

# WEEK OF STOCK MARKET OF KAZAKHSTAN

## June 8 - 14

1 US dollar = **142.50** tenge at official rate for the end of the period  
 1 US dollar = **142.82** tenge at weighted average rate of the Exchange for the end of the period

### Yield of stock exchange financial instruments

Following is the table that allows to compare investment attractiveness of the financial instruments, which were regularly traded or quoted at Kazakhstan stock exchange (KASE) during analyzed period. In parentheses – figures of previous period. Instruments are given in descending order, based on their attractiveness.

#### Investment attractiveness of financial instruments at KASE from June 8 through 14

Financial instrument	Currency	Yield, % APR	Volume of deals, mln KZT	Volume of deals, mln USD
ALKSb	USD	15.36 (15.38)	0 (0)	0 (0)
KOMBb	USD	14.20 (13.80)	5.6 (0)	39.2 (0)
KZT (SS repo)	USD	*13.30 (–)	1.5 (0)	10.5 (0)
KKGBb	USD	12.41 (12.36)	0 (0)	0 (0)
Euronotes-3	USD	10.89 (10.83)	137.7 (456.7)	965.3 (3,199.8)
Euronotes-2	USD	9.89 (10.00)	197.9 (257.3)	1,387.3 (1,802.9)
MEKAVM	USD	*7.75 (9.55)	912.0 (261.8)	6,394.4 (1,834.1)
MEKKAM, notes	KZT	*10.84 (10.94)	354.3 (334.5)	2,484.2 (2,414.1)
KZT (SS repo)	KZT	*6.44 (7.47)	3,745.9 (2,246.0)	26,262.7 (15,736.7)

**Notes:** yield of ALKSb, KKGBb, calculated as average for offer quotations, for KOMBb as weighted average of the deals.

Tenge devaluation rate is estimated at weighted average rate of the main session of KASE in the week by a trend of **9.38% APR**.

The yields, shown here, do not incorporate overhead expenses that are inevitable when conducting operations and fixing profits (commission and tax collections, membership fees etc). Marked by a star are the instruments with less than a year circulation term. Weighted average effective yields are given for them.

### Trades in corporate securities

During observed period 16 deals amounting to **\$282.3 th.** were made in **purchase and sale sector** of private issue securities (PIS) on trade floors of Kazakhstan stock exchange (KASE). Relative to previous period (\$29.3 th. 1 deal) weekly turnover of PIS increased 9.6 times.

#### Results of the trades in shares from June 8 - 14

USD per share, unless otherwise specified						
Issuer	Securities	Close	WA price	Volume	Best bid	Best offer
OJSC «Almaty Kus»	ALKS			0	0.15	0.31
OJSC «Aluminiy Kazakhstan»	ALKZp	0.42	0.42	17 340	0.42	0.42
OJSC «Astana-finance»	ASFI	7.00	7.00	29	7.00	7.00
OJSC «Bank TuranAlem»	BTAS	77.39	77.39	2 800	77.39	77.39
OJSC «Bank CenterCredit»	CCBN	1.27		0	0.98	1.42
OJSC «Halyk Bank of Kazakhstan»	HSBK	2.00		0		2.50
OJSC «KAZKOMMERTSBANK»	KKGB	0.70		0	0.23	
OJSC «TNC “Kazchrome”»	KZCRp	2.80	2.62	2 029	2.80	2.45
«Kazakhtelecom»	KZTKp	8.88		0	5.50	8.00
OJSC «SSGPO»	SSGPp	2.80	2.80	1 761	2.80	2.80
OJSC «Temirbank»	TEBN	7.39		0		7.00
OJSC «VALUT-TRANZIT BANK»	VTBNp	2.10	2.10	3 300	2.10	2.10

#### Results of the trades in bonds from June 8 - 14

yield for the buyer in % APR till maturity, unless otherwise specified							
Emitter	Code	Currency	Last	WA	Volume, th. USD	Best bid	Best offer
OJSC «Almaty Kus»	ALKSb	USD	14.96	–	0	16.63	15.38
OJSC «KAZKOMMERTSBANK»	KKGBb	USD	12.66	–	0	12.85	12.59
OJSC «Komirbank»	KOMBb	USD	14.17	14.20	39.20	14.17	14.98

**Notes:** bid and offer prices are given for the period; if no deals were made during reporting period (volume =0), the last price of successful trades will be given; marked by a star are indicative quotations in Quotation trade system of KASE unlike the bids submitted in regular trade mode, or the price of direct deals.

