

WEEK OF STOCK MARKET OF KAZAKHSTAN

September 13 - 19

US dollar = 147.70 tenge at official rate for the end of the period

US dollar = 147.73 tenge at weighted average rate of the Exchange for the end of the period

Weekly rate of tenge devaluation – negative 1.83% APR

Money market rates as of September 19 and weekly changes

Term	Currency	Rate	Trend
Repo opening at KASE (WA, % APR)			
1 day	KZT	4.55	+1.31
7 days	KZT	4.99	+0.89
29 days	USD	12.02	+1.02
KIBOR (indicative, % APR)			
1 week	KZT	7.88	+0.38
2 weeks	KZT	8.25	+0.25
1 month	KZT	9.00	+0.50
2 months	KZT	9.88	+0.63
3 months	KZT	10.50	+0.50

Investment attractiveness of stock exchange instruments from September 13 through 19

Financial instrument	Currency	Yield, % APR	Volume of deals, KZT m	Volume of deals, USD m
Instruments denominated in national currency, tenge				
CS Repo	KZT	*10.75 (*10.79)	259.8 (201.3)	1,758.5 (1,362.85)
MEOKAM, MEAKAM	KZT	9.30 (8.83)	1,378.1 (745.6)	9,321.5 (5,047.8)
MEKKAM, notes	KZT	*4.96 (*4.45)	242.0 (54.9)	1,636.7 (371.4)
GS Repo	KZT	*3.90 (*3.54)	11,536.3 (3,889.4)	78,029.2 (26,329.0)
Instruments indexed to the US dollar				
SMGZb1	USD	13.52 (13.51)	80.5 (48.7)	544.8 (330.4)
VITAb2	USD	12.50 (12.50)	0 (0)	0 (0)
ALKSb2	USD	11.99 (12.00)	0 (0)	0 (0)
KARMb1	USD	11.49 (10.00)	0 (22.0)	0 (149.3)
BTASb1	USD	11.20 (11.41)	7.8 (39.3)	52.4 (266.3)
CCBNb1	USD	11.09 (11.09)	0 (0)	0 (0)
KZASb1	USD	11.00 (11.00)	0 (0)	0 (0)
RGBRb2	USD	11.00 (11.00)	0 (0)	0 (0)
TEBNb	USD	10.50 (10.50)	0 (29.7)	0 (201.0)
ASFib1	USD	10.50 (10.50)	0 (0)	0 (0)
TMJLb2	USD	8.80 (9.00)	0 (72.7)	0 (493.9)
SYRGb1	USD	8.50 (8.50)	0 (0)	0 (0)
HSBKb	USD	8.40 (8.40)	0 (0)	0 (0)
VKU	USD	8.38 (8.37)	114.1 (112.6)	773.5 (763.4)
KZOLb	USD	8.23 (7.85)	13.1 (0)	88.6 (0)
KZTOb	USD	8.10 (8.30)	3.1 (77.3)	21.1 (523.7)
Instruments denominated in US dollars				
BTASe1	USD	10.65 (10.66)	0 (0)	0 (0)
KKGBe2	USD	9.20 (9.20)	0 (0)	0 (0)
KZTOe1	USD	8.62 (8.62)	0 (0)	0 (0)
Euronotes-4	USD	7.04 (7.07)	423.3 (750.2)	2,861.5 (5,081.1)
Euronotes-3	USD	6.59 (6.73)	21.4 (542.8)	144.5 (3,675.8)
Euronotes-2	USD	5.71 (5.60)	245.4 (199.6)	1,660.4 (1,352.8)
Supranational bonds	USD	3.55 (4.14)	1.5 (92.8)	10.3 (628.0)

Notes: Yields of BTASb1, KZOLb, KZTOb, SMGZb1 are calculated as average of the deals, including initial additional floatation. Yields of other corporate bonds are calculated as average of offer bids. The correspondent ratio of last week is given in the parentheses. 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)

In the purchase-sale sector 8 deals were concluded amounting to **\$1,246.3 th.** (KZT184.1m). Compared to previous week (9 deals, \$1,616.3 th., KZT238.5m) the sector's turnover decreased by 22.9%. The most traded were bonds of SHAKHARMUNAIGAS OJSC (43.7% of total turnover), then there were preferred shares of AMB OJSC (29.9%) and preferred shares of Kazakhtelecom (10.4%). In other instruments the volumes were insignificant. A total of 7 instruments were used to make deals in this week, last week – 8.

