

WEEK OF STOCK MARKET OF KAZAKHSTAN

February 8 - 14

1 US dollar = **145.25** tenge at official rate for the end of the period
 1 US dollar = **145.50** 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 February 8 - 14. In parentheses – figures of previous period. Instruments are given in ascending order, based on their attractiveness.

Investment attractiveness of stock exchange instruments from February 8 through 14

| Financial instrument | Currency | Yield, % APR | Volume of deals, mln KZT | Volume of deals, mln USD |
|----------------------|----------|----------------|--------------------------|--------------------------|
| Repo, securities | USD | *17.06 (19.55) | 30.0 (49.8) | 206.4 (342.7) |
| RENTb | USD | 15.00 (-) | 0 (0) | 0 (0) |
| VITAb2 | USD | 13.54 (13.63) | 0 (0) | 0 (0) |
| RGBRb2 | USD | 12.34 (12.50) | 0 (147.9) | 0 (1,018.5) |
| CCBNb1 | USD | 11.70 (11.70) | 2.1 (15.7) | 14.4 (107.8) |
| ALKSb | USD | 11.64 (15.05) | 0 (0.6) | 0 (4.2) |
| KARMB1 | USD | 10.90 (10.90) | 0 (0) | 0 (0) |
| ATFBb | USD | 10.60 (10.60) | 15.1 (0) | 103.6 (0) |
| HSBKb | USD | 10.50 (10.50) | 0 (0) | 0 (0) |
| KZOLb | USD | 10.41 (10.48) | 29.1 (1.4) | 199.9 (10.0) |
| KZTOb | USD | 10.20 (10.18) | 14.5 (0) | 99.8 (0) |
| TMJLb | USD | 10.02 (9.75) | 107.9 (0) | 742.1 (0) |
| KKGBb2 | USD | 9.58 (9.58) | 0 (0) | 0 (0) |
| Euronotes-4 | USD | 8.45 (8.57) | 2,213.1 (766.2) | 15,214.7 (5,277.4) |
| TEBNb | USD | 8.30 (7.78) | 0 (0) | 0 (0) |
| Euronotes-3 | USD | 7.71 (7.93) | 1,132.9 (3,314.0) | 7,788.1 (22,825.2) |
| Euronotes-2 | USD | 7.05 (7.61) | 6.1 (226.7) | 42.0 (2,561.1) |
| KKGBb | USD | 7.00 (4.21) | 1.0 (0) | 7.1 (0) |
| MEKAVM | USD | *5.75 (7.05) | 579.0 (725.0) | 3,980.1 (4,993.3) |
| IFO bonds | USD | 5.17 (-) | 179.9 (0) | 1.2 (0) |
| MEKKAM, notes | KZT | *7.87 (7.75) | 1,281.4 (1,277.5) | 8,809.2 (8,799.1) |
| GB repo | KZT | *6.63 (4.59) | 3,878.4 (4,458.4) | 26,663.0 (30,707.2) |

Notes: yields of ATFBb, CCBnb1, KKGBb, KZOLb, KZTOb, TMJLb are calculated 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 trend of **6.47% 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 February 14, 4:00 PM ALT and changes during the week

| Term | Currency | Rate | Trend |
|----------|----------|-------|-------|
| 1 week | KZT | 7.42 | +1.02 |
| 2 weeks | KZT | 8.17 | +0.87 |
| 1 month | KZT | 9.08 | +0.88 |
| 2 months | KZT | 9.92 | +0.92 |
| 3 months | KZT | 10.75 | +0.75 |

During the period the offering rates were inclined to grow under the slight "overheated" market caused by the banks which got more active in the currency sector. Only on the last day of the period the rates stabilized and even got lower as a result of big GB repayments at the end of the week. However, general weekly trend remained positive.

THE SECURITIES SECTOR (SS)

Secondary market

During observed period 15 deals amounting to **\$1,452.3 th.** were made in **purchase and sale sector** of the securities on trade floors of the KASE. Relative to previous period (\$3,721.1 th., 18 deals) weekly turnover of the sector shrank 2.6 times. Absolute leaders of the week were **coupon bonds of Kazakhstan Temir Joly** (KZ2CLALN6A19, official list of the KASE securities, category "A", TMJLb), with their proportion reaching 51.1% of total volume. Then, there were common shares of Bank TuranAlem OJSC (KZ1C34920412, official list of the KASE securities, category "A", BTAS) – 19.0%. Then, there were coupon bonds of NOC Kazakhoil CJSC (KZ72LAG56A20, official list of the KASE securities, category "A", KZOLb) – 13.8%. For other securities, traded during the week, volumes of the deals were insignificant. Last week common shares of Bank TuranAlem OJSC were the leaders in terms of liquidity.

By the last deals of the period the price of BTAS decreased by 8.5% relative to the previous successful trades, EAECp – 0.4%, SSGPp – by 0.4%. The yields of ATFBb bonds fell from 11.0078% to 10.5979%, CCBNb1 – from 11.6944% to 11.6998%, KKGBb – from 10.2037% to 6.9962%, KZOLb – from 10.4825% to 10.4149%, KZTOb – from 10.4601% to 10.2%, TMJLb – from 10.8215% to 10.0159% 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 February 8 - 14

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 |
| Aktobemunaigas JSC | AMGZp | *14.95 | | 0 | | *15.00 |
| Bank TuranAlem OJSC | BTAS | 69.10 | 68.88 | 4 006 | 71.10 | 68.80 |
| Bank CenterCredit OJSC | CCBN | 1.2737 | | 0 | 1.3417 | 1.3739 |
| Evroziatskaya energeticheskaya korporatsiya OJSC | EAECp | *2.40 | 2.40 | 470 | 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 | 11.000 | | 0 | 8.000 | 12.000 |
| Rakhat JSC | RAHT | | | 0 | *0.60 | |
| SAUR OJSC | SAYR | | | 0 | | *0.3400 |
| SSGPO JSC | SSGPp | *2.74 | 2.74 | 3 045 | 2.74 | 2.74 |
| SHNOS OJSC | SYRG | 1.6300 | | 0 | 1.3000 | |
| Temirbank OJSC | TEBN | *1.095 | | 0 | 0.688 | 3.500 |
| UKTMK OJSC | UTMK | *50.000 | | 0 | 5.000 | 145.000 |
| UKTMK OJSC | UTMKp | 27.6000 | | 0 | 5.0000 | 50.0000 |
| VALUT-TRANZIT BANK OJSC | VTBN | 2.5572 | | 0 | 1.3756 | 2.5074 |
| VALUT-TRANZIT BANK OJSC | VTBNp | 2.3033 | | 0 | 1.3756 | 2.2944 |

