

WEEK OF STOCK MARKET OF KAZAKHSTAN

July 18 - 24

Money market indicators as of July 24 and weekly changes

Term	Currency	Rate	Trend
“Overnight” on autorepo at KASE(TONIA)			
1 day	KZT	5.00	-1.13
Repo opening at KASE (WA, % APR)			
1-2 days	KZT	5.18	-0.92
5-7 days	KZT	6.50	+0.91
14 days	KZT	6.50	+0.48
28 days	KZT	6.50	–
KIBOR (indicative, % APR)			
1 week	KZT	8.17	+0.17
2 weeks	KZT	8.33	-0.25
1 month	KZT	8.75	-0.75
2 months	KZT	9.50	-0.83
3 months	KZT	10.25	-1.08

Stock market indicators as of July 24 and their weekly change

Index	Value	Trend
Shares of “A” listing		
KASE_Shares	112.8634	-0.94%
Corporate bonds of “A” listing		
KASE_BP	125.67	+0.46%
KASE_BC	106.01	+0.32%
KASE_BY	10.15	-1.15%
Euronotes of Kazakhstan		
KASE_EP	141.31	+0.83%
KASE_EC	115.84	+0.88%
KASE_EY	4.55	-8.73%

US dollar = **153.70** tenge at official rate for the end of the period
 US dollar = **154.83** tenge at weighted average rate of the Exchange for the end of the period
 Weekly rate of tenge devaluation at the Exchange's rate – **2.77% APR**

THE CORPORATE SECURITIES MARKET (CS)

In CS purchase-sale sector a total of 15 deals amounting to **\$1,152.4th** or KZT177.2m were made. In comparison with the previous period (38 deals, \$23,061.0th or KZT3,545.6m) volume of the sector decreased 20 times less. Deals were made by nine instruments four of which were bonds. Last week brokers were interested in seventeen securities seven of which were bonds. Judging on the volume, CS purchase and sale market has come back to its usual calm condition. The only peculiar feature of the week is absence of direct deals.

Now it becomes obvious that the significant CS market activation on the last week was caused by two factors. The first one is receiving of permission by pension market subjects for purchasing of securities of foreign issuers with “A” rating on the scale S&P due to pension assets. This caused restructuring of PAMC and APF portfolios and, as a result, increased CS offer at domestic market. The second factor is making payments by a number of companies on their bonds that caused redistribution of money between affiliated structures. As is well known, this often is made by means of securities redistribution in their portfolios by means of conducting of direct deals at KASE or “hidden repo” operations in the stock exchange's purchase and sale sector.

Since corporate bonds offer volume suddenly decreased, prices of these securities were mainly growing. The yield of BTASe1 decreased within the week from 9.77% to 9.75%APR, SMGZb1 – from 14.19% to 13.68%APR,

Investment attractiveness of stock exchange instruments from July 18 to July 24

Financial instrument	Currency of transaction	Yield, %	APR trend
Instruments denominated in national currency, tenge			
TXBNb1	KZT	15.00	0
MEOKAM, MEAKAM	KZT	8.20	+0.49
MEKKAM, notes	KZT	*5.75	-0.01
GS repo	KZT	*5.59	+0.02
Instruments indexed by devaluation			
VITAb3	USD	14.00	-0.60
SMGZb1	USD	13.68	+0.68
ALKSb2	USD	12.16	+0.21
RGBRb2	USD	11.05	-0.11
ASFib2	USD	10.95	+0.03
VTBNb1	USD	10.87	-0.62
TEBNb2	USD	10.80	0
KZASb1	USD	10.80	-0.20
BTASb2	USD	10.36	0
ASFib1	USD	10.28	+0.05
BTASb1	USD	10.27	0
TEBNb	USD	10.00	-0.16
CCBNb2	USD	9.99	0
CSBNb1	USD	9.84	-0.45
ATFBb2	USD	9.28	0
ALBNb1	USD	8.97	0
KARMB1	USD	8.69	-0.03
CCBNb1	USD	8.54	-0.02
SYRGb1	USD	8.50	0
BRKZb1	USD	8.49	-0.04
HSBKb	USD	8.21	+0.01
HSBKb2	USD	8.09	-0.22
KZTKb1	USD	8.00	-0.92
TMJLb2	USD	7.78	-0.01
ARU060.003	USD	6.65	-0.01
KZTOb	USD	6.55	+0.03
VKU036.001	USD	6.30	0
ASU036.003	USD	5.97	-0.28
ARU024.002	USD	3.63	-0.06
ASU012.002	USD	0.86	+0.20
Instruments, denominated in foreign currency			
BTASe1	USD	9.75	-0.22
KKGBe2	USD	9.20	0
KZTOe1	USD	8.93	-0.21
ENU07.05	USD	4.96	-0.08
ENU02.10	USD	4.37	-0.52
Supranational bonds	DEM	4.04	+0.05
ENU04.10	USD	3.75	-0.31
Supranational bonds	USD	1.35	-0.10

The yields at which the deals have been made are calculated as average of the deals, for other corporate bonds – as average of sale quotations. Trends are given relative to previous week. Securities marked by an asterisk are the instruments with less than a year circulation term (for them effective weighted average rate is given).

VITAb3 – from 14.60% to 14.00%APR. Only the yield of ALKSb2 rose from 12.05% to 12.16%APR. The described price dynamics has been reflected in the indexes of KASE_B* (see in the table in the beginning of the review), and also in the change of capitalization of stock exchange's corporate bonds market, which increased within 7 days by \$0.4m to \$722.0m.

Nothing special occurred at shares market. The main volume fell to the share of individual deals on BTAS (\$325.4th.) and CCBN (\$325.0th.), the rate of which decreased by 25% and 17.4% correspondingly. The price of CSBN decreased 2.1 times less. The first deal on AKFI has been made at face value (KZT100.00 per security); The price of VTBNp increased by 17.6%. Price decrease of BTAS, CCBN, VTBNp and CSBN impacted capitalization of shares market, which amounted by the end of the described period to \$2,089.0m and decreased within the week by \$50.2m.

The tables show data on deals, bid and ask in CS purchase and sale sector and also decoding of trade codes.

Results of the trades in shares on July 18 – July 24

(KZT per share, unless otherwise specified)

Issuer	Security code	Last price	Volume, shares	Volume, th USD	purchase	Sale
Aktobemunai-finance OJSC	AKFI	100.00	100	0.1	100.00	100.00
Almaty Kus OJSC	ALKS		0	0	23.69	47.35
Almaty Kus OJSC	ALKSp		0	0	13.84	26.13
Almaty Kus OJSC	ALKSp3		0	0	10.46	10.76
Astana-Finance OJSC	ASFI	1,014.96	0	0	600.00	1,200.00
AMB OJSC	ATFBp	830.74	0	0	830.68	1,000.00
Bank TuranAlem OJSC	BTAS	14,100.00	3,550	325.4	14,100.00	14,100.00
Bank CenterCredit OJSC	CCBN	200.00	250,000	325.0	200.00	200.00
BANK CASPIAN OJSC	CSBN	170.00	1,821	2.0	170.00	170.00
BANK CASPIAN OJSC	CSBNp	170.00	0	0	105.00	210.00
Halyk Bank of Kazakhstan OJSC	HSBK	186.71	0	0	130.00	180.00
Halyk Bank of Kazakhstan OJSC	HSBKp	150.00	0	0	143.00	200.00
KAZKOMMERTSBANK OJSC	KKGB	68.85	0	0	38.45	76.87
KAZKOMMERTSBANK OJSC	KKGBp	44.38	0	0	44.60	89.16
Corporation Kazakhmys OJSC	KZMS	*13,844.70	0	0	9,229.80	18,447.60
Kazakhtelecom`	KZTK	3,062.00	0	0	1,999.53	3,996.98
Kazakhtelecom	KZTKp	*2,459.20	0	0	1,691.91	3,382.06
Neftebank OJSC	NFBN	*1,650.00	0	0		1,499.22
TEMIRBANK OJSC	TEBN	1,000.00	0	0	500.00	1,000.00
TEMIRBANK OJSC	TEBNp		0	0	500.00	1,000.00
UKTMK OJSC	UTMK	*5,350.00	0	0	4,460.49	8,916.34
UKTMK OJSC	UTMKp	6,123.60	0	0	3,538.10	7,071.58
VALUT-TRANZIT BANK OJSC	VTBN	200.00	0	0	420.00	432.60
VALUT-TRANZIT BANK OJSC	VTBNp	400.00	64,100	175.6	440.00	400.00
Avtokombinat OJSC	Z ABTOKOMB		0	0		450.00
Akku JSC	Z AKKU		0	0		170.00
"SHMO" OJSC	Z CHMUNAI		0	0		750.00
Darbazinskiy karier OJSC	Z DARBKARER		0	0		200.00
Zhualynskaya PAK OJSC	Z JUALAVTO		0	0		450.00
Corporation Kazreklama OJSC	Z KAZREK		0	0	34.30	40.00
KELESHEK OJSC	Z KELESH		0	0	740.00	1,000.00
AIC Kommesk-omir OJSC	Z KOMESK		0	0		29,500.00
Rosa OJSC	Z ROSA		0	0	120.00	200.00
Sary-arkageologiya OJSC	Z SARIARGE0		0	0		150.00
Shardara-Astyk OJSC	Z SHARDAST		0	0		150.00
Uigentas-Astyk OJSC	Z UGENASTK		0	0		300.00
Zerde OJSC	ZERD	*1,404.00	0	0		*6.50
TOTAL	37		319,571	828.1		

Results of the trades in bonds from July 18 – July 24

(% APR, unless otherwise specified)

Issuer	Bond code	On the last deal	Volume, th, USD	Purchase	Sale
DB Alfa-Bank OJSC	ALBNb1		0	12.0753	8.9711
Almaty Kus OJSC	ALKSb2	12.1621	20.6	12.1621	12.1621
Astana-finance OJSC	ASFib1	10.5000	0	12.0019	10.3536
Astana-finance OJSC	ASFib2		0	12.5004	10.9760
AMB OJSC	ATFBb2		0	9.9892	9.2769
Development Bank of Kazakhstan OJSC	BRKZb1	9.1000	0	9.5668	8.5042
Bank TuranAlem OJSC	BTASb1	10.8333	0	10.9005	10.2742
Bank TuranAlem OJSC	BTASb2	10.5001	0	10.8989	10.3647

Issuer	Bond code	On the last deal	Volume, th, USD	Purchase	Sale
TuranAlem Finance B.V.	BTASe1	9.7509	280.1	9.7509	9.7611
Bank CenterCredit OJSC	CCBNb1	11.0190	0	12.0261	8.5519
Bank CenterCredit OJSC	CCBNb2		0	10.6305	9.9940
BANK CASPIAN OJSC	CSBNb1	10.2949	0	11.5195	9.9521
Halyk Bank of Kazakhstan OJSC	HSBKb	11.0249	0	12.0024	8.2211
Halyk Bank of Kazakhstan OJSC	HSBKb2		0	11.0234	8.2108
Karazhanbasmunai OJSC	KARMb1	12.5930	0	14.1843	8.7003
KAZKOMMERTSBANK OJSC	KKGBe2		0	11.1956	9.2049
DAGOK Kustanaiasbest OJSC	KZASb1	*12.1994	0	10.9990	10.9988
Kazakhtelecom	KZTKb1	8.6718	0	9.3117	8.0122
NOTC KazTransOil CJSC	KZTOb	6.6924	0	8.8924	7.5440
NOTC KazTransOil CJSC	KZTOe1	9.1408	0	9.1878	9.0337
RG BRANDS OJSC	RGBRb2	11.3157	0	11.9953	11.2566
SHAHARMUNAIGAS OJSC	SMGZb1	13.6805	20.9	13.6805	13.6805
SHNOS OJSC	SYRGb1	10.8001	0	11.9975	8.5048
TEMIRBANK OJSC	TEBNb	10.4876	0	10.9998	10.0040
TEMIRBANK OJSC	TEBNb2	10.9815	0	11.2020	10.8004
Kazakhstan Temir Joly NC CJSC	TMJLb2	9.4987	0	10.0422	7.8203
TEXAKABANK OJSC	TXBNb1		0	17.0000	15.0000
VITA OJSC	VITAb3	14.0000	2.7	14.0000	13.9950
VALUT-TRANZIT BANK OJSC	VTBNb1	11.4883	0	12.6512	11.7382
TOTAL	29		324.3		

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 and indicators calculated with its using.

