

# WEEK OF STOCK MARKET OF KAZAKHSTAN

August 9 - 15

US dollar = 147.10 tenge at official rate for the end of the period

US dollar = 147.20 tenge at weighted average rate of the Exchange for the end of the period

Weekly rate of tenge devaluation – 5.09%

## Money market rates as of August 15 and weekly changes

Term	Currency	Rate	Trend
<b>Repo opening at KASE (WA, % APR)</b>			
3 days	KZT	6.94	–
24-30 days	KZT	10.01	+3.62
28-30 days	USD	11.22	+0.21
<b>KIBOR (indicative, % APR)</b>			
1 week	KZT	7.33	-0.42
2 weeks	KZT	8.33	-0.30
1 month	KZT	9.00	-0.38
2 months	KZT	10.17	-0.08
3 months	KZT	11.00	0

## Investment attractiveness of stock exchange instruments from August 9 through 15

Financial instrument	Currency	Yield, % APR	Volume of deals, KZT m	Volume of deals, USD m
<b>Instruments denominated in national currency, tenge</b>				
Repo CS	KZT	*10.82 (*7.65)	416.5 (1,314.7)	2,830.7 (8,930.8)
MEOKAM, MEAKAM	KZT	10.62 (10.40)	6,049.5 (2,029.2)	41,102.1 (13,785.8)
MEKKAM, notes	KZT	*5.36 (*5.37)	867.0 (145.6)	5,893.1 (989.1)
Repo GS	KZT	*3.89 (*4.71)	4,645.2 (3,154.5)	31,563.0 (21,431.3)
<b>Instruments indexed to the US dollar</b>				
VITAb2	USD	13.54 (13.55)	0 (0)	0 (0)
SMGZb1	USD	13.00 (13.00)	0 (0)	0 (0)
CCBNb1	USD	11.10 (11.11)	0 (0)	0 (0)
BTASb1	USD	11.00 (11.00)	0 (0)	0 (0)
RGBRb2	USD	11.00 (11.00)	0 (0)	0 (0)
KZASb1	USD	11.00 (11.00)	0 (0)	0 (0)
TEBNb	USD	10.69 (10.64)	0 (0)	0 (0)
ASFIb1	USD	10.50 (10.50)	0 (0)	0 (0)
KARMB1	USD	10.40 (9.93)	0 (0)	0 (0)
TMJLb2	USD	9.00 (8.80)	105.3 (0)	716.4 (0)
KZTOb	USD	8.60 (9.05)	0 (33.8)	0 (230.1)
HSBKb	USD	8.50 (8.50)	0 (0)	0 (0)
SYRGrb1	USD	8.50 (8.50)	0 (0)	0 (0)
KZOLb	USD	8.50 (8.50)	0 (0)	0 (0)
ATFBb	USD	5.56 (5.84)	0 (0)	0 (0)
KKGBb	USD	4.73 (4.81)	0 (0)	0 (0)
<b>Instruments denominated in US dollars</b>				
BTASe1	USD	10.68 (10.68)	0 (0)	0 (0)
KKGBe2	USD	9.20 (9.20)	0 (0)	0 (0)
VKU	USD	8.34 ( –)	50.1 (0)	340.5 (0)
Euronotes-4	USD	7.18 (7.20)	569.9 (1,274.4)	3,873.5 (8,657.2)
Euronotes-3	USD	6.89 (6.99)	181.6 (361.2)	1,234.1 (2,452.5)
Euronotes-2	USD	5.94 (6.06)	200.4 (391.1)	1,362.3 (2,656.9)

**Notes:** Yields of TMJLb2, KZTOb are calculated as average of the deals. Yields of other corporate bonds are calculated as average of offer bids. Figures in parentheses are corresponding value of previous week. Securities marked by a star are the instruments with less than a year circulation term. Weighted average effective yields are given for them. Yields for bonds with more than a year maturity are estimated on a semiannual basis.

## THE CORPORATE SECURITIES SECTOR (CS)

### Primary market

During this week initial additional public offering of second inscribed coupon bonds of **Kazakhstan Temir Joly NSE** continued at the KASE (KZ2EUY03A368, category “A” of the official listing; TMJLb2; \$100, \$30m, July 10.01 - July 10.04, semiannual coupon at 8.0% APR). A total of 2 deals to buy 7,300 bonds amounting to \$716,412.27, or KZT105,384,244.43 (at official rate) have been made during the period. Weighted average yield of the deals equaled **8.9999% APR**. Total volume of initial offering of the bonds

reached 125,840 bonds as of August 15, or \$12.3m at face value. Weighted average yield to maturity - 9.00% APR.

## Secondary market

**In the purchase-sale sector** 1 deal was concluded amounting to **\$793.8 th.** (KZT116.8m). Compared to previous week (11 deals \$5,055.1 th., KZT744.1m) the sector's turnover decreased 6.4 times. The deal has been made in preferred shares of Kazakhtelecom and it was direct deal. Last week the deals were made using 6 instruments. By the last deals of the period the value of KZTKp did not change relative to previous successful trades, at \$12.60 per share.

**The index KASE\_Shares** increased by 11.0977 (11.01%) during the week and was fixed at closing of August 15 at **111.8578**. The change in index was due to a growth of bid prices of common shares of KAZKOMMERTSBANK OJSC from \$0.25 to \$0.35 (40.0%), as well as increase of bids of Bank TuranAlem OJSC common shares from \$74.00 to \$75.20 (1.6%). Decline in bid prices of Kazakhtelecom preferred shares from \$11.50 to \$8.00 (30.4%), as well as bids of UKTMK OJSC common shares from \$22.00 to \$20.00 (9.1%) had a negative impact on the index.

By the decision of the Board, **on July 13, 2001** the KASE removed common inscribed shares (KZ1C37400310, official list of securities under category "A", SYRG) of SHNOS OJSC (Shymkent) from the list used to calculate **KASE\_Shares** index.

Based on internal normative document of the KASE "Stock market indicators calculation method", the KASE\_Shares index reflects the change in the bid price of the shares, which are admitted to the official list of the Exchange under category "A" and whose quotations are put out daily by their respective market-makers in the trade system of the KASE. The degree of influence of a certain share on the KASE\_Shares index is directly proportional to the market capitalization of its issuer.

The decision, regarding the common inscribed shares of SHNOS OJSC, was due to the need to increase the representativeness of the index and remove the influence of subjective factors.

As it is known, now common shares of SHNOS OJSC are almost unavailable on domestic market. Based on the extract from the register of securities holders of SHNOS OJSC, as of February 2, 2001, the company's 92.02% of common shares belong to the strategic investor, Hurricane Hydrocarbons Ltd. (Canada); 2.68% is owned by other foreign investor; 4.85% of the shares are held by The Bank of New York under depository receipts. And only 0.45% is under nominal holding of Central Depository of Securities CJSC (Almaty), which does not mean that they are available on the market.

For this reason the market-maker of SYRG – Kazkommerts Securities OJSC (Almaty) – can not put out both bid and ask prices of the shares at the Exchange, limiting itself to bid prices only. With such approach, the market-maker has more room to change the quotations without maintaining spreads. Therefore, subjective influence of these bids on KASE\_Shares index, considering relatively high capitalization of SHNOS OJSC.

**Dynamics of corporate bonds market indexes** looked as follows (figures in parentheses indicate weekly changes): **KASE\_BY - 11.17 (-0.002%)**, **KASE\_BP - 116.17 (+0.24%)**, **KASE\_BC - 104.65 (+0.06%)**. Last week KASE\_BY increased by 0.02%.

**Capitalization of companies**, whose shares are being traded in the CS sector of KASE reached **\$818.7m** or KZT120.5bn as of August 15 at KZT/USD rate of the Exchange. This indicator fell by \$0.02m compared to previous week mainly due to a decline in KZT/USD rate.

**The capitalization of corporate bonds market of the Exchange by their best bid prices**, which are regularly put out by the market-makers of the securities in the trade system of the Exchange, was fixed at **\$379.8m** or KZT55,910.2m as of August 15. In nominal terms (total face value of the bonds that were admitted into trade lists of KASE) is estimated at **\$444.0m** or KZT65,356.7m, and it grew by \$1.0m during the week as a result of an admittance of first issue inscribed secured coupon bonds of Joint Bank LARIBA-BANK OJSC (Almaty) into the official list for the KASE (see special bulletin). Big difference between these figures is explained by the fact that the trades in second issue bonds of Almaty Kus OJSC, first issue bonds of Caspian Bank OJSC, first issue bonds of Kazakhtelecom have not been opened yet, while they had been admitted to the KASE lists. Now these securities are being offered by their issuers on over-the-counter market and their market-makers can not fulfill their obligations at the KASE yet.