It should be noted that it is not the first week that the bonds of SHAKHARMUNAIGAS OJSC are the leaders on the market based on the volume of deals thanks to their high yields, which is apparently compensates the

buyers for significant investment risks. Based on the latest information submitted to the KASE by the issuer, during the first 6 months of this year SHAKHARMUNAIGAS OJSC did not conduct any activities, which becomes apparent by looking at financial statements submitted to the Exchange.

In general, volume of trades in CS in this sector of the Exchange is unchanged and remains at weekly average of \$1.5m from the middle of July. As it should be expected, incidents in the USA and the fall of the American stock market index by 6-7% did not have and can not have any impact on the results of CS trades at the KASE due to the isolation of the bids and prices not only from the movements of leading stock market indexes but also from the financial conditions of the issuers of the shares and bonds. Some influence could be observed under significant fluctuations of the KZT/USD exchange rate. However, as the week showed, USD exchange rate in Kazakhstan almost did not react to the incidents in the USA.

By the last deals of the period the value of ATFBp decreased by 0.6% relative to previous successful trades. The value of KZTKp rose by 3.2%. The value of CCBN did not change at \$1.35 per share. The yields of BTASb1 rose from 10.9951% to 11.2037%, KZOLb – from 8.0975% to 8.0987%, SMGZb1 – from 13.5129% to 13.5162% APR. The yields of KZTOb fell from 8.3004% to 8.0987% APR. Only a weak growth trend can be drawn in the change of the yields of bonds, which did not affect the dynamics of corresponding indexes of the KASE, since they are formed based on the quotations of the market-makers, and not the prices of rare deals (see below). It should be noted though, that these changes of the yields are characterized by minimal fluctuation.

The index KASE_Shares decreased by 0.5461 (0.54%) during the week and was fixed at closing of September 19 at **101.5154**. Change in index was due to an increase of bid prices of common inscribed shares of Bank TuranAlem OJSC from \$78.20 to \$79.20 (1.3%), as well as common inscribed shares of TEMIRBANK OJSC from \$1.36 to \$2.00 (47.1%). Decline in bid prices of ATFBp, CCBN, VTBN, VTBnp had a positive impact on the index. After a wide fluctuations of the index in August caused by significant quotation range of the brokers, KASE_Shares index has stabilized around a year ago value. It seems as if the experiments of the brokers to probe the market did not succeed, and the bids returned to their previous levels.

Dynamics of corporate bonds market indexes looked as follows (figures in parentheses indicate weekly changes): **KASE_BY – 10.29 (-0.03%)**, **KASE_BP – 117.67 (+0.22%)**, **KASE_BC – 105.03 (+0.04%)**. Last week KASE_BY increased by 1.73%. These figures show that they are stable at new levels attained by the market in early September after the opening of trades in euronotes of KazTransOil CJSC.

Capitalization of companies, whose shares are being traded in the CS sector of KASE reached **\$843.3m** or KZT124.6bn as of September 19 at KZT/USD rate of the Exchange. The capitalization rose by \$2.0m compared to previous week mainly due to an increase in values of Kazakhtelecom preferred shares (see above).

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 **\$522.6m** or KZT77,194.9m as of September 19. In nominal terms (total face value of the bonds that were admitted into trade lists of KASE) is estimated at **\$569.9m** or KZT84,189.5m. The difference between these figures is again explained by the fact that the trades in first issue bonds of Caspian Bank OJSC, first issue bonds of Kazakhtelecom, second issue bonds of Temirbank OJSC, first issue bonds of LARIBA-BANK OJSC have not been opened yet, while they had been admitted to the KASE lists.