In the repo sector of CS 1 deal was made on repo closing in the total amount of \$153.5th (KZT23.6m). Repo opening was absent at the floor. Last week volume of deals in this sector amounted to \$280.8th (KZT43.2m).

In all CS trade floors of KASE (including SBS sale sector and primary floatation) a total of 16 deals amounting to **\$1,305.9th** (KZT200.8m) were concluded within the analyzed period. Last period volume of 40 deals reached \$23,341.8th. (KZT3,588.8m).

SECTOR OF GOVERNMENT SECURITIES (GS)

Primary market

On July 24, 2002 specialized trades on primary floatation of **East-Kazakhstan oblast bonds** of the second and the third issues were held in KASE trade system. Only limited (competitive) bids were admitted to the trades. Bonds were floated at face value. The subject of the trades was coupon interest rate.

A total of 8 demands were submitted to the specialized trades on floatation of bonds of the **second issue** from 4 KASE members in the total amount of **KZT820,871,000.00** with announced floatation volume of KZT390.0m (KZF2KY030021, VKU036.002; KZT15,370; KZT700.0m; July 26, 02 – July 24, 05). Demand exceeded supply **2.10 times** as much. Value of the rate varied in the submitted bids from 8.60% to 9.30%APR and in the weighted average expression on the whole demand equaled to **9.0037%APR**. Out of the whole volume of demand 93.42% in volume terms fall to the share of Kazakhstan commercial banks, 6.18% – to the share of their corporate clients, 0.40% – to the share of broker-dealer firms. Investors of other categories did not take part in the floatation.

A total of 4 demands were submitted to the specialized trades on bonds floatation of the **third issue** from 2 KASE members in the total amount of **KZT613,300,000.00** with announced floatation volume of KZT310.0m (KZF2KY070035, VKU084.003; KZT15,370; KZT2,000.0m; July 26, 02 – July 23, 09). demand exceeded supply **1.98 times** as much. Value of the rate varied in the submitted bids from 9.00% to 9.80%APR and in the weighted average expression on the whole demand equaled to **9.6452%APR**. Out of the whole volume of demand 99.46% in volume terms fall to the share of Kazakhstan commercial banks, 0.54% – to the share of broker-dealer firms. Investors of other categories did not take part in the floatation.

After analyzing of the registers of the submitted demands presented to the issuer **Akimat of East-Kazakhstan oblast declared floatation of its bonds invalid** because of unsatisfactory price conditions, which were announced by the participants of the specialized trades and their clients.

Subjects of pension market of Kazakhstan did not take part in the trades because permission from the National

Bank of Kazakhstan for purchasing of EKO bonds of the floated issues at the expense of assets of accumulative pension funds has not been received yet.

Date of the next specialized trades on primary floatation of bonds will be announced later.

See more detailed information about the securities and their issuer and his risks in the [special edition](#) of IRBIS agency.

Secondary market

In GS purchase and sale sector of KASE (including euronotes of Kazakhstan) a total volume of 48 deals reached **KZT1,209.3m** (\$7,864.7th.). Corresponding figure of the previous week is KZT3,635.5m (\$23.640.4th). Volume in the sector abruptly decreased as well as in CS sector on the same reasons. The structure of turnover has been deformed to increasing of the share of deals with the shortest securities (see in the table). The most peculiar feature of the week is falling of index KASE_EY by 8.73%. This happened because of reduction of trading of euronotes of Kazakhstan of the second issue, the yield of which supported KASE_EY lately on rather high level. However one should not take this tendency as stagnant one. Rare deals on ENU02.10, which have very low prices, cause great changeability of the index. And its next local "failure" occurred by the end of the analyzed period.

Parameters of Exchange's transactions in GS from July 18 to July 24

(in parentheses are comparable figures of the previous period)

Days till maturity	Yield to maturity for a buyer, % APR.				Volume, min tenge discounted	Number of deals
	min	max	last deal	weighted average		
Discounted (KZT): notes 37.8% (11.2%) of purchase and sale sector's turnover						
Less than 8	5.46	5.46	5.46	5.46 (-)	149.9	2.00
8 – 14	5.50	5.90	5.74	5.80 (5.21)	113.0	4.00
15 – 28	5.33	5.33	5.33	5.33 (5.22)	5.0	1.00
29 – 36	5.30	5.30	5.30	5.30 (5.27)	50.0	1.00
43 – 56	5.75	5.75	5.75	5.75 (5.51)	24.8	1.00
64 – 91	5.65	5.76	5.75	5.72 (5.75)	114.1	8.00
Total					456.8 (408.4)	17 (15)
Coupon (KZT): MEOKAM-24, 36,48, MEAKAM 20.8% (45.8%) of purchase and sale sector's turnover						
less than 730	7.39	8.10	7.45	7.81 (7.70)	123.7	8
1096 - 1460	8.20	8.20	8.20	8.20 (8.25)	39.8	1
1826 - 2190	8.76	8.76	8.76	8.76 (-)	87.9	4
Total					251.5 (1,666.1)	13 (32)
Euronotes of Kazakhstan (USD) 41.4% (42.9%) of purchase and sale sector's turnover						
*74	4.37	4.37	4.37	4.37 (4.89)	21.8	4
**804 - 805	3.74	3.75	3.75	3.75 (4.07)	132.2	5
***1728 - 1733	4.80	5.19	4.80	4.96 (5.04)	347.0	9
Total					501.0 (1,561.0)	18 (29)
GRANDTOTAL					1,209.3 (3,635.5)	48 (76)

Notes: for euronotes (* - second issue ** - third issue, *** - fourth issue) volume of the deals are calculated at weighted average USD/KZT rate of Exchange.

In GS repo-transactions sector 370 deals were made for a total of **KZT40,545.9m** (including automatic repo sector) during the period. Of this number 202 deals (for KZT21,495.9m) were repo opening deals and 168 (amounting to KZT19,050.1m) were repo closing deals. Last period the volume of transactions of this type reached KZT54,578.7m. After closing of the trades on July 24 total amount of opened at KASE repo equaled to KZT17,490.6m. Parameters of automatic repo market are given in the table.

Major parameters of automatic repo market from July 18 through July 24

(in parentheses – comparable figures of previous period)

Instrument (currency, term or repo)	Yield, % APR				Volume, M KZT	Number of deals	Portion, %
	at first deal	MIN	MAX	at last deal			
KZT_001	5.00	1.00	6.50	4.00	5.17 (5.41)	10,595.0	115 51.6 (73.8)
KZT_002	5.50	5.00	6.50	6.20	5.89 (5.00)	1,010.0	11 4.9 (0.6)
KZT_003	5.50	5.50	6.50	6.50	5.91 (5.00)	1,925.0	12 9.4 (1.9)
KZT_007	5.60	5.50	6.50	6.50	5.90 (5.71)	3,035.0	34 14.8 (13.6)
KZT_014	5.80	5.75	6.50	6.50	6.08 (6.02)	1,680.0	9 8.2 (3.8)
KZT_028	6.45	6.45	6.50	6.50	6.49 (6.44)	2,305.0	7 11.2 (6.2)
TOTAL						20,550.1 (25,800.0)	188 100.0

Total of 418 deals were made at trade floors of KASE amounting to **KZT41,755.2m** in GS on trade floors of KASE during the week (purchase-sale and repo sector). The previous period volume of 464 deals equaled

KZT58,214.2m. This week **the proportion of the Exchange's turnover** in total volume of deals on Kazakhstani secondary market for GS for comparable operations equaled **76.1%**, for last week it was 95.6%.

INFORMATION ON ISSUERS

Development Bank of Kazakhstan CJSC (Astana) informed KASE about the fact that on July 12, 2002 the bank signed up agreement about receiving loan in the amount of USD28m. The loan has been received from syndicate, participants of which are: ING Bank N.V., Bank Brussels Lambert S.A./N.V., Kuwait Investment Company S.A.K., Landesbank Schleswig-Holstein Girozentrale, Standard Bank London Limited, Bankgesellschaft Berlin AG, Dresdner Bank Luxembourg S.A., Westdeutsche Landesbank Girozentrale, Europaisch-Iranische Handelsbank AG. As it was informed already, the loan is given for one year with the possibility of double prolonging for further six months. Means are borrowed at the rate LIBOR+2.7%APR. Borrowing of the syndicated loan will allow Development Bank of Kazakhstan CJSC to extend its investment activity and to start a new stage of its activity.

International rating agency Standard&Poor's distributed a message which says that the agency has given Development Bank of Kazakhstan CJSC long-term credit rating "BB" and short-term "B". The rating reflect the role of the bank, which can count on support of the major owner – the State – and is an important instrument of the national financial policy, the message of the agency says.

BANK CASPIAN OJSC (Almaty) provided KASE with its financial statement for the second quarter of 2002 (balance sheet and income statement).

Comparative indicators of BANK CASPIAN OJSC financial and economic activity for the second quarter of 2002

(in th KZT unless otherwise specified)

Ratio	As of Jul 01 '01	As of Jul 01 '02	Change, %
Authorized capital (registered)	1,000,020	1,470,000	+47.0
Authorized capital paid (less withdrawn)	993,223	1,031,147	+3.8
Shareholders' equity	1,610,953	1,942,736	+20.6
Total assets	12,917,851	23,295,647	+80.3
Current assets	4,215,473	6,541,630	+55.2
Credits granted (net)	7,237,171	15,352,730	+112.1
Liabilities, total	11,306,898	21,352,911	+88.8
Loans and deposits (including bonds)	10,638,409	20,762,749	+95.2
Bonds outstanding	–	2,023,860	–
Total revenues	1,093,258	1,477,733	+35.2
Total expenses	982,531	1,317,117	+34.1
Net income for the period	110,727	160,616	+45.1
Book value of 1 share, KZT	340.61	395.65	+16.2

Compared to the year 2000 growth took place in: **stockholders' equity** of the bank – by KZT331.8m as a result of increase of paid part of authorized capital – by KZT37.9m, additional capital – by KZT198.2m, reserve capital – by KZT70.5m and total sum of undistributed income – by KZT48.7m at the decrease of accumulations in reserves and funds by KZT23.5m; **assets** – by KZT10.4bn of which: net volume of loan portfolio – by KZT8.1bn, correspondent accounts – by KZT1.6bn, securities in the bank's portfolio – by KZT701.8m; **liabilities** – by KZT10.0bn which can be explained by bonds floatation totaling KZT2.0bn, growth of offered bank's deposits - by KZT7.4bn and repo operations – by KZT1.7bn having a reduction of loans made from other banks KZT1bn; **revenues** – by KZT384.5m; **expenses** – by KZT334.6m. **Net income** of BANK CASPIAN OJSC, received as a result of the second quarter of 2002, totaled KZT160.6m, which is KZT49.9m or 45.1% greater than for the similar period of 2001

Almaty Kus OJSC (Chapaevovillage of Almaty oblast) informed Kazakhstan Stock Exchange (KASE) with the official letter about the fact, that on July 18, 2002 the company made the second coupon payment on its bonds of the second issue (KZ2CUIY05A383, official securities list of "A" category, trade code - ALKSb2; \$100, \$20.0m; July 18, 01 – July 18, 06, semiannual coupon at 10.0% APR). According to information of the issuer actual amount of the payment, taking into account income tax, equaled to **KZT130,118,502.51**. According to the rate of the National Bank of Kazakhstan that was in force on the payment date (KZT153.65 per dollar) this sum was equivalent to **\$846,850**. According to the sum of interest paid, at present, the issuer offered **84.7%** of the authorized issue volume.