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 August 9 to 15**

USD per share, unless otherwise specified

Issuer	Securities	Last price	WA price	Volume, #	Volume, USD th.	Best bid	Best offer
Almaty Kus OJSC	ALKS			0		0.1540	0.3080
Almaty Kus OJSC	ALKSp			0		0.0900	0.1700
Almaty Kus OJSC	ALKSp3			0		0.0680	0.0700
Astana-Finance OJSC	ASFI	*10.000		0		5.000	10.000
AMB OJSC	ATFBp	6.870		0		6.790	6.860
Bank TuranAlem OJSC	BTAS	74.11		0		75.20	75.20
Bank CenterCredit OJSC	CCBN	*1.3251		0		1.1558	1.3587
Halyk Bank of Kazakhstan OJSC	HSBK	0.8324		0		0.6100	1.2200
KAZKOMMERTSBANK OJSC	KKGB	*0.4500		0		0.3500	0.5000
Kazakhtelecom`	KZTK	*12.000		0		12.000	16.500
Kazakhtelecom	KZTKp	*12.600	*12.600	63,000	793,800	12.600	12.600
SHNOS OJSC	SYRG	1.6300		0		1.3000	
TEMIRBANK OJSC	TEBN	*1.095		0		1.360	6.800
TEMIRBANK OJSC	TEBNp			0		1.360	6.800
UKTMK OJSC	UTMK	35.000		0		22.000	40.000
UKTMK OJSC	UTMKp	28.0000		0			44.0000
VALUT-TRANZIT BANK OJSC	VTBN	2.5480		0		1.4958	2.7174
VALUT-TRANZIT BANK OJSC	VTBNp	2.3033		0		1.6998	3.0571
<b>TOTAL</b>	<b>18</b>			<b>63,000</b>	<b>793,800</b>		

**Results of the trades in bonds from August 9 to 15**

(% APR till maturity, unless otherwise specified)

Issuer	Code	Currency	Last	WA	Volume, th. USD	Best bid	Best offer
Astana-finance OJSC	ASFIb1	USD	10.5050		0	11.0000	10.5000
AMB OJSC	ATFBb	USD	7.7025		0	5.3338	5.5565
Bank TuranAlem OJSC	BTASb1	USD	10.9956		0	11.4955	11.0013
TuranAlem Finance B.V.	BTASe1	USD			0	11.1363	10.6781
Bank CenterCredit OJSC	CCBNb1	USD	11.4988		0	11.9884	11.1024
Halyk Bank of Kazakhstan OJSC	HSBKb	USD	11.0000		0	13.4999	8.5050
Karazhanbasmunai OJSC	KARMB1	USD	10.3243		0	11.3806	10.4002
KAZKOMMERTSBANK OJSC	KKGBb	USD	7.00		0	9.23	4.73
KAZKOMMERTSBANK OJSC	KKGBe2	USD			0	11.1993	9.2018
DAGOK Kustanaiasbest OJSC	KZASb1	USD	11.7958		0	12.0003	10.9971
NOC Kazakhoil CJSC	KZOLb	USD	8.6003		0	8.6958	8.5027
NOTC KazTransOil CJSC	KZTOb	USD	9.0508		0	8.9521	8.5977
RG Brands OJSC	RGBRb2	USD	12.4999		0	12.0000	11.0000
SHAHARMUNAIGAS OJSC	SMGZb1	USD			0	18.9952	13.0024
SHNOS OJSC	SYRGb1	USD			0	11.9961	8.5045
Temirbank OJSC	TEBNb	USD	10.6241		0	11.5638	10.6928
Kazakhstan Temir Joly	TMJLb2	USD			0	9.5000	8.8000
VITA LLP	VITAb2	USD	13.9999		0	14.4761	13.5417
<b>TOTAL</b>	<b>18</b>				<b>0</b>		

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.

**In the repo sector of CS** 16 deals were made for a total of **\$4,597.1 th.** (KZT676.4m). Of this number, 9 deals (\$2,830.7 th.) were repo opening deals and 7 (\$1,766.4 th.) – closing deals. Volume of deals in previous week reached \$11,337.4 th. (KZT1,668.6m). Dynamics of repo rates are given in the table at the beginning of present review.

**In all trade floors of KASE** total of 19 deals were concluded in 2,331,452 securities amounting to **\$6,107.3 th.** (KZT898.6m). A week ago volume of 30 deals was \$16,392.6 th. (KZT2,413.0m).

**SECTOR OF GOVERNMENT SECURITIES (GS)**
**Primary market**

**On August 14, 2001**, in the trade system of the KASE the auction for initial additional offering of **first issue inscribed coupon bonds** (KZ7051806A46, KASE trade code – VKU036.001; \$100, KZT1bn, June 20, 01 - June 18, 04, semiannual coupon at 6.30% APR) of **local executive body of Eastern-Kazakhstan region** was held. Announced volume of additional offering at this auction was set by the issuer at **KZT3,946,717.45**. The bids were accepted from 9:00AM till noon Almaty time. The bonds were floated by the issuer at the prices shown in the bids. Only competitive bids have been accepted at the auction.

A total of 3 bids have been made at the auction. Of this number only 2 bids for buying 5,300 bonds amounting to \$492,986.85 were active by the closing of the auction. At current official KZT/USD rate (KZT147.10 = \$1) it corresponds to **KZT72,518,365.53**. Thus, demand exceeded the offer **1,837.4 times** at the auction.

The banks expressed the most interest in buying the bonds at the auction, with their proportion of bids reaching **94.3%** of total demand. The proportion of bids submitted by brokerage-dealing companies and their clients equaled **5.7%**. No bids were submitted to buy the bonds using the pension assets.

Clean prices varied from 92.0000% to 92.2980% of the bond face value in submitted bids. Weighted average price for all the demand equaled 92.0503%. The minimum yield to maturity of the bonds in submitted bids (semiannual basis, in parentheses – annual basis) – 9.19 (9.41)% APR, maximum – 9.57 (9.80)% APR, weighted average – **9.5495 (9.7774)% APR**.

**The auction was declared invalid.** The reason is that the issuer had not presented the documents regarding the cut-off of submitted bids by 4:00PM Almaty time, the deadline to make the settlement, to the KASE. The documents were not delivered to the Exchange till the end of the day either. It is not quite clear why the issuer behaved like this.

## Secondary market

In **GS purchase and sale sector** of KASE total volume of 89 deals equaled **KZT8,025.5m** (\$54,532.1 th.). Last week the turnover did not exceed KZT4,210.5m with 70 deals made.

Parameters of stock exchange transactions in GS from August 9 to 15

(in parentheses are comparable figures of the previous period)

Days till maturity	Yield to maturity for a buyer, % APR.				Volume, mln tenge discounted	Number of deals
	min	max	last deal	weighted average		
<b>Discounted GS (KZT): notes</b>				<b>10.8% (3.5%) of purchase and sale sector's turnover</b>		
8 - 14	4.56	5.05	4.56	4.86 ( - )	272.5	3
15 - 28	5.11	5.34	5.11	5.23 (5.21)	259.2	5
29 - 36	5.39	5.39	5.39	5.39 ( - )	74.6	1
43 - 56	5.37	5.46	5.46	5.42 ( - )	54.6	2
57 - 63	5.72	5.72	5.72	5.72 ( - )	60.0	1
64 - 91	5.57	5.65	5.57	5.59 (5.31)	146.0	3
Total					867.0 (145.6)	15 (5)
<b>Coupon GS (KZT): MEOKAM-24, 36, 48, MEAKAM</b>				<b>75.4% (48.3%) of purchase and sale sector's turnover</b>		
314 - 434	7.45	8.99	8.61	8.37 (8.40)	253.3	17
758 - 965	7.83	10.31	8.50	9.07 (9.05)	1,553.5	20
1,376 - 1,376	8.30	8.30	8.30	8.30 ( - )	107.7	1
2,329 - 2,334	11.38	11.44	11.37	11.40 (11.33)	4,135.1	9
Total						
<b>Coupon GS (USD): VKU-36</b>				<b>0.6% (-%) of purchase and sale sector's turnover</b>		
1,038 - 1,038	8.34	8.34	8.34	8.34 (8.40)	50.1	1
Total					50.1 ( - )	1 ( - )
<b>Coupon GS (USD): Euronotes of Kazakhstan</b>				<b>13.2% (48.2%) of purchase and sale sector's turnover</b>		
*412 - 413	5.71	6.00	5.71	5.94 (6.06)	200.4	4
**1,144 - 1,149	6.82	6.97	6.84	6.89 (6.99)	181.6	7
***2,066 - 2,072	7.14	7.20	7.18	7.18 (7.20)	676.9	15
Total					1,058.8 (2,026.8)	26 (37)
<b>GRANDTOTAL</b>					<b>8,025.5 (4,201.5)</b>	<b>89 (70)</b>

**Notes:** for euronotes (\* - second issue, \*\* - third issue, \*\*\* - fourth issue) volumes of the deals are calculated at weighted average USD/KZT rate of the Exchange, over domestic devaluation indexed bonds - official exchange rate; yield over coupon bonds are shown at semiannual basis.