Results of the trades in bonds from February 8 - 14

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 | 15.8542 | | 0.00 | 17.5824 | 12.5166 |
| AMB CJSC | ATFBb | USD | 10.5979 | 10.5979 | 103.62 | 10.5979 | 10.6041 |
| Bank CenterCredit OJSC | CCBNb1 | USD | 11.6998 | 11.6998 | 14.39 | 11.6998 | 11.6998 |
| Halyk Bank of Kazakhstan OJSC | HSBKb | USD | 11.2702 | | 0.00 | 12.3568 | 10.5000 |
| Karazhanbasmunai OJSC | KARMB1 | USD | | | 0.00 | 10.9879 | 10.9000 |
| KAZKOMMERTSBANK OJSC | KKGBb | USD | 7.00 | 7.00 | 7.06 | 7.00 | 7.00 |
| NOC Kazakhoil CJSC | KZOLb | USD | 10.4149 | 10.4096 | 199.86 | 10.4042 | 10.4149 |
| NOTC KazTransOil CJSC | KZTOb | USD | 10.2000 | 10.2000 | 99.85 | 10.2000 | 10.2000 |
| RENATA LLP | RENTb | USD | | | 0.00 | | *15.01 |
| RG BRANDS LLP | RGBRb2 | USD | 12.5000 | | 0.00 | 12.6999 | 12.4974 |
| Temirbank OJSC | TEBNb | USD | 11.2835 | | 0.00 | 15.7424 | 10.1837 |
| Kazakhstan Temir Joly NSE | TMJLb | USD | 10.0159 | 10.0159 | 742.13 | 10.0159 | 10.0159 |
| VITA LLP | VITAb2 | USD | | | 0.00 | 14.4761 | 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 0.5417** during the week, at **105.1469** at February 14 closing.

In the securities repo sector 1 deal was made during the week for opening of 29-day repo with preferred shares of VALUT-TRANZIT BANK OJSC amounting to \$206,415.00 at **17.06% APR** (declared rate) in terms of dollars. At the end of the period **twelve** indexed securities repos were opened at the trade floor of the Exchange for a total of **\$1,928.9 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 29 to 215 days, and the rates in USD from 11.50 to 19.66% APR.

Changes in the trade lists

On February 12, 2001, by the decision of the Exchange council of the KASE of the same date, first issue **inscribed coupon bonds of open joint stock company Djetygarinskii asbestovyi gornoobagatitelyni kombinat Kustanaiasbest** (DAGOK Kustanaiasbest, Djetygara asbestos mining combine; Jetikara, Kostanai region; the extraction and concentration of chrysotile-asbestos ore and production of commodity asbestos and by-products on its base) were entered into category "A" of the official list of KASE securities (detailed information is given in special block).

Capitalization

On February 14, 2001 **the capitalization of the companies**, whose shares are traded on the securities exchange market of Kazakhstan, equaled **\$1,389.9 mln** or KZT202.2 bln at tenge to dollar rate of the Exchange, effective on that date. During the week this number decreased **by \$9.1 mln** in terms of dollars was caused mainly by a decline in the values of all the shares traded during the week (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 **\$179.4 mln** as of February 14, or KZT26,100.3 mln. In nominal value (total face value of the bonds that were entered into trade lists of KASE) is estimated at **\$216.8 mln** as of this check date, or **KZT31,540.5 mln**.

SECTOR OF GOVERNMENT BONDS (GB)

In **GB purchase and sale sector** of KASE total volume of 128 deals equaled **KZT6,073.8 mln**. Last week the turnover reached KZT6,766.6 mln with 107 deals made. As it becomes clear from presented table, no principal changes are observed both in the turnover structure of the securities, and in the volumes of the deals.

Parameters of stock exchange transactions in SS from February 8 - 14

| (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-12, notes | | | | 21.1% (18.9%) of purchase and sale sector's turnover | | | |
| less than 8 | 6.56 | 6.56 | 6.56 | 6.56 (6.88) | 30.0 | 1 | |
| 8 - 14 | 4.31 | 5.47 | 5.47 | 5.09 (7.29) | 147.4 | 2 | |
| 15 - 28 | 6.01 | 7.15 | 6.44 | 6.44 (6.99) | 257.9 | 10 | |
| 29 - 36 | 6.18 | 7.44 | 7.44 | 6.95 (7.80) | 533.4 | 7 | |
| 37 - 42 | 6.77 | 6.78 | 6.77 | 6.78 (6.98) | 17.7 | 2 | |
| 43 - 56 | 7.12 | 7.12 | 7.12 | 7.12 (7.31) | 49.5 | 1 | |
| 64 - 91 | 8.00 | 8.00 | 8.00 | 8.00 (-) | 24.5 | 1 | |
| 92 - 181 | 8.96 | 14.61 | 14.61 | 12.61 (-) | 220.9 | 2 | |
| Total | | | | | 1,281.4 (1,277.5) | 26 (25) | |
| Discounted indexed GB: MEKAVM-12 | | | | 9.5% (10.7%) of purchase and sale sector's turnover | | | |
| 15 - 28 | 5.50 | 5.70 | 5.50 | 5.60 (6.75) | 579.0 | 2 (13) | |
| Total | | | | | 579.0 (725.0) | 2 (13) | |
| Coupon GB: MEOKAM-36 | | | | 11.2% (6.8%) of purchase and sale sector's turnover | | | |
| 545 - 1,089 | 14.42 | 17.47 | 14.56 | 16.54 (17.16) | 681.4 | 19 | |
| Total | | | | | 681.4 (457.2) | 19 (22) | |
| Euronotes of Kazakhstan, USD | | | | 55.2% (63.6%) of purchase and sale sector's turnover | | | |
| *590 | 7.05 | 7.05 | 7.05 | 7.05 (7.61) | 6.1 | 1 | |
| **1,324 - 1,330 | 7.68 | 7.98 | 7.70 | 7.71 (7.93) | 1,132.9 | 20 | |
| ***2,247 - 2,253 | 8.40 | 8.52 | 8.42 | 8.45 (8.57) | 2,213.1 | 49 | |
| Total | | | | | 4,306.8 (4,306.8) | 47 (47) | |
| Euronotes of international financial organizations, USD | | | | 3.0% (0%) of purchase and sale sector's turnover | | | |
| 382 - 387 | 5.03 | 5.11 | 5.10 | 5.08 (-) | 91.3 | 5 | |
| 754 - 758 | 5.09 | 5.14 | 5.11 | 5.12 (-) | 57.1 | 4 | |
| 1,494 - 1,497 | 5.50 | 5.53 | 5.50 | 5.51 (-) | 31.5 | 2 | |
| Total | | | | | 179.9 (0) | 11 (47) | |
| SUBTOTAL | | | | | 6,073.8 (6,766.6) | 128 (107) | |

