

WEEK OF STOCK MARKET OF KAZAKHSTAN

January 18 - 24

1 US dollar = **145.10** tenge at official rate for the end of the period
 1 US dollar = **145.05** 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 18 - 24. In parentheses – figures of previous period. Instruments are given in ascending order, based on their attractiveness.

Investment attractiveness of stock exchange instruments from January 18 through 24

Financial instrument	Currency	Yield, % APR	Volume of deals, mln KZT	Volume of deals, mln USD
MEKKAM, notes	KZT	*8.04 (7.84)	939.8 (1,455.1)	6,476.2 (10,018.2)
GB repo	KZT	*6.58 (8.89)	6,502.7 (9,423.2)	44,812.5 (64,875.7)
Securities repo	USD	*14.49 (14.50)	156.9 (23.0)	1,081.1 (158.5)
VITAb2	USD	13.54 (13.54)	0 (0)	0 (0)
ALKSb	USD	13.08 (13.26)	0 (0)	0 (0)
HSBKb	USD	11.60 (11.59)	65.1 (73.9)	448.4 (508.7)
CCBNb1	USD	11.45 (11.70)	0 (26.8)	0 (184.6)
KARMB1	USD	10.90 (10.90)	0 (0)	0 (0)
ATFBb	USD	10.60 (11.01)	0 (44.7)	0 (307.6)
KZOLb	USD	10.24 (10.25)	0 (0)	0 (0)
KZTOb	USD	10.18 (10.18)	0 (0)	0 (0)
TMJLb	USD	9.75 (9.82)	0 (0)	0 (0)
KKGBe2	USD	9.59 (9.59)	0 (0)	0 (0)
Euronotes-4	USD	8.74 (8.85)	168.0 (152.7)	1,157.7 (1,051.3)
Euronotes-2	USD	8.45 (8.69)	309.2 (307.9)	2,130.5 (2,120.0)
Euronotes-3	USD	8.26 (8.19)	872.5 (2,276.7)	6,012.6 (15,674.2)
MEKAVM	USD	*7.06 (7.31)	154.5 (1,302.8)	1,065.0 (8,969.7)
TEBNb	USD	6.25 (7.47)	0 (0)	0 (0)
KKGBb	USD	5.04 (5.19)	0 (0)	0 (0)

Notes: yield of 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 9.59% APR** (tenge revalued against the dollar).

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 24, 4:00 PM ALT and changes during the week

Term	Currency	Rate	Trend
1 week	KZT	8.67	-0.27
2 weeks	KZT	9.12	-0.57
1 month	KZT	9.92	-1.08
2 months	KZT	10.67	-1.27
3 months	KZT	11.17	-1.77

During the period the money market has not stabilized completely. The rates remain at their highs. The lowering of the rates, observed at the beginning of the period, did not continue during the rest of the week. On January 24 short-term liquidity of the banks decreased again under the influence of local factors, and the lending rates have reached a critical level on January 16-17. The cost of the shortest money grew the most, proving the local nature of the occurrence.

THE SECURITIES SECTOR (SS)

Secondary market

During observed period 10 deals amounting to **\$628.2 th.** were made in **purchase and sale sector** of the securities on trade floors of the KASE. Relative to previous period (\$2,806.2 th., 19 deals) weekly turnover of the sector decreased 4.5 times. Absolute leaders of the week were **coupon bonds of Halyk Bank of Kazakhstan OJSC** (KZA7KAKK6A78, official list of the KASE securities, category "A", HSBKb), with their proportion reaching 71.4% of total volume. Then, there were common shares of Bank TuranAlem OJSC (KZ1C34920412, official list of the KASE securities, category "A", BTAS) – 21.9%. For other securities, traded during the week, volumes of the deals were insignificant. Last week common shares of Bank TuranAlem OJSC were the leaders.

By the last deals of the period the price of EAECp increased by 0.4% relative to the previous successful trades, KZCRp – 2.1 times, the value of BTAS fell by 23.1%. The values of ALKZp, SSGPp did not change. The yields of HSBKb bonds grew from 11.5972% to 11.5985% APR.

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 18 - 24

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
Aliuminiy Kazakhstanana OJSC	ALKZp	*0.4136	0.4136	3 778	0.4136	0.4136
Aktobemunaigas JSC	AMGZp	*14.95		0		*15.00
Bank TuranAlem OJSC	BTAS	68.90	68.90	2 000	70.65	68.90
Bank CenterCredit OJSC	CCBN	1.4451		0	1.3444	1.3769
Evroaziatskaya energeticheskaya korporatsiya OJSC	EAECp	*2.41	2.41	1 311	2.41	2.41
Halyk Bank of Kazakhstan OJSC	HSBK	0.8324		0	0.9000	1.8000
KAZKOMMERTSBANK OJSC	KKGB	0.7000		0	0.2500	0.5000
TNC Kazchrome OJSC	KZCRp	*5.900	4.671	7 000	5.900	3.442
Kazakhtelecom	KZTK	14.500		0	13.500	16.500
Kazakhtelecom	KZTKp	8.000		0	8.000	12.000
SSGPO JSC	SSGPp	*2.75	2.75	1 641	2.75	2.75
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

Results of the trades in bonds from January 18 - 24

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	17.0875	13.1662
AMB CJSC	ATFBb	USD	11.0078		0	11.0072	10.6044
Bank CenterCredit OJSC	CCBNb1	USD	11.6997		0	11.9920	11.4497
Halyk Bank of Kazakhstan OJSC	HSBKb	USD	11.5985	11.5985	448.44	11.5985	11.5985
Karazhanbasmunai OJSC	KARMB1	USD			0	10.9919	10.9000
KAZKOMMERTSBANK OJSC	KKGBb	USD	10.20		0	9.96	5.11
NOC Kazakhoil CJSC	KZOLb	USD	10.6704		0	10.8453	10.3952
NOTC KazTransOil CJSC	KZTOb	USD	10.4601		0	10.2546	10.2000
Temirbank OJSC	TEBNb	USD	11.2835		0	10.5253	7.4245
Kazakhstan Temir Joly NSE	TMJLb	USD	10.8215		0	10.2476	9.7959
VITA LLP	VITAb2	USD			0	14.4760	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, **fell by 0.5931** during the week, at **105.7685** at January 24 closing.

