

WEEK OF STOCK MARKET OF KAZAKHSTAN

March 29 - April 4

1 US dollar = **145.40** tenge at official rate for the end of the period
 1 US dollar = **145.59** tenge at weighted average rate of the Exchange for the end of the period

YIELD OF STOCK EXCHANGE INSTRUMENTS

Following is the table that allows to compare investment attractiveness of the financial instruments, which were regularly traded or quoted at Kazakhstan stock exchange (KASE) during March 29 - April 4. In parentheses – figures of previous period. Instruments are given in ascending order, based on their attractiveness.

Investment attractiveness of stock exchange instruments from March 29 through April 4

Financial instrument	Currency	Yield, % APR	Volume of deals, mln KZT	Volume of deals, mln USD
VITAb2	USD	13.54 (14.61)	1.2 (1.2)	8.0 (8.0)
SMGZb1	USD	13.00 (13.00)	0 (0)	0 (0)
RGBRb2	USD	12.00 (12.00)	0.5 (0.5)	3.1 (3.1)
KZASb1	USD	11.85 (12.00)	14.7 (14.7)	101.2 (101.2)
BTASb1	USD	11.50 (11.50)	40.1 (26.6)	275.5 (182.7)
CCBNb1	USD	10.59 (10.62)	0 (0)	0 (0)
KARMB1	USD	10.24 (10.70)	0 (0)	0 (0)
TEBNb	USD	9.77 (9.82)	0 (0)	0 (0)
KZTOb	USD	9.73 (10.00)	126.3 (174.7)	868.4 (1,200.8)
KZOLb	USD	9.54 (9.60)	123.4 (14.9)	848.7 (102.1)
KKGBe2	USD	9.53 (9.50)	0 (0)	0 (0)
ATFBb	USD	9.42 (10.20)	0 (0)	0 (0)
HSBKb	USD	8.50 (10.00)	0 (0)	0 (0)
SYRb1	USD	8.50 (8.50)	0 (0)	0 (0)
TMJLb	USD	7.85 (8.06)	0 (0)	0 (0)
Euronotes-4	USD	7.42 (7.65)	737.1 (198.8)	5,067.9 (1,366.6)
Euronotes-3	USD	7.09 (7.13)	810.7 (264.1)	5,574.2 (1,815.7)
Euronotes-2	USD	6.23 (6.43)	637.6 (545.4)	4,384.2 (3,750.0)
IFO bonds	USD	5.21 (-)	11.2 (0)	77.2 (0)
ALKSb	USD	4.35 (5.72)	0 (0)	0 (0)
KKGBb	USD	3.91 (5.50)	0 (0)	0 (0)
MEKKAM, notes	KZT	*6.80 (5.47)	3,374.5 (134.8)	23,201.8 (926.8)
GB repo	KZT	*5.55 (4.34)	2,503.2 (0.1)	17,211.5 (1.0)

Notes: yields of BTASb1, KZOLb and KZTOb are calculated as average of the deals, yields of other corporate bonds are calculated as average of offer bids.

Tenge devaluation rate is estimated at weighted average rate of the main session of KASE in the week by a trend of **6.42% APR**.

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

INDICATORS OF INTERBANK DEPOSIT MARKET

Following is the table of mean values of interbank offering rates (KIBOR), calculated by the quotations put out by the banks in the trade system of KASE. The trend reflects the change of the indicator relative to the last day of previous period. Minimum quotation volume is KZT15 mln. The quotations are indicative meaning that participants do not have to conclude deals on given terms.

Indicators of Kazakhstan interbank deposit market as of April 4, 4:00 PM ALT and changes during the week

Term	Currency	Rate	Trend
1 week	KZT	6.00	-0.88
2 weeks	KZT	6.71	-1.04
1 month	KZT	7.50	-1.38
2 months	KZT	8.36	-1.52
3 months	KZT	9.43	-1.07

During this period decreasing trend of the deposits, which started last week, developed further. High liquidity of the market in tenge at the beginning of the week was due to the purchases of dollars made by the National Bank at the KASE, and later - due to the beginning of a new month (bank resources released after meeting necessary liquidity norms), as well as by a decrease in issuance activities of the Ministry of Finance on the GB primary market. however, it should be noted that on the last day of the period the rates of the shortest repo went up, which will likely to lead to a growth of KIBOR rates in next week.

THE SECURITIES SECTOR (SS)

Results of the week

During observed period 32 deals amounting to **\$3,663.2 th.** (KZT532.8 mln) were made **in purchase and sale sector** of the securities on trade floors of the KASE. Not only were all trading days were successful, but they were also characterized by a relatively high volume of deals. Relative to previous period (\$3,229.4 th., KZT469.7 mln, 28 deals) weekly turnover of the sector increased by 13.4%.

The most traded, based on the volumes of the deals, were **common shares of VALUT-TRANZIT BANK OJSC** (41.1% of sector's turnover). Then, there were bonds of NOTC KazTransOil OJSC (23.7%) and bonds of NOC KAZAKHOIL CJSC (23.2%). Last week coupon bonds of NOTC KazTransOil OJSC were the leaders.

By the last deals of the period the price of ALKZ decreased by 11.4% relative to the previous successful trades, VTBN - by 0.1%; the value of KZCRp grew by 0.1%. The value of CCBN did not change. The yields of KZOLb grew from 9.70% to 10.00%, KZTOb grew from 9.4998% to 10.3727% APR. The yields of BTASb1 did not change at 11.50%.

The KASE_Shares index fell by 2.0580 during the week, at **99.7978** at April 4 closing. Such a deep fall is explained by a decrease in ask price of KAZKOMMERTSBANK OJSC shares. The prices fell by 20.0%. The values of the indexes of corporate bonds market (changes during the week are in parentheses) are: **KASE_BY – 11.69 (-0.01%)**, KASE_BP – 110.91 (+0.22%), KASE_BC – 103.54 (+0.06%).

On April 4, 2001 **the capitalization of the companies**, whose shares are traded on the securities exchange market of Kazakhstan, equaled **\$1,395.5 mln** or KZT203.2 bln at tenge to dollar rate of the Exchange, effective on that date. During the week this number decreased **by \$7.7 mln** in terms of dollars is explained by a decrease in value of ALKZ (see above) and by a removal of a number of shares from the trade lists, which were traded on non-listed securities floor.

The capitalization of corporate bonds market of the Exchange by their best ask prices, that are regularly put out by the market-makers of these securities in the trade system of the Exchange, was fixed at **\$285.0 mln** as of April 4, or KZT41,499.7 mln. In nominal value (total face value of the bonds that were entered into trade lists of KASE) is estimated at **\$286.8 mln** as of this check date, or KZT41,753.4 mln.

Data on the deals, bid and offer information in purchase and sale sector of the securities, as well as description of trade codes are given in the tables.

Results of the trades in shares from March 29 - April 4

USD per share, unless otherwise specified

Issuer	Securities	Close	WA price	Volume	Best bid	Best offer
Almaty Kus OJSC	ALKS			0	0.1540	0.3080
Aliumini Kazakhstana OJSC	ALKZ	*0.7000	0.6939	33 320	0.7000	0.6876
Aktobemunaigas JSC	AMGZp	*8.35		0		*8.00
Bank TuranAlem OJSC	BTAS	70.12		0	70.00	73.00
Bank CenterCredit OJSC	CCBN	1.3394	1.3747	101 590	1.3753	1.3394
Halyk Bank of Kazakhstan OJSC	HSBK	0.8324		0	0.9000	1.8000
KAZKOMMERTSBANK OJSC	KKGB	*0.4500		0	0.2500	0.4000
TNC Kazchrome OJSC	KZCRp	*2.406	2.406	717	2.406	2.406
Kazakhtelecom	KZTK	14.500		0	12.000	16.500
Kazakhtelecom	KZTKp	*8.000		0	8.000	12.000
Rakhat JSC	RAHT			0	*0.42	*1.30
SAUR OJSC	SAYR			0		*0.3400
SSGPO JSC	SSGPp	*2.74		0		11.00
SHNOS OJSC	SYRG			0	1.3000	
TEMIRBANK OJSC	TEBN	*1.095		0	0.687	7.212
ULBA JSC	ULBAp	*10.00		0		*10.31
UKTMK OJSC	UTMK	*50.000		0	10.000	70.000
UKTMK OJSC	UTMKp	*4.3100		0		65.0000
VALUT-TRANZIT BANK OJSC	VTBN	2.5036	2.5060	601 000	2.5069	2.5036
VALUT-TRANZIT BANK OJSC	VTBNp	2.3033		0	1.3755	2.3010