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 September 13 through 19

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	0.1540	0.3080
Almaty Kus OJSC	ALKSp			0	0	0.0900	0.1700
Almaty Kus OJSC	ALKSp3			0	0	0.0680	0.0700
Astana-finance OJSC	ASFI	*10.000		0	0	5.000	10.000
AMB OJSC	ATFBp	6.770	6.770	55,000	372.4	6.770	6.770
Bank TuranAlem OJSC	BTAS	73.70		0	0	79.20	79.75
Bank CenterCredit OJSC	CCBN	1.3534	1.3534	27,693	37.5	1.3534	1.3534
Halyk Bank of Kazakhstan OJSC	HSBK	1.2200		0	0	0.6100	1.2200
KAZKOMMERTSBANK OJSC	KKGB	*0.4500		0	0	0.2500	0.5000

Issuer	Securities	Last price	WA price	Volume, #	Volume, USD th.	Best bid	Best offer
Corporation Kazakhmys OJSC	KZMS	*11.970		0	0	12.000	
Corporation Kazakhmys OJSC	KZMSp	*4.710		0	0	5.000	
Kazakhtelecom	KZTK	*12.000		0	0	11.000	14.000
Kazakhtelecom	KZTKp	*13.000	13.000	9,959	129.5	13.000	13.000
SHNOS OJSC	SYRG	1.6300		0	0	1.5000	
TEMIRBANK OJSC	TEBN	*1.095		0	0	2.000	6.750
TEMIRBANK OJSC	TEBNp			0	0	2.000	6.750
UKTMK OJSC	UTMK	35.000		0	0	20.000	40.000
UKTMK OJSC	UTMKp	25.0000		0	0	5.0000	44.0000
VALUT-TRANZIT BANK OJSC	VTBN	2.5480		0	0	1.4892	2.8384
VALUT-TRANZIT BANK OJSC	VTBNp	2.3033		0	0	1.7600	3.1425
TOTAL	20			92,652	539.4		

Results of the trades in bonds from September 13 through 19

(% APR till maturity, unless otherwise specified)

Issuer	Code	Currency	Last	WA	Volume, th. USD	Best bid	Best offer
Almaty Kus OJSC	ALKSb2	USD	12.0035		0	12.5238	11.9939
Astana-finance OJSC	ASFib1	USD	10.4985		0	11.0000	10.5000
Bank TuranAlem OJSC	BTASb1	USD	11.2037	11.2037	52.4	11.2033	11.2037
TuranAlem Finance B.V.	BTASe1	USD			0	11.9141	10.6504
Bank CenterCredit OJSC	CCBNb1	USD	11.4988		0	11.9866	11.0850
Halyk Bank of Kazakhstan OJSC	HSBkb	USD	11.0000		0	13.5000	8.3955
Karazhanbasmunai OJSC	KARMb1	USD	9.9988		0	11.4935	
KAZKOMMERTSBANK OJSC	KKGBe2	USD			0	11.1996	9.2016
DAGOK Kustanaiasbest OJSC	KZASb1	USD	11.7958		0	11.9951	11.0028
NOC Kazakhoil CJSC	KZOLb	USD	8.2318	8.2258	88.6	8.1453	8.2318
NOTC KazTransOil CJSC	KZTOb	USD	8.0987	8.0987	21.1	8.0987	8.0996
NOTC KazTransOil CJSC	KZTOe1	USD			0	9.0156	8.6239
RG Brands OJSC	RGBRb2	USD	12.4999		0	12.0000	11.0014
SHAHARMUNAIGAS OJSC	SMGZb1	USD	13.5162	13.5162	544.8	13.5162	13.5162
SHNOS OJSC	SYRGb1	USD			0	11.9956	8.5023
Temirbank OJSC	TEBNb	USD	10.4964		0	10.9037	10.4951
Kazakhstan Temir Joly	TMJLb2	USD			0	9.4988	8.8000
VITA LLP	VITAb2	USD	13.4915		0	13.4998	12.5001
TOTAL	18				707.0		

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 12 deals were made for a total of **\$3,263.8 th.** (KZT482.3m). Of this number, 7 deals (\$1,758.5 th.) were repo opening deals and 5 (\$1,505.3 th.) – closing deals. Volume of deals in previous week reached \$3,142.3 th. (KZT1,028.8m).

In all trade floors of KASE (including initial additional offering) a total of 20 deals were concluded in 1,363,657 securities amounting to **\$4,510.1 th.** (KZT666.4m). Last week volume of 22 deals was \$5,252.5 th. (KZT775.5m).

SECTOR OF GOVERNMENT SECURITIES (GS)

In GS purchase and sale sector of KASE a total volume of 64 deals exceeded **KZT2,480.3m** (\$16,775.0 th.). Last week the turnover equaled KZT2,871.4m with 71 deals made.