By the results of the week the dynamics of the KASE indexes that indicate the condition of the market of Kazakhstani sovereign debt at the Exchange is as follows (in parentheses - weekly changes): **KASE\_EY** – equaled **6.93 (-0.47%)**; **KASE\_EP** – 128.48 (+0.18%); **KASE\_EC** – 112.82 (+0.06%). Last week **KASE\_EY** decreased by 0.91%.

In **GS repo sector 88 deals for a total of KZT9,074.7m** were made during the period. Of this number 44 deals (for KZT4,562.0m) were repo opening deals and 44 (KZT4,512.7m) were repo closing deals. Last period the turnover of this market sector reached KZT6,786.4m. After closing of the trades on August 15 total amount of opened repo equaled **KZT3,334.1m**.

**Total of 177 deals** amounting to **KZT17,100.3m** were made in **government securities on all trade floors of KASE** during the week (purchase-sale and repo sector). A week ago volume of 150 deals was KZT10,987.9m. This week **the proportion of the stock market turnover** in total volume of deals on

Kazakhstani secondary market for GS for comparable operations equaled **87.1%**, for last week it was 76.5%.

## INFORMATION ON COMPANIES

**Bank TuranAlem OJSC** (Almaty) provided the KASE with auditing report of Ernst & Young (Almaty, Kazakhstan) made on its 2000 consolidated financial statements. Based data of an independent auditor the following are financial and economic results of the issuer's activity as of December 31, 1999 and 2000.

**Comparable figures of financial and economic activities  
of Bank TuranAlem OJSC based on statement audited by Ernst & Young**  
(in m KZT, unless otherwise specified)

Indicator	1999	2000
Authorized capital (paid)	8,757	11,931
Shareholders' equity	5,083	8,935
Total assets	45,922	79,205
Total liquid assets	11,640	17,261
Commercial loans and prepayment (net)	26,989	53,806
Liabilities to the Government and NBK	700	766
Liabilities to the banks and financial institutions	9,023	16,218
Liabilities to the clients	28,224	46,933
Operating income	7,004	13,141
Total expenses	6,093	12,244
Net income	911	897
<b>Calculated based on the auditor's data:</b>		
Return on equity (ROE), %	17.92	10.04
Return on assets (ROA), %	1.98	1.13
Earnings per share (EPS), KZT	1,040.31	751.82
Price earnings ratio	12.02	13.73
Book value of a share, KZT	5,804.50	7,488.89

Auditing was conducted by Ernst & Young in compliance with the International Accounting Standards. Audited financial statements differ from the statements, which had been prepared according to Kazakhstani accounting standards, therefore, they had been corrected in order to meet International Accounting Standards (IAS).

The major divisions and subsidiaries of the bank, whose financial statements had been consolidated are: TuranAlem Securities LLP (Almaty, Kazakhstan, stock market activities, ownership – 100.0%), BTA Leasing OJSC (Almaty, Kazakhstan, lease, ownership – 100.0%), as well as Kazko Construction (Almaty, Kazakhstan, construction) and Samal Properties (Almaty, Kazakhstan, real estate management), were the bank has no ownership, but has a control over them in compliance with IAS.

In the opinion of Ernst & Young, consolidated financial statements of the bank for the years 1999-2000 gives true picture of financial situation of Bank TuranAlem OJSC in all essential aspects as of December 31, 1999 and 2000, as well as the results of its income and cash flow statements in compliance with International Accounting Standards.

Also, Bank TuranAlem OJSC informed KASE about the convocation of extraordinary general meeting of shareholders on **Aug 28, 2001**. The following is the agenda:

- Ratification of big deal connected with raising of syndicated loan.
- Increase of bank's liabilities at twenty five and more percents from the size of equity capital.
- Ratification of big deal.
- Other.

The meeting will be held in Almaty, Samal-2, Zholdasbekov Str, 97. At the absence of quorum the second meeting will be on Aug 31, 2001, in the same address.

**Bank CenterCredit OJSC** (Almaty) provided the KASE with auditing report of Ernst & Young (Almaty, Kazakhstan) made on its 2000 consolidated financial statements. Based data of an independent auditor the following are financial and economic results of the issuer's activity as of December 31, 1999 and 2000.

**Comparable figures of financial and economic activities  
of Bank CenterCredit OJSC based on statement audited by Ernst & Young**  
(in th. KZT, unless otherwise specified)

<b>Indicator</b>	<b>1999</b>	<b>2000</b>
Authorized capital (paid)	1,062,531	1,609,859
Number of outstanding shares	5,312,655	8,049,295
Shareholders' equity	1,379,766	2,110,042
Total assets	13,765,501	19,036,983
Total liquid assets	4,032,564	4,993,930
Credits and loans to clients (net)	8,260,070	12,140,980
Liabilities to the banks	1,151,612	1,448,395
Liabilities to the clients	10,253,117	13,515,262
Liabilities to the Government and NBK	435,395	224,053
Operating income	3,334,301	4,325,951
Total expenses	3,141,736	4,020,706
Net income	192,565	305,245
<b>Calculated based on the auditor's data:</b>		
Return on equity (ROE), %	13.96	14.47
Return on assets (ROA), %	1.40	1.60
Earnings per share (EPS), KZT	36.25	37.92
Price earnings ratio	5.39	5.76
Book value of a share, KZT	259.71	262.14

Auditing was conducted by Ernst & Young in compliance with the Kazakhstani accounting standards, as well as the National Bank of Kazakhstan and the Ministry of Finance of Kazakhstan requirements set to banking institutions.

Consolidated financial statements of Bank CenterCredit OJSC include the statements of its subsidiary KIB ASSET MANAGEMENT Ltd. LLP (KIBAM), where the bank has 60% stake.

Based on audited data, relative to 1999 volume of loan portfolio increased by 46.4%, and reserve for covering possible losses on granted loans declined by 27.4%. The proportion of standard and substandard loans equaled 96.1% in 2000 against 91.7% in 1999.

In the opinion of Ernst & Young, consolidated financial statements of the bank gives true picture of financial situation of Bank CenterCredit OJSC in all essential aspects as of December 31, 1999 and 2000, as well as consolidated results of its activities, changes in equity and cash flow statement in compliance with Accounting Rules of the commercial banks of Kazakhstan approved by the National Bank of Kazakhstan. The auditing is indisputable.

**Almaty Kus OJSC** (Chapaev comm., Almaty region, production and distribution of poultry products) provided the KASE with auditing report of Deloitte & Touche (Almaty, Kazakhstan) made on its 2000 consolidated financial statements. Based data of an independent auditor the following are financial and economic results of the issuer's activity as of December 31, 1999 and 2000.

**Comparable figures of financial and economic activities  
of Almaty Kus OJSC based on statement audited by Deloitte & Touche**  
(in th. KZT, unless otherwise specified)

<b>Indicator</b>	<b>1999</b>	<b>2000</b>
Authorized capital (paid)	661,237	1,100,000
Shareholders' equity	685,600	1,134,007
Total assets	709,361	1,882,364
Net working capital	36,926	135,004
Accounts receivable	47,421	227,761
Accounts payable	23,761	51,408
Sales	98,426	285,153
Cost of goods sold	20,975	272,521
Net income	21,304	12,722
<b>Calculated based on the auditor's data:</b>		
Return on sales (ROS), %	52.96	47.17
Return on equity (ROE), %	3.11	1.12
Return on assets (ROA), %	3.00	0.68
Earnings per share (EPS), KZT	0.30	0.11
Book value of a share, KZT	10.37	10.31

Auditing was conducted by Deloitte & Touche in compliance with the International accounting standards. Audited financial statements differ from the statements, which had been prepared according to Kazakhstani accounting standards, therefore, they had been corrected in order to meet International Accounting Standards (IAS).

Based on the comments 1 and 2 of the auditing report, consolidated financial statements, which ended on December 31, 2000, include the statements of the parent company, as well as those of the companies, where Almaty Kus OJSC has more than 50% of voting stake: Kombikormovyi zavod OJSC (Kapchagai, Almaty region, ownership – 100%), Food Brothers LLP (Almaty, ownership – 51%). The companies acquired during the fiscal year were consolidated from the date when Almaty Kus OJSC assumed obligations on their activities.

In the opinion of the auditor, consolidated financial statements of the company give true picture of financial situation of Almaty Kus OJSC in all essential aspects as of December 31, 2000, as well as results of its financial and economic activities and cash flows in compliance with International Accounting Standards as of indicated dates.

Also, Almaty Kus OJSC officially informed KASE about the **full completion** of offering of third issue preferred inscribed shares (KZ1P31690319, official list of KASE securities, A category, ALKSp3; KZT10.0, KZT100m, annual dividend 15.0%). Almaty Kus OJSC started free sale of this issue shares by the method of public spread on July 09, 2001. Shares were available for any full age physical entity. Term of spread was not restricted.

Shares were admitted into official list of KASE securities, A category on July 24, 2001. Exchange trades started on July 30. Still no ALKSp3 deals were made at KASE. Today market-maker quoted ALKSp3 at **\$0.0680/0.700** per security.