Results of the trades in bonds from March 29 - April 4

yield for the buyer in % APR till maturity, unless otherwise specified

Issuer	Code	Currency	Last	WA	Volume, th. USD	Best bid	Best offer
Almaty Kus OJSC	ALKSb	USD	15.8542		0	25.6953	5.5168
AMB CJSC	ATFBb	USD	10.5979		0	10.0023	9.4527
Bank TuranAlem OJSC	BTASb1	USD	11.5000	11.5000	275.50	11.5000	11.5000
Bank CenterCredit OJSC	CCBNb1	USD	11.6998		0	11.9879	10.6141
Halyk Bank of Kazakhstan OJSC	HSBKb	USD	11.2702		0	13.5000	8.5000
Karazhanbasmunai OJSC	KARMB1	USD			0	11.4208	10.5520
KAZKOMMERTSBANK OJSC	KKGBb	USD	7.00		0	9.96	5.51
DAGOK Kustanaiasbest OJSC	KZASb1	USD	12.0000		0	12.7000	12.0000
NOC Kazakhoil CJSC	KZOLb	USD	*10.0000	9.5394	848.67	9.4000	10.0000

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Results of the trades in bonds from March 29 - April 4

yield for the buyer in % APR till maturity, unless otherwise specified

Issuer	Code	Currency	Last	WA	Volume, th. USD	Best bid	Best offer
NOTC KazTransOil CJSC	KZTOb	USD	10.3727	9.8639	868.38	9.4439	10.3727
RG Brands OJSC	RGBRb2	USD	12.0000		0	12.6999	12.0000
SHAHARMUNAIGAS OJSC	SMGZb1	USD			0	19.0000	13.0017
SHNOS OJSC	SYRGb1	USD			0	12.0017	8.4982
Temirbank OJSC	TEBNb	USD	6.6943		0	17.8246	9.7989
Kazakhstan Temir Joly NSE	TMJLb	USD	9.6501		0	8.4994	8.0001
VITA LLP	VITAb2	USD	14.6142		0	14.4760	13.5416

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

In the securities repo sector 10 deals were made during the week for a total of \$701.0 mln (KZT102.0 mln). All deals were repo closing deals. At the end of the period 11 securities repos in dollars were opened on the trade floor of the Exchange for a total of \$3,264.7 th. Common and preferred shares of VALUT-TRANZIT BANK OJSC, preferred shares of Kazakhtelecom and bonds of VITA LLP were used as the object of repo deals. The terms vary from 14 to 123 days, and rates from 7.91% to 15.50% APR.

Total of 42 deals amounting to \$4,364.2 mln (KZT634.7 mln) were made in securities on trade floors of KASE during last week (purchase and sale and repo sector). A week ago volume of 33 deals was \$3,679.3 mln.

Changes in trade lists

From April 2, 2001, by the decision of the Exchange council of the KASE of March 30, 01, first issue inscribed coupon bonds of Kazakhtelecom (Astana) were entered into official list of the Exchange's securities under category "A" of the group "A-" (see special issue).

By the decision of the Board of the Kazakhstan Stock Exchange (KASE), from April 04, 2001 the shares of following issuers are removed from the trade lists of the Exchange in "Non-listed securities" sector (second admission level):

- common inscribed (trade code - **CHPV**) and preferred inscribed shares (trade code - **CHPVp**) of **SHYMKENTPIVO CJSC** (Shymkent).
- common inscribed (trade code - **DNFB**) and preferred inscribed shares (trade code - **DNFBp**) of **Donskaya Neftebaza OJSC** (Aktobe region).
- common inscribed shares (trade code - **SAYH**) of **AVTOVOKZAL SAYAKHAT OJSC** (Almaty region).
- common inscribed (trade code - **VGEO**) and preferred inscribed shares (trade code - **VGEOp**) of **Volkovgeologiya OJSC** (Almaty).

The decision on the removal of these securities from the trade lists of the KASE was made due to an absence of deals and quotations (bid and offer) of the securities, admitted to the trades in "Non-listed securities" sector, during the last three months, as well as due to the fact that market capitalization of these companies is less than 1 mln U.S. dollars.

March results

As the next month ended the agency IRBIS has analyzed March results in all sectors of securities trades at the KASE. Total of 143 deals in securities were made in all sectors of the market for a total of \$22,448.1 th., or KZT3,266.1 mln at current rate of the Exchange effective on the day the deals were made on. Following are the tables showing the securities market at the Exchange in March, 2001.

Table of securities liquidity at the KASE in March 2001 (including repo sector)

Code	Brief title of the issuer	Volume of deals, th. USD	Volume of deals, mln KZT	Volume of deals in Number securities of deals
BTAS	Bank TuranAlem OJSC	4,446.18	647.10	62,005
VTBN	VALUT-TRANZIT BANK OJSC	4,167.77	606.46	1,881,000
KZTOb	NOTC KazTransOil CJSC	3,073.89	447.06	30,922
BTASb1	Bank TuranAlem OJSC	2,836.35	412.84	27,420
KZASb1	DAGOK Kustanaiasbest OJSC	1,735.60	252.55	17,200
VTBNp	VALUT-TRANZIT BANK OJSC	1,661.49	241.79	1,295,000
KZOLb	NOC Kazakhoil CJSC	1,104.18	160.61	10,826
VITAb2	VITA LLP	1,042.36	151.46	10,077
SMGZb1	SHAHARMUNAIGAS OJSC	691.18	100.48	6,774
KZCR	TNC Kazchrome OJSC	421.74	61.31	57,615
MMGZp	Mangistaumunaigas OJSC	356.77	51.95	75,109
TMJLb	Kazakhstan Temir Joly NSE	292.20	42.50	3,000
KZTKp	Kazakhtelecom	220.54	32.08	20,090

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Table of securities liquidity at the KASE in March 2001 (including repo sector)

Code	Brief title of the issuer	Volume of deals, th. USD	Volume of deals, mln KZT	Volume of deals in Number securities of deals
RGBRb2	RG BRANDS LLP	157.47	22.90	1,530
CCBN	Bank CenterCredit OJSC	138.87	20.19	101,000
KZMSp	Corporation Kazakhmys OJSC	28.93	4.21	6,156
ALKZp	Aluminii Kazakhstana OJSC	21.62	3.15	37,362
KZMS	Corporation Kazakhmys OJSC	19.77	2.88	1,652
SSGPP	SSGPO JSC	17.45	2.54	6,368
ALKZ	Aluminii Kazakhstana OJSC	11.22	1.63	16,320
KZCRp	TNC Kazchrome OJSC	2.63	0.38	1,092

Comments: The securities were sorted in descending order based on the volumes of deals expressed in U.S. dollars. The volumes of the deals are given for all sectors of the market, including repo deals and initial offerings. Small letters in the securities codes have the following meanings: "p" - preferred inscribed share; "b" - bond; "e" - eurobond; the rest - common inscribed share. The figure shows the number of the bond issue. If there is no figure (old code) it implies that it is the first issue.