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 70 deals for a total of KZT6,177.9 mln** were made during the period. Of this number 36 deals (for KZT3,878.4 mln) were repo opening deals and 34 (KZT2,299.5 mln) were repo closing deals. Last period the turnover of this sector of the market was registered at KZT7,505.2 mln. After closing of the trades on February 14 total amount of opened repo equaled **KZT4,313.2 mln**. Current weighted average rates as of February 14 (% APR) equaled: for 1 day - 7.20; for 10 days - 7.00; for 14 days - 4.60; for 28 days - 6.93; for 29 days - 8.00; for 30 days - 8.00; for 92 days - 9.86.

Total of 198 deals amounting to **KZT12,251.7 mln** were made in **GB on trade floors of KASE** during last week (purchase and sale and repo sector). Last week volume of 214 deals was KZT14,271.8 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 **75.8%**, for last week it was 89.3%.

INFORMATION ON COMPANIES

Almaty-Kus OJSC (Almaty region, Ili district, Chapayevo; production and sales of poultry products, leasing. Primary products: commodity and pedigree eggs, pedigree chicken, egg powder and poultry meat) officially informed KASE about repayment of dividends for 1999. According to the prospectus of issue the company accrued KZT3,078,200 in dividends on preferred shares. As of Feb.7, 2001 total amount of paid dividends reached KZT3,019,406.38. The rest of amount (KZT58,793,62) would be paid to individuals - employees of the poultry farm. All employees had been informed about dividends but none has applied for them in accounting department.

At present, there are 5,132,510 preferred shares of the company in circulation.

Also, Almaty Kus OJSC, in accordance with listing requirements, informed KASE on convocation of its annual general meeting of shareholders, which will be held on March 15, 2001 with the following agenda: approval of the financial statements for 2000; approval of the conclusion of Revision commission; approval of the procedure of income distribution; approval of the amount of dividends to be paid for 2000. miscellaneous. Location: Chapayevo, Ili district, Almaty region. In case of the absence of quorum, the next meeting will be held on March 16, 2001.

Bank Center-Credit OJSC (Almaty), by the resolution #774 of the National Securities Commission of Kazakhstan (NSC) Directorate, dated February 8, 2001, was given a people's open joint stock company status.

VALUT-TRANZIT BANK OJSC (Karagandy), By the resolution #773 of the National Securities Commission of Kazakhstan (NSC) Directorate, dated February 8, 2001, was given a people's open joint stock company status.

Kazakhtelecom OJSC (Astana) provided the Kazakhstan Stock Exchange (KASE) with the information on charged and actually paid dividends to preferred shares in 1999. Based on these data, total dividend amount equaled KZT341,365,500, of which KZT292,048,507 has been paid as of January 20, 2001. It is also said that the difference between charged and actually paid amount is because the shareholders of Kazakhtelecom OJSC did not apply to the registrar company on time and the money has been returned due to incorrect payment information of the shareholders. Kazakhtelecom OJSC also informs that no dividends have been paid to common shares.

Temirbank OJSC (Almaty), in compliance with the listing obligations, informed the Kazakhstan Stock Exchange (KASE), of the summoning an extraordinary general shareholders meeting on March 29, 2001 with the following agenda: bond issue; miscellaneous. The meeting will be held at: 68/74, Abai Ave., Almaty. In case of the quorum absence the meeting will be held again on March 30, 2001.

UKTMK OJSC (Oskemen; production and sales of non-ferrous metals (high grade titanium sponge, commodity magnesium), in accordance with the listing requirements, informed KASE on repayments of dividends for 1999. According to the presented information overall amount of accrued dividends minus income tax of 15% for 1999 equaled KZT22,065,933 (100%), actual repayment - KZT21,427,461 or 97.1% of total dividends, including: to common shares - KZT19,966,655; actual repayment - KZT19,742,747; to preferred shares - KZT2,099,278; actual repayment - KZT1,684,714. The company informed that shareholders having inaccuracies in their payroll requisites were excluded from dividend distribution. Dividends will be paid only after appropriate corrections. Dividend per share including income tax at the source of payment amounted to KZT20,559.

KASE NEWS

By the decision of the Board of the KASE, dated **Feb 8, 2001**, and on the basis of a letter from "Central Depository of Securities" CJSC (CD, Almaty), non-subordinated euronotes of International Financial Corporation (IFC) were admitted to circulation in the IFO (international financial organization) bonds sector. The emission number is **XS0110024550**. Accuracy of quotations in the KASSE trade system is **4 decimal points**. The quotations of the bonds will be put on at the KASE at clean price (excluding accumulated interest), expressed in percents of the face value. During the trades the yields to maturity of the bonds will be calculated by the trade system on a semiannual basis. By the same decision of the Board of the KASE, and based on the application of the State Accumulative Pension Fund (SAPF, Almaty), the SAPF was assigned a status of a market-maker of the IFC bonds at the KASE.