In the securities repo sector 5 deals were made during the week:

- 3 deals for opening of 55-day repo with preferred shares of VALUT-TRANZIT BANK OJSC amounting to \$68,920.00 at **15.56% APR** (declared rate) in terms of dollars;
- 2 deals for opening of 36-day repo with coupon bonds of VITA LLP amounting to \$1,012,220.89 at **13.50% APR** (declared rate) in terms of dollars.

At the end of the period **seven** indexed securities repos were opened at the trade floor of the Exchange for a total of **\$1,379.8 th.** Common shares of Bank CenterCredit OJSC, preferred shares of VALUT-TRANZIT BANK OJSC and coupon bonds of VITA LLP were used as the object of repo deals. The terms vary from 36 to 215 days, and the rates in USD from 11.50 to 15.46% APR.

Capitalization

On January 24, 2001 **the capitalization of the companies**, whose shares are traded on the securities exchange market of Kazakhstan, equaled **\$1,601.0 mln** or KZT232.2 bln at tenge to dollar rate of the Exchange, effective on that date. During the week this number increased **by \$6.5 mln** in terms of dollars was caused mainly by a growth of the values of EAECp and KZCRp (see above).

The growth in the number of paid common shares of Bank CenterCredit OJSC (from 7,346,480 to 8,049,296), Bank TuranAlem OJSC (from 887,023 to 1,287,023) and Halyk Bank of Kazakhstan OJSC (from 36,150,666 to 54,225,999) made a certain contribution to the increase of the capitalization. The data obtained by the Exchange regarding the changes in the registers of the securities holders as of January 1, 01 were taken into consideration as of January 22 and 23 calculations of the capitalization, which added \$27.3 mln to the market. However, this add on was compensated by the decrease in the values of BTAS (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 **\$175.6 mln** as of January 24, or KZT25,466.4 mln. This indicator **fell by \$1.1 mln** within a week, which is explained mainly by a noticeable decrease of ask bids of TEBNb on January 19 - 24 due to the register fixing before the coupon payments. 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 **KZT25,642.2 mln**.

SECTOR OF GOVERNMENT BONDS (GB)

In **GB purchase and sale sector** of KASE total volume of 85 deals equaled **KZT2,888.9 mln**. Last week the turnover reached KZT5,762.1 mln with 86 deals made. The decrease in the volumes of the deals in this sector is explained mainly by a decline in purchasing powers of the banks, which was mentioned above. As a result, the limits were reallocated in favor of the repo sector. The GB turnover structure in purchase and sales sector did not change much.

Parameters of stock exchange transactions in SS from January 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 GB: MEKKAM-6, 12, notes				32.6% (25.3%) of purchase and sale sector's turnover			
less than 8	6.01	8.38	6.01	7.75 (-)	97.4	6	
8 - 14	6.80	7.80	7.80	7.25 (7.32)	249.3	13	
15 - 28	7.10	7.93	7.31	7.47 (7.46)	308.3	9	
29 - 36	7.56	7.65	7.65	7.59 (7.60)	6.4	4	
37 - 42	7.43	7.43	7.43	7.43 (7.50)	11.1	1	
43 - 56	8.98	8.98	8.98	8.98 (7.73)	5.9	1	
57 - 63	7.75	7.75	7.75	7.75 (7.76)	0.5	1	
92 - 181	8.25	8.25	8.25	8.25 (8.29)	29.2	1	
182 - 364	8.00	11.19	9.08	8.93 (9.24)	231.6	4	
Total					939.8 (1,455.1)	40 (31)	
Discounted indexed GB: MEKAVM-12				5.3% (22.6%) of purchase and sale sector's turnover			
15 - 28	6.50	7.40	6.50	7.06 (6.84)	154.5	9	
Total					154.5 (1,302.8)	9 (25)	
Coupon GB: MEOKAM-24, MEOKAM-36				15.4% (4.6%) of purchase and sale sector's turnover			
980	17.46	17.46	17.46	17.46 (17.13)	126.5	1	
643 - 717	15.37	15.70	15.37	15.51 (-)	318.5	10	
Total					444.9 (266.7)	11 (3)	
Euronotes of Kazakhstan, USD				46.7% (47.5%) of purchase and sale sector's turnover			
*608 - 614	8.23	9.02	8.30	8.45 (8.69)	309.2	11	
**1,344 - 1,349	8.15	8.26	8.26	8.19 (8.26)	872.5	12	
***2,268 - 2,272	8.73	8.85	8.85	8.74 (8.85)	168.0	2	
Total					1,349.6 (2,737.3)	25 (27)	
SUBTOTAL					2,888.9 (5,762.1)	85 (86)	

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 170 deals for a total of KZT16,674.4 mln** were made during the period. Of this number 81 deals (for KZT6,502.7 mln) were repo opening deals and 89 (KZT10,171.7 mln) were repo closing deals. Last period the turnover of this sector of the market was registered at KZT19,837.0 mln. After closing of the trades on January 24 total amount of opened repo equaled **KZT6,627.4 mln**. Current weighted average rates as of January 24 (% APR) equaled: for 1 day - 8.89; for 2 days - 12.00; for 3 days - 6.20; for 16 days - 8.00; for 92 days - 9.86.