Astana-finance OJSC (Astana) provided KASE with copy of the minutes of the General Shareholders' meeting, which was held on May 17, 2002. In accordance with approved agenda Astana-finance OJSC shareholders confirmed annual financial statements and conclusion of the Revision commission for 2001, and also made the following decisions.

To distribute net income of the bank for 2001 in the following way: KZT276.7m direct to growth of reserve capital of the bank, KZT193.7m – to dividends payment on common stocks. Set a payment date on May 20, 2002 and final compilation of shareholders' list with dividends right – April 20, 2002. To carry out dividends payment proportionately to the share of each stockholder in totals sum of outstanding stocks as of the date of the final shareholders registration. To pay dividends by cash or clearing by the shareholder's application.

To increase an authorized capital of Astana-finance OJSC by KZT200.0m (from KZT2bn to KZT2.2bn) by carrying out the forth issue of common stocks only amounting to 200,000 securities with KZT1,000 par value. To make appropriate changes and additions into the organization's charter.

Also shareholders cancelled authorities of the functioning Board of directors staff and chose new one of 8 persons, which comprised: Mesheryakov N.I. (Chairman), Sukhotin A.V., Uskenbayev K.A., Krutikhovsky I.G., Islamov K.K., Akhmetova Zh.A., Ostrovsky A.P., Faley M.A. They also cancelled the authorities of functioning Revision commission staff and chose new one of 3 persons: Dauptayeva K.M. (Chairman), Beykutova G.M., Petukhova N.G.

The Chairman of the Board of directors Islamov K.K. on behalf of the bank's Board reported on results of the activity in 2001. It was noted in the report that the Development program of the bank for 2001 was completely realized, the issue of corporate bonds totaling \$10.0m was successfully held, net income, mortgage loans amounting to KZT266m were offered and net income of KZT276.7m was received. As of January 1, 2002 the company's assets were KZT8.93bn, stockholders' equity – KZT2.42bn. According to daughter companies the consolidate net income for them of KZT142m was received. The company received long-term rating "Ba3" by international rating agency Moody's Investors Service.

VALYUT-TRANSIT BANK OJSC (Karaganda) provided KASE with copy of the minutes of the General Shareholders' meeting, which was held on May 17, 2002. In accordance with preferred approved agenda VALYUT-TRANSIT BANK OJSC shareholders confirmed annual financial statements and conclusion of the Revision commission for 2001, and also made the following decisions.

- Out of KZT324.2m of net income direct KZT1.7m to dividends payment on preferred stocks, to growth of reserve capital – KZT300m, to development of fund on buildings reconstruction and material incentives – KZT22.5m;
- Elect additionally to the Board of directors of the bank Vorobyev A.V., Shipilova L.P., Baskova N.V., Tsepeleva Y.V., Adilkhanov M.S.

Functional duties of the Board members were determined in the following way: Korsun V.V. – interrelations with financial institutions of Kazakhstan market; Korsun S.R. – internal PR of the bank; Vorobyev A.V. – relations with public; Shipilova L.P. – business-planning and innovations; Baskova N.V. – training of personnel and their development; Adilkhanov M.S. – regional development of the bank; Tsepeleva Y.V. – control over the introduction of contracting in the bank.

Corporation Kazakhmys OJSC (Zhezkazgan; extraction and processing of minerals, production of cathode copper, production, transfer and distribution of electric and heat power; research and development, projects development, experimental development works; industrial and civil construction; cargo and passenger transportation) provided KASE with the financial statement in the first quarter of 2002: the balance sheet, income statement and cash flows statement.

Comparative indicators of Corporation Kazakhmys OJSC financial and economic activity for the first quarter of 2002

(in th KZT unless otherwise specified)

Indicator	As of		Change,%
	Apr 01, 01	Apr 01, 02	
Authorized capital (paid)	2,946,920	2,946,920	–
Total assets	109,311,213	138,271,765	+26.5
Stockholders' equity	72,518,956	105,147,544	+45.0
Net working capital	16,277,491	36,102,412	+121.8
Accounts receivable (net)	20,885,487	14,608,861	-30.1
Total liabilities	36,792,257	33,124,221	-10.0
Short-term loans	1,163,600	–	–

Indicator	As of	As of	Change, %
	Apr 01, 01	Apr 01, 02	
Accounts payable	25,674,710	24,885,456	-3.1
Sales volume	28,532,660	31,371,997	+10.0
Cost of goods sold	12,441,797	14,563,135	+17.1
Net income for the period	11,414,256	13,090,708	+14.7
Book value of one share, tenge	14,765.0	21,408.3	+45.0

Relative to the corresponding period of 2000 the following changes occurred: **Shareholders' equity** of the company increased by KZT32.6bn as the result of the increase of total sum of undistributed income; **assets** increased by KZT29.0bn including cash - by KZT22.0bn, volume of construction in progress – by KZT8.8bn, residual value of fixed assets – by KZT3.7bn and other assets - by KZT703.7m with the decrease of accounts receivable by KZT6.3bn; **liabilities** decreased by KZT3.7bn as a result of short-term loans settlement by KZT1.2bn, decrease of accrued expenses by KZT1.7bn and other liabilities by – KZT770.0m; **sales volume** increased by – KZT2.8bn; **cost of goods sold** increased by KZT2.1bn; **expenses of the period** increased by KZT721.7m. By the activity results for the first quarter of 2002 **net income** of Corporation Kazakhmys OJSC increased by KZT1.7bn in comparison with the same period of 2001.

Zhyluenergiya OJSC (Aktobe; production, transfer and realization of electric and heat power and supply with hot water) provided KASE with the financial statement in the first quarter of 2002: the balance sheet, income statement and cash flows statement.

Comparative indicators of Zhyluenergiya OJSC financial and economic activity for the first quarter of 2002

(in th KZT unless otherwise specified)

Indicator	As of	As of	Change, %
	Apr 01, 01	Apr 01, 02	
Authorized capital (issued)	120,000	5,000,000	+4,066.7
Authorized capital (paid)	120,000	120,000	–
Stockholders' equity	151,684	951,245	+527.1
Total assets	1,424,960	1,980,962	+39.0
Net working capital	-110,370	664,210	+701.8
Accounts receivable (net)	1,106,259	1,597,950	+44.4
Total liabilities	1,273,276	1,029,717	-19.1
Short-term loans	25,494	159,768	+526.7
Accounts payable	1,247,782	869,949	-30.3
Sales volume	666,198	684,193	+2.7
Cost of goods sold	533,838	512,050	-4.1
Net income for the period	172,495	134,674	-21.9
Book value of one share, tenge	2,528.07	15,854.08	+527.1

Relative to the corresponding period of 2000 the following changes occurred: **Shareholders' equity** of the company increased by KZT799.6m as the result of the growth of reserve capital by KZT632.0m and total sum of undistributed income by KZT167.6m; **assets** increased by KZT556.0m, including accounts receivable - by KZT492.4m and other assets - by KZT63.6m; **liabilities** decreased by KZT243.6m as a result of decrease of accounts payable by KZT377.8m, having a growth of attracted short-term loans by KZT134.3m; **sales volume** increased by – KZT18.0m; **cost of goods sold** decreased by KZT21.7m; **expenses of the period** increased by KZT13.0m or by 36.8%; **revenues from the secondary activity** decreased by KZT62.5m or by 82.9%. By the activity results for the first quarter of 2002 **net income** of Zhyluenergiya OJSC decreased by KZT37.8m in comparison with the same period of 2001.

Bank CenterCredit OJSC (Almaty) provided KASE with the financial statement in the first quarter of 2002: the balance sheet and income statement.

Comparative indicators of Bank CenterCredit OJSC financial and economic activity for the first quarter of 2002

(in th KZT unless otherwise specified)

Indicator	As of	As of	Change, %
	Apr 01, 01	Apr 01, 02	
Authorized capital	2,063,339	3,063,339	+48.5
Authorized capital (paid)	1,667,531	2,493,269	+49.5
Shareholders' equity	2,238,090	3,267,243	+46.0
Total assets	20,850,320	33,673,282	+61.5
Current assets	5,593,803	8,877,538	+58.7
Credits offered (net)	12,901,536	21,128,535	+63.8

Indicator	As of	As of	Change,%
	Apr 01, 01	Apr 01, 02	
Total liabilities,	18,612,230	30,405,039	+63.4
Loans and deposits (including bonds)	17,893,180	27,558,573	+54.0
Total revenues	1,102,558	1,582,830	+43.6
Total expenses	1,069,705	1,531,103	+43.1
Net income for the period	32,853	51,727	+57.4
Book value of one share, tenge	268.43	262.09	-2.4

Relative to corresponding period of 2001 there is **increase** of: **shareholders' equity** of the bank - by KZT1.0bn as a result of the increase of total sum of authorized capital paid part - by KZT825.7m, accumulations in funds and reserves - by KZT95.0m and total sum of undistributed income - by KZT108.5m; **assets** - by KZT12.8bn including: net volume of loan portfolio - by KZT8.2bn, securities in the bank's portfolio - by KZT1.8bn, sums on correspondent accounts - by KZT1.1bn, other assets - by KZT1.7bn; **liabilities** - by KZT11.8bn including deposits - by ZT8.1bn, attracted credits - by KZT2.4bn, other liabilities (including repo operations and floated bonds) - by KZT1.3bn; **revenues** - by KZT480.3m; **expenses** - by KZT461.4m. By the activity results for the first quarter of 2002 **net income** of Bank CenterCredit OJSC increased by KZT18.9m relative to the same period of 2001.

LARIBA-BANK OJSC (Almaty) provided KASE with the financial statement in the first quarter of 2002: the balance sheet and income statement.

Comparative indicators of JB LARIBA-BANK OJSC financial and economic activity for the first quarter of 2002

(in th KZT unless otherwise specified)

Indicator	As of	As of	Change,%
	Apr 01, 01	Apr 01, 02	
Authorized capital	1,000,000	1,000,000	0.0
Authorized capital (paid minus withdrawn)	629,036	912,585	+45.1
Shareholders' equity	896,034	1,111,160	+24.0
Total assets	1,350,721	2,034,377	+50.6
Current assets	447,613	590,317	+31.9
Credits offered (net)	641,547	1,165,639	+81.7
Total liabilities,	453,350	923,217	+103.6
Loans and deposits (including bonds)	435,975	904,091	+107.4
Total revenues	87,191	94,847	+8.8
Total expenses	39,421	57,131	+44.9
Net income for the period	47,770	37,716	-21.0
Book value of one share, tenge	1,000,000	1,000,000	0.0

Relative to corresponding period of 2001 there is **increase** of: **shareholders' equity** of the bank - by KZT215.1m as a result of the increase of total sum of authorized capital paid part - by KZT283.5m and reserve capital - by KZT89.2m with a decrease of total sum of undistributed income by KZT157.4m; **assets** - by KZT683.7m including: net volume of loan portfolio - by KZT524.1m, sums in other banks - by KZT183.8m and other assets - by KZT31.0m with a decrease of securities portfolio by KZT60.6m; **liabilities** - by KZT468.5bn due to growth of offered deposits - by KZT468.1m; **revenues** - by KZT7.7m; **expenses** - by KZT17.7m (including expenses on personnel by 8.5m or 61.5%). By the activity results for the first quarter of 2002 **net income** of JB LARIBA-BANK OJSC totaled KZT37.7m, which is KZT10.1m less than for the same period of 2001.