Following is the specification of the bonds:

| | |
|--|---|
| Type of the securities: | international bonds – non-subordinated euronotes |
| International identification number: | XS0110024550 |
| RIC REUTERS: | XS011002455 |
| KASE trade code: | IFC_U060405 |
| Issue currency: | U.S. dollar |
| Issue volume, USD: | 1,000,000 |
| Circulation beginning date (issue date): | April 6, 00 |
| Floatation term: | March 29, 00 - April 6, 00 |
| Circulation term: | 5 years |
| Maturity date: | April 6, 05 |
| Interest rate: | 7.125% APR |
| Coupon payment dates: | October 6 and April 06 |
| Calculation base for coupons: | 360/30 |
| Initial offering discount: | 99.7100% of face value |
| Yield at floatation (PA / SA): | 6.4517% APR / 6.3509% APR |
| Current market return, REUTERS: | 5.560 -5.650 / 5.537 -5.620 |
| KASE settlements: | in tenge at the rate of the Exchange |
| Minimum lot size at the KASE: | \$10,000 at face value |

The data on the structure of the bonds were presented by the CDS based on the information of the BLOOMBERG agency. The initial offering yield estimated by IRBIS from offering price using methodology accepted on KASE. Current bids on the world market are given by Bayer Verein (London) and Deutsche Bank (London) at 16:07PM AST on Feb 8, 01 presented in the REUTERS information system.

Based on the note, submitted by the market-maker to the Kazakhstan Stock Exchange (KASE), the trades in the first issue inscribed coupon bonds (official list of the KASE securities category "A") of **SHAHARMUNAIGAS OJSC** (Almaty) will start at the Exchange on **February 19, 2001**.

Prepared by the agency «IRBIS»

First issue bonds of DAGOK Kustanaiasbest OJSC were entered into the KASE listing under category “A”

Special issue based on the information of DAGOK Kustanaiasbest OJSC, Kazakhstan Stock Exchange (KASE), and NSC of Kazakhstan

On February 12, 2001, by the decision of the Exchange council of the KASE of the same date, first issue inscribed coupon bonds of Open joint stock company Djetygarinskii asbestovyi gornoobagatitelnyi kombinat Kustanaiasbest (Djetygarinsk asbestos mining and concentration combine, DAGOK Kustanaiasbest OJSC, Jetikara, Kostanai region; extraction and concentration of chrysotile-asbestos ore and production of commodity asbestos and by-products on its base) were entered into official list of the Exchange's securities under category “A”.

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: | KZ739AVI2A42 |
| Number in the state register: | A31 |
| Registrar: | KAZREGISTER LLP (Almaty) |
| Date of registration: | Jan 29, 01 |
| Face value, USD: | 100.00 |
| Issue volume, USD: | 6,000,000 |
| Issue volume, bonds: | 60,000 |
| Circulation starts on: | Feb 19, 01 |
| Floatation term: | 3 years from circulation date |
| Circulation term: | 3 years |
| Maturity: | Feb 19, 04 |
| Interest: | 12.0% APR |
| Interest payment days: | August 19 and February 19 |
| Time basis for coupon calculations: | 360/30 |
| Fixing date of the register for coupon payments: | 30 days |
| Dates when the register is fixed for coupon payments: | July 19 and January 19 |
| Fixing date of the register for the maturity: | 30 days |
| Date when the register is fixed for the maturity: | January 19, 04 |
| Servicing of the issue | in tenge at official rate of the main session on KASE, effective on the payment date |
| Financial consultant of the issue: | Turan Alem Securities LLP (Almaty) |
| Admittance date to the KASE trade lists: | Feb 12, 01 |
| Date of the first trades: | Feb. 19, 01 |
| KASE trade code: | KZASb1 |
| Price deviation accuracy: | 4 decimal points |
| Market-makers at the KASE: | Turan Alem Securities LLP (Almaty) |

The bonds are issued without collateral.

If the coupon payment or maturity date falls on week-end (holiday), 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. None of the bond holders have the right to call back his bonds except for the cases specified in existing law of Kazakhstan.

The funds raised through the issue would finance technical modernization program of DAGOK Kustanaiasbest OJSC.

GENERAL INFORMATION

The date of initial state registration – May 12, 91. Legal status – open joint stock company. Ownership – private. Legal and actual address of the head office – 67, Lenin St., Jetikara, Kostanai region, 459430, Kazakhstan. The number of employees is 3,453.

The companies of Kustanaiasbest combine are located in the north of Kazakhstan, near Jetikara in Zaural mine region, known for its iron, aluminum, asbestos, gold and zinc deposit sites. The combine develops Djetygarinsk site, which is the fifth biggest site in chrysotile-asbestos. The combine is one of four asbestos producers in CIS and only one in Kazakhstan.

PRIMARY ACTIVITIES, MEMBERSHIPS

Primary activities of the company, based on its charter, are the extraction and concentration of chrysotile-asbestos ore and production of commodity asbestos and by-products on its base). Main product of the company is commodity asbestos.

The company is a member of non-governmental and non-commercial association of the asbestos producers, International Asbestos Association (IAA) with the head office located in Canada and Information Association of Asbestos (IAA) with the head office in the USA.