In terms of volumes of the deals **common shares of OJSC “Bank TuranAlem”** (Almaty, official list of securities, category “A”, **BTAS**) were the leaders, with their proportion in weekly volume of PIS turnover reaching 76.8% (\$216.7 th. 1 deal).

In reporting period for the first time since their admittance to KASE trades the deals were made in preferred shares of **OJSC “VALUT-TRANZIT BANK”** (June 1, 00, Karagandy, official list of securities, category “B”, **VTBNp**) and **OJSC “Evroaziatskaya energeticheskaya korporatsiya”** (Feb.17, 00, Aksu-2, Pavlodar region, “Non-listed securities” sector, 2 admittance level, **EAECp**). Only deal in VTBNp was made at a price exceeding the face value of a share (KZT200.00) by 50.0%, whereas the price of EAECp was below the face value (KZT1,000.00) by 65.0%.

Compared to previous successful trading day the value of **BTAS** increased 1.4%, whereas that of other the securities traded during this period decreased: **ALKSp** – by 14.2%, **KZCRp** and **SSGpp** and **ASFI** – by 0.4%. Data on the deals, bid and offer information, as well as description of trade codes are given in the tables.

Just like in previous week, **a regular demand for OJSC “KAZKOMMERTSBANK”** (official list of securities, category “A”, KKGB) shares existed on the floors of the Exchange – **\$0.23** per share with the volume of bids at 30 th.; however, no deals were made. Based on June 13 data, the last price of the bank’s depository receipts traded at German stock exchanges equaled 8.20 euro, which corresponds at a current rate of \$7.88, or \$0.26 per share.

Constant existence of **the market bid and offer for preferred shares of “Kazakhtelecom”** (official list of securities, category “A”, KZTKp). The bid and offer prices are presented in the table, and the volumes, as they were previously, reach a thousand shares. The bids are made in the main trading mode of KASE and can be satisfied by any participant without additional confirmation from the broker who made the bid.

**In PIS repo sector** one indexed (in USD) repo (June 13) opening deal was made in **OJSC “Halyk Bank of Kazakhstan” shares** during the week. The amount of \$10.5 th. was attracted **for 29 days at 12.55% APR**.

At the end of analyzed period **seven** indexed PIS repos were opened for a total of **\$1,455.9 th.** on the trade floor of the Exchange. The following shares were used as an object of repo: OJSC “Bank CenterCredit”, OJSC “UKTMK”, JSC “Kazakhstancaspishelf” and OJSC “Halyk Bank of Kazakhstan”. The repo rates vary from 12.55% to 16.00% APR for 29-260 days. The biggest amount – \$1,028.9 th. or 70.8% of all attracted money in this sector – was attracted by using the shares of OJSC “Bank CenterCredit”.

## Capitalization of the stock market for PIS

For June 14, 2000 total capitalization of the stock market for PIS of Kazakhstan (A+B+N without SBS) equaled **\$1,686.6 mln** or KZT240.9 bln at tenge to dollar rate of the Exchange, effective on that date. \$4.8 mln increase in capitalization in terms of dollars relative to the last day of previous period was caused by a resulting change in the prices of the shares being traded, which turned out to be positive in this week. Mainly, the increase in capitalization is explained by making deals in **preferred shares of OJSC “VALUT-TRANZIT BANK”** (since the appearance of the first market prices of these securities, the bank’s capitalization grew by almost a million dollars) and growth in market value of **OJSC “Bank TuranAlem” shares**.

Moreover, it should be noted that lately the capitalization of the Kazakhstani exchange market is significantly affected by the changes in official rate of the tenge to the Kyrgyz som, since the KASE trade lists contain the shares of major Kyrgyz companies – JSC “Kyrgyzenergo” and JSC “Kyrgyztelecom”. As the deals in the shares of these issuers has not been made at the KASE yet, only their face values are taken into account. And the latter is calculated in U.S. dollars using the official rate mentioned above.

## Trades in state securities

**In purchase and sale sector** for SS of KASE total volume of **56 deals** reached **KZT1,601.9 mln**. In previous period the volume did not exceed KZT1,467.1 mln with 62 deals made.