Besides, LARIBA BANK OJSC presented KASE auditor's report of KPMG Janat (Almaty, Kazakhstan), made on the bank's financial statement for 2001, prepared in compliance with International accounting standards.

Comparative indicators of JB LARIBA-BANK OJSC financial and economic activity for 2001 according to the data of KPMG Janat

(in th KZT unless otherwise specified)

Indicator	2000	2001
Authorized capital (paid)	629,036	901,305
Shareholders' equity	851,402	1,037,957
Total assets	1,304,673	1,678,731
Total liquid assets	309,918	302,890
Floatations and loans to banks (net)	125,012	118,705
Loans and advances to clients (net)	729,095	1,089,830
Indebtedness to banks	2,168	5,107
Indebtedness to clients	428,647	606,452

Indicator	2000	2001
Revenues from operational activity	321,401	336,373
Total expenses	168,944	234,801
Net income	152,457	101,572
According to the auditor's data it's calculated:		
Return on equity (ROE), %	17.9	9.8
Return on assets (ROA), %	11.7	6.1

* not audited

Audit was carried out by KPMG Janat in accordance with International auditing standards. The bank's financial statement was correspondingly corrected with the purpose of compliance with the International accounting standards. In the auditor's opinion the financial statement, in all significant aspects reflects the bank's financial situation as of January 1, 2002 and the results of its activity and cash flow within the reporting period in compliance with International accounting standards.

Bank TuranAlem OJSC (Almaty) presented KASE auditor's report of Ernst & Young (Almaty, Kazakhstan), made on the bank's consolidated financial statement for 2001, prepared in compliance with International accounting standards.

Comparative indicators of Bank TuranAlem OJSC financial and economic activity for 2001 according to the data of Ernst & Yong

(in million KZT unless otherwise specified)

Indicator	2000	2001
Authorized capital (paid)	11,931	16,091
Shareholders' equity	8,935	14,842
Total assets	79,205	157,288
Total liquid assets	17,444	39,885
Loans to clients (net)	53,806	108,049
Total liabilities	69,657	141,637
Loans and deposits	66,173	125,164
Outstanding bonds	0	13,310
Total revenues	13,141	21,454
Total expenses	12,244	19,863
Net income	897	1,591
According to the auditor's data it's calculated:		
Return on equity (ROE), %	10.0	10.7
Return on assets (ROA), %	1.1	1.0
Earnings per share (EPS), tenge	751.8	928.4
Price to earnings (P/E)	13.7	16.1
Book value of 1 share, tenge	7,488.9	8,660.6

Audit was carried out by Ernst & Young in accordance with International auditing standards. The bank's financial statement was correspondingly corrected with the purpose of compliance with the International accounting standards. General corrections mainly refer to reflection of reserves for possible losses and accounting of subsidiaries' and daughter companies' activity.

Consolidated financial statements (further – Group) comprise financial statements of the following daughter companies: BTA Leasing OJSC (Almaty, leasing), TuranAlem Securities LLP (Almaty, broker services), Pawnshop Altyn-Orda LLP (Almaty, pawn-shop) and TuranAlem Finance B.V. (Rotterdam, the Netherlands, financial services), where the bank has 100% share, and also Insurance company KBS Garant OJSC (Almaty, insurance, 54.5% holding) and CAPF Kazakhstan CJSC (Almaty, pension deposits taking and payment of pensions, 50.4% holding). In addition, consolidated financial statement include financial statements of the companies, where the bank has no share in the charter capital, but carries out the control over their activity – Kaz Construction LLP (Almaty, construction) and Samal Properties LLP (Almaty, property).

In auditor's opinion financial statements in all essential aspects show true representation of financial situation of the Group as of December 31, 2001 and 2000, consolidated results of financial and economic activity and cash flows for the reported years in compliance with international accounting standards.

RG Brands OJSC (Almaty) presented KASE auditor's report of Price Waterhouse Coopers (Almaty), made on the company's financial statement for 2001, prepared in compliance with Kazakhstan accounting standards.

Comparative indicators of Bank RG Brands OJSC financial and economic activity for 2001 according to the data of Price Waterhouse Coopers

(in th KZT unless otherwise specified)

Indicator	2000	2001
Authorized capital (paid)	705,000	705,000
Shareholders' equity	726,034	797,971
Total assets	1,250,916	1,802,377
Net working capital	558,887	696,296
Accounts receivable, total	587,447	537,770
Total liabilities	524,882	1,004,346
Loans made	256,775	758,322
Leasing	233,450	197,717
Accounts payable	34,657	48,307
Sales volume of goods (services)	484,194	838,979
Cost of goods sold (services rendered)	350,516	621,164
Net income (loss)	20,995	21,194
According to the auditor's data it's calculated:		
Return on sales (ROS), %	27.6	26.0
Return on equity (ROE), %	2.9	2.7
Return on assets (ROA), %	1.7	1.2

Audit was carried out by Price Waterhouse Coopers in accordance with Kazakhstan auditing standards. In auditor's opinion financial statements in all essential aspects show true representation of financial situation of the company as of December 31, 2001 and 2000, consolidated results of financial and economic activity and cash flows for the reported years in compliance with Kazakhstan accounting standards.

DB Alfa-Bank OJSC (Almaty) provided KASE with the financial statement in the first quarter of 2002: the balance sheet and income statement.

Comparative indicators of DB Alfa-Bank OJSC financial and economic activity for the first quarter of 2002

(in th KZT unless otherwise specified)

Indicator	As of Apr 01, 01	As of Apr 01, 02	Change,%
Authorized capital (paid)	339,681	1,000,000	+194.4
Shareholders' equity	701,717	1,632,013	+132.6
Total assets	3,844,166	5,481,588	+42.6
Current assets	1,544,980	955,522	-38.2
Loans and deposits	3,033,885	3,738,612	+23.2
Loans offered (net)	2,095,982	4,198,847	+100.3
Total liabilities	3,142,449	3,849,575	+22.5
Total revenues	262,765	324,358	+23.4
Total expenses	258,726	186,636	-27.9
Net income for the period	3,995	137,722	+3,347.4

Relative to corresponding period of 2001 there is a **growth** in: **shareholders' equity** of the bank - by KZT930.3m as a result of the increase of total sum of authorized capital paid part - by KZT660.3m, total sum of undistributed income - by KZT133.6m, reserve capital - by KZT99m and reserve in re-evaluation by KZT37.3m; **assets** - by KZT1.6bn including: net volume of loan portfolio - by KZT2.1bn, securities portfolio - by KZT132.6m and other assets - by KZT115.3m with a decrease of sums in other banks by KZT713.4m; **liabilities** - by KZT707.1m due to growth of offered deposits - by KZT550.9m, subordinated loans - by KZT153.8m and other liabilities - by KZT2.4m; **revenues** - by KZT61.6m; **Expenses** of the period decreased by KZT72.1m relative to the I quarter of 2001 generally due to decrease of reserves on losses settlement by 67.9m. By the activity results for the first quarter of 2002 **net income** of DB Alfa-Bank OJSC totaled KZT137.7m, which is KZT133.7m or 34.5% greater than for the same period of 2001.

KASE NEWS

By the decision of Kazakhstan stock exchange's (KASE) Council **since July 18, 2002** trades in Aktobemunai-finance OJSC (Aktobe) common inscribed shares (KZ1C02890316) will be opened.

The shares have been included into KASE "B" listing category since July 1, 2002. They have obtained trade code **AKFI**. Currency of quotation - KZ tenge. Quotation accuracy in KASE trade system is two decimal figures.

By the decision of Kazakhstan stock exchange's (KASE) Council from July 18, 2002 **KG Securities LLP** (Almaty) has been given status of the market-maker of the following securities of VALYUT-TRANZIT BANK OJSC (Karaganda):

- Inscribed coupon bonds of the first issue (KZ2CUY05A425; KASE official "A" listing category, VTBNb1; \$100, \$10.0m; September 27, 01 – September 27, 06, semi-annual coupon 11.5%APR);
- Common inscribed (KZ1C33291013, trade code - VTBN) and privileged inscribed (KZ1P33291018, trade code - VTBNp) shares.

KG Securities LLP will start to fulfill obligations of VTBNb1, VTBN and VTBNp **since July 19, 2002**. Volumes of minimal compulsory quotations for it are equal to 30 bonds, 2,100 common and 1,200 privileged shares.

Before KG Securities LLP (since January 28, 02 and till June 25, 02) had status of market-maker of the mentioned securities already, and since June 25, 2002 and till present the partnership was a specialist of these instruments at KASE.

By the decision of Kazakhstan stock exchange's (KASE) Board of Directors from July 22, 2002 **RG Securities LLP** (Almaty) has been given status of the **market-maker** of VALYUT-TRANZIT BANK OJSC (Almaty) inscribed coupon bonds of the first issue (KZ2CUY03A370; KASE official "A" listing category, CSBNb1; \$15m, \$100; July 13, 01 – July 13, 04, semi-annual coupon 9.5%APR). RG Securities LLP will begin to fulfill obligations of CSBNb1 market-maker **since July 23, 2002**. Minimal volume of compulsory quotation for this market-maker is 30 bonds. At present the status of specialists BANK CASPIAN OJSC bonds at KASE belongs to Kazkommerts Securities OJSC (Almaty). This KASE member will fulfill obligations of CSBNb1 specialists till **August 2, 2002**, and after that, on the base of the statement submitted to KASE, will be relieved of the mentioned obligations.

On July 19, 2002 Board of Directors of KASE, having examined documents prepared by the stock exchange, made decision to make new listing requirements on the size of shareholders' equity and volume of goods sold on primary activity since July 1, 2003 for **RG Brands OJSC** (Almaty), whose bonds of the second issue are traded in KASE "A" listing category. The decision has been made on the base of point 2 of 34th article of the Listing rules and in accordance with presenting of grounds of initiator of admission and plan of increasing of indicators till the required level. In accordance with KASE new listing requirements issuers of bonds included into official "A" listing category, must have shareholders' equity amounting not less than to KZT1.5bn and annual volume of production realization (rendering of services) on primary activity within the last year in the amount of not less than one billion tenge. According to the balance sheet presented to KASE by April 1, 2002 the shareholders' equity of RG Brands OJSC was equal to **KZT925.5m**. RG Brands OJSC income statement presented to KASE is evidence of the fact that volume of goods sold on the company's primary activity did not exceed in 2001 **KZT845.1m**. RG Brands OJSC inscribed coupon bonds of the second issue (KZ72KAT51A39; trade code – RGBRb2; \$100, \$4.0m; August 1, 01 – August 1, 03, semiannual coupon 13.0%APR) were included into official "A" listing category on February 5, 2001. The requirements mentioned above took effect for listing companies, whose securities passed listing before March 1, 2002, since July 1, 2002. According to point 2 of 34th article of the Listing rules, requirements to such companies on shareholders' equity size and volume of goods sold (rendered services) on primary activity may be given effect by the decision of stock exchange's Council since July 1, 2003 in the presence of grounds of initiator of admission and plan of increasing of these indicators to the required level. On June 26, 2002 RG Brands OJSC presented KASE plan of increasing of shareholders' equity and volume of goods sold (services rendered) on primary activity for the last year to the necessary level. In particular, RG Brands OJSC intends to make additional shares issue in the amount of KZT800.0m before the end of 2002, and after their entire floatation shareholders' equity will amount to KZT1.5bn. RG Brands OJSC shows the expected by the results of 2002 net income in the amount of about KZT70.0m and also revaluation of fixed assets in the amount of KZT10.0m, which is planned for the end of 2002, as other sources of shareholders' equity increasing. Relative to increasing of volume of goods sold the issuer informed about the following things. According to his data volume of production realization of RG Brands OJSC on the primary activity for five months of 2002 equaled to KZT431.5m. According to the company's production plan for 2002 volume of production realization on the primary activity for the current year is to reach not less than KZT1.03bn, and members of the stock exchange's Council considered it rather real taking into account the actual sum of realization by the results of five months.