**SHAKHARMUNAIGAS OJSC** (Almaty, exploration, development, extraction and sales of hydrocarbons, oil products; transportation, processing, exports and imports of hydrocarbons, oil products; construction and exploitation of the warehouses for hydrocarbons, oil products) provided the KASE with its financial statements for the I half of 2001: balance sheet and income statement. By the data of the issuer following are the results of the company in the I half of 2001.

**Comparable figures of financial and economic activities  
of SHAKHARMUNAIGAS OJSC in I half of 2001**

(in th. KZT, unless otherwise specified)

<b>Ratio</b>	<b>As of July 1 '00</b>	<b>As of July 1 '01</b>	<b>Change, %</b>
Authorized capital	1,200	3,625	+202.1
Total assets	1,598,397	1,859,394	+16.3
Shareholders' equity	1,596,147	1,595,975	-0.01
Net working capital	1,593,750	1,859,038	+16.6
Accounts receivable	1,596,000	1,151,804	-27.8
Accounts payable	2,250	263,419	+11,608.6
Sales (services offered)	15,476	–	–
Cost of goods sold	8,621	–	–
Net income (loss)	(773)	–	–

Compared to similar period of 2000: **shareholders' equity** of the company decreased by KZT0.2m, or by 0.01% as a result of a decrease in final amount of undistributed income by KZT2.6m with an increase in authorized capital (due to re-registration of the issuer into a joint stock company in November 2000) by KZT2.4m; **assets** increased by KZT261.0m, or 16.3% as a result of an increase in current accounts receivable by KZT1.0bn, short-term financial investments – by KZT403.2m, expenses of future periods – by KZT304.0m with a decrease in other current assets by KZT1.5bn and residual values of fixed assets – by KZT2.0m; **liabilities** increased by KZT261.2m, or 117 times as a result of a growth in long-term liabilities by KZT263.4m (floatation of issued bonds);

Based on the income statement in 6 months of this year SHAKHARMUNAIGAS OJSC did not conduct any activities.

**KazTransOil CJSC** (Astana, oil transporting service including pipeline, sea and railroad transport; transportation of oil products and water using pipeline system) provided the KASE with its financial statements for the I quarter of 2001: balance sheet and income statement. By the data of the issuer following are the results of the company in the I quarter of 2001.

**Comparable figures of financial and economic activities  
of KazTransOil OJSC in I quarter of 2001**

(in th. KZT, unless otherwise specified)

<b>Ratio</b>	<b>As of Apr. 1 '00</b>	<b>As of Apr. 1 '01</b>	<b>Change, %</b>
Authorized capital	19,406,071	32,903,713	+69.6
Shareholders' equity	99,774,311	123,590,743	+23.9
Total assets	118,419,561	137,885,336	+16.4
Net working capital	-8,530,451	15,769,925	+284.9
Accounts receivable (net)	3,684,718	6,575,740	+78.5
Doubtful debt reserves	2,306,615	2,827,648	+22.6
Liabilities, total	18,645,250	14,294,593	-23.3
Credits attracted	40,079	–	–
Accounts payable	18,018,280	9,835,583	-45.4
Bonds issued	–	3,922,641	–
Sales (services offered)	5,293,420	10,352,766	+95.6
Cost of goods sold	5,440,191	6,432,685	+18.2
Net income (loss) of the period	(1,588,212)	2,137,001	–

Compared to I quarter of 2000: **shareholders' equity** of the company increased by KZT23.8bn, or by 23.9% (authorized capital – by KZT13.5bn, reserve capital – by KZT13.3bn, final amount of undistributed income – by KZT6.0bn with a decrease in additional unpaid capital – by KZT9.0bn); **assets** increased by KZT19.5bn, or 16.4% (cash – by KZT10.5bn, net accounts receivable – by KZT2.9bn, residual values of fixed assets – by KZT2.7bn, inventory – by KZT2.0bn, other assets – by KZT1.4bn); **liabilities** decreased by KZT4.3bn, or 23.3% (decline in short-term liabilities by KZT8.2bn with an increase in long-term liabilities through bond issue – by KZT3.9bn); **services** offered increased by KZT5.1bn, or 95.6%; **cost of services** increased by KZT1.0bn, or 18.2%; **expenses of the period** increased by KZT855.1m, or 3 times. By the results of the I quarter of 2001 KazTransOil CJSC received a **net income** of KZT2.1bn against KZT1.6bn of **loss** in I quarter of 2000.

**Corporation Kazakhmys OJSC** (Jezkazgan, extraction and processing of minerals, 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) provided the KASE a copy of the minutes of the general shareholders meeting, which was held on June 15, 2001, report of the Board, Revision act and the conclusion of the Supervision commission for the year 2000.

Based on approved agenda, the shareholders of Corporation Kazakhmys OJSC approved the report of the Board, annual financial statements, conclusion of the Revision commission for the year 2000, made changes and amendments to the Charter, as well as approved the distribution order of net income received in 2000 amounting to KZT32.5bn as follows:

- allocate KZT4.3bn to the dividends fund;
- pay dividends to common and preferred shares at KZT871.0 per share; set January 1, 2002 as the official payment beginning date;
- allocate KZT26.3bn to production development;
- allocate KZT2.0bn to reserve capital fund.

Due to the expiration of the term, the shareholders of Corporation Kazakhmys OJSC elected new members of:

- the Board of directors consisting of 10 people: Kim V.S. (Chairman of the Board of Directors), Yun R.B. (Manager of Corporation Kazakhmys OJSC), Wu Tek Jong (President of Samsung), Ni V.V. (General director of KHOZU CJSC), Nazarbaev M.N. (Vice-president of BN Consulting), Pavlov A.S. (Vice-chairman of Corporation Kazakhmys OJSC Board), Korjov A.I. (General director of Nauryz Corporation), Young Kiu Cha (Managing director of Samsung), Jong D.I. (Chairman of the Samsung Electronics representative in Kazakhstan), Khong S.Kh. (President of Sam Trading);
- Supervision Commission consisting of three people: Rumzatov Z.I., Dosjanov J., Khan Sap Shim.

Besides, the shareholders decided: to reorganize the Corporation Kazakhmys OJSC by merging it with Jezkentskii gorno-obogatitelnyi kombinat, whose properties will be given to VostokKazmed, and approved the transfer act and merger agreement.

The member of the Board, Yun A.B., made a speech on the results of the Corporation in 2000 on the behalf of the Board. It is mentioned that now the corporation consists of: 12 mines of deep extraction and



open pits, 8 concentration plants, 3 copper smelters, copper wire rod plant, several repair plants, own railroad, automobile and aviation transportation, mining building and construction, scientific-research and research-development units, 2 coal mines, 3 heat and power stations.

In 2000 the corporation produced more than KZT112bn worth of goods, ores – 37.4m tons, coal – 6.5m tons, and 40.9m tons of ore were processed at the concentration plants. Based on the types of products: concentrated copper – 395.2 th. tons, black copper – 408.0 th. tons, refined copper – 394.7 th. tons, lead dust – 9.8 th. tons, concentrated zinc – 89.9 th. tons, gold bars – 4,074.7 kg, silver in granules – 548.3 tons, power – 4.9bn kWh, heat – 3.9m Gcal.

Main indicators of the corporation's activities (ore production and refined copper production) increased 3 times in 2000 relative to 1995. Investments into the production exceeded \$300m in last 5 years. In 2000 only the investments reached almost \$82m, including in Jezkazgan area – \$44m. Raw materials base development continued. Construction of Jaman-Aibat mine required \$1.3m and reconstruction and technical renovation of Jezkazgan concentration plants and copper smelter consumed \$3.7m, development of Balkhash mining-concentration combine – \$21.5m. A wide scale environmental program was developed and implemented, which worth KZT2.2bn and meant to improve environment in Jezkazgan and Balkhash regions. At concentration plant in Jezkazgan and heat-power stations dust collectors were installed, which are to be installed at all companies of the corporation. Water reuse system was introduced and mining water usage problem was solved, which allowed to save more than 20m cubic meters of fresh water in 2000. Pumping station has been completed, which secured the use of waste collector of Jezkazgan concentration plant and prevented emergency dumping of wastes into Kengir river.

To increase ore production, concentrate processing and cathode copper production in 2001 the corporation plans to invest \$146.5m, including: to construct Jaman-Aibat mine – \$6.2m, Artemievskii mine – \$2.0m, to equip the mines with new equipment – \$46.6m, to reconstruct and renovate Jezkazgan concentration plants and copper smelter – \$5.6m, for Balkhash mining-metallurgical plant – \$3.5m, construction of carbon dioxide utilization complex and its equipment – \$44.2m, develop VostokKazmed branch – \$10.0m, environmental protection campaigns – about KZT3.5bn.

Special corporate fund to support small and medium scale businesses was established, which has already allocated more than \$1.5m to the development of companies servicing the corporation.

The production volume under imports substitution program equaled KZT7.8bn in 2000, and for 2001 it is planned at KZT10.5bn.