As it can be seen from the table below, no principal changes in neither the market activity, nor in the turnover structure were observed. Traders still give the preference to currency bonds and to bonds indexed by the devaluation, since the devaluation rate of the tenge against the dollar has not changed compared to previous period. Some growth in the expectations of the devaluation had an impact on the decrease in the liquidity of euronotes. They are being gradually replaced by domestic super short indexed SS, notwithstanding their apparent shortage on the market. Such deformation of the turnover structure, due to a sharp growth in the volume of deals in super short MEKAVM, indicates that professional participants consider the acceleration in the devaluation local occurrence. However, the attention should be paid to the fact that the number of deals in short papers is very insignificant. The market is very narrow in this segment and it will hardly be considered representative.

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

(in parentheses are comparable figures of the previous period)

Days till maturity	Yield to maturity for a buyer, % APR.				Volume, mln tenge discounted	Number of deals
	min	max	last deal	weighted average		
<b>Discounted SS: MEKKAM-3, 6, notes of NB</b>						
	<b>22.1% (23.5%) of purchase and sale sector's turnover</b>					
less than 8	6.07	9.00	9.00	8.40 (6.68)	102.8	4
29 - 36	10.25	10.56	10.25	10.43 (11.22)	105.1	5
43 - 56	10.63	10.71	10.71	10.64 (11.08)	75.3	3
64 - 91	12.50	12.50	12.50	12.50 (13.00)	23.9	2
92 - 181	13.09	13.09	13.09	13.09 (14.00)	47.1	1
Total					354.3 (344.6)	15 (18)
<b>Discounted indexed SS: MEKAVM-6, 12, MGU</b>						
	<b>56.9% (17.8%) of purchase and sale sector's turnover</b>					
8 - 14	5.00	7.70	5.00	6.89 ( -)	668.6	2
43 - 56	9.20	9.20	9.20	9.20 (9.24)	8.9	1
92 - 181	9.02	9.02	9.02	9.02 (9.03)	2.6	1
182 - 364	9.00	9.86	9.57	9.41 (9.47)	231.9	21
Total					912.0 (261.8)	25 (11)
<b>Euronotes of Kazakhstan, USD</b>						
	<b>21.0% (58.7%) of purchase and sale sector's turnover</b>					
*835 - 840	9.58	10.35	9.73	9.89 (10.00)	197.9	6
**1571 - 1577	10.64	11.04	10.66	10.89 (10.83)	137.7	10
Total					335.6 (860.8)	16 (33)
<b>SUBTOTAL</b>					<b>1,601.9 (1,467.1)</b>	<b>56 (62)</b>

Notes: for euronotes (\* - second issue, \*\* - third issue) volumes of the deals are calculated at weighted average USD/KZT rate of the Exchange. Volumes for indexed domestic SS are calculated considering official rate of USD/KZT.

The activity of SS repo sector has grown sharply – **134 repo deals for a total of KZT6,608.9 mln**. Of this number 61 deals (for KZT3,745.9 mln) were repo opening deals and 73 (KZT2,863.0 mln) were repo closing deals. Last week total turnover of this sector of the market was at KZT3,284.4 mln.

The banks are not having serious problems with their short-term liquidity. However, traders, unwilling (or being unable) to restructure their SS portfolios quickly in favor of currency bonds, are preferring to attract relatively short money in this segment of the market and use it to work with U.S. dollars. Under current situation with existing repo rates such moves can justify themselves and can yield some profit if the response to the change in the market conjuncture is quick (see the tables of the parameters of repo opening deals and investment attractiveness of the instruments)

Parameters of repo opening deals in SS at KASE from June 8 - 14

(in parentheses – comparable figures for previous period)

Opening date	Term of repo, days	Currency	Amount raised, mln KZT	WA yield, % APR	Number of deals
June 8.00	1	KZT	620.0	5.05	9
June 8.00	4	KZT	22.0	6.50	2
June 8.00	5	KZT	93.9	6.00	8
June 8.00	14	KZT	175.9	9.83	4
June 8.00	29	KZT	25.0	12.00	2
June 9.00	3	KZT	89.6	6.00	1
June 9.00	14	KZT	150.0	8.00	1
June 12.00	1	KZT	210.5	5.00	6
June 12.00	2	KZT	570.0	6.00	6
June 13.00	1	KZT	70.0	5.50	2
June 14.00	1	KZT	1,172.8	5.89	13
June 14.00	14	KZT	520.0	7.13	4
June 14.00	30	KZT	26.2	10.99	3
<b>TOTAL</b>			<b>3,745.9 (2,373.8)</b>		<b>61 (49)</b>

After closing of the trades on June 14 total amount of opened repo equaled **KZT3,250.0 mln**. Current weighted average rates as of June 7 (% APR, KZT, unless otherwise specified) equaled: for **1 day** (KZT1,172.8 mln) – **5.89%**; for **14 days** (KZT1,345.9 mln) – **7.53%**; for **29 days** (KZT25.0 mln) – **12.00%**; for **30 days** (KZT341.6 mln) – **10.54%**; for **42 days** (KZT364.7 mln) – **11.73%**.