Table of the dynamics of the main indicators of the securities market in March 2001

Date	Capitalization of the share market, mln USD	Share index	The KASE index	Capitalization of the bond market, mln USD	Bond value index, including accum interest	Volume of deals, th. USD
Feb.28.01	1,392.6	105.8554	238.725	12.2467	108.7612	25.7
March 01.01	1,392.8	105.8540	238.725	12.2350	108.8933	0.0
March 02.01	1,402.1	105.8528	238.770	12.2268	108.9303	518.9
March 05.01	1,401.8	105.8496	238.791	12.2167	109.0621	481.1
March 06.01	1,401.7	105.8324	263.330	12.2924	109.6619	122.2
March 07.01	1,403.9	105.8478	263.793	12.2513	109.1623	361.1
March 11.01	1,404.1	105.8474	263.793	12.2401	109.3333	0.0
March 12.01	1,407.3	105.4256	263.678	12.2226	109.4075	5,039.5
March 13.01	1,407.4	105.4263	263.678	12.2372	109.4108	0.0
March 14.01	1,407.6	105.4282	264.113	12.1937	109.5674	318.8
March 15.01	1,407.4	104.2347	264.574	12.1811	109.6374	353.8
March 16.01	1,404.2	105.4270	264.574	12.1673	109.7108	861.4
March 19.01	1,404.0	101.8534	264.574	12.1522	109.8558	1,049.6
March 20.01	1,403.3	101.8514	264.574	12.1502	109.8966	540.1
March 21.01	1,403.5	101.8528	264.515	12.2044	109.7801	951.3
March 25.01	1,403.4	101.8539	264.965	12.0912	110.1094	338.9
March 26.01	1,405.5	102.1362	264.275	12.1798	109.9033	1,011.4
March 27.01	1,405.4	102.1349	264.917	11.9600	109.9742	1,178.0
March 28.01	1,403.2	101.8558	264.906	11.6953	110.6941	701.0
March 29.01	1,397.8	101.8558	264.975	11.6639	110.7810	953.6
March 30.01	1,398.1	101.8559	264.920	11.7347	110.6523	638.6

Comments: The KASE index reflects the changes in the bids on the shares from the official list of the Exchange's securities of the category "A", including the market capitalization of their issuers. The capitalization of the bond market – indicator that reflects the volume of corporate debt circulating on the KASE as the bonds of the companies. It is calculated on the basis of the number of issued bonds and the bonds admitted to the trades and their market values. In case of the absence of the last figure, face value is used instead. The capitalization of the share market – indicator that reflects the market capitalization of the companies whose shares were entered into all the lists of the KASE securities. It is calculated on the basis of the number of issued shares and their last market values. In case of the absence of the deals the face values of the securities, expressed in U.S. dollars (if necessary) at the rate of the Exchange for the current day, are used.

Table of monthly volumes of deals with securities at the KASE in a year 2001 grouped by months (th. US dollars)

Month	Sector of the securities exchange market			Total
	Primary	Purchase and sale	Repo	
January	0	5,557.2	1,239.7	6,796.9
February	0	9,695.4	3,118.5	12,813.9
March	0	15,363.8	7,084.4	22,448.2
TOTAL	0	30,616.4	11,442.6	42,059.0

Comments: In 2000 volumes of securities operations at KASE were equal to \$138,440.4 th. IRBIS specialists warn that hidden repo deals can be made at the securities purchase and sale sector of the KASE, therefore the volumes of deals shown for this segment of the market can include the volumes of such deals.

KASE defined list of companies - leading operators of the KASE securities market for January-March of 2001. The rating is made according to portion of concluded deals in aggregate gross turnover of trades (total of purchased and sold shares and bonds). The rating included purchase-sale deals (68.4% of the secondary market) and direct and reverse repo operation (31.6%). Initial offerings of the securities, conducted at the Exchange, were considered separately (see below). The position of each entity was expressed in currency of

the payments, i.e. U.S dollars. In total, **17 companies** participated in securities trades at KASE (banks, broker-dealer companies, pension assets management companies). Below is the list of 5 the most active operators, which controlled 83.7% of the secondary market, given in descending order. The position of the broker in year 2000 is given in the parenthesis.

List of the most active operators of the Kazakhstani securities market of the Exchange

Position	Brief title of a company	Share in gross volume of trades, %
1 (1)	TuranAlem Securities LLP (Almaty)	42.3
2 (6)	INVESTMENT MANAGEMENT GROUP LLP (Almaty)	25.2
3 (4)	R.G. Securities LLP (Almaty)	8.0
4 (2)	Kazkommerts Securities OJSC (Almaty)	4.7
5 (27)	Bank TuranAlem OJSC (Almaty)	3.4

SECTOR OF GOVERNMENT BONDS (GB)

Results of the week

In GB purchase and sale sector of KASE total volume of 88 deals equaled **KZT6,320.8 mln**. Last week the turnover equaled KZT1,538.5 mln with 53 deals made. The release of the bank resources at the beginning of a new month had a positive impact on the market. Volumes of the deals have increased noticeably. It happened mainly due to an increase in the turnover of MEKKAM and notes, whose proportions grew almost 7 times. Simultaneously, the trading frequency of MEOKAM and euronotes declined. The increase in GB turnover at the KASE also stimulated a sharp increase in the proportion of the deals made at the Exchange within total volume of the market (see below).

By the results of the week the dynamics of the KASE indexes that indicate the condition of the market of Kazakhstani sovereign debt at the Exchange is as follows (in parentheses - weekly changes): **KASE_EY**, index of euronotes returns – equaled **7.15 (-0.92%)**; **KASE_EP**, index of “dirty” prices, – 126.05 (-0.23%); **KASE_EC**, index of “clean” prices – 114.16 (-0.47%). Last week decrease in the returns of the euronotes equaled only 0.10%.

Parameters of stock exchange transactions in GB from March 29 - April 4

(in parentheses are comparable figures of the previous period)							
Days till maturity	Yield to maturity for a buyer, % APR.				Volume, mln tenge discounted	Number of deals	
	min	max	last deal	weighted average			
Discounted GB: MEKKAM-6, 12, notes				53.3% (8.8%) of purchase and sale sector's turnover			
8 – 14	3.08	8.00	3.08	5.26 (6.54)	55.8	5	
37 – 42	5.54	5.54	5.54	5.54 (–)	49.7	1	
43 – 56	5.02	5.70	5.55	5.39 (5.94)	1,216.7	16	
57 – 63	5.36	5.85	5.38	5.56 (–)	547.1	5	
64 – 91	5.28	5.46	5.39	5.35 (5.41)	395.9	5	
92 – 181	7.49	9.01	9.01	9.01 (7.15)	181.9	2	
182 – 364	7.70	9.80	7.70	9.34 (–)	927.4	7	
Total					3,374.5 (134.8)	41 (15)	
Coupon GB: MEOKAM-36, MEOKAM-24				11.9% (25.7%) of purchase and sale sector's turnover			
646 – 646	11.24	11.24	11.24	11.24 (11.48)	7.7	1	
871 – 1,086	9.95	15.56	9.95	11.33 (11.45)	742.0	11	
Total					749.7 (395.4)	12 (11)	
Euronotes of Kazakhstan, USD				34.6% (65.5%) of purchase and sale sector's turnover			
538 – 543	5.22	6.35	6.33	6.32 (6.43)	637.6	12	
1,274 – 1,279	6.72	7.14	7.13	7.09 (7.13)	810.7	7	
2,197– 2,202	7.33	7.50	7.33	7.42 (7.65)	737.1	15	
Total					2,185.4 (1,008.3)	34 (27)	
Bonds of international financial organizations, USD				0.2% (–) of purchase and sale sector's turnover			
1,443 - 1,443	5.21	5.21	5.21	5.21 (–)	11.2	1	
SUBTOTAL					6,320.8 (1,538.5)	88 (53)	

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

In GB repo sector **75 deals for a total of KZT4,904.0 mln** were made during the period. Of this number 40 deals (for KZT2,503.2 mln) were repo opening deals and 35 (KZT2,400.7 mln) were repo closing deals. Last period the turnover of this sector of the market was registered at KZT1,781.1 mln. After closing of the trades on April 4 total amount of opened repo equaled **KZT3,064.6 mln**. Current weighted average rates as of April 4 (% APR) equaled: for 1 day – 3.68; for 2 days – 3.09; for 3 days – 3.25; for 7 days – 5.60; for 14 days – 6.00; for 24 days – 5.50; for 28 days – 7.23; for 29 days – 7.50; for 30 days – 7.67; for 31 days – 6.80.

Total of 163 deals amounting to **KZT11,224.8 mln** were made in GB on trade floors of KASE during last week (purchase and sale and repo sector). A week ago volume of 81 deals was KZT3,319.6 mln. This week **the proportion of the stock market turnover** in total volume of deals on Kazakhstani secondary market for GB for comparable operations (including euronotes and repo operations) equaled **90.4%**, for last week it was 58.1%.