LICENSES

- Permanent license issued by the State committee of Kazakhstan on investments on Sep 7, 95 (series MG, #434) granting the right to develop Djetygarinsk site of chrysotile-asbestos in Djetygarinsk district of Kostanai region. By the decision of this committee #R-2/98, dated Feb 19, 98, the changes were made into the license, which gives the company the right to extract talc and nephritic minerals at Djetygarinsk site of chrysotile-asbestos.
- Permanent license (general) #0002700 of the Ministry of energy, industry and trade of Kazakhstan issued on June 8, 00 granting the right to transmit and distribute power.
- Permanent license (general) #0001255 of the Ministry of energy, industry and trade of Kazakhstan issued on Nov 6, 98 granting the right to engage in activities related to conducting mining and explosion works.
- Permanent license (general) #0000337 of the Ministry of energy, industry and trade of Kazakhstan issued on Sep 29, 00 granting the right to collect (stock piling), store, process and sale the scrap of non-ferrous and ferrous metals.
- Permanent license (general) #0002701 of the Ministry of energy, industry and trade of Kazakhstan issued on June 8, 00 granting the right to engage in mounting and fixing the boilers, vessels and pipelines that work under pressure.
- State license (KST, #000446) of the Kazstroikomitet granting the right to engage in design, construction-mounting works, as well as production of building constructions, items and materials in Kazakhstan based on the list dated June 28, 00. The license is to be approved annually not later than June 28.
- State license (AVT, #00110976, #00110977) of the Committee on transportation control of the Ministry of transportation, communication and tourism of Kazakhstan, issued on June 16, 00 granting the right to engage in cargo transportation with automobiles. The license is valid till June 16, 2001.
- State license (OGT, #0004893) of the Ministry of energy, industry and trade of Kazakhstan issued on July 5, 00 granting the right to engage in transportation of dangerous cargo on international routes. The license is valid till July 5, 2001.

HISTORY

Main production capacities of the combine were built and put into service during 1965-1974. In September 1993 the combine was transformed into open joint stock company of open type. In 1997 a tender was announced to sell the state block of shares of the company. Aina Company became the winner, and the major shareholder of the company. In 2000 it transferred ownership rights to Pole Co LLP (Almaty, Kazakhstan), which now owns 88% of the DAGOK Kustanaiasbest OJSC shares and controls the company.

CAPITAL, SHARES AND SHAREHOLDERS

As of Jan 1, 01 announced, issued and paid authorized capital of the DAGOK Kustanaiasbest OJSC equaled **KZT460 mln**. Total of 4,600,000 shares at KZT100 each were issued, including 4,530,000 common and 70,000 preferred shares. DAGOK Kustanaiasbest OJSC has registered two issues of the securities. The first issue was conducted on Jan 29, 97 and contained 630,000 common inscribed shares (KZ1C21211213) and 70,000 preferred inscribed shares (KZ1P21211218). The second (additional) issue was registered on Aug 11, 00 for KZT390 mln and consisted of 3,900,000 common inscribed shares (KZ1C21211213). All shares were issued in non-documentary form. The shareholders register is maintained by Kazregistr LLP (license #20406200022 issued on Aug 3, 99). Constitutive documents of the issuer do not contain the norms that discriminate or limit the rights of the holders of the company's securities to transfer (alienate) them.

Based on registered share issue prospectus of DAGOK Kustanaiasbest OJSC, the minimum guaranteed dividend to preferred shares is 20%. Dividends were not charged in 1997. Based on the decision of the Annual general shareholders meeting of July 16, 99 and May 24, 00, the dividends charged in 1998 and 1999 equaled KZT1,400 th. for each year. The dividends were not paid completely because not all shareholders claimed. In 1998 KZT873.6 th. (remaining amount - KZT526.4 th.) was paid, in 1999 - KZT441.1 th. (remaining amount - KZT958.6 th.).

First and second issue common and preferred shares of DAGOK Kustanaiasbest OJSC were traded on non-listed securities floor of the KASE from March 26, 98 through July 7, 99. Two deals were made in common shares on March 30 and 31, 1998 at KZT2,100 and KZT2,250 per share.

The list of shareholders of DAGOK Kustanaiasbest OJSC as of Oct 19, 00: Pole Co LLP (Almaty; 88.00% of the authorized capital); NBK Securities LLP (Almaty; 7.39%); Akim administration of Kostanai region (Kostanai; 3.04%). Based on the register of the securities holders, as of indicated dates, two legal entities owned more than 5% of total shares.

CHARACTERISTICS OF RAW MATERIAL BASE, RESERVES

As it has been noted above, the combine develops Djetygarinsk deposit site (Djetygarinsk district of Kostanai region), which is the fifth biggest chrysotile-asbestos reserves in the world. Based on the data of DAGOK Kustanaiasbest OJSC, initial reserves of the site were 1,074 mln tons of ore. As of late 1992 32.5% of the reserves were depleted and residual reserves equaled 724.9 mln tons. In late 1992 the reserves were recalculated at 3.88% content of asbestos, and they decreased to 705.3 mln tons. As of late 2000 residual reserves were at 684 mln tons. If current production volumes (about 3 mln tons a year) are maintained, these reserves will last for 228 years, and if the combine reaches its projected capacity of 10 mln tons a year, they would last for 70 years. Based on the issuer's data, asbestos content of the ore changed over the last 4 years from 4.82% to 5.74%, at 5.16% on average, which is by one third greater than the figure used in calculations of the reserves in 1992. It means that now the reserves are exaggerated and the next calculations will reduce them noticeably. Correspondingly, the life span of the mine can be decreased. However, even in the case of gradual increase in production and content, the combine is believed to function at least 50 years.

In 1997 only nephrite deposit site was discovered within the mountain allotment of the combine. In 1999 the production of this mineral has started.

PRODUCTION AND MATERIAL-TECHNICAL BASE

Projected capacity of the mines is about 10 mln tons of ore a year, that of concentration factories is 600 th. tons. The most actual production (11 mln tons a year) was reached in late 70's.

In early 90's, due to a decline in demand for asbestos, the production declined partially and some companies of the combine were shut down. During all subsequent years Kustanaiasbest kept working, though by the year 1994 the production fell to 2.8 mln, then after some growth in 1995-1997 (3-3.2 mln tons a year), it fell back to 2.1 mln in 1999. The demand growth resumed the increase in extraction volumes up to 3 mln tons in 2000.