On July 19, 2002 Kazakhstan stock exchange's (KASE) Council, having examined documents prepared by the stock exchange, made decision to give **SHAKHARMUNIGAS OJSC** (Almaty), whose bonds of the first issue are traded in KASE official "A" listing category, six months for bringing the company to conformity with listing requirements of "A" category. The decision has been made on the base of subparagraph 1) of point 2 of 19th article of KASE listing rules. In accordance with new listing requirements issuers of bonds, included in to stock exchange's official "A" listing category, must have annual volume of production realization on primary activity for

the last year in the amount of not less than one billion tenge. At the same time SHAKHARMUNIGAS OJSC income statements for 2001 and the first quarter of 2002 were presented by the issuer to KASE unfilled. For KASE inquiry SHAKHARMUNAIGAS OJSC did not present to the stock exchange the plan of increasing of volume of goods sold on primary activity to the required level (presence of such the plan with its corresponding grounds would allow to postpone using new listing requirements to the issuer concerning volume realized production starting before July 1, 2003). According to the data presented to stock exchange by SHAKHARMUNAIGAS OJSC expenses of future periods, reflected in the company's financial statement, for the period since January 1, 2001 till April 1, 2002 increased from KZT5.5m to KZT1.3bn (volume of floated bonds by April ,1 2002 equaled to KZT1.1bn). This fact may be viewed as indirect confirmation of the fact that works at Kultuk field are fulfilled and financed at present due to bonds issue. In accordance with standard 20 of bookkeeping, expenses concerned with geological activity (especially exploration and geophysical works and administrative-economic expenses) right up to commercial revealing, depending on accounting policy of organization relate to expenses of future periods or to unfinished production. Oil-bearing mines of Kultuk field at present (before confirmation of volume of extracted reserves and finishing of preparing procedures and tender works on the field development) can not be set in exploitation. The fact of commercial revealing of reserves has not been confirmed yet, and extraction (and realization correspondingly) of oil is not made. Thus, at present it is difficult for SHAKHARMUNAIGAS OJSC to present the plan of increasing of production realization volume on primary activity to the level of KZT1.0bn, and stock exchange's Council has given the company six-month postponement for carrying out listing requirements. It should also be noted that according to the last information, on July 16, 2002 the National Bank of Kazakhstan approved report about results of issue and floatation of SHAKHARMUNAIGAS OJSC bonds of the first issue (KZ75KASICA50; \$30.0m; \$100; January 18, 01–January 18, 06; annual coupon 13.0%APR) with total face value of USD5,305,700 that amounts in accordance with the current rate of exchange to about KZT815m.

Prepared by IRBIS agency

East-Kazakhstan oblast municipal bonds of the second and third issues have been admitted to circulation at KASE

Special edition according to the materials presented by Local executive body of East-Kazakhstan oblast, TuranAlem Securities LLP and Kazakhstan stock exchange.

By the decision of Kazakhstan stock exchange's (KASE) Board of directors from July 22, 2002 on the base of decision KASE Council from July 19 inscribed coupon bonds of local executive body of East-Kazakhstan oblast of the second and the third issues have been admitted to circulation at the stock exchange.

BONDS

Type of securities of the both issues is inscribed coupon bond indexed by rate changing of KZT to USD. Issuer of securities is the local executive body (Akimat) of East Kazakhstan oblast. Currency of the issue and currency of servicing (payments) is KZ tenge. Face value of a bond is KZT15,370 – USD100 at the rate of exchange National Bank of Kazakhstan on the date of conducting of specialize trades on bonds primary floatation (July 24, 02). Circulation starting date (first day of charging of accumulated interest) is July 26, 02. Type of coupon – semi-annual. Coupon rate (interest rate) is determined by the results of the specialized trades on primary floatation. Interest rate payment is made by the issuer twice a year – on 182nd and 365th days of corresponding year of bonds circulation according to time basis actual/365 (actual number of days in a month, 365 days in a year). The last interest rate payment contemporizes with bonds maturity day. Term of register fixation (coupon, redemption) is 3 working days. Charging of interest rate starts since the day, which follows the day of money transfer by financial agent for bonds purchased by purchasers at primary floatation to the issuer's account and is made within the whole period of, including maturity day. The issuer has the right to make prescheduled bonds maturity with interest payment for their actual period of circulation in the next period of interest rate charging.

Indexed par value is calculated as a product of nominal price, mentioned above (in KZT) and devaluation/revaluation temp coefficient (Kd), which in its turn calculated as a ratio of dollar official rate, determined by the National Bank of Kazakhstan in tenge (Xt) on the current date to a similar rate (Xo) on the date of circulation start ($Kd=Xt/Xo$, $Xo=153,70$).

The bonds have status of State securities, which are issued by the issuer in non-documentary form. The order of the bonds issue, circulation and maturity is regulated by the document "Rules of issue, floatation, circulation, maturity and servicing of mid-term currency state securities of local executive bodies", which was confirmed by the decree of the Government of Kazakhstan from September 4, 2001, №1139.

Maintaining of bondholders register is made by Central depository of securities CJSC (Almaty). The issuer's financial consultant and market-maker of the bonds at KASE is TuranAlem Securities LLP (Almaty). Legal consultant of the issue and the issuer is White & Case LLP (Almaty). The issuer's financial agent is KASE. The issuer and its securities have no credit ratings from leading world agencies by the moment of the bonds issue.

Bonds of the second issue have been given NIN KZF2KY030021, trade code at KASE – ARU036.002. Announced issue volume is KZT700.0m, circulation term is 1,095 days (3 years), maturity date (structure / fact) – July 24, 05 / July 25, 05.

Bonds of the third issue have been given NIN KZF2KY070035, trade code at KASE is ARU084.003. Announced issue volume is KZT2,000.0m, circulation term is 2,555 days (7 years), maturity date – July 23, 09.

PURPOSES OF BORROWING

According to the decree of the Government of Kazakhstan "About local investment projects and borrowings of local executive body of East-Kazakhstan oblast for 2002" from June 15, 2002 #654, according to the decision of Akim of East-Kazakhstan oblast "About measures on realization of local investment projects and borrowings by local budget in 2002" from June 21, 2002 #, according to the decision of XIII session of East-Kazakhstan Maslikhat of the second convocation from February 8, 2002 #13/2-II, the money, which will be received from bonds floatation, are meant for realization of two investment projects, including KZT2.0bn – for realization of the project "Ust-Kamenogorsk car assembly plant" BIPEK AVTO CJSC and KZT700.0m – for project of small and medium enterprise, processing industry and agriculture. Projects within the frameworks of this regional investment program of East-Kazakhstan oblast for 2002 undergone examination of the Ministry of finance and the Ministry of economics and trade of Kazakhstan and according to the conclusion of the Ministry of economics and trade of Kazakhstan correspond to regional and branch priorities, and have been provided with resources and directed to improvement of the main macroeconomic indicators. Realization of the projects will provide 1,500 workplaces.

The first project is concerned with coming of "Ust-Kamenogorsk car assembly plant " BIPEK AVTO CJSC to production capacity. Together with credits borrowed from Development Bank of Kazakhstan CJSC, resources will be used for purchasing and installation of the complex of spray equipment of total cost \$26,043th. Total

amount of capital investments on the project equal to \$42,132th including: \$26,043th. – purchasing of spray complex; \$484th – purchasing and assembling of assembly line welding complex of real estate; \$2,129th – purchasing of additional equipment; \$5,167th – construction and assembly works. The main volume of capital investments has been calculated for the second and the third years of the project (2002 - 2003). Coming to the production capacity is planned for 2005. The full production capacity of the plant will allow to produce up to 30,000 VAZ cars a year. The planned volume of realization after 2005 is planned on the level of 23,000 cars a year. At the moment volume of the borrowing is equal to \$37,427th, including borrowings of local executive body - \$13,180th (KZT2.0bn), or 31.3% of the project's cost. The price of assembly set, delivery to the frontier, customs, delivery to warehouse and assembling has been taken onto account while calculation of production prime cost. Production cost within the whole period will amount to \$233,728th. The planned net profit after coming to the scheduled volume of realization will be equal to \$142,970th. With the projects financial length of 10 years the internal profit rate amounts to 12.5%, and total project's cost (with discount rate of 10%) amounts to \$9,870th. At present BIPEK AVTO CJSC has purchased and set assembling and welding equipment. According to BIPEK AVTO CJSC plans pilot lot consisting of 300 cars "VAZ" is to be produced in Autumn of 2002.

The second project is a program of financing of subjects of small and medium enterprises, providing financing of 51 subjects of small and medium enterprise of the oblast, whose activity is mainly in the sphere of agriculture, services, production industry and trade, in the total amount of KZT700.0m. Amount of financing of one borrower is between KZT1.0m and KZT72.5m. Giving of large sums for financing of one borrower is made mainly with the condition of co-financing by the third person. Smaller projects may be financed by 100 percent. This is a composite project and examination on certain projects, which it comprises, was not made.

PRIMARY BONDS FLOATATION

Specialized trades on bonds floatation of two issues were conducted in KASE trade system on July 24, 2002. The subject of the trade was fixed coupon interest rate.

A total of 8 demands were submitted to the specialized trades on floatation of bonds of the **second issue** from 4 KASE members in the total amount of KZT820,871,000.00 with announced floatation volume of KZT390.0m. Value of the rate varied in the submitted bids from 8.60% to 9.30%APR and in the weighted average expression on the whole demand equaled to 9.0037%APR. Out of the whole volume of demand 93.42% in volume terms fall to the share of Kazakhstan commercial banks, 6.18% – to the share of their corporate clients, 0.40% – to the share of broker-dealer firms.

A total of 4 demands were submitted to the specialized trades on bonds floatation of **the third issue** from 2 KASE members in the total amount of KZT613,300,000.00 with announced floatation volume of KZT310.0m. Value of the rate varied in the submitted bids from 9.00% to 9.80%APR and in the weighted average expression on the whole demand equaled to 9.6452%APR. Out of the whole volume of demand 99.46% in volume terms fall to the share of Kazakhstan commercial banks, 0.54% – to the share of broker-dealer firms.

After analyzing of the registers of the submitted demands presented to the issuer **Akimat of East-Kazakhstan oblast declared floatation of its bonds invalid** because of unsatisfactory price conditions, which were announced by the participants of the specialized trades and their clients.

Subjects of pension market of Kazakhstan did not take part in the trades because permission from the National Bank of Kazakhstan for purchasing of EKO bonds of the floated issues at the expense of assets of accumulative pension funds has not been received yet.

Date of the next specialized trades on primary bonds floatation will be announced later.