Total of 255 deals amounting to **KZT19,563.3 mln** were made in **GB on trade floors of KASE** during last two weeks (purchase and sale and repo sector). Last week volume of 266 deals was KZT25,599.1 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 **93.4%**, for last week it was 94.1%.

CHANGES IN THE KASE TRADE LISTS

On **January 19, 2001** by the decision of the Exchange council of the Kazakhstan Stock Exchange (KASE) of the same date, the first issue inscribed coupon bonds of **SHAHARMUNAIGAS OJSC** (Almaty) were entered into official list of the Exchange's securities under category "A". The bonds, with the national identification number KZ75KASICA50 and registered with the National Securities Commission of Kazakhstan on December 18, 2000 in the state register under the number A28, were assigned the trade code SMGZb1. The quotation accuracy of SMGZb1 in the trade system of the KASE is set at four decimal places. The beginning date of the trades will be announced additionally.

The market-maker status of SHAHARMUNAIGAS OJSC bonds at the KASE, based on submitted applications, was given to two members of the Exchange: Tasbaka Asset management OJSC and INVEST MANAGEMENT GROUP LLP (Almaty). The minimum volume of mandatory quotations for the market-makers of the bonds is set at 30 securities. The market-makers will start working at the KASE from the starting date of the trades.

INFORMATION ON COMPANIES

As reported by public relations department of the National Securities Commission (NSC) of Kazakhstan, on January 17, 2001 it approved the report on issue and floatation results of the first issue bonds of **Almaty Merchant Bank CJSC** (AMB CJSC, Almaty, KZ2CKAN3AA16, official list of the KASE securities, under category "A", ATFBb, Oct.2,00 - Oct.2,01, \$5 mln, semiannual coupon at 10.5% APR, current market rate - 11.01% APR) for a total of 5,000,000 U.S. dollars. According to the data of the IRBIS, weighted average yield of the bonds at the initial offering equaled 11.07% APR on semiannual basis. At that, 90% of the bonds went to the portfolios of pension assets management companies, 8.2% - to the portfolios of the second tier banks, and 1.8% was purchased by insurance companies.

Corporation Kazakhmys OJSC (Jezkazgan; extraction and processing of mineral resources, production of cathode copper; generation, transmission and distribution of both electrical and thermal energy; scientific - research, design works; Industrial and civil construction; cargo and passenger transportation), in accordance with the listing obligations, provided the Kazakhstan Stock Exchange (KASE) with the minutes of extraordinary general shareholders meeting, which was held on December 18, 2000.

Based on approved agenda, the shareholders of Corporation Kazakhmys OJSC made following decisions:

- cancel the first issue of 4,420,380 common inscribed and 491,153 preferred inscribed shares for a total of KZT98,230,660;
- conduct new issue of shares for an amount of KZT2,946,919,800 (size of announced authorized capital) with following structure: total issue volume - 4,911,533 shares at KZT600 face value each, of which 4,420,380 (90%) common shares and 491,153 (10%) preferred shares;
- offer the shares privately among existing shareholders by exchanging the first issue shares to new ones in 1 to 1 proportion;
- approve the Board of director's decision of December 1, 2000 to charge additional dividends to common and preferred shares by using undistributed income of previous years at KZT580 per share;
- new shares should be paid by using accrued dividends in compliance with the decision of the Board of directors;
- approve the assignment of Reestr LLP (Almaty) as an independent registrar of the company;
- set December 24, 2000 (by the decision of annual general shareholders meeting of July 10, 2000, initially dividend payment date was set on January 1, 2000) as the dividend payment date.

Also, it was decided to make changes and amendments to the company's charter, as well as to the regulations "On the Board of directors" and "On the Revision commission". The changes and amendments to the charter means certain redistribution of the obligations between the Board of directors and the executive body. The Board of directors was expanded from 8 to 10 people. New additional members of the Board are Yung R.B. (First vice-president of Corporation Kazakhmys OJSC) and Jong D.I. (representative of Samsung Electronics).

In conclusion, the president of the company, Kim V.S., made a speech, where he said that during the last 5 years much work has been done in restoring and increasing production (it is planned to produce about 400 Th tons of cathode copper in 2000 against 132 Th tons in 1995), and the debt was restructured. The SAMSUNG corporation (owner of 42.6% of the company's shares) has granted \$200 loan. During this time the company has purchased Balkhash mining and metallurgical combine, Borly JSC, East-Kazakhstan copper and chemical combine JSC, three big power stations, and 65% of Jezgenskii GOK shares.

It was also said that in 2000 the president of the company took over the management of state block of shares (35% of authorized capital) for three years, and now this term was prolonged to 5 years.

VALUT-TRANZIT BANK OJSC (Karagandy), in accordance with listing requirements, informed the Kazakhstan Stock Exchange (KASE) of an extraordinary general shareholders meeting, which will be held on February 19, 2001, where the bank's bond issue will be discussed. The meeting will be held at: 32, B. Jyrau Ave., Karagandy. In case of absence of the quorum the meeting will be held again on February 22, 2001.