March results

In March of year 2001, 642 deals for a total of **KZT63,350.1 mln** (\$435.4 mln at the current exchange rate of KASE) were made in all sectors of the government bonds (GB) market of Kazakhstan Stock Exchange. In last month, total volume of 819 deals totaled KZT52,021.6 mln (\$358.0 mln). **In purchase and sale sector** 288 deals were made for a total of **KZT17,922.6 mln**. In comparison with previous month **the sector's** turnover fell by 16.1%. **In repo sector** of KASE 354 deals were registered for a total of **KZT45,427.5 mln** in March. Corresponding figure for the previous month – 404 deals for KZT30,669.9 mln. In March **the share of the Exchange's turnover** in total volume of the deals made on the Kazakhstan secondary market of GB based on comparable operations (including euronotes and repo deals) equaled **79.7%** (in February – 81.9%).

Table of monthly volume of deals in GB at KASE in 2001 (KZT, mln)

Month	GB sector of the stock exchange market			Total
	Primary	Purchase-sale	Repo	
January	0	16,630.8	65,433.5	82,064.4
February	0	21,351.7	30,669.9	52,021.6
March	0	17,922.6	45,427.5	63,350.1
TOTAL	0	55,905.1	141,530.9	197,436.1

In year 2000 volume of GB operations at KASE estimated at KZT446,886.9 mln.

Kazakhstan Stock Exchange (KASE) defined list of companies - leading operators of the KASE government bonds market for March 2001. The rating is made according to portion of concluded deals in aggregate **gross turnover** of trades (total of purchased and sold bonds). The rating included purchase-sale deals (28.3% of the secondary market) and direct and reverse repo operation (71.7%). The position of each entity was expressed in currency of the payments, i.e. tenge. In total, **21 companies** participated in trades with GB at KASE (banks, broker-dealer companies, pension assets management companies and SAPF). Below is the list of 10 the most active operators given in descending order.

List of the most active operators of the Kazakhstani GB market of the Exchange

Position in January 2001	Position in 2000	Brief title of a company	Share in gross volume of trades, %
1	4	AMB CJSC (Almaty)	29.4
2	3	Halyk Bank Kazakhstan OJSC (Almaty)	13.5
3	10	Pension Asset Management Company of Halyk Bank of Kazakhstan CJSC	10.8
4	2	Bank TuranAlem OJSC (Almaty)	6.6
5	1	State Accumulative Pension Fund CJSC, SAPF (Almaty)	6.2
6	6	Eurasian bank CJSC (Almaty)	5.2
7	9	Bank CenterCredit OJSC (Almaty)	4.1
8	5	TEMIRBANK OJSC (Almaty)	3.8
9	11	PAMC JETYSU CJSC (Almaty)	3.3
10	13	Pension Assets Management Company Ak niet CJSC (Almaty)	2.6

INFORMATION ON COMPANIES

Almaty-Kus OJSC (Chapaev, Almaty region; production and sales of poultry, leasing. Main products: commercial and pedigree eggs, pedigree chicken, egg powder and poultry meat), in compliance with the listing obligations, provided the Kazakhstan Stock Exchange (KASE) with the minutes of an extraordinary general shareholders meeting, which was held on March 15, 2001, as well as financial statements for the year 2001 (balance sheet, income and cash flow statements) and informed of the changes in the Board.

At the meeting the shareholders of Almaty-Kus OJSC made following decisions:

- not to approve the annual financial statements, report of the Revision commission, distribution order of the net income and size of dividends for the year 2000, because the Deloitte & Touche (Almaty) did not finish auditing of the company's financial statements for the year 2000;
- to discuss the matters mentioned above at the meeting, which will be held on April 15, 2001 at 11:30AM ALT at: House of Culture Bldg, Chapaev comm., Ili district, Almaty region;
- cancel the decision made at the shareholders meeting of December 28, 2000 on canceling the first and second (additional) share issues with the simultaneous registration of the third issue with the change in the structure and currency of the issue;

- conduct the third (additional) share issue for a total of KZT730,000,000, consisting of 73,000,000 common inscribed shares at KZT10 each;
- place 73,000,000 shares of the third issue privately among qualified investors; the shareholders register to be maintained by Reestr-Service LLP (Almaty);
- make corresponding changes into the company's Charter.

The company also informed on changes in the Board. It is said that Poedintsev Sergei Gustavovich was assigned as the new first deputy chairman (previously chief accountant of Asia-Clean JV) and Serjantov Konstantin Alekseevich as a financial director (previously private auditor and tax consultant for a number of industrial and commercial structures).

Comparable results of Almaty-Kus OJSC in 2000

(in th. KZT, unless otherwise specified)

Ratio	As of Jan.1 '00	As of Jan.1 '01	Change, %
Authorized capital (issued)	700,000	1,100,000	+57.1
Authorized capital (minus withdrawn)	661,237	1,100,000	+66.4
Shareholders' equity	697,700	1,143,706	+63.9
Total assets	709,361	1,808,681	+155.0
Net working capital	36,926	115,571	+213.0
Accounts receivable	48,337	479,670	+892.3
Accounts payable	11,661	37,484	+221.4
Sales (services offered)	98,426	160,466	+63.0
Cost of goods sold (services offered)	46,304	31,905	-31.1
Net income (loss)	30,782	12,313	-60.0
Calculated ratios:			
Return on sale (ROS), %	52.96	80.12	+51.3
Return on equity (ROE), %	4.41	1.08	-75.6
Return on assets (ROA), %	4.34	0.68	-84.3
Earning per share (EPS), %	0.43	0.12	-72.5
Book value of one share, tenge	10.55	10.40	-1.5

Net income per common share (EPS) for 2000 is given without dividends on preferred shares, which are not defined at the moment.

Compared to 1999, the company registered growth of: **shareholders' equity** by KZT406.0 mln, or 63.9% (as a result of floatation of second emission shares - KZT400.0 mln; selling of shares previous transferred by a shareholder as payment for receivables - KZT38.8 mln; increase in reserve capital - KZT30.8 mln and decrease of final amount of undistributed profit - KZT23.6 mln); **assets** by KZT1,099.3 mln or 155.0% as a result of investments into authorized capital of "Kombikormovii Kombinat" OJSC and Food Brothers LLP (KZT400.0 mln or 36.4% of the growth), increase of cash funds (KZT300.6 mln or 27.3%) and receivables; **current receivables** by KZT431.3 mln or 9.9 times of which KZT136.0 mln is prepayment for equipment; KZT252.6 mln financial assistance to "Seimar" concern; account receivables - KZT42.7 mln; **liabilities** by KZT653.3 mln, or 57 times caused by emission of bonds in April 2000 for a total of \$4.5 mln (KZT632.3 mln).

Sales (services offered) increased by KZT62.0 mln, or 63.0%, while cost of goods sold fell by 31.1% or KZT14.4 mln. **Expenses** increased 4.9 times or KZT83.1 mln, of which KZT69.7 mln interest payments (bonds servicing).

As a result, **net income** of Almaty-Kus for the reported period totaled KZT12.3 mln that is less than in 1999 by KZT18.5 mln or 60.0%.

Dynamics of company's some indicators during the year 2000 on a quarterly and non-accruing sum basis

(in thousand KZT)

Indicator	I-2000	II-2000	Change, %	III-2000	Change, %	IV-2000	Change, %
Sales	18,656	41,727	+123.7	34,421	-17.5	65 662	+90.8
Net income	4,100	-2,984	-172.8	316	+110.6	10 881	+3,343.4

Almaty Merchant Bank CJSC (AMB CJSC, Almaty), according to the listing requirements, provided KASE with its consolidated financial statements for 2000: balance sheet, income and cash flows statements.