ISSUER

The following information is based on materials of KASE listing commission conclusion and was not rechecked by IRBIS specialists. Akimat of East-Kazakhstan oblast and its financial consultants entirely account for authenticity of the information presented to KASE.

General information

East-Kazakhstan oblast of Kazakhstan was founded in 1932, and in 1997 it joined Semipalatinsk oblast. Territory of the oblast is 283.3 thousand square kilometers, that is 10.4% of the whole Kazakhstan territory. By January 1, 2002 number of population of the oblast equaled to 1,485.5 thousand persons (January 1, 2001 – 1,504.3 thousand persons) or about 10% of the country's population, including urban population – 872.7 thousand persons or 58.7% of population of the oblast. Density of population is 5,3 persons per 1 square kilometer. The oblast center is Ust-Kamenogorsk city. There are 10 cities situated in the oblast, 900 settlements and villages. The oblast is divided into 19 regions, 15 of them are villages.

The oblast has significant reserves of complex ores, which contain zinc, lead, copper, precious metals. In Semipalatinsk region and on the territory of Zaisan Glubokov regions there are fields of coal. There are also significant reserves of gold, rare and rare-earth metals, raw materials for production of cement, glass slacks, slate and zeolite fields.

The basic branch of the regional economics is non-ferrous metallurgy, enterprises of which produce more than a half of total volume of industrial production of the oblast. East-Kazakhstan oblast is one of the main producers in the country of zinc, refined gold and silver, and the only producer of zinc, titanium, magnesium, tantalum, fuel for nuclear power plant.

Main indicators of the oblast's social and economic development for last two years are given in the following table.

Name of indicator	Unit	1999	2000	2001	5 mon. 2002	5 mon. 2001, in %
Volume of industrial production with sector of housekeeping	bn KZT	114.1	143.3	167.0	69.3	105.4
Mineral resource industry	bn KZT	11.7	12.8	27.5	10.3	106.3
Manufacturing industry	bn KZT	72.7	112.2	119.0	48.3	105.7
Production and distribution of electric power, gas and water	bn KZT	16.6	17.4	20.6	10.7	99.5
Gross production of agriculture, bn KZT	bn KZT	29.2	33.4	43.2	–	–
Foreign trade turnover, including:						
export	m USD	834.7	1,058.9	1,083.0	443.8	102.1
import	m USD	470.8	571.2	536.1	251.5	116.8
Investments to fixed capital	bn KZT	20.6	37.6	33.7	7.5	72.5
Turnover of goods	bn tkm	5.1	6.4	7.1	2.4	93.6
Passenger turnover	bn pass.km	1.2	1.3	1.4	0.5	108.1
Total revenue of economic subjects	bn KZT	5.5	12.6	13.3	4.5	59.5
Average monthly wage	KZT	11,614	14,515	15,933	16,894*	112.4*
Level of official unemployment	%	4.9	4.1	3.7	3.6	–

* data for four months of 2001 and 2002

Industrial production

East-Kazakhstan oblast is one of industrialized regions of Kazakhstan, to the share of which about 8.0% of the country's volume of industrial production fall. In 2000 there was produced industrial production in the region in current prices in the amount of KZT143.3bn (more by 25.6% than in 1999), within 2001 – by KZT167.0bn (more by 16.5% than in 2000). Index of physical volume of industrial production of the oblast in 2001 was equal to 112.3% by 2000, including in mineral resource industry – 113.8%, in manufacturing – 114.7%, in production and distribution of electrical power, gas and water – 108.2%.

The base of economic development of East-Kazakhstan oblast is presence of unique fields of ores and non-ferrous metals. Position of lead produced in the oblast, including secondary, by results of 2001 equaled to 90.3% (2000 – 84.5%) of total country's volume, refined silver – 30.5% (38.7%), refined gold – 50.1% (62.5%), titanium, magnesium and zinc – 100% (100%). Besides, there is a unique production in the region – Ulbinskiy metallurgical works OJSC (included in NAC Kazatomprom CJSC), producing fuel for nuclear plants, beryllium, tantalum and production on their base.

Within five months of 2002 industrial production output equaled to KZT69.3bn, index of physical volume of industrial production – 105.4% relative to similar period of last year.

Non-ferrous metallurgy is basic branch of oblast's economics, more than a half of industrial potential falls to its share. The leading enterprises of the branch are Kazzinc OJSC (comprises Ust-Kamenogorskiy and Tekeliyskiy lead-zinc industrial complexes, Leninogorskiy polymetallic plant, Zyryanovski lead plant, Bukhtarminskiy and Tekeliyskiy energy complex), to the share of which 43.2% of total volume of industrial production of the oblast fell in 2001, Ulbinskiy metallurgical works OJSC – 7.4%, Ust-Kamenogorskiy titanic–magnesium plant OJSC – 5.8%.

Besides on the territory of the oblast industrial extraction of coal on large Karazhira field is being conducted. There are significant industrial reserves of coal and shale oil on Kenderlyskiy and Bobrovsko-Belokamenskiy fields.

Engineering plant, to the share of which in the volume of industrial production of the oblast 3.6% fall at present (in June of 2001 – 2.4%), presented Vostokmashzavod OJSC (production of mining, metallurgical and technological equipment – mini breweries, mini distilleries, press-forms and stamps), Semmashzavod OJSC (Production of transport creeper tractors), Ust-Kamenogorskiy reinforce plant OJSC (production of pipeline industrial, fountain, stop and regulating valves for oil and gas producing enterprises), Mashzavod LLP

(production of electric motors of low capacity) and Kazakhkabel LLP (cable and wire production).

There being realized projects directed to restoring of inactive and extension of active productions, setting in exploitation of productive capacities of engineering branch and creating of workplaces, the biggest of which is project on creating of incomplete vehicle manufacturer in Ust-Kamenogorsk city at BIPEK AVTO CJSC with productive capacity of 30 thousand cars VAZ a year.

Processing of agricultural production is made in the oblast by 783 enterprises (a year ago – more than 80 enterprises), of this number 58 enterprises work with meat, milk – 23, baking production – 334, alcohol and brewing production – 23. By the results of five months of the year 2002, 13.6% of the volume of total industrial production of the oblast fall to the share of branch, against 8.6% within similar period of last year.

Transport infrastructure

Railway transport (Zashitinsk and Semipalatinsk departments of transportations of NC KTZh CJSC) connect oblast center with the following cities: Leninogorsk, Zyryanovsk, Semipalatinsk, Ayagoz, Shemonaikha. extension of railroads – 1,423 kilometers.

Land way passenger and cargo transportations are made by “Verkhneirtyshskoye rechnoye parokhodstvo” OJSC, Irtyshtrans LLP and Kuigan-Aigaly LLP. Two cargo river ports (Ust-Kamenogorsk and Semipalatinsk one) function in the oblast. Construction in progress of Shulbinsk lock (KZT 652m is necessary) and repair of Ust-Kamenogorsk lock does not allow to make transportations correspondingly to Russian Federation and southern regions of the oblast.

Air transportations are made by two companies– Airline "Irtysh-Avia" OJSC, Semeiavia OJSC, two airports in Semipalatinsk and Ust-Kamenogorsk cities function. Major problems of the branch are concerned with the necessity of renewal of fleet of airplanes, repair of runway of Ust-Kamenogorsk airport and partial replaxcement of the fleet of special transport.

Building of large bridge over Irtysh river in Semipalatinsk city is being finished. Traffic along the bridge has been opened, and there conducted building of branch lines and fleets joining the object. total cost of the project is 28.3bn Japanese yens, including means of foreign loan – 21.5bn Japanese yens, means of co-financing from the state budget – 6.8bn Japanese yens.

Telecommunication

Intercity communication, intercity telephone (including facsimile) and telegraph communication was organized on cable bus Ust-Kamenogorsk – Almaty. By today there is intercity automatic communication with abroad. 369 automatic telephone stations work all over the oblast, of this number 12 electronic stations and electronic exchanges. Users of 30 cities, regional centers and settlements of the region use automatic intercity and international communication, and also facsimile modem telegraph.

Within 2000 telecommunication agencies rendered services in the amount of KZT3.1bn, including intercity communication – in the amount of KZT1.6bn (51.8% of total volume), local telephone communication – in the amount of KZT1.1bn (33.9%). Within 2001 there have been rendered services in the amount of KZT3.9bn, that is hogher than the indicator of 2000 by 26%, including by intercity communication (KZT2.0bn) increase was equal to 25%, by local telephone communication (KZT1.1bn) – 3.8%. By the end of 2002 it is planned to render communication services in the amount of KZT4.1bn.

Power engineering

Energy complex has been presented by hydroelectric (Ust-Kamenogorsk, Shulbinsk, Bukhtarminsk electric stations and Leninogorsk coordinated electrical stations system) and thermal stations (Ust-Kamenogorskaya, Semipalatinskaya, Leninogorskaya, Sogronskaya) with total capacity of 2,405.5 megawatt, which allow to generate every year about 18 bn kilowatt per hour of electrical energy (about 30% power budget of the country). Position of energy complex in total volume of industrial production of the oblast at present equals to 12.3% (in the middle of last year – 11.2%). Index of physical volume of industrial production in producing and distribution of power, gas and water equaled to 99.5% relative to the level of January-May of 2001, that was caused by the decrease of thermal energy generating by 7.3% and natural water by 1.6% with increase of generating of electrical energy by 8.3%. With annual generating on the level of 6.5 bn kilowatt per hour, there are significant inactive reserves of capacity.

Small enterprise

By January 1, 2002, 7,469 enterprises of small business were registered in the oblast, of this number – 5,463 or 73.1% of the total amount are inactive. Increase of number of acting enterprises relative to 2000 (4,762) equaled to 14.7%. In the sphere of small enterprise (taking into account individual entrepreneurs and wage

laborers) by January 1, 2002 more than 116 th. persons worked, of them in the sphere of industry – 11.5 th persons, in building – 7.7 th persons, in trade – 44.8 th persons, transport and communication – 7.6 th persons, in other activities – 44.4 th persons. By June 1, 2002 number of registered enterprises of small business rose up to 7,866 or by 15.1% relative to corresponding date of last year (6,834 enterprises).

Volume of production (works, services), made by subjects of small enterprise in 2000 equaled to KZT91.6bn, including in the sphere of industrial production – KZT3.2bn (3.5% of total volume), in 2001 – KZT115.5bn, including in the sphere of industrial production – KZT3.6bn (3.1%). Volume of production (works, services), realized by subjects of small enterprise within five months of 2002 equaled to KZT49.0bn, including in the sphere of trade, repair of cars and products for home usage – KZT44.9bn (91.7% of total volume), industrial production – KZT1.4bn (2.8%), operations with real estate and leasing – KZT1.3bn (2.6%) and building – KZT751.8m (1.5%).

Agroindustrial sector

Share of the oblast in the country's volume of gross production of agriculture equals to 9.0%. By the results of 2000 there has been produced gross production in agriculture in the amount of KZT37.5bn, in 2001 – by 43.2bn (in comparable prices) or by 15.2% more than the level of 2000.

By June 1, 2002 82 agricultural enterprises, 1.3 th farms and 144 th personal maintenance services made production of cattle breeding.

For January–May of 2002 in all categories of the oblast's economy realization of cattle and fattened poultry as a whole equaled to 34.9th tons (103.9% to the level of similar period of 2001), milk production – 180.2 th tons (107.0%), eggs – 112.4 m eggs (119.1%). by rate of volumes increase of meat production the oblast takes the fifth place in Kazakhstan, milk – the eighth, eggs – the sixth. number of cattle increased by 6.8%, sheep and goats – by 10.2%, pigs – by 6.3%, poultry – by 5.0%.