Parameters of stock exchange transactions in GS from September 6 through 12

(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 GS (KZT): notes, MEKKAM-12						
	9.8% (1.9%) of purchase and sale sector's turnover					
less than 8	4.16	4.16	4.16	4.16 (4.01)	21.0	2
8 – 14	5.15	5.26	5.26	5.19 (-)	77.0	5
15 – 28	4.52	5.11	4.52	4.74 (-)	137.0	2
29 – 36	5.12	5.12	5.12	5.12 (-)	7.0	1
Total					242.0 (54.9)	10 (2)

Days till maturity	Yield to maturity for a buyer, % APR.				Volume, mln tenge discounted	Number of deals
	min	max	last deal	weighted average		
Coupon GS (KZT): MEOKAM-24, 36, 48				55.6% (38.4%) of purchase and sale sector's turnover		
less than 730	7.07	9.04	9.04	7.89 (8.43)	228.42	9
731 – 1,095	7.36	9.30	9.04	8.66 (8.92)	790.99	21
1,096 – 1,460	7.98	7.98	7.98	7.98 (-)	58.07	2
more than 2191	12.32	12.32	12.32	12.32 (-)	300.64	1
Total					1,378.1 (1,102.1)	33 (38)
Coupon GS (USD): VKU				4.6% (3.9%) of purchase and sale sector's turnover		
731 - 1,095	8.36	8.38	8.36	8.38 (8.37)	114.09	2
Total					114.1 (112.6)	2 (1)
Euronotes of Kazakhstan				30.0% (52.6%) of purchase and sale sector's turnover		
*374 - 379	5.37	5.75	5.56	5.71 (5.60)	245.4	3
**1,111 - 1,114	6.54	6.65	6.54	6.59 (6.73)	21.4	5
***2,032 - 2,038	6.96	7.07	6.67	7.04 (7.07)	477.8	10
Total					744.6 (1,509.0)	18 (29)
Bonds of international financial organizations, USD				0.1% (3.2%) of purchase and sale sector's turnover		
540	3.55	3.55	3.55	3.55 (4.14)	1.5	1
Total					1.5 (92.8)	1 (1)
GRANDTOTAL					2,480.3 (2,871.4)	64 (71)

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.

The most interesting feature of the period is a noticeable deformation of the turnover structure of GS at the KASE, while volume of deals did not change relative to previous week. The euronotes were much less traded, and traders began restructuring the portfolios to optimize the MEOKAM blocks. It was caused by the tactics of the Ministry of Finance, which began increasing the yields of its new issue mid-term papers. Supply of MEOKAM increased on secondary market as well. The banks (they were the sellers) were cleaning their portfolios from low yield issues and fixing their profits. Meanwhile, the notes of the National Bank were used as intermediary instrument, and the volumes of deals in these instruments significantly increased. Notably, growth of yields of MEOKAM did not lead to a decline in their price. Yields of these bonds on the secondary market is sliding down after a long 3-month stabilization.

It should be noted that the Pension Assets Management Companies are very inactive in this segment of the market. Apparently, they preferred to buy MEOKAM at the auctions, as well as were active in repo sector due to the lack of free tenge at a number of banks.

Relative to these developments, the sector of euronotes of Kazakhstan was stable and had steady trends. 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 **6.72 (-0.52)**; **KASE_EP** – 129.84 (+0.22%); **KASE_EC** – 113.21 (+0.03%). Last week **KASE_EY** decreased by 0.83. The yields of euronotes keeps falling steadily during the last 1.5 months, with the decline rate accelerating both in terms of index, and some issues of the securities.

In GS repo sector 152 deals for a total of KZT23,596.4m were made during the period. Of this number 80 deals (for KZT11,536.3m) were repo opening deals and 72 (KZT12,060.1m) were repo closing deals. Last period the turnover of this market sector did not exceed KZT12,563.5m. As it has been said above, such a noticeable increase in volumes of repo deals was caused by a decline in liquidity of the banking sector (mainly – mid-sized banks), which, in turn, was caused by a shrinking monetary base in the first half of September and increased need of the exporters in tenge. After closing of the trades on September 18 total amount of opened repo equaled **KZT4,082.3m**.