Comparable results of AMB CJSC in 2000

(in th. KZT, unless otherwise specified)

Ratio	As of Jan.1 '00	As of Jan.1 '01	Change, %
Authorized paid-up capital	856,350	1,211,100	+41.4
Shareholders' equity	1,492,313	1,983,486	+32.9
Total assets	11,897,245	18,746,816	+57.6
Liquid assets	6,145,982	8,077,465	+31.4
Loans and deposits (including issued bonds)	10,041,883	15,286,352	+52.2
Loans granted	4,692,956	8,694,378	+85.3

To be continued on the page 8

Second part of the table

Comparable results of AMB CJSC in 2000

(in th. KZT, unless otherwise specified)

Ratio	As of	As of	Change, %
	Jan.1 '00	Jan.1 '01	
Income from operating activity	2,176,454	3,535,603	+62.4
General expenses	1,699,455	3,044,250	+79.1
Net income (loss)	476,999	491,353	+3.0
Calculated ratios:			
Return on assets (ROA), %	4.01	2.62	-34.6
Return on equity (ROE), %	31.96	24.77	-22.5

Compared to 1999, the company registered growth of: **shareholders' equity** by KZT491.2 mln, or 32.9% (as a result of floatation of fifth emission shares - KZT354.8 mln; increase in funds and reserves - KZT135.1 mln; increase in final amount of undistributed profit - KZT1.3 mln); **assets** by KZT6.8 bln or 57.6% (including: securities in bank's portfolio - KZT3.1 bln; loan portfolio - KZT4.0 bln, other assets - KZT1.1 bln and decrease of Lorro accounts - KZT1.4 bln); **liabilities** by KZT6.4 bln, or 61.1% (including growth of current deposits - KZT3.7 bln; issued bonds - KZT722.5 mln; repo operation - KZT732.9 mln); **operational income** - KZT1.4 bln or 62.4% (including interest income from loans and securities - KZT1.1 bln); **expenses** - KZT1.3 bln or 79.1% (including interest payments - KZT456.4 mln; non-interest expenses KZT383.3 mln, provisions - KZT290.2 mln, income tax - 215.2 mln).

As a result, **net income** of AMB CJSC for the reported period totaled 491.4 mln or 14.4 mln or 3.0% higher than in 1999.

Dynamics of bank's some indicators during the year 2000 on a quarterly and non-accruing sum basis

(in thousand KZT)

Indicator			Ch.			Ch.	Ch.
	I-2000	II-2000	%	III-2000	%	IV-2000	%
Change in deposits	734.1	2,097.1	+185.7	-162.9	-107.8	588.4	+461.3
Operational income	761.2	788.8	+3.6	978.7	+24.1	1,006.8	+2.9
Net income	82.2	64.3	-21.8	273.1	+324.8	71.8	-73.7

On April 4 AMB CJSC sent an official note to the Kazakhstan Stock Exchange (KASE) informing that on April 2, 2001 **it paid off the coupon** on its first issue bonds (KZ2CKAN3AA16, official list of the KASE securities under category "A", ATFBb, Oct 2, 00 - Oct 2, 01, \$5 mln, semiannual coupon at 10.5% APR) completely. There was no payment amount in the note. Based on IRBIS data, it should be at an equivalent of USD262.5 th, or KZT38,167.5 th at current rate of the Exchange (since the bonds are services at the rate of the Exchange).

Bank TuranAlem OJSC (Almaty), according to the listing requirements, provided KASE with its consolidated financial statements for 2000: balance sheet, income and cash flows statements.

Comparable results of Bank TuranAlem CJSC in 2000

(in th. KZT, unless otherwise specified)

Ratio	As of	As of	Change, %
	Jan.1 '00	Jan.1 '01	
Authorized paid-up capital	9,696,690	12,870,230	+32.7
Shareholders' equity	5,549,633	10,892,217	+96.3
Total assets	46,744,000	79,585,516	+70.3
Liquid assets	11,444,152	16,562,434	+44.7
Loans and deposits (including issued bonds)	35,250,467	62,121,117	+76.2
Loans granted	27,921,684	55,149,343	+97.5
Income from operating activity	8,037,788	14,798,626	+84.1
General expenses	7,279,647	12,649,030	+73.8
Net income (loss)	758,141	2,149,596	+183.5
Calculated ratios:			
Return on equity (ROE), %	13.66	19.74	+44.5
Return on assets (ROA), %	1.62	2.70	+66.5
Earning per share (EPS), KZT	781.86	1,670.21	+113.6
Price earning ratio (P/E)	15.99	6.18	-61.3
Book value of share, KZT	5,723.22	8,463.11	+47.9

Compared to 1999, the company registered growth of: **shareholders' equity** by KZT5.3 bln, or 96.3% (as a result of floatation of fifth issue shares - KZT3.2 bln; increase in additional capital - KZT27.3 mln, increase in final amount of undistributed profit - KZT2.2 bln and decrease of reserves on revaluation of fixed assets - KZT6.1mln); **assets** by KZT32.8 bln or 70.3% (including: loan portfolio - KZT27.2 bln, securities portfolio - KZT6.3 bln); **liabilities** by KZT27.5 bln, or 66.8% (including deposits - KZT20.0 bln; liabilities to other banks and organizations - KZT6.9 bln); **operational income** - KZT6.8 bln or 84.1% as a result of growth of clients base (increase of income from loan and other financial operations, commission fees; **expenses** - KZT5.4 bln or 73.8% as a result of allocation to reserves (provisions), deposit payments and other expenses).

As a result, **net income** of Bank TuranAlem OJSC for the reported period totaled KZT2.1 bln that is KZT1.4 bln or 2.8 times higher than in 1999.

Dynamics of bank's some indicators during the year 2000 on a quarterly and non-accruing sum basis

(in thousand KZT)

Indicator	I-2000	II-2000	Ch. %	III-2000	Ch. %	IV-2000	Ch. %
Change in deposits	2 889.9	5,986.0	+107.1	9,862.4	+64.8	1,215.3	-87.7
Operational income	3,527.3	3,119.2	-11.6	3,667.6	+4.1	4,484.6	+22.3
Net income	405.5	449.0	+10.7	482.6	+7.5	812.5	+68.3

RG BRANDS LLP (Almaty: production and sale of natural juices) provided the Kazakhstan Stock Exchange (KASE) with the block of documents confirming the re-registration of the partnership into an open joint stock company RG Brands (RG Brands OJSC). The certificate of the state registration of the legal entity under the number 39023-1910-AO was issued to the company by the Justice department of Almaty **on March 27, 2001**. Now, the second issue bonds (KZ72KAT51A39, RGBRb2; \$100; \$4 mln; Jan 8, 01 - Jan 8, 03; semiannual coupon at 13% APR) of RG Brands OJSC are traded at the KASE within the official list of the securities under category "A". Based on the new edition of the Regulation on KASE securities listing adopted on April 2, 2001, the limited liability partnership can not be the issuer of the securities of this category. Thus, the company has met the requirements of the new Regulation.

SHNOS OJSC (Shymkent), in compliance with the listing obligations, provided the Kazakhstan Stock Exchange (KASE) with the minutes of an extraordinary general shareholders meeting, which was held on January 26, 2001. Based on adopted agenda of the meeting, the shareholders of SHNOS OJSC approved a new edition of the Charter, and:

- dismissed previous Board of directors and elected a new one consisting of 3 people (the same): Bernar Isotie, Marlo Thomas, Christian Klaire;
- approved the decision of the general meeting of SHNOS OJSC shareholders, dated August 21, 2000, as well as the changes and amendment made to the Charter, approved at this meeting, from the date these changes and amendments have been approved till the adoption date of a new Charter, including, but not limited to, approved the abolishment of the collegial executive body (Board) of SHNOS OJSC and establishment of a single executive body (President) and their election rules;
- approved the decision of the general shareholders meeting of October 30, 2000, as well as the election and activities of the Board of directors of SHNOS OJSC from October 30, 2000 to the election of new Board of directors;
- approved and ratified all the activities of the Board of directors and the President of SHNOS OJSC, regarding the dismissal of the Chairman of the Board, Mr. Bizakov N. on August 31, 2000 based on his application of August 15, 2000.

As the speaker, the Chairman of the meeting (acting director of the law department of SHNOS-HKM), stated the dismissal of existing Board of directors, as well as the approval of the decisions of the general shareholders meetings of August 21 and October 30, 2000 do not mean the acknowledgement of previous Board of director and makes its decisions illegitimate. The actions to approve previously made decisions are taken solely to block the measures taken by Mr. Bizakov, which are aimed against SHNOS OJSC, and the soonest settlement of the case, filed by Mr. Bizakov.