There are 5 major subdivision in the structure of DAGOK Kustanaiasbest OJSC. Significant proportion of wear and tear of fixed assets is typical for them. For separate kinds of fixed assets it varies from 13 to 90%. The least wear and tear is typical to the buildings (13-30%), while the most wear and tear to machinery and vehicles (65-80% on average).

Accumulated depreciation of fixed assets at major subdivisions of DAGOK Kustanaiasbest OJSC (data of the issuer)

| Subdivision | Depreciation, % |
|------------------------------------|-----------------|
| Mining administration | 40 - 68 |
| Concentration factory | 40 - 65 |
| Vehicle division | 30 - 70 |
| Railroad transportation enterprise | 17 - 90 |
| Power facility | 13 - 85 |

PRODUCTS AND SALES

The main product of DAGOK Kustanaiasbest OJSC is chrysotile-asbestos of 4 groups and 15 brands. The brand of the asbestos is determined based on the content of the certain asbestos group. The number of the group is determined by prevailing length of the asbestos fiber. The varieties with longer fibers are referred to the smallest number groups (starting from zero) and the shortest ones to the sixth and seventh. The grouping is the major factor for pricing, since more longer fibers are the most expensive ones. Additional products of the company account for about 2% and consists of the asbestos of the seventh group, as well as crushed stone, powder used in the production of ruberoid. Most of the products of DAGOK Kustanaiasbest OJSC go to the production of asbestos pipes and roofing sheets. They are also used in the production of pads and hydroinsulating materials, which are used in construction and machinery. The company does not produce 1 and 2 groups of asbestos and textile asbestos (group zero), since corresponding brands of asbestos are absent in Djetygarinsk mines.

Although Kazakhstan has its own asbestos producing companies, this material is not used widely, and DAGOK Kustanaiasbest OJSC is mainly export oriented. Exports varied from 81% (1997) to 98% (2000). The company is the major supplier of asbestos to the world market. Based on the information of the company, its exports reached 9% of total supplies of chrysotile-asbestos in the world.

The major competitors of DAGOK Kustanaiasbest OJSC are the Russian producers of chrysotile-asbestos: Uralasbest (Asbest, Sverdlov region) and Orenburgasbest (Yasnyi, Orenburg region), which supply the same group of products to the same markets. At that, the production volumes of these companies significantly exceed those of DAGOK Kustanaiasbest OJSC in natural terms: Uralasbest - 3.7 times, and Orenburgasbest - 2.3 times. However, most of their production is consumed on domestic market of Russia, since it is the major consumer of asbestos in the world. It consumed about 500 th. tons (quarter of the world's consumption). And that year Russian companies supplied 159 th. tons of asbestos, or 24% of their total production to the world markets. Corresponding figures for DAGOK Kustanaiasbest OJSC are 107 th. tons or 98% (including 25 th. tons to Russia).

During the last two years significant increase in construction is observed in Kazakhstan, which leaves hope for an increase in orders from local companies engaged in the production of construction materials.

PRODUCTS AND SALES

DAGOK Kustanaiasbest OJSC plans to spend \$15 mln for the development of production capacities during 2001-2005. To implement this program \$2.950 mln long-term loan was attracted in October 2000 and \$6 mln is planned to raise through bond issue. Besides, the company intends to use its own resources for investment programs.

Investment projects means the replacement and modernization of existing fixed assets of the company, and the expansion of the production. The management of DAGOK Kustanaiasbest OJSC believes that the extraction, processing and sales volumes will gradually increase as the forecasted demand for the company's products increases and its production capacity grows.

Major investment projects of DAGOK Kustanaiasbest OJSC:

- **Modernization of press-packaging complex** - year 2001, production of briquettes at 40 kg each in compliance with international standards.
- **Purchasing of power saw bench equipment for the production of euro underpans** - 2001, packaging based on international standards.
- **Putting into service piling equipment Signoda** - 2001-2003; packaging based on international standards.
- **Renewal of cargo loading vehicles** - 2002-2005; increase in products supply capacities.
- **Renewal of the equipment of concentration factories** - 2002-2005; replacement and modernization of obsolete equipment.
- **Renewal and increase the number of open pit trucks** - from 2001; replacement and modernization of fixed assets, increase in ore extraction.
- **Renewal of bulldozers, excavators, and cranes** - from 2001; replacement and modernization of fixed assets, increase in ore extraction.
- **Organizing the production and processing of nephrite** (KZT19.1 mln) - 2001; production of nephrite for further processing and sales.
- **Switching the boiler and dryer ovens at concentration factories to gas** - 2001-2002; cut the costs of ore concentration processing.

FINANCIAL STATEMENT RATIOS

DAGOK Kustanaiasbest OJSC presented its balance sheet, income and cash flow statements for the years 1997-1999 and 9 months 2000, which were made in accordance with the Kazakhstani accounting standards (KAS).

Major financial ratios of DAGOK Kustanaiasbest OJSC calculated by the data of the issuer

(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 | 70,000 | 70,000 | 70,000 | 460,000 |
| Shareholders' equity | 586,236 | 550,849 | 836,969 | 1,573,028 |
| Total assets | 2,184,822 | 4,067,603 | 3,892,284 | 4,440,700 |
| Net working capital | -594,853 | -662,175 | -358,828 | 598,861 |
| Accounts receivable | 551,873 | 2,228,143 | 1,744,988 | 2,589,675 |
| Loans attracted | 266,265 | 452,805 | 512,748 | 547,611 |
| Accounts payable | 1,266,484 | 2,895,554 | 2,401,462 | 2,469,463 |
| Sales | 1,758,314 | 1,512,059 | 2,401,251 | 2,260,742 |
| Net profit | -96,750 | -73,215 | 286,120 | 600,284 |
| Return on sales (ROS), % | 10.28 | 8.13 | 16.62 | 37.04 |
| Return on equity (ROE), % | - | - | 0.07 | 0.13 |
| Return on assets (ROA), % | - | - | 34.19 | 32.85 |

International audit of the financial statements of DAGOK Kustanaiasbest OJSC for 1998-1999 was made by independent audit company KPMG Janat (Almaty, Kazakhstan).