VITA LLP (Almaty; commerce, processing and production of fat-and-oil goods), in accordance with the listing requirements, provided the KASE with its financial statements in 2000: balance sheet, income and cash flow statements. By the data of the issuer following are his results in 2000.

Comparable figures of financial and economic activities of VITA LLP in 2000

(in th. KZT, unless otherwise specified)

Indicator	As of Jan 01, 00	As of Jan 01, 01	Change, %
Authorized capital (announced)	100,000	100,000	0.0
Authorized capital (paid-up)	54,433	54,433	0.0
Shareholders' equity	291,620	319,850	+9.7
Total assets	603,863	757,641	+25.5
Net working capital	59,373	231,704	+290.3
Accounts receivable	117,568	274,664	+133.6
Accounts payable	206,490	125,558	-39.2
Sales	120,891	602,840	+398.7
Cost of sales	72,826	485,928	+567.2
Net income (loss) of the period	29,891	28,230	-5.6
Ratios:			
Return on sales (ROS), %	39.8	19.4	-51.2
Return on equity (ROE), %	4.9	3.7	-24.7
Return on assets (ROA), %	10.2	8.8	-13.9

Compared to 1999: **shareholders' equity** of the company grew by KZT28.2 mln, or 9.7% as a result of growth in undistributed income; **assets** increased by KZT153.8 mln, or 25.5% (accounts receivable - KZT157.1 mln of which advances to suppliers - KZT107.4 mln); **liabilities** increased by KZT125.5 mln, or 40.2% including KZT76.8 mln - bonds issue; **sales** increased by KZT481.9 mln, or 5 times; **cost of goods sold** grew by KZT413.1 mln, or 6.7 times; **expenses** of the period increased KZT29.2 mln, or 60.9% (including interest payment - 26.4 mln); **income from secondary activities** decreased by KZT37.4 mln, or 98.3%.

As a result, **net income** of VITA LLP received in 2000 decreased by KZT1.7 mln or 5.6% and amounted to KZT28.2 mln.

Dynamics of some VITA LLP indicators during the year 2000 on a quarterly and non-accruing sum basis

(in th. KZT)

Indicator	I-2000	II-2000	Change, %	III-2000	Change, %	IV-2000	Change, %
Sales	107,738	191,590	+77.8	41,716	-78.2	261,796	+527.6
Net income	2,267	17,374	+666.4	1,490	-91.4	7,099	+376.4

Kazakhtelecom (Astana; telephone, telegraph, television and radio communications), in accordance with the listing obligations, provided the KASE, with the minutes of its extraordinary general shareholders meeting, which was held on January 22, 2001. Based on approved agenda, the shareholders of Kazakhtelecom decided to **conduct a bond issue** on domestic market of Kazakhstan with the following terms: issue volume - 25,000,000 U.S. dollars; face value of the bond - 100 U.S. dollars; total number of bonds - 250,000; type of the bonds - inscribed coupon (inconvertible); collateral - not secured; circulation term - 3 years; coupon - 10% APR of the face value; coupon payment frequency - semiannually.

After familiarizing themselves with the issue terms of the bonds, the shareholders asked questions regarding the fact that the company's liabilities amount to \$125 mln, while its capitalization, based on the quotations, is low, and the reasons behind the necessity of increasing the liabilities. The speaker, vice-president of the company, Nurov K.I., said that corporate bonds, as a financial instrument, are advantageous compared with the loan. First, because of the possibility of reducing the borrowing costs due to using a wide range of lenders; second, the issue of corporate bonds is less risky and more effective from the point of view of transaction costs; third, it does not require collateral, because PAMC and other investors assess the investment risks of the bonds mainly based on the assessments of the issuer's activities. Besides, the speaker noted that total value of Kazakhtelecom investment contracts equals \$27 mln, of which about \$8.5 mln has been used already to finance the investment programs. The company's previous investment programs were implemented by using the loans of the suppliers, banks and payment deferments, which should be refinanced by attracting money through bond issue in order to improve the company's liabilities structure.

Kazakhstan Temir Joly NSE (Astana; cargo and passenger transportation services for the economy and for the population; international economic relations of Kazakhstan; exports and imports of goods), in accordance with the listing obligations, provided the KASE with its up-to-date data on technical and economic figures of the company for the year 2000.

Major technical and economic figures of Kazakhstan Temir Joly in 2000

Indicators	Measurement unit	1999 (reported)	2000 (up-to-date.)	Change, %
Output figures				
Cargo loading, total including:	th. tons	123,911	156,290	+26.1
coal	th. tons	58,259	74,120	+27.2
oil	th. tons	15,294	17,631	+15.3
iron ore	th. tons	13,368	19,191	+43.6
non-ferrous metals	th. tons	9,638	10,173	+5.6
ferrous metals	th. tons	4,124	4,717	+14.4
chemical and mineral fertilizers	th. tons	1,301	787	-39.5
construction items	th. tons	5,572	7,556	+35.6
cement	th. tons	680	966	+42.0
lumber	th. tons	400	709	+77.2
Volume of transit shipments	th. tons	4,824	7,329	+52.7
Turnover	mln t/km	91,700	125,514	+36.9
including, transit	mln t/km	7,662	8,672	+13.2
Passengers	th. people	14,282	15,908	+11.4
Passenger traffic	mln pass/km	8,859	10,281	+16.1
Financial ratios				
Transportation income	mln KZT	73,983.1	112,428.1	+52.0
Net income (loss)	mln KZT	174.2	8,598.8	+4,836.2

The company's financial ratios for the year 1999 were given based on non-audited report, by taking into account the activities of separate joint stock companies (Remput OJSC, Jeldorstroil OJSC, Trastelecom OJSC, Kazgiprojeldortrans OJSC).