VITA LLP (Almaty; purchasing, processing, production and sales of oil and fat products) RG Securities LLP (Almaty) finished initial offering of the second issue inscribed coupon bonds (KZ2CKAPUBA19, official list of the KASE securities, category "B", trade code - VITAb2; \$100; \$1.5 mln; Dec 1, 00 - Dec 1, 01; semiannual coupon at 14.0% APR) on April 2, 2001. Based on the data of RG Securities LLP, financial consultant of on entering the company bonds to the stock market, 50.40% of the issue was purchased by the banks of the second tier; 5.40% - by private accumulative pension funds (using their own capital); 33.60% - insurance companies; 8.44% - brokerage companies; 0.36% - individuals. Other investors have bought 1.80% of the bonds at face value. The yield of the bonds at initial offering, calculated on a semiannual basis, equaled 14.0% APR. All the securities were offered at face value.

UKTMK OJSC (Oskemen; production and sale of non-ferrous metals (high grade titanium sponge, commodity magnesium), in compliance with the listing obligations, informed the KASE of the annual general shareholders meeting, which will be held on May 23, 2001 with the following agenda:

- Results of the registration and the election of the meeting bodies.
- Approval of the Account commission members.
- Report of the Board on the company's year 2000 results.
- Report of the Revision commission.
- Approval of the company's year 2000 financial statements.

- Distribution of net income.
- On year 2000 dividends.
- Approval of the company's auditor for 2001.
- Election of the Revision commission.

VALUT-TRANZIT BANK OJSC (Karagandy), in compliance with the listing obligations, informed the KASE of the changes in the Board of the bank. Based on presented information, by the decision of the Board of directors, dated March 20, 01, Akulenko Boris Stefanovich was assigned as acting deputy chairman instead of Tabuldin Serik Majitovich. Also, VALUT-TRANZIT BANK OJSC provided with the minutes of an extraordinary general shareholders meeting, which was held on February 19, 2001. Based on adopted agenda of the meeting, the shareholders of VALUT-TRANZIT BANK OJSC made following decisions:

- issue 50,000 inscribed coupon bonds in four tranches (with different coupon rate for each tranche) for a total of 5,000,000 U.S. dollars at \$100 each, maximum circulation term is 5 years;
- increase announced authorized capital of the bank up to KZT2.3 bln by registering the eighth (additional) share issue for KZT1.0 bln;
- register a new edition of the bank's Charter since the increase in announce authorized capital and giving the bank a status of people's company;
- expel Ordabaeva G.J. from the Board of directors and enter Shayakhmetova K. and Popova V.N..

VALUT-TRANZIT BANK OJSC informed KASE on convocation of annual general meeting of shareholders. The meeting will be held on April 30, 2001. Following is the agenda of the meeting.

- Approval of boards report on results of 2000;
- Approval of the annual financial statements;
- Approval of the inspection commission report;
- Distribution of net income of the bank;
- Issue of bonds;
- Other businesses.

The meeting will be held to the address: 32 Bukhar Zhirau, Karagandy. In case of lack of quorum, the meeting will be held on May 02, 2001.

Astana-finance OJSC (Astana; some banking services, investment, financing of economic and social projects on the development of special economic zone of Astana city, as well as other activities in accordance with the Charter and available licenses), in compliance with the listing obligations, informed the KASE of the annual general shareholders meeting, which will be held on April 26 with the following agenda:

- Approval of the report of the Astana-finance OJSC Board on the company's results in 2000.
- Approval of the company's annual financial statements and the conclusion of the Revision commission.
- Approval of the company's net income distribution.
- Approval of the dividends by the year-end results.
- Approval of the terms and order of bond issue.
- Miscellaneous.

The meeting will be held at: 54, Bigeldin St., Astana. In case of the absence of the quorum the meeting will be repeated on April 27, 2001.

Also, Astana-finance OJSC provided the KASE with the minutes of its extraordinary general shareholders meeting, which was held on January 26, 2001. Based on adopted agenda of the meeting, the shareholders of Astana-finance OJSC made following decisions:

- buy 3,779,092 shares of Astanaenergосervice OJSC at KZT1,000 each for a total of KZT3,779.092 th, which is an equivalent of Astanaenergосervice OJSC liabilities to Astana-finance OJSC;
- give the shares of Astanaenergосervice OJSC amounting to KZT934,370 th., that belong to Astana-finance OJSC and the shares purchased additionally for KZT3,779,092 th., to Astana city on account for the liabilities of Astana-finance OJSC to the Administrative council of a special economic zone of Astana city;
- decrease the company's announced authorized capital from KZT3.1 bln to KZT2.0 bln (in order to cut the allocations from net income to reserve capital, as well as to meet the obligations on forming 100% authorized capital to obtain a license for certain kinds of activities);
- approve a new edition of the company's Charter (since changes and amendments were made);
- dismiss the pervious Board of directors and elect a new one consisting of 7 people: Mesheryakov N.I. - Chairman, Sukhotin A.V., Uskenbaev K.A., Krutikhovskii I.G., Galimov I.S., Yakovleva T.I., Islamov K.K.;

- dismiss the previous Revision commission and elect a new one consisting of 3 people: Beikutova G.M., Likhtei V.I., Petukhova N.G.;

Besides, it was decided that if Astana-finance OJSC becomes the winner of the tender on receiving budgetary funds to implement the program of mortgage financing for the year 2001, an agreement will be signed with the Department of program implementation of Astana. The budgetary loan is said to be KZT1.2 bln for 15 years at 2% APR.

NOC KAZAKHOIL CJSC (Astana) informed on foundation of Kazakh-French joint venture, KOBOS. Kazakoilkurylyls LLP (daughter company of KAZAKHOIL) and Buig Offshore JSC stood as founders of new joint-venture. The presentation was held today and was attended by heads of named companies. The creation of the joint venture between KAZAKHOIL and Buig Offshore company has been long discussed. On June 28, 2000 during official visit of Nursultan Nazarbayev to France, Mr. Balgimbayev had a meeting with the head of Buig Offshore. They signed constitutive agreement on joint venture with 50% participation of both parties. Full name of company - JV Kazakoil-Buig Offshore LLP. The company would operate in construction business related to oil and gas sector of Kazakhstan. Its activity could promote and further develop infrastructure of oil rich regions in Kazakhstan. Main activities are following: services, seaport construction, terminals, irrigation systems, water and ground installments, dams, storage facilities, installation of oil and gas equipment, etc. According to KAZAKHOIL, French company was selected due to its international recognition as major oil infrastructure company. Buig Offshore is presented on all continents. It works with well-known oil companies in the world. Its experience is main source of success in Kazakhstan. The transfer of technologies to Kazakhstan affiliates is major task for companies operation. Creation of the company reflects KAZAKHOIL intention to develop oil infrastructure in Kazakhstan, particularly in field of sea construction.

KASE MEMBERS

By the decision of the Board of the Kazakhstan Stock Exchange (KASE), **from April 2, 2001 Businessbank OJSC** (Almaty) is barred from the participation at the trades in foreign currency at the KASE. The decision was made because the bank accounts were arrested and stays effective until the accounts are freed. On March 27, 2001 Businessbank OJSC informed the KASE of arresting all the accounts of the bank by the City Internal Affairs Administration of Almaty due to starting a criminal procedure on killing a well-known entrepreneur, Abenov E.B. on March 16. Due to this case, the management of Businessbank OJSC applied to the KASE on temporary suspension of the bank's membership at the Exchange till the end of the investigations and freeing the accounts.

KASE NEWS

From April 2, 2001 KASE suspended trades over inscribed coupon bonds of SHAHARMUNAIGAS OJSC of the first issue (Almaty, KZ75KASICA50; SMGZb1; \$100; \$30 mln; Jan 18, 01 - Jan 18, 06; annual coupon at 13.0% APR). The reason is disclosure of new information on activity of the issuer and its affiliated parties. According to the new standard regulations, disclosed information contains facts sufficient to suspend trades. The Exchange Council has examined information and decided to send official request to SHAHARMUNAIGAS OJSC appealing for comments. Trades are suspended prior to receiving of sound comments. If facts stipulated in the information would be confirmed, IRBIS and KASE reserve the right to publish it, while exchange bodies would approve appropriate decisions concerning status of SHAHARMUNAIGAS bonds.