**Total of 190 deals** amounting to **KZT8,210.8 mln** were made **on trade floors of KASE** during last period (purchase and sale and repo sector). Last week volume of 136 deals was KZT4,751.7 mln. As it becomes clear from the facts mentioned above, significant increase in the turnover of the Exchange market of SS was mainly caused by the increase in the volumes of repo deals.

In this week **proportion of the stock market turnover** in total volume of deals on Kazakhstani secondary market for SS for comparable operations (including euronotes and repo operations) equaled 72.8%, for last week it was 69.5%.

## Information about the companies

According to listing requirements, **OJSC “Temirbank”** (Almaty, official list of securities, category “A”) provided the KASE with the resolution of the shareholders general meeting “On the issue of the bank’s own bonds”.

At the meeting, which was held on April 28, 2000, the shareholders of OJSC “Temirbank” adopted a resolution to issue the bank’s bonds. Based on presented documents, the bank intends to register 5,000,000 U.S. dollar bond issue. The issue is to consist of 50,000 inscribed coupon bonds with 100 U.S. dollar face value and 5 year circulation term.

According to the issue terms set forth in the resolution, coupon (interest) rate of the bonds will equal 11% APR in their first year of circulation, and in subsequent years – by the decision of the bank’s Board depending on the market situation, but not less than 5% APR. Coupons are to be paid using 360/30 time basis semiannually, in tenge, at weighted average rate of the tenge against the U.S. dollar, that is to settle at the morning trade session of the KASE. The bonds are planned to be placed within a year from the circulation beginning date.

CJSC “NOC “Kazakhoil” (Astana) has increased the volume of the first issue bonds (KZ72LAG56A20, KASE official list of securities, category “A”, trade code KZOLb, June 5, 00 - June 5, 02; face value - \$100 at the rate of the Exchange; semiannual coupon 9.00% APR) **from 16 mln U.S. dollars to 25 mln U.S. dollars**. The number of issued bonds increased from 160,000 to 250,000. Corresponding changes in the bond issue terms were registered with National securities commission of Kazakhstan on June 9, 2000

Consortium, that acts as a lead manager of CJSC “NOC “Kazakhoil” (Astana) bonds, which is made of OJSC “Kazkommerts Securities” (Almaty), OJSC “Halyk Bank of Kazakhstan” (Almaty) and CJSC “SJSB ABN AMRO Bank Kazakhstan” (Almaty), informs that the issue volume of KZOLb was increased due to a significant prevalence of the demand for the bonds over initial issue volume.

According to listing requirements, **OJSC “SHNOS”** (Shymkent, official list of securities, category “A”) provided KASE with following documents of the shareholders general meeting held on May 15: the minutes of the meeting and the report of inspection commission for year 1999.

Based on the agenda of the meeting, the shareholders of OJSC “SHNOS” approved the Board’s report, the report of inspection commission and the audit report of “Arthur & Andersen” on annual financial statements of the company. The shareholders also decided to:

- approve following distribution of dividends in 1999: to preferred shares - 100% of face value, to common shares - dividends to be used for production expansion;
- elect the Board of Directors consisting of: Bernard Isatye, Bizakov Nurlan, Marlo Tomas;
- elect the Executive Board consisting of: Bizakov Nurlan (the head), Akhabayev Beibit and Pak Viktor;
- appoint “Deloitte & Touche” (Almaty, Kazakhstan) as the auditor of the company for year 2000 and engage “NAC KazakhKonsalting Ltd.” (Almaty, Kazakhstan) for consultations on current issues;
- approve an execution of a large deal: an issue of warrants on debentures (Canadian and American bonds) of “Hurricane HydroCarbons Ltd”.