Total of 216 deals amounting to **KZT26,076.7m** were made in **government securities on all trade floors of KASE** during the week (purchase-sale and repo sector). A week ago volume of 174 deals was KZT15,434.8m. This week **the proportion of the stock market turnover** in total volume of deals on Kazakhstani secondary market for GS for comparable operations equaled **97.8%**, for last week it was 96.4%.

INFORMATION ON COMPANIES

Bank CenterCredit OJSC(Almaty) provided the KASE with its financial statements for the I half of 2001: balance sheet and income statement.

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

(in th. KZT, unless otherwise specified)

Ratio	As of July 1 '00	As of July 1 '01	Change, %
Authorized capital (declared)	2,063,339	2,063,339	0
Authorized capital (paid)	1,279,518	2,056,255	+60.7
Shareholders' equity	1,634,130	2,468,833	+51.1
Total assets	15,569,835	24,731,862	+58.8
Liquid assets	4,295,199	7,043,961	+64.0
Loans granted (net)	10,162,451	14,684,084	+44.5
Liabilities, total	13,935,705	22,263,029	+59.8
Loans and deposits (including issued bonds)	13,319,145	20,232,351	+51.9
Operating income	2,389,277	2,302,722	-3.6
General expense	2,291,744	2,176,582	-5.0
Net income	97,533	126,140	+29.3
Book value of one share, KZT	255.43	240.13	-6.0

Compared to I half of 2000 growth took place in: **shareholders' equity** of the bank increased – by KZT834.7m as a result of increase of paid authorized capital – by KZT776.7m, accumulation in funds and reserves – by KZT84.2m under decrease in final amount of undistributed income by KZT26.2m; **assets** increased – by KZT9.2bn (growth of loan portfolio equaled KZT4.5bn or 49.4% of assets' growth); **liabilities** increased – by KZT8.3bn (growth of deposits by KZT6.7bn or 80.7% of liabilities' increase); **operating income** decreased – by KZT86.6m; **expenses** decreased – by KZT115.2m. **Net income** of Bank CenterCredit OJSC in the I half of 2001 equaled KZT126.1m, or KZT28.6m (29.3%) more than in similar period of last year.

**Dynamics of some of the bank's indicators for 2001
on a quarterly and non-accruing sum basis**

(in th. KZT, unless otherwise specified)

Indicator	I-2001	II-2001	Change, %
Deposits	1,901,227	3,440,237	+80.9
Operating income	1,102,558	1,200,164	+8.9
Net income	32,853	93,287	+184.0

On September 13 **Kazakhtelecom** (Astana), according to terms of issue, had to make coupon payment for its first issue inscribed coupon bonds (KZ2CUY03A347, official list of KASE securities under "A" category, KZTKb1, March 13, 01 - March 13, 04, \$25.0m, \$100.00, semiannual coupon 10.0% APR). The issuer informed KASE that interest payment did not take place due to absence of circulating bonds. According to the issue, none of the bonds have been floated at all. First issue inscribed coupon bonds of Kazakhtelecom are in the official list of KASE securities since April 02, 2001. Term of bonds' floatation is 3 years and equal to securities' circulation term, according to conditions of issue. Still, bond trades are closed. In late June Kazkommerts Securities OJSC (Almaty) and DAB ABN AMRO Bank Kazakhstan (Almaty) which were financial consultants of the first bond issue informed KASE that they still keep discussing with issuer and National Securities Commission of Kazakhstan the matter of bond floatation strategy. Due to this consultants appealed the Exchange to set aside the date of trade's start for two months, which have already expired. Nevertheless still trades in these bonds are closed. IRBIS specialists suppose that issuer may have some troubles with bonds floatation due to the limitation on affiliated potential buyers' of bonds, prudential determined norms for pension assets managing companies. For sure now Kazakhtelecom has no need in borrowed funds. According to provisional data which were submitted to KASE by Kazakhtelecom, the result of company's basic activity in first six months of 2001 is estimated in KZT6bn, that is 61.8% more than in similar period of last year.

Almaty Kus OJSC (Chapaev, Almaty region; production and sales of poultry products) is not going to participate in purchasing tender of Demir Kazakhstan Bank. The decision was made by the Board of directors on August 27, 2001. Previously, it was said that on August 15 the Board of directors made a decision to participate in buying controlling stake in Demir Kazakhstan Bank, which is more than 90% of the bank's authorized capital, and authorized Seisembaev E.K., Chairman of Board to sign all necessary documents required to participate in the tender. The negative decision was made after a detailed analysis of the tender's terms and conditions. As it is said the company can not participate "due to financial reasons".