Resolution of Directorate of National Securities Commission #806 dated March 30, 2001 approved new wording of documents "Repo deals conclusion rules" and "Size of membership and commission fees charged by the Exchange". The wording was also approved by the meeting of KASE members categories "K", "P" and "H" on March 16, 2001. Modifications are related to forthcoming opening of new **market for automatic repo**. New wording of documents is published at Internet site of KASE:

- <http://www.kase.kz/GenInfo/NormBase/repo.asp>
- <http://www.kase.kz/GenInfo/NormBase/fee.asp>

On the automatic repo market, deals will be concluded using both methods: uninterrupted counter auction and direct quotations. Depending on structure of automatic repo market trade system will have options to conclude repo deals on **several fixed term**. These periods will be defined by the Board of KASE. When submitting bids, **repo rate** will be used as a price of financial instrument, while opening value as a quantity. Repo rate will be estimated on annual basis while opening value in currency of a deal. Yield of repo deals is made out as difference between closing and opening values. The party that made a purchase deal in the sector is a seller of financial instrument. Respectively, party that made a deal on purchase is a purchaser. Estimation of a necessary quantity of financial instrument needed to conclude an opening deal will be made at prices set in the trade system so as to ensure that value equivalent of financial instruments will be **equal or exceeded opening value**. Methodology of estimation of financial instrument prices will be defined by Risk Committee of KASE. The board will regulation structure and activity of the committee. Opening value is defined as amount fixed at conclusion of repo deal while closing price as price of opening deals plus yield from repo deal, which is estimated using following formula: opening value multiply on yield divide by 354 and multiply on period of repo. Period of repo is term between repo opening and closing dates.

Commission fee at the automatic repo sector would be equal to **0.25%** from total yield of a deal. Total yield is defined as production of number of securities and difference between closing and opening prices. Commission fee will be charged from sellers and buyers. In case if repo term will be changed (prolongation) total yield is estimated according actual period of repo.

New wording of documents will be enforced since **April 15, 2001**. Date of launching of a new sector will be announced later as to ensure full compatibility of software and trade system.

Prepared by the agency "IRBIS"

First issue bonds of Kazakhtelecom were entered into the KASE listing under category "A"

Special issue based on the information of Kazakhtelecom OJSC, Kazakhstan Stock Exchange (KASE), and agency IRBIS

From April 2, 2001, by the decision of the Exchange council of the Kazakhstan Stock Exchange (KASE) of March 30, 01, first issue inscribed coupon bonds of Kazakhtelecom (Astana) were entered into official list of the Exchange's securities under category "A" of the group "A-".

The bonds were placed into the group "A-" of the official list of the KASE securities under category "A" (specifications of this group of the category "A" is given in a new edition of the Regulations on the KASE securities listing, which will go into effect on April 2, 2001) for the following reasons. The bonds can be entered into the official list of the Exchange under category "A" if the company has a net income during the last fiscal year or by aggregate results of last three years, which is also confirmed by the auditor from "big five" companies. By the auditing report of Deloitte & Touche, the Kazakhtelecom had losses in 1998 and 1999 as a whole. The profit it received in 2000 was not confirmed by the auditor. However, the bonds of the company can be entered into the category "A" by the decision of the Exchange council if the issuer's shareholders' capital is at least an equivalent of 100 mln U.S. dollars in Kazakhstani tenges. Kazakhtelecom meets this requirement, its shareholders' capital is KZT36 bln, or 250 mln U.S. dollars.

The Exchange council of the KASE decided to return to the matter on changing the group of the first issue Kazakhtelecom bonds in the official list after the auditing report on the year 2000 financial statements will be received and then clarify the matter on the investments of Kazakhtelecom into the capitals of other legal entities.

BOND ISSUE INFORMATION

Type of the securities:	inscribed coupon bonds, indexed by the change in the exchange rate of tenge to U.S. dollar
National identification number:	KZ2CUY03A347
Number in the state register	A31
Registrar	Reestr-Service LLP (Almaty)
Date of registration	March 6, 01
Face value, USD:	100.00
Issue volume, USD:	25,000,000
Issue volume, bonds	250,000
Circulation starts on	March 13, 01
Floation term	3 years from circulation date
Circulation term	3 years
Maturity	March 13, 04, actually - March 15, 04*
Interest:	10% APR
Interest payment days	September 13 and March 13
Time basis for coupon calculations	360/30
Fixing date of the register for coupon payments	30 days
Dates when the register is fixed for coupon payments	August 14 and February 11
Fixing date of the register for the maturity	30 days
Date when the register is fixed for the maturity	February 11, 04
Servicing of the issue	in tenge at official rate of the main session on KASE, effective on the payment date
Financial consultant of the issue:	ABN AMRO Bank Kazakhstan CJSC; Kazkommerts Securities LLP (Almaty)
Admittance date to the KASE trade lists	Apr 2, 01
Date of the first trades	Apr.16, 01
KASE trade code	KZTKb1
Price deviation accuracy	4 decimal points
Market-makers at the KASE	Kazkommerts Securities LLP (Almaty)

* - March 13, 04 is a week-end.

Additional conditions

At the issuer's discretion, the coupon payments can be made in U.S. dollars to the bond holders, who are not the residents of Kazakhstan. The individuals, who has purchased the bonds not later than 30 days prior to the coupon payment date are entitled to receive the payments. Coupons are paid on business day only. No additional interest or other payments are to be made if the actual payment date falls after the calendar day set for the coupon payments.

Coupon is not charged after the maturity date. If the bond maturity is delayed or stopped unjustifiably, then coupon will be charged. If necessary, coupons can be accrued for the period less than a year by using 360 day a year basis, 12 months and 30 days in each month, and the number of days used in the last month.

If the bonds were not paid off or called back and cancelled ahead of schedule, then they will be repaid at the face value on the maturity date in 2004 with simultaneous payment of the last coupon by transferring the money to the accounts of the bond holders, or by paying in cash at the office of the payment agent to those individuals, who has been registered in the register not later than 30 days prior to the maturity date. The bonds can be repaid only on business day. No additional interest or other payments are to be made if the actual repayment date falls after the calendar day set for the maturity date. The bonds are repaid at the official rate of National Bank effective on the payment date. At discretion of the issuer coupon payments can be made in the same way as face value payments, in US dollars to holders, which are not residents of Kazakhstan.

The issuer can, at any time, buy bonds on open market or otherwise at any price. Bonds purchased in this way do not give right to vote on meetings of bondholders while being held by or on behalf of the issuer. These bonds also can not to be considered as unredeemed in the view to define quorum on meetings of bondholders or in case of failure to execute obligations stipulated by present terms. All bonds purchased or redeemed in this way and any coupons with due date must be annulled and can not be reissued or redistributed.

In case if the issuer fails to pay off any amount in accordance with present terms at proper date, it must repay interest on past-due amounts. Interest is to be accrued from the date set for payment till actual date of the payment (before and after court decision) at 10% APR rate in excess to coupon.

The funds raised through the issue would finance general corporate goals of Kazakhtelecom, including financing the projects on telecommunication network modernization, refinancing of the liabilities, development of new services, etc.

GENERAL INFORMATION, MEMBERSHIPS IN ASSOCIATIONS AND ORGANIZATIONS

Date of initial state registration is December 1, 1994. Constitutional and legal status is open joint stock company. Ownership is private. Legal and actual address of the head office: 51a, Moskovskaya St., Astana 473000, Kazakhstan. The number of employees as of Jan 1, 01 is 30,872.

Kazakhtelecom is a national operator of telecommunications in the country and has the license on engaging in telecommunication business in the country with an exclusive right to provide international and long distance communication services. Being a natural monopoly, and possessing all data transmission networks and communication centers in the country, the company was entered into the State register of natural monopolies of Kazakhstan.