**TNC Kazchrome OJSC** (Almaty, ferrous metals production, extraction and enrichment of ore sources for ferrous metallurgy) provided the KASE a copy of the minutes of the general shareholders meeting, which was held on July 27, 2001, report of the Board, Revision act and the conclusion of the Supervision commission for the year 2000 executed by Global Audit LLP.

Based on approved agenda, the shareholders of TNC Kazchrom OJSC approved the report of the Board, annual financial statements, conclusion of the Revision commission for the year 2000, approved the distribution order of net income and approved the following decisions:

- pay dividends to common and preferred shares at KZT121.0 per share; set November 20, 2001 as the official payment beginning date;
- among international audit companies elect Deloitte & Touche (Almaty, Kazakhstan) as the audit company for TNC Kazchrom OJSC in 2001 and among Kazakhstani companies – Global Audit (Almaty, Kazakhstan);
- elect the following Board of directors: Zhumagalieva R.I., Ibragimova A.R., Musaeva A.A., Erofeev I.E., Kubeev U.K.;;
- approve the proposal considering the admission of TNC Kazchrom OJSC in to Euroasian industrial association.
- hold share in the construction of TNC Kazchrom OJSC representative office in Astana.
- reorganize TNC Kazchrom OJSC through merging of independent enterprises such as – Donskoy GOK OJSC and Ferrochrom OJSC and determine legal status of reorganized open joint stock companies Donskoy GOK OJSC and Ferrochrom OJSC as the structural subdivision of TNC Kazchrom OJSC.

TNC Kazchrom OJSC held 90% shares of Donskoy GOK OJSC and Ferrochrom OJSC and owned one solitary subsidiary – Aksuskiy plant of ferroalloys. In order to increase the work effectiveness and improve management the Board of directors of TNC Kazchrom OJSC submitted to the government the proposal

considering the reorganization of company through the merger of subsidiary enterprises. By the decree #1013, dated July 26, 2001 the Government supported company's initiative.

The board (member of the Board – Zaurbekova Z.G) has reported that in 2000 the company had less troubles than in 1999, and the volume of production and selling was stable as well. In 2000 the production of ferroalloys achieved 1.1 mln tonnes that is 9.4% over the level of 1999 (growth of Ferrochrom OJSC – 1.0%, growth of Aksuskiy plant of ferroalloys – 8.4%). The production of saleable ferroalloys increased at 7.6% by 1999 and is over 1 mln tonnes, of which 750 th tonnes – production of Ferrochrom at 8.1% by 1999.

According to the situation on world market there were changes in the structure of alloys in 2000. By 1999 the production of middle and low carbon Ferrochrom increased by 74% and 20% respectively. The production of proofed ferrosilition type FC 15gm (applied as the reagent at the enrichment of heavy suspension) started and the production of metal chrome increased by 120 tonnes monthly.

Owing to new extracting power – Poiskoviy and Centralnaya pits and also stabilization of volume of the extraction in Molodezhnaya pit. Donskoy GOK OJSC increased production of chrome ore for sale – 8.4% by 1999 at 2.6 mln tonnes.

In 2000 company produced production for sale totally – KZT56.1bn or 64.8% over the result of 1999, including:

- KZT31.9bn (increase by 60.6% in 1999) – Aksuskiy plant of ferroalloys;
- KZT13.7bn (increase by 72.3%) – Ferrochrom OJSC;
- KZT10.5bn (increase by 68.6%) – Donskoy GOK OJSC.

The profitability of production for sales in Aksuskiy plant of ferroalloys – 15.3%, in Ferrochrom OJSC – 7.6%, in Donskoy GOK – 41.3%.

In 2000 over 95% of total volume of ferroalloys' sales were realized on US markets, European Union countries (first of all Germany), countries of South-Eastern Asia (Japan, Korea, Taiwan) as well as last years.

The volume of ferroalloys delivery from enterprises of Kazakhstan did not exceed 5% of total realized volume.

On the contrary, chrome ore realization was on markets of Kazakhstan (mainly the delivery were addressed to own ferroalloy plants). Ore export totaled 550 th tonnes or 22.4% of total sales' volume and was directed to CIS countries (basically Russia).

**Net income** of TNC Kazchrom OJSC in 2000 – KZT4.2bn including Aksuskiy ferroalloys plant – KZT2.9bn, Ferrochrom OJSC – KZT164.2m, Donskoy GOK OJSC – KZT1.1bn.

Total KZT7.2bn were remitted into budget and off budget funds, in 2000.

Average number of employees in TNC Kazchrom OJSC in 2000 totaled 15,127. Average salary – KZT29.4.

**KAZKOMMERTSBANK OJSC** (Almaty) provided KASE with copy of minutes of extraordinary general meeting of shareholders, which took place on July 12, 2001.

According to the agenda shareholders decided:

- to confirm the increase of bank liabilities in 2001-2002 by \$500m;
- to realize bonds loans total – up to \$500m, coupon rate will be determine basing upon terms of market at the moment of bonds' floatation; term of floatation – up to 7 years
- the method of floatation – open or private;
- to submit the detailed parameters of each issue, the order and terms of issue and floatation of bonds to the Board of bank directors.
- to confirm the establishment of subsidiary banks in Russia, Belaruss and Uzbekistan.
- to issue preferred shares in the non documentary form free of voting in the volume, and not exceeding 25% of the declared Authorized capital of bank, with face value – KZT10.0 per each, which will be floated with open method.

- to fix minimal size of annual dividend, paid off per one preferred share in KZT equal to USD, which will provide market with current profit depending upon price of share floatation, and to submit more detailed parameters of order and terms of issue and floatation of preferred shares to the Board of bank directors.
- to add the question of increase of the Authorized capital of KAZKOMMERTSBANK OJSC to the agenda of bank shareholders' Common meeting which will be held on July 30, 2001.

**VALUT-TRANZIT BANK OJSC** (Karagandy) provided the Kazakhstan Stock Exchange (KASE) with auditing report of Deloitte & Touche (Almaty, Kazakhstan) made on its 2000 financial statements. Based data of an independent auditor, who finished working on the report on June 25, 2001, the following are financial and economic results of the issuer's activity as of December 31, 2000.

**Comparable figures of financial and economic activities  
of VALUT-TRANZIT BANK OJSC based on statements audited by Deloitte & Touche**

(in th. KZT, unless otherwise specified)

Indicator	2000
Authorized capital (paid)	1,300,000
Shareholders' equity	1,877,327
Total assets	6,057,302
Total liquid assets	768,547
Loan portfolio (including leases), net	4,645,887
Liabilities to the banks	699,350
Liabilities to the clients	3,412,601
Operating income	953,203
Total sales	912,073
Net income	41,130
<b>Calculated based on the auditor's data:</b>	
Return on equity (ROE), %	2.19
Return on assets (ROA), %	0.68
Earnings per share (EPS), KZT	3.53
Book value of a share, KZT	288.82

Auditing of VALUT-TRANZIT BANK OJSC financial statements for 1998-1999, which were made in compliance with the Kazakhstani accounting standards, was conducted by KMPG Janat (Almaty, Kazakhstan). Due to the change of the auditor and the accounting standards used in making the financial statements, there are no comparisons given with the year 1999.

Auditing of the bank's 2000 financial statements was conducted by Deloitte & Touche in compliance with International Accounting Standards. Audited financial statements differ from the statements, which had been prepared according to Kazakhstani accounting standards, therefore, they had been corrected in order to meet International Accounting Standards (IAS).

The comments 10 of the auditing report reads that up to the year 2000 the bank was making financial leasing agreements at low interest rates and deferred repayments of the principal. These agreements had been made with the members of the Financial-Industrial Association "Valut-Tranzit", where the bank holds a membership. During 2000 the bank increased financial leasing to the members of the association, with the interest rates approaching regular rates and the maturity schedule of the principal was set from the date when the loan was granted. Financial leasing agreements had been signed for up to 12 years.

The auditor confirms that as of December 31, 2001, the banks complied with all prudential norms of the National Bank of Kazakhstan.

The auditor does not express his opinion regarding the financial-economic activities, cash flows and capital movements in 2000, since he did not audited financial statements for the year 1999 and the work done was not sufficient to express such opinion. The auditor also mentions that since the bank had not prepared its 1999 financial statements in compliance with the International Accounting Standards, then these presented financial statements do not contain comparable information, therefore they do not comply with International Accounting Standards.

In the opinion of Deloitte & Touche, the balance sheet reflects financial situation of VALUT-TRANZIT BANK OJSC in all essential aspects as of December 31, 2000 in compliance with International Accounting Standards.

**Temirbank OJSC** (Almaty) provided the Kazakhstan Stock Exchange (KASE) with auditing report of Arthur Andersen (Almaty, Kazakhstan) made on its 2000 financial statements. Based data of an independent auditor, who finished working on the report on March 28, 2001, the following are financial and economic results of the issuer's activity as of December 31, 2000 and 1999.