The auditor did not express its opinion over results of financial activity and cash flow statement for 1998 as it had not been able to examine figures on inventories and to receive sufficient auditor's arguments for correctness of balance figures compiled as of Dec.31, 1997. According to the auditor, corresponding corrections might have had significant impact on the balance sheet. The auditor has noted that except for impact of those corrections, the accounting balance gives a reliable presentation of financial situation of the company in all necessary aspects as of December 31, 1998. All data were compiled in accordance with Kazakhstan accounting standards.

In the auditing report for 1999, the auditor gave a conditional conclusion referring to lack of possibility to check amounts of inventories. It noted that "except for corrections that might have been required for.... the accounting balance gives a reliable presentation of financial situation of the company 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.

Differences in the size of shareholders' equity (table below) given data of the auditor and the company, are explained by low income figures stated by the auditor in corresponding periods. By results of 1998, the company's figure of net income exceeds the auditor's data by KZT224 mln (\$2.66 mln). This could be explained by the difference of KZT176 mln (\$2.1 mln) in operating activity income. This lag was also conditioned by different methodologies applied to estimation of expenses for the periods (company's data - KZT200.0 mln against auditor's - KZT344.0 mln). The auditor has increased administrative expenses of the company from KZT158.0 mln to KZT288.0 mln.

Shareholders' equity of DAGOK Kustanaiasbest OJSC (USD, mln)

| Index | As of | As of | As of | As of |
|--|------------|------------|------------|------------|
| | Jan 01 '98 | Jan 01 '99 | Jan 01 '00 | Oct 01 '00 |
| Shareholder's equity | 7.8 | 6.6 | 6.1 | 11.0 |
| Additional unpaid capital (revalued) | 13.9 | 12.6 | 7.6 | 7.4 |
| Shareholder's equity (without revaluation) | -6.2 | -6.0 | -1.6 | 3.6 |
| Shareholder's equity | 8.0 | 3.7 | 2.8 | - |

By results of 1999, net income of the company exceeds the auditor's figure by KZT211 mln (\$1.53 mln) mainly due to the excess of company's data - KZT198 mln (\$1.43 mln) over amount of income from operating activity. In turn, this is linked to attribution of some expenses (KZT240.0 mln including losses from exchange rate differential over bank credits of KZT169 mln) and revenues (KZT42.0 mln) to income and losses from non-operating activity.

Besides, large discrepancy of the data regarding income and sales volume relates to different evaluation applied to overdue amount of accounts receivables and corresponding figure for necessary provisions (table below).

Amount of necessary provisions for problematic debts of DAGOK Kustanaiasbest OJSC

| | 1998 | | 1999 | |
|---------|----------|----------|----------|----------|
| | KZT, mln | USD, mln | KZT, mln | USD, mln |
| Company | 20.7 | 0.25 | 47.5 | 0.34 |
| Auditor | 161.6 | 1.92 | 199.5 | 1.44 |

The company and its financial consultant stated that auditor had too strictly applied methods for evaluation of overdue debts. The company and TuranAlem Securities LLP referred to common practice of the world asbestos market, where period of deferred payments could reach one year.

There is another fact to be noted separately. As of the end of third quarter 2000, 67% of the authorized capital (KZT1.052 bln) consisted of additional unpaid capital or fixed assets reevaluation amount. The revaluation was conducted in late 1996 according to the legislative requirements. In the opinion of auditor, it can not reflect current market prices or price of acquisition. No independent revaluation of fixed assets had been made by the time, the data were submitted to the Listing commission.

According to the data of cash flow statement and auditor conclusions for 1998 and 1999 (KPMG Janat) the company experienced difficulties related to lack of funds and had to apply for a banking credits. By results of third quarter 2001, cash flows from operating activities amounted to (-)42.5 mln tenge, from financing activity (difference between borrowed and redeemed amounts of credits) - (+) 134.5 mln tenge, that is 89.3 mln tenge in total. Thus, the company may be forced to apply for a credit trying to redeem its bonds.

Company's indicators regarding cash flows. Comparison of the auditors and company's data (thousand tenge)

| | As of | As of | As of | As of |
|---|------------|------------|------------|------------|
| | Jan 01 '98 | Jan 01 '99 | Jan 01 '00 | Oct 01 '00 |
| Net cash flows from operating activity | | | | |
| Company | 28,709 | -216,019 | 74,458 | -45,200 |
| Auditor | - | 417,322 | -231,037 | - |
| Net cash flows from financing activity | | | | |
| Company | 22,980 | 186,840 | -65,453 | 134,506 |
| Auditor | - | 223,713 | 228,696 | - |
| Credits* | | | | |
| Company | 405,620 | 553,520 | 1,913,648 | 1,336,800 |
| Auditor | - | 373,431 | 682,973 | - |
| Redemption | | | | |
| Company | 175,820 | 366,680 | 1,979,101 | 1,202,294 |
| Auditor | - | 149,718 | 453,813 | - |

* - the company's management suggests that difference in ratios for 1998 and 1999 relates to short-term credits renewed during the year (credit lines), which have not been considered by the auditor.

Nowadays, the accounts payable figure consists of three functioning credit lines (Bank TuranAlem OJSC, Bank CenterCredit OJSC and Temirbank OJSC, maturity - 2001-2002, interest rates - 22-24% APR) for a total of 2,895,605 US dollars and one long term credit (Halyk Bank Kazakhstan, maturity - 2003, interest rate - 18%) for a total of 2,950,000 US dollars. The financial statements suggest that DAGOK Kustanaiasbest OJSC experiences deficit of funds and is forced to borrow money. The company explained this fact by the cash gap, the difference between shipment and payment. The company borrows money in the framework of three functioning credit lines.

