms of efficiency during 1999 and by results of the same year, although it had experienced losses and was on the bottom of the rating by results of 9 month 1999.

**Mangistaumunaigas OJSC (Aktau)** was a leader in the rating by result of third quarter 1999. For 9 months 2000 it fell to 5th place. This was reasoned by three times fall in the net income. There were three major causes for that. First, sharp increase in sales expenses: 16.0 bln against 4.7 bln for three quarters of 1999 (partly explained by 110% increase in oil transportation tariffs through KazTransOil pipe-lines). Second, same large increase of administrative and general expenses (14.1 against 2.1 bln). Third, decrease in shareholder's equity (17.7 bln against 31.4 bln). The latter is a result of decline in undistributed profit (19.9 bln to 8.3 bln) and increase of uncovered losses of past periods (from 4.6 bln to 14.7 bln). Accumulated impact of these factors exceeded two times increase in sales volume because of 10% sales growth in real terms and 60% growth of the world prices.

**KazTransOil NOTC CJSC (Astana)** recorded 4 time increase in assets as of beginning of this year because of assets revaluation made by American Appraisal Inc. This allowed company to take second place in terms of



assets and equity. As a result of revaluation, current due income tax increased from 0.5 bln (end of 1999) up to 13.5 bln (end of first quarter 2000). Consequently, working capital fell from 3.6 bln to -8.5 bln (in third quarter 2000 - minus 3.7 bln). Sales volume has been growing during last year due to increase in tariffs for oil transportation since March 16 up to \$15 for ton per kilometer (previous tariffs - \$3 in Aktobe region, \$9.6 in eastern region). Growth of assets has started as early as in the first quarter. Nevertheless, the income growth was exceeded by increased costs. As a result, the company suffered losses for 1.6 bln. In second and third quarters, growth in sales volume exceeded expenses, yet efficiency ratios were low. By results of third quarter company took 10-11 positions in terms of the ratios (8th position for same period of 1999).

**Kazakhtelecom** (Astana) strongly holds 5-6th positions in terms of assets and equity capital. Sales volume of goods and services has been stable during 9 month 2000. Shift in company's position in the list (from 4 Th in first quarter 2000, to 9th in second quarter) was caused by sales/costs ratio dynamics (in first quarter costs amounted for 52% to sale price, 72% in the second and 62% in the third). Improvement of financial ratios compared to third quarter 1999 is explained by considerable losses company suffered during three quarters related to non-operating activity (5.3 bln by results of third quarter). According to the Auditors conclusion (Deloitte & Touche LLP) for 1999, 4.7 bln losses were made because of exchange rate differential (i.e. main part of non-operating losses).

**Aluminii Kazakhstana OJSC** (Pavlodar) takes 8th position (third quarter 2000), while has been 4th by results of the first quarter. This partly related with positions of other companies in the list. The worsening of third quarter indicators occurred because of large inflows from selling of Trans-World Group stake share in the same period of 1999. As of Oct.01 1999, these funds amounted for 2,952 mln, year end - 4,584 mln. The figures indicating profitability of assets and capital in 2000 has also fallen. For instance, net income decreased from 1.8 bln (first quarter) down to 0.6 bln in the third. In turn, decline of net income was caused by rise in costs - 406 mln, income tax - 681 mln and general and administrative expenses by 267 mln.

**KAZCHROME TNK OJSC** (Almaty) has continued to increase sales volumes that is probably connected with growth in world prices for ferrochromium alloys (company informed that real volume of ore mining and alloys production did not exceed the figures of the last year). Losses for 1.1 bln company suffered in third quarter are explained by advanced growth of expenses: cost of goods increased by 65% while sales volume by 21%, current expenses increased by 40% (from 3.0 bln to 4.2 bln). Sharp decline of income and efficiency indicators compared to resulting data for 1999 has similar reasons as in case with Aluminii Kazakhstana OJSC. Net income of 14.7 bln for 1999 mainly resulted from non-operating receipts (71% of the income) - sale of Trans-World Group stake of shares (by court's decision) for a total of 3.4 bln.

**Almaty Kus OJSC** (Chapayevo village, Almaty region) has significantly increased volume of sales. By results of 9 months, sales totaled KZT95 mln against 71 mln for comparable period of the last year. Most of growth occurred in second quarter. Nevertheless, beginning from this quarter company has started incurring losses. Fall in net income was conditioned by deductions to the reserve formed to service coupon payments for bonds (Oct 14, 2000). In second quarter, company reserved 22.1 mln, in third - 22.7 mln. In third quarter, company managed to avoid losses mainly due to costs decrease.

**UKTMK OJSC** (Ust-Kamenogorsk) displayed some improving in financial statements for third quarter provided by growth of sales volume and net income compared to 6 moths. Year to year comparison (9 months) shows decline in sales volume by 543 mln. The zero figure of non-operating losses (third quarter 1999 - 517 mln) provided 124 mln of net income against 71 mln losses in the same period of 1999. Undoubtedly, the company's position in rating and its financial situation is not adequate to company's potential in terms of size, modernization. Main reasons that negatively affect activity are following - narrowness, high monopolization level of titanium market and lack of raw material base. At present, company increases production of commodity magnesium (which is in high demand) and prepares for development of Satpai titanium deposit.

**VITA LLP** (Almaty) was included in the listing on Dec 2000. First half year was successive for the company: sales volume increased 2.5 times and exceeded same figure for 1999. (There were no changes in the rating for the same period as most of companies also displayed positive results). In third quarter, sales volume and net income fell 4.7 and 11.5 times correspondingly in comparison to second quarter. This was caused by modernization of production process conducted during the period. The modernization included construction of vegetable oil deodorization workshop that would led to increase in degree of oil processing.

**Bayan-Sulu OJSC** (Kostanai) has managed to achieve profitability and improve financial statements because of advanced growth of sales volume against costs of goods and expenses. At the same time, company is still having lowest ROS ratio explained by high portion of costs in sales prices. In conditions of strict competition company has to maintain low prices. Purchasing 70% of raw materials abroad company has much suffered from devaluation of tenge. For instance, as a result of tenge floating in April 1999 company lost 59 mln.

Positions of food industry companies (Bayan-Sulu OJSC, Almaty-Kus OJSC and VITA LLP) in the end of the rating could be explained by several reasons of general nature. First, all three companies are relatively small. Second, these companies, as a rule, have low efficiency levels. In condition of strict competition they have to maintain low prices. Third, the companies are mainly oriented on domestic market. Their activity was disposed to losses from devaluation of tenge in 1999. The economic policy of the government towards stability of the exchange rate and protective measures for domestic producers must positively affect activity of mentioned companies.

The general trend from third quarter 1999 to the same period of 2000 was successive for most companies of the KASE listing. Total sales volume increased from 220 bln up to 426 bln or by 94%, net income rose from 26.6 bln to 75.8 bln or 2.8 times, average ROA and ROE ratios recorded double growth. At the same time, estimations made in US dollars present almost the same growth figures as devaluation rate of the dollar for period in question equaled 1.8%.

Since seven out of thirteen companies export production abroad the growth in world prices for oil and metals could be considered as a main contributor to increase of gross indicators. The activity of other companies was affected by improvement in general conditions of the economy also related to export performance.

**Prepared by the agency «IRBIS»**