**Comparable figures of financial and economic activities  
of Temirbank OJSC based on statements audited by Arthur Andersen**

(in th. KZT, unless otherwise specified)

<b>Indicator</b>	<b>1999</b>	<b>2000</b>
Authorized capital (paid)	1,000,000	1,400,000
Treasury stock	4,474	20,686
Outstanding shares	995,526	1,379,314
Shareholders' equity	1,292,359	1,754,627
Total assets	9,176,708	13,614,431
Total liquid assets	3,328,955	4,803,250
Loans and credits (net)	2,126,095	1,756,129
Loans and advances to clients (net)	5,198,564	8,026,721
Bonds issued	—	721,055
Liabilities to the banks	2,344,158	2,515,824
Liabilities to the clients	5,443,591	8,428,482
Operating income	1,635,604	2,723,966
Total expenses	1,516,647	2,653,475
Net income	73,957	70,491
<b>Calculated based on the auditor's data:</b>		
Return on equity (ROE), %	5.72	4.02
Return on assets (ROA), %	0.81	0.52
Earnings per share (EPS), KZT	72.51	49.65
Price earnings ratio	13.80	3.16
Book value of a share, KZT	1,298.17	1,272.10

Auditing was conducted by Arthur Andersen in compliance with International Accounting Standards. Audited financial statements differ from the statements, which had been prepared according to Kazakhstani accounting standards, therefore, they had been corrected in order to meet International Accounting Standards (IAS).

In the opinion of the auditor, financial statements of Temirbank OJSC give true and reliable picture of the bank's financial situation as of December 31, 2000 and 1999, as well as its income and cash flow statements as of indicated dates in compliance with IAS.

By the data of the auditor, as of December 31, 2000 and 1999 capital sufficiency ratios, calculated in compliance with the requirements of the National Bank of Kazakhstan and international requirements, exceeded the minimum norms by at least 12% of the assets weighted by the risk degree. Capital sufficiency ratios calculated by international requirements as of December 31, 2000 and 1999 were at 13% and 17%, respectively.

The rating agency Moody's raised long-term issuer's rating of Kazakhstani national railroad company, **Kazakhstan Temir Joly NSE**, to "Ba2" from "B1", rating forecast is "stable". The augmentation of the rating followed similar increase in currency borrowing rating of Kazakhstan. The company's rating is said to reflect the degree of economic dependency of Kazakhstan on railroad transportation system, as well as its state status, which would be hardly changed. Therefore the rating of Kazakhstan Temir Joly is directly tied to the country's rating, is said.

**Astana-finance OJSC** (Astana, certain banking activities, investing, financing of economic and social projects aimed at the development of Astana, as well as other activities in accordance with the Charter and available licenses) provided the KASE with a copy of the extract from the minutes of the Board of directors' meeting, which was held on June 25, 2001. Following decision have been made at the meeting:

- establish a branch of Astana-finance OJSC in Atyrau (registered on July 9, 2001 by the Ministry of Justice of Atyrau region under the number #1298-1915-F-I – [comm. of KASE](#));
- approve the Regulations on Astana-finance OJSC subsidiary;
- establish Atyrau-Nedvijimost OJSC (Atyrau) with the authorized capital of KZT3,875.0 th. (registered on July 9, 2001 by the Ministry of Justice of Atyrau region under the number #4113-1915-AO – [comm. of KASE](#));
- approve the Charter of Atyrau-Nedvijimost OJSC and its management;
- assign Savchuk A.V. (deputy Chairman of the Board of Astana-finance OJSC) as the Chairman of the Board of directors of Atyrau-Nedvijimost OJSC;

Besides, the company presented to the KASE official documents proving the transfer of state block of shares of Astana-finance OJSC amounting to 748,332 common inscribed shares for KZT748,332.0 th.,

which belonged to Administrative council of Astana special economic zone (SEZ, liquidated due to the abolishment of Astana SEZ), to local executive body.

Based on the resolution of the Astana akimat, dated July 24, 2001, state block of Astana-finance OJSC shares was transferred to Fond kommunalnoi sobstvennosti goroda Astana State municipal enterprise.

**SHNOS OJSC** (Shymkent, production, processing and distribution of oil products) submitted to KASE copy of agenda of the annual common meeting of shareholders which took place on May 21, 2001 in London (Great Britain).

According to the agenda of meeting shareholders of SHNOS OJSC confirmed the report of results of company's activity, audited financial report for year 2000 and the procedure of net income distribution and also they confirmed the following:

- to add dividends to preferred shares of company – one KZT over one share (100% of face value) total – KZT394.5 th; May 21, 2001 is the official date for payment.
- Approve deals made by the Board of SHNOS OJSC (frame contract #2 to grant temporary financial help between SHNOS OJSC and Hurricane Hydrocarbons LLP, total – \$75m, confirmed by the decision of the Board of directors, dated Feb 27, 01).
- Approve big deals, deals with interest, and also deals which can result the increase of liabilities by 25 and over percents from the size of equity capital, the venture intends to conclude in 2001-2002 at the condition of confirmation by the Board of directors, including permitted sum of loan – \$75m.
- Elect new Board of directors consisting of three persons: Bernar Izotye (Head executive director and Chairman of the Board of Hurricane Hydrocarbons LLP), Christian Klere (Senior vice-president for processing, sale and marketing and Marlo Kreg Tomas (President of SHNOS);
- Confirm Deloitte & Touche as the audit company for SHNOS OJSC
- Empower Deloitte & Touche with functions of revision commission.

The report of results of company's activity for 2000 was not submitted to stock exchange. SHNOS OJSC explained that the report submitted in English is the part of annual report.

**Prepared by the agency IRBIS**

## First issue bonds of Joint bank LARIBA-BANK OJSC passed the KASE listing under “B” category

Special issue based on the information of LARIBA-BANK JB OJSC, Kazakhstan Stock Exchange (KASE), and agency IRBIS

From August 15, 2001, by the decision of the Board of the Kazakhstan Stock Exchange (KASE), and based on the decision of the Exchange council, of Aug 14, 01, first issue inscribed secured coupon bonds of LARIBA BANK OJSC (Almaty) are admitted to the official list of the KASE securities under category “B”.

### BONDS

Type of security:	Inscribed coupon bond, indexed to the KZT/USD exchange rate
Provision:	with provision
Issue credit rate:	absent
Issuer credit rate	short term – C, long term – B from Standard & Poor’s
National identification number	KZ2CUIY03A396
Issue number in state list	A39
Maintenance of the register	Center DAR LLP (Almaty)
Issue registration date	July 31. 01
Bonds face value	\$1,000.00
Issue volume in dollars	\$1,000,000
Issue volume in securities	1,000
Issuance (circulation) date:	Aug. 16. 01
Floatation term	1 year since state registration of issue
Circulation term	3 years
Maturity date	Aug 16. 04
Interest rate	7.75% APR
Interest payment date:	February 16 and August 16 annually
Time basis at all payments	30/360
Register fixing term at coupon payment	30 working days till payment date
Register fixing dates for coupon payment	January 16 and July 16 annually
Register fixing term at redemption	30 working days till maturity date
Register fixing date at redemption	July 16. 04
Servicing of emission:	in KZT at National Bank rate fixed at payment date
Financial consultant of issue	SB Securities OJSC (Almaty)
Payment agent	“HSBC Bank Kazakhstan” Subsidiary bank OJSC
Date of admission into trade list KASE	Aug 15, 01
First trades date	will be additionally announced
KASE trade code	LARIB1
Accuracy of quotations	4 digits after comma
Market maker at KASE	“R.G. Securities” LLP (Almaty)
Underwriter	“SB Securities” OJSC (Almaty)
Quotation currency	USD
Minimal volume of obligatory quotations	\$3,000

Redemption of main debt will be simultaneously with last interest payment in KZT at National bank rate fixed at payment date through money remittance to current accounts of bondholders, which were registered in the list of holders 30 days prior to maturity date. If coupon interest payment date is a weekend the payment will be in the first working day, following after a weekend. Bondholder has no right to request percentage increase or any other redemption for the delay of payment.

#### Provision of bonds

The subject of pawn is the interest of bank in periodical payment as of contracts on long term leasing of real estate with redeeming right (financial leasing) and credit contracts on lodging, which had been already concluded and will be concluded in future between banks and third persons. By July 01, 01 the portfolio of hypothetical credits and financial leasing, excluding interest – \$828,179.

The issuer should support the pawn subject at the level from \$1m up to \$1.2 m.

The representative of bondholders (“HSBC Bank of Kazakhstan” subsidiary bank) controls over the condition of pawn. Each bonds holder undertakes to present letter of attorney to the Representative. This letter of attorney enables the representative to act on behalf of bondholders. At each next bonds’ selling new bondholder has to provide the Representative with letter of attorney.

To control the condition of pawn the Representative has concluded the trilateral agent services agreement with KPMG Janat auditing company and Bank, dated April 20, 2001. The agreement considers the procedure of control. Twice per year KPMG Janat will control the pawn by the method of random sampling through examining of 20 contracts which will be from the list of Bank.