KASE NEWS

By the decision of the Board, the KASE, **on September 18, 2001** removed inscribed coupon bonds of Almaty Merchant Bank OJSC (AMB OJSC, Almaty) from the list which is used to calculate the corporate bonds indexes **KASE_BP, KASE_BC, KASE_BY**. The decision was made based on actual end of the bonds circulation on the market after the register has been fixed due to the bonds maturity on October 2, 2001.

By the decision of the Board of the KASE, **from September 19, 2001** the schedule of trades in the sector of the supranational bonds is changed. From this date the trades will be held from **11:30AM to 5:00PM Almaty time**. Previously, the trades were held from 11:30AM to 6:30PM Almaty time within the session of government securities trades.

By the decision of the Board of the Kazakhstan Stock Exchange (KASE), based on the decision of the Exchange council of **September 19, 2001**, following securities were admitted to the Exchange:

- **second issue of inscribed coupon bonds of local executive body of Atyrau region** (KZE4KY020023; KASE trade code – ARU024.002; \$100; KZT1,880,663,000; Sept 26.01 - Sept 25.03, semiannual coupon is fixed, basis actual/365);
- **third issue of inscribed coupon bonds of local executive body of Atyrau region** (KZE4KY050038; KASE trade code – ARU060.003; \$100; KZT870,746,576; Sept 26.01 - Sept 24.06, semiannual coupon is fixed, basis actual/365).

Coupon rates of the bonds will be determined at their first initial offering auctions, and additional information will be given on the dates of the auctions. The bonds will be quoted in the trade system of the KASE at clean price (excluding accumulated interest) with four digit accuracy. The market-maker status of the bonds at the KASE was given to **Kazkommerts Securities OJSC** (Almaty). Minimum volume of mandatory quotations of the bonds for each issue is set at **\$3,000** at face value. The market-maker will start working at the KASE from the beginning date of the trades, and additional information will be provided.

Prepared by the agency IRBIS

Second issue municipal bonds of Astana were admitted to the KASE

Special issue based on the information of Fondovyi servis CJSC, Kazakhstan Stock Exchange (KASE), and agency IRBIS

By the decision of the Board of the Kazakhstan Stock Exchange (KASE), dated September 11, 2001, and based on the decision of the Exchange council of the same date, second issue coupon bonds of local executive body of Astana were admitted to the Exchange.

BOND ISSUE INFORMATION

Type of securities	registered coupon bonds indexed to KZT/USD exchange rate
Issuer	local executive body (akimat) of Astana
NIN	KZZ2KY010026
Currency issue	U.S. dollar
Servicing (payment) currency	Kazakhstani tenge
Announced issue volume	KZT916,200,200.00
Circulation starts on	Sept 22, 01
Maturity date	Sept 20, 02
Circulation term	364 days (1 year)
Coupon type	semiannual
Coupon rate	fixed (set at initial offering auction)
Coupon payment dates	March 22, 02 Sept 20, 02/ March 22, 02
Settlement date (till 16:00 ALT)	Sept 21, 01, Sept 20, 02
Time basis for payments	actual/364
Register fixing term for coupons	5 business days prior to the coupon payment date
Register fixing term for maturity	5 business days prior to the maturity date
Issue servicing	at KZT/USD rate of the National Bank on the date preceding the coupon or maturity date
Financial consultant of the issuer	Fondovyi servis CJSC (Almaty)
Legal advisor of the issuer	KAZAKHSTAN LEGAL GROUP LLP
Financial agent of the issuer	KASE
Register maintained by	Central Depository of Securities CJSC (Almaty)
First offering auction date	Sept 20, 01
KASE trade code	ASU012.002
Quotation accuracy	four digit
Market-maker at KASE	Fondovyi servis CJSC (Almaty)

The securities being offered are the government issue securities. Issue, circulation and redemption procedures of the bonds are regulated by the "Issuing, floatation, circulation, repayment and servicing rules for bonds of the local executive body of Astana", which was approved by the resolution of the Government of Kazakhstan #1950 dated Dec 20, 1999. Following documents that regulate the borrowing could be noted as well (KASE could present documents to all interested parties):

- resolution of the Government of Kazakhstan #780 dated June 08, 2001 "On Regional investment program and borrowing of the local executive body of Astana"
- decision of Astana Maslikhat "On regional investment borrowing program", #84/17-II, dated April 5, 2001.