The volume of the company's investments into the development of the sector in 2000 equaled KZT20,865 mln against KZT10,147 mln in 1999, including: using the funds of foreign investors KZT1,143 mln (KZT1,437 mln), own funds - KZT19,722 mln (KZT8,710 mln in 1999).

KASE NEWS

The public relation office of the National Securities Commission (NSC) informed that Justice Ministry of Kazakhstan had registered resolution of the NCSA's Directorate #732 dated Dec 07, 2000 "**On establishment of standby mode for bids satisfaction process in shares purchase and sale operations in the trade system of "Kazakhstan Stock Exchange" CJSC.** According to the resolution, KASE should **during next two months** bring its internal documents in compliance with approved resolution. KASE is also obliged to start trades according to new methodic. The core principle of the methodic is following.

The fifteen minutes standby mode is automatically set for deals over shares in case of selection of two combined bids made in uninterrupted counter auction method (main trade method on KASE). During this mode, trades over shares are conducted using the Frankfurt auction method (one of the additional trade methods). This method implies that trade participants are authorized to set new bids in the trade system competitive to those fixed in the standby mode. After termination of the mode all bids (both fixed in standby mode and set in trade system) are satisfied at the **cut-off price** - price that provides maximal volume of deals conclusion. After satisfaction of bids, trades are resumed in the main mode of KASE. The unsatisfied bids (both fixed in standby mode and set in trade system) continue to participate in trades without necessity to repeated quotations in the trade system of KASE or their confirmation.

Above mentioned procedures (i.e. automatic shift to standby mode, launching of the Frankfurt auction method, return to uninterrupted counter auction method for unsatisfied bids) should be executed till an occurrence of following events:

- satisfaction of all bids quoted in the trade system of KASE over particular shares;
- recall of all unsatisfied bids, previously quoted in the trade system over particular shares;
- completion of trades over shares that stipulates annulment of all unsatisfied bids previously quoted in the trade system over particular shares.

The above mentioned trade mode is implemented "with a view to minimize possibility for price manipulation."

Prepared by the agency «IRBIS»

The bonds of SHAHARMUNAIGAS OJSC were entered into official list of the KASE securities under category “A”

Special issue based on the information of SHAHARMUNAIGAS OJSC, KASE, NSC of Kazakhstan and agency IRBIS

On January 19, 2001 by the decision of the Exchange council of the Kazakhstan Stock Exchange (KASE) of the same date, the first issue inscribed coupon bonds of open joint stock company SHAHARMUNAIGAS (Almaty) were entered into official list of the Exchange's securities under category “A”. The quotation accuracy of SMGZb1 in the trade system of the KASE is set at four decimal places. The beginning date of the trades will be announced additionally.

Below is a brief characteristics of SHAHARMUNAIGAS OJSC, its activities and securities. The management of SHAHARMUNAIGAS OJSC is fully liable for the reliability of the information.

BOND ISSUE INFORMATION

Type of the securities:	inscribed coupon bonds, indexed by the change in the exchange rate of tenge to U.S. dollar
National identification number:	KZ75KASICA50
Number in the state register	A28
Registrar	Nezavisiviyi registrator Kazakhstana LLP (Almaty)
Date of registration	Dec 18, 00
Face value, USD:	100.00
Issue volume, USD:	30,000,000
Issue volume, bonds	300,000
Circulation starts on	Jan 18, 01
Floatation term	2 years from circulation beginning date
Circulation term	5 years
Maturity	Jan 18, 06
Interest:	13.0% APR
Interest payment days	annually on January 18
Time basis for coupon calculations	360/30
Deadline to be registered for coupon payments	30 days prior to the payment date
Deadline to be registered before the maturity	10 days prior to the maturity date
Servicing of the issue	in tenge at official rate of the National Bank of Kazakhstan, effective on the payment date
Admittance date to the KASE trade lists	Jan. 19, 01
KASE trade code	SMGZb1
Market-makers at the KASE	Tasbaka Asset Management OJSC INVEST MANAGEMENT GROUP LLP (Almaty)

If the coupon payment or maturity date falls on week-end, the payment will be made on the next business day. The bonds holder does not have right to demand compensation for a such kind of delays.

Following are **special terms** of the circulation and maturity. Upon mutual agreement of the bond holder and the SHAHARMUNAIGAS OJSC, the latter has the right to call the bonds at current market (at the call time) or contractual price in tenge at the exchange rate of the National Bank of Kazakhstan. Each year the bond holder has the right to submit written application not later than 10 days prior to the end of the 1, 2, 3 and 4 years of circulation with the request to buy back the bonds held by him at face value. Each year on the first day of the next circulation year the SHAHARMUNAIGAS OJSC buys back the bonds from the individuals, who has submitted the applications on repurchase of the bonds on time, in tenge at the exchange rate of the National Bank of Kazakhstan. None of the bond holders have the right to call back his bonds except for the cases specified in existing law of Kazakhstan.

Munaigas OJSC (Almaty), which issued a relevant letter of guarantee to the SHAHARMUNAIGAS OJSC (the letter of guarantee of Munaigas OJSC dated Nov.14, 00), bears the issuer's **responsibility** for failing to meet his obligations (default).

The funds, raised by the bond issue, are to be used to finance the development of Kultuk deposit site.

GENERAL INFORMATION

The date of initial state registration – Nov.3, 00. Legal status – open joint stock company. Ownership – private. Legal and actual address of the head office – 124, Furmanov St., 480091, Almaty, Kazakhstan. Number of employees - 21. Primary activities of the company: exploration, extraction and sale of hydrocarbons and oil products; building and exploitation of gas stations and hydrocarbons and oil products storage facilities.