The pawn calculation will be on hypothetical credits prior to maturity term, including increased revenue.

The pawn contract is concluded between the Bank and representative of bondholders. The Bank undertakes to submit the pawn contract to "Almaty real estate center" the state republican enterprise for state registration.

Bondholders act as pawnbrokers via the representative.

Bonds are provided by USAID (Guarantor) guarantee, dated May 30, 2001 (guarantee liability) as well.

### **Cases of default**

According to the terms of bonds issue the non implementation of any further requirements by Bank will be considered as the non implementation of liabilities:

1. Timely payment of bonds' interest.
2. Timely maturity of bonds.
3. The support of pawn cost at the required level.
4. The permission for KPMG Janat to conduct mutually agreed procedures on control over pawn, on the basis of Representative's instruction.

In case of default the Bank undertakes to implement the liability properly within 30 days since the start of default. If Bank does not implement the liability within 30 days the representative of bondholders seizes the pawn out of court procedure, in order to satisfy requirements of bondholders.

According to the guarantee dated May 30, 2001 in case of at least one bank default on bonds, the Guarantor pays off bondholders the sum equal to 50% of face value, not exceeding \$500,000.

### **Bonds floatation sources**

Sources resulted from bonds floatation will be used to develop mortgage financing.

### **ISSUER**

Hereafter the agency IRBIS (Almaty) presents the data about the issuer taken from the conclusion of the KASE Listing commission, which is devoted to the passing the KASE listing procedure under "B" category by first issue bonds of Joint bank LARIBA-BANK OJSC (LARIBA-BANK JB OJSC). The management of LARIBA-BANK JB OJSC and its financial consultant are fully responsible for the reliability of the information. The agency IRBIS did not recheck these data.

### **General information**

January 20, 1992 is the date of initial state registration of LARIBA BANK JB OJSC. Legal status – open joint stock company. Type of property – private. Business – rendering of bank services. Legal and actual address of head office – Rozibakieva St. 181-a, Almaty, Kazakhstan, 480060, tel. +7 (3272) 491432, fax +7 (3272) 583474, S.W.I.F.T. Code: LARIKZKA. Staff by June 31, 2001 – 68 employees.

LARIBA-BANK JB OJSC owns State license to conduct bank transactions in KZT and foreign currency and conduct other transactions permitted by bank law #75 dated May 23, 2000.

Since March of 1995 LARIBA-BANK JB OJSC started to service its clients. The bank registration license #346-1900-JSC enabled bank to conduct KZT transactions and open USD correspondent accounts in Kazakhstani banks. In May 1996 the bank were licensed by National bank, license #60 to conduct any bank KZT and foreign currency transactions. Currently bank conducts transactions on any bank guarantee: payment, implementation of liabilities, tender guarantees, credit, letters of credit.

Bank supports correspondent relations with several foreign banks of the USA (ABN AMRO NY, Bankers Trust Co), German (Commerzbank, Dresdener Bank A.G.) and Russia ("Dialog - OPTIM BANK"), using S.W.I.F.T international payment system to settle payments. The bank is the underwriter of Western Union monetary international system.

LARIBA-BANK JB OJSC has the following credit ratings from international rating agency Standard & Poor's: short term – C and long term – B.

### **CAPITAL, SHARES AND SHAREHOLDERS**

As of July 01, 2001 the announced authorised capital of LARIBA-BANK JB OJSC totals **KZT1,000,000 th** paid – **KZT775,421 th**. Within five registered issues total 1,000,000 common inscribed shares of face value

– 1,000.00. All issues were included in state list. One NIN - KZ1C00090414 was awarded to shares of all five issues. The register of shareholders is maintained independently.

As of July 01, 01 total number of LARIBA-BANK JB OJSC shareholders – 28, according to the list of shareholders. 73.8% of physical entities hold over 5% exceeding voting shares.

Common shares of the bank were traded at the KASE in official list under category “B” from Jan 20, 98 through Apr 7, 99, then they have been delisted and traded in “Non-listed securities” sector under second admittance level. No deal was made during the whole period and therefore, there is not market capitalization of the company.

## FINANCIAL INDICATORS

LARIBA-BANK JB OJSC submitted to KASE financial report, consolidated financial report (balance, income and cash flow statements) in period 1998-2000 and also balance and report of administrative activity and monetary flow in first six months of 2001, according to Kazakhstani accounting standards (KAS)

**Consolidated financial ratios of LARIBA-BANK JB OJSC calculated based on the company's data, in th. KZT, unless otherwise specified**

Ratio	01.01.99	01.01.00	01.01.01	01.04.01
Authorized capital (paid)	325,500	400,000	629,036	775,421
Shareholders' equity	385,659	608,336	851,402	1,015,017
Total assets	711,429	1,232,628	1,304,752	1,642,277
Ready assets	276,512	489,958	309,797	459,729
Granted credits	357,369	548,405	744,064	856,069
Borrowings and deposits	312,738	613,563	430,815	615,732
Operation revenues	100,369	310,180	326,694	165,768
Total expenses	58,077	108,213	151,752	74,802
Net income	27,856	176,037	150,699	78,640
<b>KASE calculation</b>				
Return on assets (ROA), %	3.92	14.28	11.55	4.79
Return on equity (ROE), %	7.22	28.94	17.70	7.75
Balance cost of 1 share in KZT	1,184.82	1,520.84	1,353.50	1,308.99
Net profit per 1 common share (EPS) KZT	85.58	440.09	239.57	101.42

Also LARIBA-BANK JB OJSC submitted to KASE consolidated financial ratios in 1998-2000 calculated by KPMG Janat (Almaty, Kazakhstan) in accordance with International audit standards

**Consolidated financial ratios of LARIBA-BANK JB OJSC calculated based on audited data, in th. KZT, unless otherwise specified**

Ratio	01.01.99	01.01.00	01.01.01
Authorized capital, paid	325,500	400,000	629,036
Shareholders' equity	385,659	608,336	851,402
Total assets	711,429	1,232,628	1,304,752
Ready assets	276,712	490,158	309,997
Granted credits	357,369	548,405	744,064
borrowings and deposits	312,738	613,563	430,815
Net income	27,856	176,037	150,699
<b>KASE calculation</b>			
Return on assets (ROA), %	3.92%	14.28%	11.55%
Return on equity (ROE), %	7.22%	28.94%	17.70%
Balance cost of 1 share in KZT	1,184.82	1,520.84	1,353.50
Net profit per 1 common share (EPS) KZT	85.58	440.09	239.57

Based on audited report, financial statements of the bank give true picture of financial situation of the bank in all essential aspects as of December 31, 1998-2000, as well as the results of its income and cash flow statements in compliance with International Accounting Standards for the year 2000 and Kazakhstani Accounting Standards for the years 1998 and 1999.

## REVENUES AND EXPENSES

As of July 1, 2001 operating income of the LARIBA-BANK JB OJSC increased by KZT26m, or 18.5% against similar period of last year as a result of a KZT20m increase in interest income and non-interest income - by KZT6m. In 2000 operating income grew by KZT17m, or 5.3% relative to 1999 as a result of an increase in interest income by KZT63m, or 35.9%, with a decrease in non-interest income - by KZT46m, or 34.3%. In 1999 the bank's operating income also grew relative to 1998, by KZT210m, or 209.0%, which



came both from interest and non-interest income growth. Growth of interest income in 1999 against 1998 by KZT115m, or 192.7%, and non-interest income - by KZT94m, or 233.3%.

Operating expenses of LARIBA-BANK JB OJSC also grew during the observed period. Mainly, it was due to an increase in non-interest expenses, which rose by KZT38m, or 71.3% in 1999 against previous year, and by KZT47m, or 51.1% in 2000 against 1999, and in the I quarter of this year I - by KZT8m, or 13.7% relative to similar period of last year.

#### Interest income structure of LARIBA-BANK JB OJSC (th. KZT)

Item	1998	1999	2000	As of July 1.01
<b>Interest income</b>	<b>59,867</b>	<b>175,207</b>	<b>238,083</b>	<b>118,777</b>
From bank loans and deposits	4,435	7,784	12,427	4,887
From bonds and other securities	12,878	1,078	127	1,277
From loans granted to clients	42,554	135,153	160,403	81,533
From REPO deals				103
Other income		31,192	65,126	30,977
<b>Interest expense</b>	<b>4,588</b>	<b>16,606</b>	<b>13,310</b>	<b>7,101</b>
To deposits of clients	4,588	16,606	13,255	7,101
To interbank loans and deposits			55	
<b>Net interest income</b>	<b>55,279</b>	<b>158,601</b>	<b>224,773</b>	<b>111,676</b>

Growth of interest income in 1999-2000 and I quarter of 2001 was mainly attributable to an increase in income received from credits granted by KZT93m, or 217.6%, by KZT25m, or 18.7%, by KZT0.3m, or 0.3%, respectively.