Financial director of the company, Ongarbayev E.Kh, presented to the shareholders the annual report of OSJC “SHNOS”. It states that Kumkol oil field was still the main source of oil for the company in the reported period. The profit structure underwent substantial changes. For instance, the first income was received from oil sales and substantial profit from eurobonds transactions of OJSC “KAZKOMMERTSBANK.” After-tax profit in 1999 totaled KZT8,415.98 mln against KZT2,399.27 mln in 1998. There were KZT9 bln of taxes paid and more than KZT7 bln of investments. Moreover, several new branches of OJSC “SHNOS” were opened in Astana, Karagandy and Ust-Kamenogorsk.

According to the listing requirements, **OJSC “Almaty-Kus”** (Almaty, official list of securities, category “A”) provided Kazakhstan Stock Exchange (KASE) with its consolidated financial statements for the first quarter 2000: balance sheet, income and cash flows statements.

Following are the results of the company in the first quarter 2000 by the data of the issuer (in th. KZT):

Ratio	As of	As of	Change, %
	April 1 '99	April 1 '00	
Authorized capital (issued)	700,000	700,000	0
Authorized capital (minus withdrawn)	700,000	661,237	-5.5
Shareholders' equity	712,061	701,800	-1.4
Total assets	742,218	718,543	-3.2
Accounts receivable	60,400	62,005	+2.7
Accounts payable	30,157	16,743	-44.5
Sales (services offered)	22,587	18,656	-17.4
Cost of goods sold (services offered)	12,957	7,567	-41.6
Net income (loss)	6,380	4,100	-35.7
Book value of a share, KZT	10.17	11.27	+10.8

Compared to the first quarter of 1999:

- shareholders' equity decreased by KZT10.26 mln, or 1.4% (as a result of the transfer of shares to the emitter from one of the shareholders for repayment of accounts payable on the sum of KZT38.76 mln and increase of sum total of undistributed profit by KZT28.50 mln);
- assets decreased by KZT23.68 mln or 3.2%;
- liabilities declined by KZT13.41 mln, or 44.5%.

Sales (services offered) fell by KZT3.93 bln, or 17.4%, whereas their cost declined by KZT5.39 mln, or 41.6%. Total expenses for the period increased by KZT2.99 mln, or 91.9%.

As a result, net income of Almaty-Kus for the reported period totaled KZT4.10 mln or KZT2.28 mln (35.7%) less in comparison to the first quarter of 1999.

The main activities of the company are poultry farming production, commerce and leasing. The main sorts of goods: poultry and chicken meat, breeding and grade eggs and eggs shampoo.

The official list of KASE, category "A" includes following securities of the company:

- April 4, 2000 - common registered (KZ1C31690513, trade code ALKS) and preferred registered (KZ1P31690518, trade code - ALKSp) shares;
- April 11, 2000 - registered coupon bonds (KZ2C3AF64A13, trade code – ALKSb).

## News

By the resolution #621 of the Directorate of National securities commission of Kazakhstan (NSC) "On approval of several amendments to the trade rules of the Exchange", dated June 8, 2000, **changes into the trade rules of the Exchange that had been approved** by the decision of meeting of the KASE members holding "K", "P", "H" categories on May 18, 2000. In particular, "Regulation on the responsibility for violation of settlement terms", "Rates of membership and commission fees collected by the Exchange", "Rules on conclusion of repo deals", Addition 1 to "Rules on market-maker activities", "Regulation on conducting payments by the results of operations in securities". Due to this, internal document of KASE "Regulation on conducting payments by the results of operations in securities", approved by the decision of general meeting of KASE members holding "K", "P", "H" categories on Oct. 14, 1999 and approved by the resolution #462 of Directorate of NSC, dated Oct. 29, 1999, loses its validity.

The nature of changes made into the Exchange trade rules will be explained by IRBIS in the nearest informational news.

As the head of Analysis and Strategy division, the office of the chairman of the NSC, Mr. Niyazov informed IRBIS today that the NSC completes development of **its WEB-site in Internet (www.nsc.kz)**. It is planned that the server will start to operate as early as at June of this year.

Besides the information on the NSC, news and analytical materials, the site will contain data-bases on securities market regulation, registered issues of securities, professional participants of securities market and private persons who passed certification of the NSC. Apart from this, "Feedback" section of the server will provide consultation for any interested persons. The NSC plans to conduct wide-ranging promotion (including press-conference) of the server before it starts operation.

**Prepared by the agency «IRBIS»**