Sowing of spring crops in 2002 were made on the area of 536.4 th. hectares that is higher than it had been planned to sow by 47.3 th. hectares. Sowing area of potatoes equaled to 28.3 th. hectares, vegetables - 11.2 th. hectares. Sunflower has been sowed on the area of 174.5 th. hectares, or more by 17.2 th. hectares than it had been planned.

As a whole in 2002 it is expected to get volume of gross production in current prices in the amount of KZT45.8bn, that is lower by 3.7% than the level of 2001 in accordance with weather conditions that are less favorable for plant growing.

Investments

Volume of investments to fixed capital, formed by subjects of the oblast for 2001, amounted to KZT33.7bn that is more by 10.6% than the level of 2000 (KZT37.6bn). Decrease of capital investments is concerned with finishing of the main volume of works on building of the bridge in Semipalatinsk city and setting in exploitation of the first line of Maleyevskiy mine (Kazzinc OJSC). In 2001, 77.7% of capital investments were financed at the expense of the enterprise's own means, 12.1% – at the expense of means of foreign investors, 10.2% – at the expense of budget.

Within five months of 2002 there were made investments to the fixed capital in the amount of KZT7.5bn that is less by 29.3% than within similar period of previous year (KZT9.7bn). In the structure of investments on financing sources 89.1% are the enterprise's own means, 8.5% – budget means, 2.4% – foreign investments. In the total volume of investments means, which are directed to mineral resource industry of the oblast, equal to 30.1%, to manufacturing industry – 42.1%.

According to Indicative plan of social and economic development of East-Kazakhstan oblast for 2001–2005 (approved by the decision of the V session of East-Kazakhstan oblast maslikhat of II convocation from September 26, 2000 № 5/2-II) for 2002 Investments in the amount of KZT28.0bn that is 83.2% of the level of 2001 have been planned. In the period till 2003 means will be directed first of all to development of mineral resource and metallurgical industries. The main sources of investments will remain own means of enterprises and organizations (Kazzinc OJSC provides reconstruction and purchasing of equipment for Tishinskiy mine, development of new fields – Novo-Leninogorskiy and Obruchevskiy, technical reequipment of Ust-Kamenogorskiy and Leninogorskiy zinc plants), and also attracted foreign investments (building of new branch line Charskaya – Ust-Kamegorsk, building of Artemyevskiy mine of copper-chemical plant, reconstruction and further development of Orlovskiy mine of Zhezentskiy ore mining and processing enterprise).

Perspectives of industry development

In 2003 increase of volumes of industrial production of East-Kazakhstan oblast (in comparable prices) to KZT185.3bn or by 0.7% by 2002 (KZT178.1bn), including in manufacturing industry – by 1.1% (to

KZT134.6bn), in production and distribution of electrical energy, gas and water – by 3.5% (to KZT23.5bn) is planned. In mineral resource industry decrease of production volumes to KZT27.3bn or by 3.3% by 2002 (KZT27.6bn) is expected due to some decrease of output of metals in concentrates as a result of decrease of their content in processed ores. At the same time in the basic branch of economics of the oblast– non-ferrous metallurgy – increase of production volumes is expected to occur up to KZT82.0bn or by 5.6% by 2002 (KZT75.2bn) mainly due to renewal of the output of blister copper by a branch of Corporation Kazakhmys OJSC – Vosyokkazmed OJSC and increase of production issue at gold-mining enterprises (Kazzinc OJSC, Altyn-Aimak CJSC, Altyn-Tyube CJSC). Volumes increase is to be achieved due to strengthening of the enterprise's own source of raw materials:

- Building of the second line of Maleyevskiy mine with increasing of annual capacity on polymetallic ore extraction up to 2.2m tons a year for providing of full load of metallurgical capacities of Kazzinc OJSC with own raw materials;
- Building of Artemyevskiy mine (copper-chemical plant Vostokkazmed OJSC) with production capacity on extraction of 150 th. tons of ore a year;
- Finishing of exploration at Bektemirovskiy field of Zirkon-ilmenite ores, development of design estimates and building of mineral resource enterprise that will allow to provide Ust-Kamenogorskiy titanium-magnesium plant OJSC with raw materials.

Increasing of production volumes of uranium, beryllium and tantalum production of Ulbinskiy metallurgical plant, rare and rare-earth metals of Irtyskiy chemical-metallurgical plant will be continued.

In power industry there provided continuation of building of objects on Shulbinskaya hydroelectric power station, equipment modernization at Ust-Kamenogorskaya and Leninskaya hydroelectric power station.

According to the issuer's forecasts volume of produced production in 2005 will grow to the expected level of 2002 in current prices by 15.3% due to increase of volumes of traditionally output production and price factor and introduction of new productions (on car assembling VAZ – BIPEK-AVTO CJSC plant, production of glass containers – Vostoksteklo CJSC, two mines – Maleyevskiy and Yubileino–Snegirikhinskiy). Growth in mineral resource industry will equal to 7.9%, in processing – 15.9%, in production and distribution of electrical power, gas and water – 20.2%.

With all this going on, in accordance with decrease of volumes of agreements for production delivery and switching to output of its new kinds with decreasing of expenses for production, there expected volumes decreasing of uranium production producing Ulbinskiy metallurgical plant OJSC to the expected level of 2002. According to the forecast volume decrease of uranium production producing in 2005 in value terms will equal to 52.2% to the expected level of 2002, in natural terms – 14.1%.

Public administration

Functions of public administration on the territory of the oblast are fulfilled by Akim of the oblast, who is a representative of the President of Kazakhstan. Akim's deputies and executive bodies in the person independent oblast managements by assignments (financial administration, administration of economics, industry and trade, agricultural administration, education administration, administration of health and other) are subordinate to him. Territorial bodies of ministries and departments of Kazakhstan, leaders appointment of which is submitted to the approval of Akim of the oblast are functioning on the territory of the oblast.

Financial condition and payments order

In 2002 economic condition of the oblast is characterized by stability of financial indicators of managing subjects. Within January-April of 2002, 343 large and medium enterprises of the oblast received total taxable income in the amount of KZT4.5bn. In the total amount of taxable income KZT3.7bn (the biggest share) falls to the share enterprises of processing (KZT3.4bn) and mineral resource (KZT0.3bn) industries. Negative financial result in the amount of KZT15.0m has been formed on agriculture, hunting and forestry. As a whole the share of loss enterprises in the oblast reduced from 56% (1996–1997) to 45.2% (2001).

Total accounts receivable of the oblast's enterprises by May 1, 2002 equaled to KZT62.8bn (including accounts receivable failed to pay on time – KZT10.4bn), total accounts payable – KZT102.0bn (including failed to pay on time –KZT13.2bn). Out of 343 medium and large enterprises of the oblast 95 enterprises had indebtedness on salary, which failed to pay on time, including 35 enterprises – indebtedness with more than 3-month term.

The major share of non-payments, which failed to be paid on time, falls to the share of large enterprises with worker on pay-roll is more than 250 persons (65.0% of account receivable, 85.1% of accounts payable, 66.6% of failed to pay on time indebtedness on salary).

BUDGET OF ATYRAU OBLAST AND ITS EXECUTION

Revenues

The law determines comprehensive list of tax proceeds to the local budget, types of tax proceeds to the local budget, types of operations with capital, revenues from which come to the local budget, types of received official transfers. The source of budget proceeds is also redemption of the main debt on credits which were received from the local budget before. Exceeding of inflows to the local budget over the absolute amount of budget bites, which is approved every year, remains at the disposal of the oblast.

Data about execution of budget articles of East-Kazakhstan oblast for 1999-2001
(th KZT, unless otherwise specified)

Name of budget articles	Budget execution					
	2001	% to plan	2000	% to plan	1999	% to plan
I. PROCEEDS	30,459,652	102.39	25,892,409	101.7	17,330,975	93.2
Revenues:	26,794,653	102.69	22,348,473	103.1	16,983,899	94.0
Tax proceeds	24,765,111	101.28	21,090,626	104.0	15,772,064	96.7
Non-tax proceeds	1,796,474	130.62	1,158,481	89.4	1,113,265	66.3
Operations with capital	233,068	87.91	99,366	103.8	98,570	128.2
Received official transfers	2,871,558	99.70	3,472,583	100.0	325,154	97.8
Redemption of loans, debts	793,441	102.35	71,353	23.5	21,922	11.3
II. EXPENSES AND CREDITING	31,096,345	99.24	25,422,315	99.4	17,816,413	89.4
Expenses:	29,218,834	99.21	25,165,667	99.4	17,796,013	89.4
General State services	1,157,224	98.88	926,296	99.1	739,754	96.9
Defense	965,754	99.82	770,145	99.9	574,629	99.2
Public order and security	1,230,122	99.77	999,209	99.8	821,798	97.8
Education	8,294,795	99.61	7,115,017	99.7	6,746,748	97.7
Public health service	5,252,354	99.64	4,983,195	99.9	4,398,243	87.5
Social insurance and provision	2,807,123	98.90	2,068,574	97.7	2,195,133	89.4
Housing and communal services	597,032	89.46	776,015	99.4	443,970	83.1
Culture, sport and mass media	1,070,866	98.35	1,022,881	99.6	696,740	94.2
Agriculture, water industry, forestry, fish industry and preservation of the environment	554,761	99.58	485,183	91.3	250,806	78.6
Industry, building and Earth's interior using	12,987	76.78	29,500	100.0	28,994	94.2
Transport and communication	3,380,462	99.45	4,173,265	100.0	835,699	52.0
Other	1,384,885	98.70	537,585	98.4	63,499	88.6
Official transfers (impressments)	50,617	99.24	1,278,802	100.0	-	-
Crediting	2,459,852	100.00	256,648	99.8	20,400	81.3
III. Deficit (-) / surplus (+) of budget	+1,877,511		+470,094		-485,438	

Data about execution of budget articles of East-Kazakhstan oblast for the first quarter of 2002
(th KZT, unless otherwise specified)

Name of budget articles	2002		Budget execution		
	3 mon. 2002 plan	3 mon. 2002 plan	3 mon. 2002	% to plan	% to year
I. PROCEEDS	27,587,038	6,662,011	6,342,652	95.2	23.0%
Revenues:	21,930,285	5,173,638	4,921,892	95.1	22.4%
Tax proceeds	21,367,243	5,038,756	4,713,398	93.5	22.1%
Non-tax proceeds	348,535	76,218	93,606	122.8	26.9%
Operations with capital	214,507	58,664	114,888	195.8	53.6%
Received official transfers	5,247,265	1,407,357	1,354,258	96.2	25.8%
Redemption of loans, debts	409,488	81,016	66,502	82.1	16.2%
II. EXPENSES AND CREDITING	28,105,805	7,097,866	5,491,914	77.4	19.5%
Expenses:	27,635,855	6,806,877	5,422,414	79.7	19.6%
General State services	1,214,094	358,160	256,125	71.5	21.1%
Defense	1,016,354	260,242	212,066	81.5	20.9%
Public order and security	1,441,637	354,982	281,818	79.4	19.5%
Education	8,630,490	2,155,222	1,964,909	91.2	22.8%
Public health service	5,767,628	1,377,744	1,102,952	80.1	19.1%
Social insurance and provision	3,752,799	783,724	637,538	81.3	17.0%
Housing and communal services	740,615	257,049	174,500	67.9	23.6%
Culture, sport and mass media	1,202,630	473,996	330,085	69.6	27.4%
Agriculture, water industry, forestry, fish industry and preservation of the environment	317,707	84,514	29,454	34.9	9.3%

Name of budget articles	2002	3 mon. 2002	Budget execution		
	plan	plan	3 mon. 2002	% to plan	% to year
Industry, building and Earth's interior using	106,943	27,662	11,243	40.6	10.5%
Transport and communication	775,154	178,829	71,401	39.9	9.2%
Other	2,584,804	487,753	350,323	71.8	13.6%
Official transfers (impressments)	85,000	7,000	0	–	–
Crediting	469,950	290,989	69,500	23.9	14.8%
III. Deficit (-) / surplus (+) of budget	-518,767	-435,855	+850,738	–	–

In accordance with founding of the National Fund of Kazakhstan over and above the plan proceeds of income tax from organizations raw materials sector (JE Tengizshevroil LLP, Kazakhoil-Emba OJSC, plan – KZT11.8bn) are transferred to the National Fund (incase of non-fulfillment of the plan inverse mechanism starts – the budget is compensated losses from the Fund). Besides, since January 1, 2001 transfer in the amount of 10% of the planned proceeds on income tax from juridical persons are to be transferred to the Fund from the oblast budget.