#### Non-interest income structure of LARIBA-BANK JB OJSC (th. KZT)

Item	1998	1999	2000	As of July 1.01
<b>Non-interest income</b>	<b>40,502</b>	<b>134,973</b>	<b>88,611</b>	<b>46,991</b>
From services offered	29,955	32,794	35,810	23,186
From financial transactions	5,025	20,477	13,628	10,981
Other income	5,522	93,930	39,066	11,782
From re-evaluation		-12,228	107	1,042
<b>Non-interest expense</b>	<b>53,489</b>	<b>91,607</b>	<b>138,442</b>	<b>67,701</b>
Administrative expenses	25,041	43,734	61,388	29,480
Office maintenance expenses	16,449	29,532	54,175	24,311
Other expenses	11,999	18,341	22,879	13,910
<b>Net non-interest income</b>	<b>-12,987</b>	<b>43,366</b>	<b>-49,831</b>	<b>-20,710</b>

Noticeable growth of non-interest income of LARIBA-BANK JB OJSC was observed in 1999 against 1998, which was mostly attributable to an increase in other income by KZT88m. Most of the non-interest expenses were incurred from administrative and office maintenance expenses. In 1998-2000 and I quarter of 2001 administrative expenses increased by KZT19m, or 74.6%, by KZT18m, or 40.4%, by KZT4m, or 16.3%, respectively. Office maintenance expenses increased by KZT13m, or 79.5%, by KZT25m, or 83.4%, by KZT2m, or 9.4%, respectively.

## ASSETS

From early 1999 to July 1 of this year the assets of LARIBA-BANK JB OJSC increased from KZT711m to KZT1,642m. During the observed period noticeable growth of the assets is being observed in 1999 and in I quarter of this year. In 1999 it grew by KZT521m, or 73.3% mostly due to an increase in the amounts in correspondent accounts by KZT242m, as well as an increase in loan portfolio by KZT191m and fixed assets by KZT104m. The assets growth in I quarter of 2001 by KZT378m was mainly attributable to an increase in the amounts in correspondent accounts by KZT216m and loan portfolio by KZT112m.

#### Profitable assets structure of LARIBA-BANK JB OJSC (th. KZT)

Profitable assets	1998	1999	2000	As of July 1.01
Correspondent accounts	171,980	413,899	177,275	392,844
Securities	56,042	0	61,126	22,226
Deposits in other banks	4,467	2,764	2,890	2,930
Loans to clients	357,369	506,945	744,064	856,058
<b>Total profitable assets</b>	<b>589,858</b>	<b>923,608</b>	<b>985,355</b>	<b>1,274,058</b>
<b>Total assets</b>	<b>711,429</b>	<b>1,232,628</b>	<b>1,304,752</b>	<b>1,642,277</b>

From 1998 to July 1, 2001 the size of profitable assets of LARIBA-BANK JB OJSC increased by KZT685m, from KZT589m to KZT1,277m. Most of the growth in profitable assets is observed in 1999 and in I quarter of 2001. In 1999 the bank's profitable assets increased by KZT334m, or 56.7% as a result of an increase in loan portfolio and the amounts in correspondent accounts. For the same reason the profitable assets grew

in I quarter of 2001 by KZT289m, or 29.3%. The proportion of profitable assets equaled 77.7% within total assets as of July 1, 2001.

**Loan portfolio.** As of July 1, 2001 the loan portfolio of LARIBA-BANK JB OJSC (less provisions) equaled KZT856m, or 52.1% of assets. Total volume of loan portfolio (less provisions) equaled KZT744m as of January 1, 2001.

#### Loan portfolio quality of LARIBA-BANK JB OJSC

Loan portfolio	1998		1999		2000		As of July 1.01	
	th. KZT	%	th. KZT	%	th. KZT	%	th. KZT	%
Standard	351,238	97.2	545,969	99.5	739,016	99.2	789,036	90.2
Substandard	2,877	0.8	2,453	0.5	4,201	0.6	82,084	9.4
Unsatisfactory	-	-	189	0.1	1,331	0.2	3,467	0.4
Doubtful with high risk	6,876	1.9	-	-	258	0.0	-	-
Bad debt	169	0.1	-	-	-	-	530	0.1
<b>Total</b>	<b>361,160</b>	<b>100</b>	<b>548,611</b>	<b>100</b>	<b>744,806</b>	<b>100</b>	<b>875,117</b>	<b>100</b>
Provisions	3,791	1.0	206	0.0	742	0.1	2,918	0.3

**Mortgage financing.** As of July 1, 2001 LARIBA-BANK JB OJSC granted loans to legal entities and individuals for real estate acquisition purposes for a total of KZT211m, or 24.1% of total loans granted without provisions created. Mortgage housing loans (loans granted to individuals to buy real estate) accounted for KZT43m, or 4.9% of the loan portfolio. The bank grants indexed mortgage housing loans in tenge at an average of 22% for up to 5 years.

Mortgage loan means:

- initial deposits of up to 50% of the value of the real estate's being purchased;
- upon the bank's request, initial collateral can be put, which will be effective before the real estate is put under collateral;
- putting the real estate being purchased as a collateral.

Mortgage loan with additional collateral means:

- initial deposits of 20% of the value of the real estate's being purchased;
- deposit amounting to 10% of the value of the real estate's being put under collateral on the terms of the bank (guarantee-deposit);
- putting the real estate being purchased as a collateral.

The loans for buying the real estate, which are granted to legal entities, are fully standard. For the loans, granted to individuals, KZT41.7m worth are standard, substandard - KZT537 th., and bad loans - KZT433 th. The amount of accrued provisions for these loans equals KZT486 th.

## LIABILITIES AND EQUITY

Growth of LARIBA-BANK JB OJSC liabilities and equity in 1999 was due to an increase in the liabilities by KZT298m, or 91.4% and shareholders' equity - by KZT222m, or 57.5%. In I quarter of 2001 the bank liabilities and equity increased as a result of an increase in liabilities by KZT174m, or 38.4%, and equity by KZT164m, or 19.3%.

**Liabilities.** Main source of cash for LARIBA-BANK JB OJSC are the deposits. As of July 1, 2001 the deposits accounted for 98.2% of all liabilities.

From 1998 to July 1, 2001 the client deposits of LARIBA-BANK JB OJSC increased by KZT303m, or 96.9%. As of July 1, 2001 call deposits accounted for 61.5% of all deposits.

#### Attracted financial resources structure of LARIBA-BANK JB OJSC (th. KZT)

Item	1998	1999	2000	As of July 1.01
Total client deposits	312,738	613,563	430,815	615,732
<i>Call deposits</i>	184,178	447,603	277,508	378,453
<i>Time deposits</i>	128,560	165,960	153,307	237,279
Other liabilities	13,032	10,729	22,535	11,528
<b>Total liabilities</b>	<b>325,770</b>	<b>624,292</b>	<b>453,350</b>	<b>627,260</b>

**Equity.** Shareholders' equity of LARIBA-BANK JB OJSC, which is calculated based on the National Bank methods, increased from KZT384m to KZT1,003m, or by 161.2% from 1998 to July 1, 2001. In 1998-2000 and I quarter of 2001 the core capital rose by KZT538m, or 140.1% as a result of an increase in paid

authorized capital by KZT450m, or 138.2% and undistributed income of pervious years by KZT101m, or 176.4%. The basis of the supplementary capital during this period is made of the income of corresponding period. Significant growth of the supplementary capital was noticed in 1999, which was caused by an increase in income of that year by KZT176m.

**Comparable data with other commercial banks as of July 1, 2001, in th. KZT, unless otherwise specified**

<b>Title</b>	<b>Shareholders' equity</b>	<b>Assets</b>	<b>Net income</b>	<b>k1 (min 0.04)</b>	<b>k2 (min 0.08)</b>	<b>k4 (min 0.20)</b>	<b>ROA, %</b>	<b>ROE, %</b>
JB LARIBA-BANK OJSC	1,003,467	1,642,277	78,640	0.84	0.93	0.68	4.8	7.8
Average value	1,055,041	2,691,818	46,590	0.45	0.67	1.45	1.7	4.4

Comparison is given relative to average figures of equities of six comparable Kazakhstani banks. Average values are calculated based on financial statements presented by these banks to the Exchange, who are the members of the Exchange under category "B" (with the right to participate in foreign currency trades).

## **COMMENTS OF KASE LISTING COMMISSION**

### **Requirements' satisfaction queue**

According to the article 74-2 of Kazakhstani act "Regarding banks and their activity in the Republic of Kazakhstan" the requirements of creditors on liabilities provided by the pawn of the liquidated bank are satisfied in the sixth queue.

### **Guarantee**

Guarantee liability comes into effect under the implementation by LARIBA-BANK JB OJSC the terms, determined in the "Contract on provision of guarantees" between USAID and LARIBA-BANK JB OJSC and since the floatation of bonds' issue. Currently the stock exchange has no confirmation concerning the willingness of LARIBA-BANK JB OJSC to implement liabilities, determined in the mentioned contract.

**Prepared by the agency IRBIS**