Municipal bonds could be purchased by pension assets management companies (PAMC) involving assets of accumulative pension funds only if the approval from National Securities Commission of the Republic of Kazakhstan (NSC) is given. Until now, KASE **does not have** any documents that could approve such procedure in respect to second issue bonds of Astana. Additional information will be given on the decision of the commission.

According to resolution #1324 of Government of Kazakhstan, dated August 31, "Construction of third sluice string from Vjacheslavskiy reservoir to Astana". The aim of project is to improve the centralized system of supply Astana with water, connected with third sluice string construction and mothballing of first sluice string of Vjacheslavskiy reservoir, extension of primary lifting pump station, increase of water supply including future growth of consumers. The cost of project implementation, according to technical and economic assessment and contract on building and assembly jobs – \$36m. Term of implementation – 14 months, start of financing – fourth quarter of 2000, end of financing – fourth quarter of 2001. The project financing will be done by: republican budget, budget of Astana, borrowed funds of local executive body of Astana.

Financing schedule of "Construction of the third branch of Vyacheslav water reservoir for Astana" project (m USD)

Financing source	2000 (fact)	2001 (plan)	Total
National budget	10	10	20
City budget of Astana	-	10	10
Borrowed funds of local executive body of Astana	-	6	6
Total	10	26	36

The project will be financed through national and local budgets on non-return basis.

The borrowing of the local executive body of Astana will be carried out through issue and placement of municipal bonds on domestic stock market of Kazakhstan. Terms of the borrowing sets that the funds will be repaid and the debt will be serviced completely using the funds of local budget of Astana.

Following information is based on the conclusion of the KASE Listing commission and was not rechecked by the specialists of agency IRBIS. Akimat of Astana, and its financial consultant are reliable for the reliability of the information presented to the KASE

CHARACTERISTICS OF ASTANA CITY

General information

Astana city was founded in 1832. Its current name the city received in 1998 (prior to 1961 the city was named Akmolinsk, from 1961 to 1992 – Tselinograd, from 1992 to 1998 – Akmola). The city is located on an area of 300 sq. km. Now the population of the city is about 325 th. The distance from Astana to Almaty is 1,318 km. Administrative function of the city – the capital of Kazakhstan (from 1939 to 1997 it was a regional center). Railroad station of Astana is located on the crossroads of Kokshetau-Karagandy and Tobol-Esil-Ermeitau-Barnaul routes. Several railroad and automobile routes pass through Astana such as: Middle Asia – Western Siberia, Tumen, Ural, Eastern Siberia, Altai; North, Center, South of Russia; Caucasus, Ukraine. Airport of Astana connects major cities of CIS and other foreign countries.

State administration

The state administration is carried out in the city by the akim of the city, who is a direct representative of the president of Kazakhstan. The akim has a control over executive bodies represented by the regional administrations (city, district, community) and departments and divisions (finance, economy and small business development, municipal, education, health etc). The administration of Astana city: Akim – Djaksybekov A.R.; Deputies of Akim – Galimov F.Kh.; Esilov S.S.; Nigmatulin N.Z.; Mukhamedjanov T.M.; the administration is managed by Chentsov A.D.

CITY BUDGET AND ITS PERFORMANCE

Budget revenues

Main sources of budgetary revenues for Astana are tax collections and official transfers from the national budget. Tax collections reached 90.7% in 1998, in 1999 – 73.2%, in 2000 – 88.3% of total revenues. Official transfers in 1998 equaled 5.2%, in 1999 – 25.4%, in 2000 – 9.4% of total revenues of the budget.