BRIEF HISTORY

Shaharmunaigas LLP (Almaty) was founded on July 26, 2000 as a result of the reorganization of TUMA LLP (Almaty) and becomes its successor. TUMA LLP was founded on November 16, 1997 by Shahar-Holding CJSC (Almaty), which was founded earlier on November 3, 1997. After the reorganization of TUMA LLP the subsidiary Universalnaya Baza TUMA OJSC (UB TUMA OJSC, Boraldai comm., Ili district of Almaty region) came out of its structure. On November 3, 2000 Shaharmunaigas LLP was re-registered as SHAHARMUNAIGAS OJSC.

Before these events 80% of TUMA LLP authorized capital was controlled by Shahar-Holding CJSC, 20% by an individual, a citizen of Kazakhstan. After the re-registration the Munaigas OJSC, founded on July 10, 1997 and re-registered as Munaigas OJSC, became the only founder of the Shaharmunaigas LLP. Shaharmunaigas LLP was founded by the Munaigas OJSC to conduct oil exploration, settlement and extraction works at Kultuk deposit site.

LICENSES AND CONTRACTS FOR MINERAL RESOURCE USE

SHAHARMUNAIGAS OJSC presented a copy of the license issued on December 8, 1997 by the State committee on investments of Kazakhstan to Munai CJSC to explore and extract hydrocarbons at Kultuk oil deposit site to the KASE. The site is located in Beineu district of Mangistau region. Along with the license geological allotment was obtained with the area of 79.8 square km. Moreover, there is a contract between the State committee on investments of Kazakhstan and the Munai CJSC to extract and explore hydrocarbons at Kultuk deposit site (the Exchange has a copy of the state registration act of the contract). The registration date of the contract is June 24, 1998. The contract was signed for 30 years. It went into effect on June 24, 1998 and expires on the last day of the license, i.e. on December 8, 2027.

By the agreement signed between the Investment agency of Kazakhstan and the SHAHARMUNAIGAS OJSC on May 30, 2000, the changes were made into the contract due to the re-registration of the Munaigas CJSC as Munaigas OJSC. On July 26, 2000 Munaigas OJSC passed the mineral resources use rights to its subsidiary company, Shaharmunaigas LLP, that is making it a contractor.

The letter of the Investment agency of Kazakhstan, dated December 11, 2000, received by the KASE in response to corresponding inquiry, confirms the proprietary rights of the SHAHARMUNAIGAS OJSC on Kultuk deposit site and the use of these rights in compliance with existing law as a collateral for the bond issue.

CHARACTERISTICS OF THE RAW MATERIAL BASE, RESERVES

Kultuk deposit site is located on the Caspian Sea coast in Beineu district of Mangistau region of Kazakhstan. Fifty kilometers to the north of it there is Prorva site, which is currently developed, and Sarykamys community, and 150 kilometers to the East - railroad station Beineu.

As a result of exploration works conducted at the site in the 70's two oil and gas horizons, located on Jurassic sedimentation, have been discovered. The first (Callovian) horizon was tested with 8 wells, and industrial oil outflows were obtained from two wells. The oil outflow of the well 3 reached 110 cubic meters (about 90 tons a day), from the well 5 - 172 cubic meters (about 140 tons a day), the well 8 was liquidated without any testing. The second (Bajocian) horizon was tested with 4 wells. The oil outflow was obtained in one well and reached 12.6 cubic meters (10.3 tons a day). Further works at the deposit site have been halted because only big and unique sites had been put into operation in the Soviet Union.

The oil reserves of the category C₁ at Kultuk deposit site have the following parameters:

I - Callovian horizon: depth of water and oil contact from the surface - 2,893 m; block area - 10,725 square km; effective capacity of the bed - 5.7 m; geological reserves - 3,808 th. tons; extractable reserves - **1,143 th. tons.**

II - Bajocian horizon: depth of water and oil contact from the surface - 3,202 m; block area - 14,500 square km; effective capacity of the bed - 4.9 m; geological reserves - 3,449 th. tons; extractable reserves - **1,034 th. tons.**

Total oil reserves with the current study level reach 7,257 th. tons, including **2,177 th. tons** of extractable. When calculating extractable reserves the oil extraction coefficient (OEC) of 0.3 was used. This figure corresponds to average values obtained during the development of the deposit sites of this region.

These oil reserves, which are typical to small deposit sites, were approved by the protocol of the Central committee on the reserves of the Ministry of Geology of the USSR on February 28, 1984. The existence of oil reserves was confirmed by the certificate issued to Munaigas OJSC by the State commission on the reserves of the geology and mineral resources protection committee of the Ministry of Natural resources and environment protection of Kazakhstan on August 4, 2000. The certificate contains the value assessment of the reserves: at \$50 per tone (\$7 per barrel) it equals \$109 mln.

The oil from this deposit site has a relatively high quality for this region, that it low content of paraffin (first horizon - 1.2%, the second - 2.37%) and sulfur (the first horizon - 0.18%, the second - 0.44%).

CAPITAL AND SHAREHOLDERS

As of December 1, 2000 announced and paid authorized capital of SHAHARMUNAIGAS OJSC equaled KZT3,625,000. Total of 3,625 common inscribed (KZ1C424404X9) shares were issued with KZT1,000 face value. The share issue was registered with the NSC on Nov.22, 00 under the number A4344. The floatation report was approved by the NSC on Nov.24, 00. The issuer's register is maintained by the Fondovyi tsentr OJSC (Almaty).