Dynamics of receivable and payables of DAGOK Kustanaiasbest OJSC

| | 1997 | 1998 | 1999 | 2000 | 2001 |
|--|-------|-------|-------|-------|-------|
| Accounts receivable - goods shipment | | | | | |
| balance at the beginning of a year | 185 | 398 | 1,967 | 1,325 | 1,606 |
| goods shipped | 1,941 | 1,639 | 2,243 | 2,762 | |
| goods paid off | 1,728 | 70 | 2,885 | 2,481 | |
| changes during a year | 213 | 1,569 | -643 | 281 | |
| Accounts payable - operating activity | | | | | |
| balance at the beginning of a year (accounts and bills payable) | 286 | 675 | 1,574 | 1,662 | 1,430 |
| goods shipped | 2,084 | 2,971 | 3,686 | 2,712 | |
| goods paid off | 1,694 | 2,073 | 3,598 | 2,945 | |
| changes during a year | 390 | 899 | 88 | -232 | |

Analysis of the information issuer has submitted to KASE and preliminary data of economic activity in 2000 suggest that the company has achieved substantial positive results during last two years. Following facts reflect this success:

- company's activity become profitable, at that major source of profits (68% in 1999, 82% in 2000) is operating activity;
- volume of sales double for last two years;
- growth in payables was stopped, payments for shipped goods equaled to actual shipment;
- accounts receivable decreased - redemption sums exceeded sum of granted credits;
- working capital grew up from (-) KZT662 mln tenge in late 1998 to KZT766 mln as of the end of third quarter 2000.

COMMENTS OF THE KASE LISTING COMMISSION

Following are the characteristics of the risks, associated with the activities of DAGOK Kustanaiasbest OJSC, as well as the purchasing of the first issue bonds of this company. The characteristics was compiled by analysts of KASE on basis of documents of the issuer and other authorized and interested entities submitted to the Exchange. They included documents prepared for admission of company's bonds into listing "A". Results of analysis also presented in conclusion of the listing commission as Appendix, where certain aspects of the issuer's activities, that should be considered, in the opinion of the Exchange, by potential investors.

Competition. Low capacity and high monopolization of the asbestos market assumes rather strict competition between producers. The major competitors of DAGOK Kustanaiasbest OJSC are two Russian asbestos enterprises, Uralasbest and Orenburgasbest. They produce the same set of commodities as well as trade production on the same markets. In August of 1998, the devaluation of Russian rouble led to abrupt fall in cost price of Russian asbestos goods. Kustanaiasbest estimated that, by that time, two Russian plants have lowered their production costs 3 times compared to the company's level. As a result, Russian companies have gained opportunity to lower export prices. This has caused serious shortfall in production of Kustanaiasbest in 1998 and 1999. Cost price significantly leveled in 1999 thanks to introduction of free floating exchange rate in Kazakhstan.

DAGOK Kustanaiasbest OJSC has some advantage on the Central Asian and Kazakhstan markets compared to Russian producers because the latter transport asbestos at higher tariffs.

Technical factors. Technical risks relate to high wearing level of the company's equipment. The amount of accrued depreciation on fixed assets totaled 27% in the third quarter 2000. The depreciation level is calculated considering standard operating period. Its level varies from 13 to 90%. Depreciation of machinery amounts to 65-80% in average. At present, the level of modernization is slow. For 1997-1999 technical modernization and construction amounted KZT373.6 mln (\$3.7 mln). According to the management of Kustanaiasbest, current condition of material and technical base is not critical. The company could maintain its production level considering support of the current level of investments and repair activity.

Ban on use of asbestos. According to the US Geological Survey (Minerals Yearbook 1994, 1999, Mineral Commodity Summaries, 2000) and Asbestos Institute (Montreal Canada), the trade over asbestos is affected by restrictions of legislative nature on use of the material in most of its traditional ways. Bans on use of asbestos

first introduced in USA and Europe in the early 80th have led to sharp decline in consumption, production and prices of asbestos. The restrictions were introduced because of medical researches that found cause of lung cancer in some types of asbestos. Some of those bans have been later removed in USA and Japan. For the recent years, the world has experienced some growth in consumption and production of asbestos.

Structure of the world prices. Price fluctuations for commodity asbestos conform with production and consumption volumes of the mineral. In 80- 90th the price was mainly defined by bans on use of the material. From mid 90th, growth of construction service in South East Asia and CIS countries has become major factor for price movements. Gradual recovery and post-crisis development defined large demand on asbestos production. This is particularly true for short-fiber asbestos produced by Kustanaiasbest. At present, there are some excess of supply on the market, prices keep stable trend. On the whole, the experts of US Geological Survey and Asbestos Institute expect for near-term outlook a gradual rise of prices for all grades of the asbestos.

Lack of funds. One of the interesting feature of the world asbestos market is commonly accepted practice of deferring payments. According to Kustanaiasbest average deferring period on the world market equals to 150 days, reaching, in particular cases, one year term (average term for shipment of chrysotile-asbestos made by Canadian companies). DAGOK Kustanaiasbest OJSC supplies the commodity on the terms of 90 days deferred payment. Besides, substantial volumes are shipped in exchange for other goods (barter deals). This easily explains high level of accounts receivables and deficit of working capital of the company. It also explains the need for credit sources. This could rise question whether the company would be able to redeem bonds without additional credits. Thus, risks related to obtaining of credits should not be excluded.

Depletion of reserves. As of Dec.22, 2000, residual reserves of Dzhetigara deposit of chrysotile-asbestos amounted to 683.5 mln tons of ore. At current output level of 3 mln tons annually the reserves could cover 228 years of production. However, there are some reasons for much faster depletion rate. First, the company plans to increase annual volume of production up to 10 mln tons reaching planned capacity of the processing complex. Second, company would re-assess reserves as it intends to increase average concentration of asbestos in extracted ore (processing of the best plots). This, in turn, could lead to decline in reserves suitable for mining. The company estimates that present life-period of reserves could amount to 70 years.

COMMENTS OF THE IRBIS AGENCY

The agency IRBIS (Almaty) emphasizes that presented information and the conclusions are taken from the reports of the KASE listing commission, and are not the result of the research conducted by the IRBIS specialists and were not checked by the employees of the agency. The KASE and the management of the DAGOK Kustanaiasbest OJSC are fully liable for the reliability of the information.

Prepared by the agency «IRBIS»