Tax proceeds in the budget's revenues traditionally occupy the largest place. In 1998 tax proceeds equaled to 62.0% of all revenues of the oblast's budget, in 1999 – 91.0%, in 2000 – 81.5%, in 2001 – 81.3%, within the first quarter of 2002 – 74.3% (according to the specified budget for 2002 – 81.0%) of all budget's revenues of East-Kazakhstan oblast.

As a result of production extension and increasing of volumes of output production at enterprises of almost all branches existing in the oblast, proceeds to the budget on income tax from juridical persons increased in 2001 relative to 2000 by 16.3% (in 2000 to 1999 – 2.2 times as much), physical persons – by 13.5% (by 30.8%). Proceeds on social tax rose by 25.1% by 2000 (in 2000 by 15.4% by 1999) as a result of increase of average salary by 9.8% and decrease of the level of unemployment by 0.4%, proceeds on property tax – by 8.4% (by 10.7%). In the specified oblast's budget for 2002 there are no proceeds on income tax from juridical persons for this tax at the moment is entirely transferred to the republican budget.

Non-tax proceeds, including proceeds from sale and leasing of municipal property, take an insignificant place in total proceeds to the oblast's budget. Their share in total volume of proceeds in 1998 equaled to 7.9%, in 1999 – 6.4%, in 2000 – 4.5%, in 2001 – 5.9%, within the first quarter of 2002 – 1.5% (according to the specified budget for 2002 – 4.8%). Proceeds to the budget from operations with capital are also insignificant and vary within 0.1%–0.8% of total volume of proceeds.

Official transfers (grants). Since 1997 the oblast is a receiver of transfers from the republican budget for building a bridge over Irtysh river, the volume of which in 2000 equaled to KZT9.74bn, in 2001 – KZT2.7bn. For 2002 according to the law "About republican budget for 2002 " there have been provided investment transfers for special purposes in the amount of KZT57,357th (due to foreign loans) for finishing of bridge building over Irtysh river in Semipalatinsk city from the republican budget.

In accordance with article 12 of the law "About republican budget for 2001 " liabilities of local executive body of East-Kazakhstan oblast for the republican budget on credits received from International fund of economic cooperation of Japan and means of co-financing of the republican budget have been stopped since January 1, 2001.

Besides, article 18 of the law of the Republic of Kazakhstan "About republican budget for 2002 " subventions from the republican budget in the amount of KZT5,189,908th have been provided for East-Kazakhstan oblast.

Expenses

The biggest share in total expenses of the oblasts budget (1998 – 86.5%, 1999 – 88.1%, in 2000 –80.1%, 2001 – 70.7%, first quarter of 2002 – 79.9%, specified plan for 2002 – 71.4%) falls to the share of realization of number of primary activities, which comprise public health service, education, social services, transport and communication, law machineries, culture, sport and mass media.

Till 2000 East-Kazakhstan oblast was nor imposed official transfers (budget impressments) upon to the republican budget. For 2000 ion accordance with the law of Kazakhstan "About republican budget for 2000" absolute amount of budget impressments for the oblast equaled to KZT1,278,802th or 4.9% of total amount of budget proceeds.

Approved impressments from the oblast's budget in 2001 were determined by the law "About republican budget for 2001 " and the law "About making alterations and additions in the law of the Republic of Kazakhstan "About republican budget for 2001" from April 25, 2001 in the amount of KZT2,459,852th in absolute expression that is 8.2% of its revenues.

According to the law "About republican budget for 2002 " approved impressments to the republican budget are absent for the oblast.

CHARACTERISTICS OF THE ISSUER'S RISKS

Risks indicated by consultants

Among existing risks, which can negatively influence a financial position of issuer and its ability to pay all liabilities, the consultant mentioned the following ones.

1. Difficulties regarding budget forecasting of the oblast for the period of bonds circulation due to incompleteness of reforming a budget system of republic, nontransparent system of requisitioning and subventions.

From July 01, 2001 rate of social tax decreased, which accounts for the largest volume of tax receipts (1999 – 42.3%, 2000 – 26.3%, 2001 – 34.7%, specified budget of 2002 – 38%), from 26% to 21%. Further (2003 budget) next decrease of social taxes to 18% is planned. At that introduction of required medical insurance, which will be 3% of remuneration of labor fund is planned, however, it is not known in which way the transfer will be distributed to medical insurance. Receipts from income taxes of legal entities in full volume are directed to republican budget, and most likely, this distribution will take place in future.

Change of receipts distribution system into republican and oblast budgets might significantly complicate settlement and servicing of the debt. East Kazakhstan Akim machinery expects no fulfillment of specified plan. This firstly relates to transfer of receipts on income taxes into republican budget and rate decrease, and then later on a social tax base. Republican budget plans to compensate receipt deficit through subventions to oblast budgets, though total volume of subventions in 2002 don't cover all losses of oblast budget. Planning of actual state transfers in favor of oblast for the period of some years is impossible.

At the same time expenses of the oblast budget, related with servicing of debt, by the decision of VIII session of East Kazakhstan oblast maslikhat of II calling dated March 27, 2001 (on first issue of bonds) and by the decision of XII session of East Kazakhstan oblast maslikhat of II calling dated December 21, 2001 considering changes and additions, made by the decision of XV session of East Kazakhstan oblast maslikhat of II calling dated May 30, 2002 (on second and third issues), are not a subject to sequestration.

2. Additional source of risk is related to significant obsolescence of infrastructure objects in the region, which might incur greater financing expenditures of the budget in the case of emergencies.
3. East Kazakhstan oblast bonds have a status of state issuing securities, issued by local executive body. This circumstance implies the responsibility of the Government that sanctioned the issue for timely and complete fulfillment of liability, regarding settlement and servicing of the debt, and in many aspect determines relationship terms of the Government and local executive body in the process of oblast budget forming for the period of bonds circulation.
4. In the medium-term perspective Kazakhstan economy in generally and income part of the republican budget in particular continue to depend on conjuncture of world trade markets (in the first place – hydrocarbon minerals). Against past opinions, extracting and exporting companies couldn't compensate a price fall on hydrocarbons by proportionate increase of production, which directly influenced currency receipt. Preserved dependence of economy on world prices on recourses significantly complicates a forecast of inflation and tenge rates for the period of bonds circulation. The National Fund of Kazakhstan was assigned to decrease the dependence of economy on world trade markets.

A heart of economic potential of East Kazakhstan oblast is enterprises of non-ferrous metallurgy, whose financial condition definitely depend on world prices on non-ferrous metals, which highly fluctuates. In 2001 about 22.4% of total budget revenues of the oblast fell to the largest taxpayer's (KazZink) lot (in 1999 – 21%, in 2000 – 26%).

Deficit of receipts into revenues part of oblast budget relative to planned indicators might significantly complicate a discharge of settlement and servicing of debt.

- Issuer's right to settle bonds early complicates forecast for investors, forming a risk of refinancing (though current situation at securities market makes this risk insignificant). Issue liquidity will be supported by market-makers in the entity of TuranAlem Securities LLP. Nevertheless there is lack of guarantee that the over-the-counter market of these securities will be active.
- Bonds are indexed to tenge to dollar rate change, which frees investors from risk of tenge devaluation, but in the case of big tenge devaluation the issuer can face some difficulties in servicing and settlement of bonds.

Investments into car assembly plant BIPEK AUTO CJSC are related with high risk, which implies general risks of any investment project of this type. Thus, financing of this project will be made by 50% (\$26m) in

expense of bonds floatation and other 50% - at the expense of loans of Development Bank of Kazakhstan.

Funds from offering bonds according to the present normative and legal base will be used under two-time scheme. On the grounds of loans contracts, funds received, from bonds offer, will be transferred to accounts of chosen banks-lenders, which, in their turn, will conduct crediting of final borrowers.

In issuer's and its Consultant's opinion a participation in mentioned scheme will increase level of effectiveness and lower risks, related with possible funds non-repayment to the oblast budget.

Risks indicated by the Ministry of finance of Kazakhstan

Currency risk. According to evaluation of the Ministry of Finance of Kazakhstan volume of currency risk (losses of local budget due to rate change) might total KZT585.3m in total volume of borrowing.

Credit risk. Scheme of credits offer to debtors with immediate settlement creates large risk of untimely and incomplete return.

Additional expenditures. In expense part of the local budget additional expenses are not reflected, related with payment of consulting and other services professional of professional stock market participants.

Risks indicated by the Ministry of economics and trade of Kazakhstan

Technical and technological risk. Risk, related to mistakes in projecting, increase of prices on components, gaps in supply. When transferring to components of local production the problem of technology requirement non-fitting can arise.

Marketing risk. Risk, related to wrong chosen market of distribution and wrong defining of a strategy.

NOTES OF LISTING COMMISSION

1. In 1999 21%, in 2000 – 26%, in 2001 – 22.4% of total revenues of oblast budget fell to one payer's lot – KazZinc OJSC. In case of financial situation fall of this payer, it can greatly influence revenues part of a budget.
2. There is significant divergence in statistical data for 2000 between data for admittance procedure provided for the first issue and for the second and the third issues. The issuer and consultant explain it by efficiency of data provided in June 2001, as data for 2000, provided in July 2002, represents actual figures. In addition, according to the issuer and the Consultant during 2000-2001 changes into methodology of different indicators calculation (average salary, average money receipts per person etc.) and small- and medium-enterprises classification system were made, which led to corrections of information stated earlier.
3. By the resolution of the Government of Kazakhstan dated June 15, 2002 #654 it was determined that the issuer will execute borrowings at the securities market in accordance with Policies of issue, floatation, circulation, settlement and servicing of securities of local executive bodies, confirmed by the Government resolution #1139 dated Sept 04, 2001. In accordance with it issuer carried out borrowings at securities market in 2001. According to mentioned policies par value of one bond is a sum, equivalent of \$100, which contradicts to the Article 282 of Civil Code of Republic of Kazakhstan.

For correcting this contradiction the issuer directed inquiry to the Ministry of Finance. According to provided explaining letter (dated July 16, 2002 #32-5-2/8629) the Ministry of Finance of Kazakhstan consider it possible to carry out the floatation of bonds with par value of \$100 equivalent under the following terms:

- par value will be fixed in tenge at the official rate of the National Bank of Kazakhstan to the date of specialized trades conducting;
- settlement of bonds will be conducted in the national currency with indexation of nominal price to devaluation (revaluation) of tenge to US dollar at the official rate of the National Bank of Kazakhstan.

Prepared by IRBIS agency