Based on the data of the IRBIS, the shares of SHAHARMUNAIGAS OJSC have never been traded by brokerage and dealing companies on organized and over-the-counter market of Kazakhstan, and there is no market value of the shares.

All shares of SHAHARMUNAIGAS OJSC belong to Munaigas OJSC. As of the state re-registration date (November 3, 2000), 25% of announced authorized capital of the SHAHARMUNAIGAS OJSC has been formed and paid. The authorized capital was fully paid on November 22, 2000.

The main activities of the Munaigas OJSC, the parent company of the SHAHARMUNAIGAS OJSC, are the development, extraction, processing and sale of hydrocarbons, as well as building and exploitation of storage and reloading facilities for oil products. The Munaigas OJSC has the license 1013, issued by the government of Kazakhstan on December 4, 1997 to explore and extract hydrocarbons at Imashev gas condensate site in Atyrau region. The license was issued for 40 years. On March 16, 2000 the Munaigas OJSC signed a contract on the use of mineral resources with the Investment agency of Kazakhstan.

Imashev deposit site is the second largest (after Karachaganak) gas field in Kazakhstan. Approved reserves are 128.7 bln cubic m of gas and 20.7 mln tons of gas condensate. The deposit site is located in Atyrau region at the border of Russia and adjacent to currently developed Astrakhan gas deposit site.

CHARACTERISTICS OF THE ACTIVITIES

Neither the Munaigas OJSC, or SHAHARMUNAIGAS OJSC have done any work at Kultuk deposit site. No significant investments have been made into the site. In 1998 and 1999 the companies made an inventory of the wells, developed rehabilitation projects for the sites and environmental insurance.

IMPORTANT DEVELOPMENT PROJECTS

Within 5-year circulation period of his first issue bonds the SHAHARMUNAIGAS OJSC plans to put into service four wells, which have been drilled already at Kultuk site, and drill another two wells. During the whole contractual term (30 years) the company plans to extract all approved oil reserves. During the circulation period of the bonds 687,960 tons of oil is to be extracted, which is 32% of initial approved extractable reserves. The maximum oil production (101,920 tons) should be achieved in the seventh half-year period of the project, when all 6 wells will be put into service. The main oil extraction method is fountain method with subsequent switching to depth pumping. The main method of oil extraction increase is the pumping the accompanying water back into the wells.

The extracted oil is to be transported to Prorva deposit site (Sarykamys community), which is connected to the NOTC KazTransOil CJSC oil pipeline system. At the beginning stages of the project oil will be transported to Prorva deposit site by cars. Then, the oil will be supplied through Kultuk - Sarykamys oil pipeline stretching for 55 km. This pipeline is to be built by the SHAHARMUNAIGAS OJSC during the first two years of the project. Based on the company's information, the main transportation expenses to Prorva deposit site will be born by the buyers of the oil.

Calculations of cash flows during the circulation term of the bonds have been made by the SHAHARMUNAIGAS OJSC on the basis of \$16.4 per barrel or \$120 per ton price. Total revenues are expected at \$126.1 mln, total expenses at \$108.1 mln. Twenty four percent of the revenues (\$30 mln) should come from the floatation of the bonds, 65% (\$82.6 mln) - from the oil sales. Production expenses and wage fund should equal 47% (\$51.5 mln) of all expenses, 46% (\$49.6 mln) should be used to pay the coupons on the bonds and the repayment of the loan.

At expected price of \$16.4 per barrel planned revenues should exceed the expenses by \$18.1 mln.

FINANCIAL STATEMENTS DATA PRESENTED BY THE ISSUER

SHAHARMUNAIGAS OJSC presented its balance sheet, income and cash flow statements for the years 1997-1999 and 6 month 2000 statements for TUMA LLP as well as intermediate statements of the SHAHARMUNAIGAS for 9 month 2000, which were made in accordance with the Kazakhstani accounting standards (KAS).

Figures of SHAHARMUNAIGAS OJSC financial and economic activities based on the data of the company

(in th. KZT, unless otherwise specified)

Index	As of	As of	As of	As of
	Jan 01 '98	Jan 01 '99	Jan 01 '00	Oct 01 '00
Authorized capital (paid)	550	1,200	1,200	1,200
Book value of the assets	12,209	19,487	1,627,815	1,597,592
Fixed assets (depreciated cost)	304	3,987	3,598	2,397
Shareholders' equity	1,291	763	1,602,566	1,593,550
Net working capital	955	-3,224	1,598,968	1,591,153
Volume of sales	0	26,942	70,087	15,476
Accounts receivable (net)	44	2,015	11,007	683,120
Accounts payable	10,918	18,724	25,249	4,042
Net profit (outstanding loss)	(45,885)	(391)	1,601,803	(3,370)
Return on sales (ROS), %	0	25.27	46.44	44.30
Return on equity (ROE), %	-	-	99.95	-
Return on assets (ROA), %	-	-	98.40	-

Accounting data and financial statements of the company compiled as of Jan.01,00 comply with similar auditing report.

The net income in 1999 amounted to KZT1,601.8 mln was received because of sale of 7% stake in authorized capital of Munaigas OJSC(purchased on Nov.10, 99 for KZT280 th.). Price of the stake sold to Turan LLP amounted KZT1,596.0 mln. Profit from primary activity in 1999 totaled KZT5,890.0 th.

AUDITING REPORT DATA

SHAHARMUNAIGAS OJSC presented audit conclusions over financial statements for 1999 made by KPMG Janat and 9 month 2000 made by NAC "Otau Consulting."