**Budget performance data of Astana
in 1998-2000 (m KZT, unless otherwise specified)**

Budget articles	Budget performance						
	Plan 2001	2000	% of plan	1999	% of plan	1998	% of plan
I. REVENUES	28,287	23,489	100.2	20,086	100.0	9,558	100.0
Revenues:	22,508	21,083	100.2	14,984	102.0	9,064	95.0
Tax revenues	21,894	20,736	100.1	14,710	102.5	8,671	94.1
Nontax revenues	484	334	112.3	265	94.0	360	111.3
Capital transactions	131	12	95.8	8	524.7	32	-
Official transfers received	5,379	2,200	100.0	5,103	93.6	494	3,221.2
Repayment of loans and debt	400	207	93.8	-	-	-	-

Budget articles	Budget performance						
	Plan 2001	2000	% of plan	1999	% of plan	1998	% of plan
II. EXPENSES AND FINANCING	28,863	23,570	99.7	19,929	98.1	9,588	99.5
Expenses:	26,480	23,470	99.7	19,679	98.0	9,588	99.5
State public services	266	305	99.7	381	99.9	164	99.4
Defense	326	316	99.8	205	99.8	48	99.5
Public order and safety	1,579	1,122	100.0	583	100.0	452	99.9
Education	2,099	1,738	99.7	3,543	99.9	739	100.0
Health	1,658	1,558	99.4	1,074	97.6	364	100.0
Social insurance and protection	951	668	99.6	616	96.9	1,106	99.8
Housing	6,450	4,216	99.1	1,034	74.7	829	98.2
Culture, sports, and information	916	898	100.0	3,033	99.8	332	100.0
Agriculture, water, forestry, fishing and environment protection	60	48	100.0	38	99.6	5	100.0
Industry, construction and mineral resources	14	1	100.0	-	-	5	96.2
Transportation and communication	992	576	100.0	224	100.0	-	-
Others	11,032	11,936	100.0	8,948	100.0	5,065	91.0
Debt servicing	136	89	98.1	-	-	-	-
Official transfers (withdrawals)	-	-	-	-	-	479	-
Financing	2,383	100	100.0	250	100.0	-	-
III. Budget deficit (-) / surplus (+)	-576	-81		157		-30	
IV. Budget deficit financing	576	191		128		-	
Revenues	916	-		150		-	
Repayments	451	202		22		-	
V. Cash flows	-111	-283		285		-30	
At the beginning of the year	111	393		108		77	
At the end of the year	-	111		393		48	

Most of the tax revenues are made of value added tax. In 2000 the budget revenues from value added tax equaled KZT11,602m, or 56.0% of all tax revenues. From 1998 through 2000 value added tax revenues increased by KZT6,543m or 129.3%.

Income tax from legal entities accounted for 18.3% of all taxes in 2000. However, in 2001 no revenues are expected from income taxes from legal entities, since all money will be transferred to national budget.

Dynamics of tax revenues of Astana (m KZT)

Article	2001		2000		1999		1998
	Plan	Fact	Plan	Fact	Plan	Fact	Plan
Tax revenues	21,894	20,736	20,721	14,710	14,353	8,671	9,216
Income tax from legal entities	-	3,803	3,034	2,379	1,570	1,440	2,205
Income tax from legal entities	2,814	1,198	1,155	797	950	854	779
Social tax	5,131	2,557	2,044	1,640	1,452	-	-
VAT	12,028	11,602	11,666	8,230	8,750	5,059	5,440
Other taxes	1,921	1,576	2,822	1,664	1,631	1,318	792

Budget expenses and financing

Most of the general expenses of the city budget are created by other expenses (in 1998 – 52.8%, in 1999 – 44.9%, in 2000 – 50.6%). Most of the other expenses come from the development expenses of Astana SEZ (in 1998 – KZT5,034m, or 99.4%, in 1999 – KZT8,870m, or 99.1%, in 2000 – KZT11,338m, or 95.0%).

In budget 2001 the most of the general expenses are incurred by other expenses too (41.7%) and housing (24%). Most of the other expenses come from the expenses of Astana development program administration – KZT9,944m, or 90.1%, of which KZT9,913m, or 99.7% are development expenses of Astana. Most of the housing expenses come from the housing, KZT2,311m, or 35.8%, and water supply KZT2,251m, or 34.9%. In water supply expenses there is an article allocating funds to the “Construction of the third branch of Vyacheslav water reservoir for Astana” project amounting to KZT1,527m.

Financing for the year 2001 accounts for 8.3% of total expenses and financing. financing also provides funds for regional investment programs totaling KZT916m, which corresponds to the amount of funds to be raised by the issuer through bond issue.

Accounts payable and receivable

As of September 1, 2001, the issuer has no accounts payable and receivable in city budget.

Prepared by the agency IRBIS