In audit conclusion for 1999, KPMG Janat marked that the auditor was not able to find sufficient evidence of data conformity for opening balances. Resulting corrections may have significant impact on compilation of the balance and financial report. Besides above mentioned possible corrections, financial statements of the company give a reliable presentation of financial situation in all necessary aspects as of December 31, 1999 as well as the results of its financial and economic activities and cash flows as of indicated period in accordance with Kazakhstan accounting standards.

CHARACTERISTICS OF THE RISKS

Following is description of risks related to activity of SHAHARMUNAIGAS OJSC and to bonds issued by the company. The description is made by experts of IRBIS, KASE, other authorized and interested entities on the basis of data SHAHARMUNAIGAS OJSC submitted on listing procedure in connection with admission of bonds in KASE trade lists. The information is published **for potential investors and should be taken with deserving attention.**

Level of informational disclosure. According to presented reports, SHAHARMUNAIGAS OJSC complies to listing requirements of KASE for admission of bonds into category "A" of the KASE official list of securities. At the same time, in the opinion of KASE, level of informational disclosure and quality of estimates in evaluating of deposit development project stated in documents are not sufficient to define level of risk incurred from decision to invest funds into bonds. There are many questions that arise from documents of the issuer, which are not regulated by regulation of KASE. Nevertheless, these facts should be presented for any investor as deserving special attention. In this connection, potential investors are urgently recommended to appeal to the issuer directly regarding additional information.

Evaluation of "Kultuk" development project profitability. The documents of the SHAHARMUNAIGAS OJSC state funds raised from bonds issue would finance "Kultuk" oil field development. The oil deposit has never undergone industrial production of oil. Last exploration works were made in 1978. Those data become a basis for estimation of oil reserves made in August 2000. Thus, all operations were preliminary. This is why all financial and technological parameters of Kultuk oil field development project are based on forecasting and can not be compared with historical data. Besides there are several facts one should take not of: absence of reserve approval data for small oil fields in the GKZ of USSR, large depth of occurrence of productive structure, low level of researches regarding conditions of industrial production in terms of complicated environment, high cost of oil at the wellhead.

Product sale scheme. Main activity of the company is production of oil and gas in Kazakhstan including processing and sale on the internal and external markets. The base price for Kultuk oil field project is \$16.4 per barrel (\$120 per ton). It should be noted that estimate of cash flows over the project do not include transportation cost to the non-CIS countries, i.e. the sale is made on "Prorva" oil field. Cost of consequent transportation falls on a buyer.

Shareholders' equity. As of Jan.1, 1999 shareholders' equity of SHAHARMUNAIGAS OJSC equaled KZT763.0 th, on Jan.1, 2000 - KZT1,602,566 th, on Oct.01, 2000 - KZT1,593,550 th. According to audit conclusion made by KPMG Janat in 1999 the company received KZT1,596.0 mln from sale of 7% stake in authorized capital of Munaigas OJSC. The payment was made using bill of exchange that must be paid during 1 year, (purchase-sale contract dated Dec.29, 1999). This meant that by Dec.31, 1999 the money was not received. As a result income from sale of shares recorded in 1999 led to increase in the net income figure up to KZT1,601.8 mln by result of the same year. Correspondingly, size of the shareholders' equity increased on the same amount. According to the financial statements, the company received only 42.75% of funds stated in the bill. The rest part of funds was paid according to the contract prior to Dec.29, 2000. Thus, actual value of equity capital was formed only on Dec.27, 2000.

Another fact to be considered is 3 times excess of bonds borrowing over shareholders' equity.

Export quotations. In accordance to terms of the contract over natural resources development, Kazakhstan government is authorized to acquire 10% of current oil production. In extreme case, this share could reach 20%. If the conditions of year 2000, when domestic price amounted for 65% of an export one and 10% level of sales

on the domestic market, would be maintained in future the losses of SHAHARMUNAIGAS OJSC from oil sale could reach 6.5% of the receipts.

Lack of experience. The company was organized three years ago including reorganization made in July 2000. At the same time, neither TUMA LLP nor its successor SHAHARMUNAIGAS OJSC have ever been engaged in activity related to development, exploitation of oil fields. The company also does not execute any commercial and production activity, whose volume in terms of goods and services offered could be compared with volume of the issue.

Changes in legislation. On Jan.11, 2001 NSC approved resolution that stipulates following condition for companies whose bonds admitted into category "A" of the KASE official list. The company must maintain stable financial flows that can provide full and in time fulfillment of obligations over bonds during 12 months. This resolution is presently being registered in the Ministry of Justice of Kazakhstan. After its enforcement, KASE must approve new wording of "Securities Listing Regulation." Thus, SHAHARMUNAIGAS OJSC could incur a risk of unconformity with listing requirements of the category "A".

Credit history. By the time of inclusion of SHAHARMUNAIGAS OJSC bonds into KASE listing the issuer did not have existing credit history. KASE possesses the document that stipulates financial responsibility of the issuer on case of default on bonds. It states that in this case all financial responsibility falls on constitutor of SHAHARMUNAIGAS OJSC - Munaigas OJSC (Almaty). No data on financial situation of the constitutor are present on KASE.

At the same time, KASE has other documents stating that one of the legal entities affiliated to SHAHARMUNAIGAS OJSC has troubled credit in one of Kazakhstan banks. The bank has appealed to legal authorities to proceed with a legal case and to force the debtor redeem the loan.

Prepared by the agency «IRBIS»