As of January 1, 2001, Kazakhtelecom is a member of the Association of educational, scientific, project and other organizations of the transportation-communication complex Astrako (Almaty, Kazakhstan). Main goal of the Association is the developing relationships among the organizations of transportation and communication complex in training the specialists, developing technical documentation, creation of scientific-technical production etc. This Association is a non-commercial organization. Kazakhtelecom is also a member of the Council on electric communication under the Regional commonwealth of the CIS countries, a non-commercial international organization, which was created to coordinate the activities of telecommunication companies and industries in CIS.

By the resolution of the National Securities Commission of Kazakhstan (NSC), dated April 29, 1999, the company was given a status of people's open joint stock company.

ESTABLISHMENT HISTORY

National Joint Stock Company Kazakhtelecom was established in 1994 on the bases of the companies and organizations under the Ministry of communication of Kazakhstan by merging 36 regional telecommunication enterprises. Until 1994 the company's activities were controlled by the Ministry of Transportation and Communication of Kazakhstan, and general telecommunication network was used by 21 state regional enterprises. As an open joint stock company, Kazakhtelecom exists from February 20, 1997, after it has been re-registered as Kazakhtelecom NJSC by the Ministry of Justice of Kazakhstan. As a result of re-registration, in 1997 all regional enterprises and communication departments were united into one legal entity.

CAPITAL, SHARES AND SHAREHOLDERS

As of Feb 1, 01, announced, issued and paid authorized capital of Kazakhtelecom equals **KZT12,136.5 mln.** Total of 12,136,529 shares were issued at KZT1,000 each, including 10,922,876 common inscribed and 1,213,653 preferred inscribed shares. The issue is non-documentary. The shareholders register is maintained by Reestr-Service LLP (Almaty).

Based on the Charter and the issuer prospectus, the dividends to preferred shares should be at least 30% of their face value. The dividend to a common shares is determined by the general shareholders meeting upon the suggestion of the company's Board.

Based on new edition of the company's charter, each year a dividend of at least 10% of face value was accrued to preferred shares irrespective of the results of the company. In the report of an independent auditor, KPMG Janat (Brussels, Belgium), made based on the issuer's financial statements for the year 1996, it is said that from March 15, 1996 through February 19, 1997 the holders of preferred shares had the right to receive 30% of

face value of each share as a minimal dividend. Beginning from February 20, 1997 the dividends to preferred shares were reduced to 10% of face value. After adopting the law "On joint stock companies" (July 1998) the dividends to preferred shares had to be determined not by the company's charter, but by the issue prospectus, approved by the National Securities Commission of Kazakhstan (NSC). In a respective document of Kazakhtelecom, which was approved by the NSC on March 12, 97, the dividends to preferred shares were set at 30% of the face value. The reference to the issue prospectus appeared in a new edition of the charter also, which was adopted by the shareholders meeting of Nov 23, 98. Therefore, by the results of 1998 dividends to preferred shares were accrued at 30% of the face value or more.

By the results of 1996, 1997, and 1998 dividends amounted to KZT303.3 mln, KZT364.4 mln and KZT364.4 mln, respectively, and for 1999 it reached KZT341.4 mln. On February 20, 2001 KZT292.0 mln was paid out in dividends. Dividends for the year 2000 will be determined and paid out after the annual general shareholders meeting.

In compliance with the privatization program of the government of Kazakhstan, on January 18, 1997 an open tender offer was announced for 40% shares of Kazakhtelecom, which had voting rights. Based on the tender offer terms, the buyer had to assume the obligation to develop the telephone network till the year 2000 and guarantee the payments of external debt amounting to 250 mln U.S. dollars. On May 31, 1997 South Korean Daewoo bought 4,854,611 common shares of Kazakhtelecom from the Ministry of Finance of Kazakhstan, which corresponds to 40% stake in registered authorized capital of the company or 44.4% of voting shares.

On January 26, 1998 due to the crisis in South-East Asia, Daewoo sold 946,649 common shares of the company to Central Asian Industrial Investments NV, an affiliated structure with KAZKOMMERTSBANK OJSC (Almaty). Later Daewoo sold all remaining shares. The buyers were Central Asian Industrial Investments NV, and portfolio investors, who have purchased ADRs issued by The Bank of New-York.

Shareholders of Kazakhtelecom as of March 1, 2001

Shareholder	Stake in authorized capital, %
Government of Kazakhstan	50.00
Central Asian Industrial Investments NV (Curacao, Netherlands Antilles)	30.05
Portfolio investors – holders of ADR	9.95
Individuals and legal entities (preferred shares)	10.00

Common (NIN KZ1C12280417, KASE trade code – KZTK) and preferred shares (KZ1P12280412, KZTKp) of Kazakhtelecom were entered into the official list of the KASE securities under category "B" on October 16, 1997, and admitted to the trades on October 28, 97. On December 2, 98 the shares were transferred to the category "A" of the official list, where they circulate as of now.

From Jan 1, 00 through March 31, 01 only 7 deals were made for a total of \$2.6 mln (KZT371.6 mln) at the Exchange. The prices varied from \$12.87 to \$15.00 per share. The last deal was made on Oct 31, 00 at \$14.50. Today the shares are quoted by the market-maker at \$12.0/\$16.5.

During the same period 50 deals were made in preferred shares of the company in purchase and sale sector of the KASE amounting to \$3.9 mln (KZT556.6 mln) at \$2.5 - \$14.36 per share. The last deal, at \$8.00, was registered at the Exchange on March 20, 01. Today the shares are quoted by the market-maker at \$8.00/\$12.00.

The market-maker of Kazakhtelecom shares at the KASE is Kazkommerts Securities OJSC (Almaty).

The capitalization of Kazakhtelecom on domestic market is estimated at \$168.1 mln now.

DESCRIPTION OF ACTIVITIES

Organizational structure.

Administrative structure of Kazakhtelecom consists of four major bodies, including the General shareholders meeting, Board of directors, Board and the Revision commission. The Board of directors and the Board controls the branches through the Central unit of the company. The company's branches include 14 regional, and city (Astana, Almaty) telecommunication units, "Dalnaya svyaz" (Long distance unit, radio-technical unit, data transmission network unit and etc. The head office is located in Astana.

Subsidiaries and dependent companies of Kazakhtelecom (all located in Almaty, following are their proportions in Kazakhtelecom): GSM Kazakhstan LLP - 49.0%; Altel JSCOT - 50.0%; Arna CJSC - 32.5%; Umit APF CJSC - 20.0%; Arna Sprint Data Communications JV LLP - 50.0%; Kaznet SLLP - 100.0%.

Telecommunication networks

Kazakhtelecom assets include city and rural networks and stations, automatic international communication equipment, television transmitters and television senders, satellite communication equipment. Kazakhtelecom is the only operator of the country offering rural communication services.

The company owns and controls all general use telecommunication networks (GUTN) in Kazakhstan. GUTN includes 3,099 local telephone stations, 21 long distance and 2 international stations and is based on the

primary network, which covers all the country and provides access to international communication portals. The primary network consists of connection stations, transmission equipment and access equipment, as well as telephone stations themselves. As of early 2001 this network embodies 102.5 th km of air-borne lines, 137.2 th km of cable lines (including 24.2 th km of fiber optic cable).

The GUTN has 3-level hierarchical structure, divided into local, regional (intrazone) and trunk networks. Total length of trunk telecommunication networks equaled 37.9 th km as of late 2000, including 25.2 th km of cable and 12.6 th km of radio-relay lines.

From July 1998 Kazakhtelecom, along with the Israeli Gilat Satellite Networks, is installing a multichannel satellite communication equipment based on DAMA technology. Presently, 182 stations have been installed in 12 regions of the country. Installation of this equipment is timely in those areas (primarily in Western and Central Kazakhstan), where many settlements are located far from the wire telecommunication networks. Satellite stations are being installed in rural communities, at customs and mines.

Telephone communication services

Kazakhtelecom is a natural monopoly on the country's telephone market. As of January 1, 2001 total capacity of the Kazakhtelecom stations equaled 2.34 mln numbers (including 638 digital), of which 1.85 mln were in use (79%). Unused lines are mostly in rural areas. Total number of telephone lines and average usage coefficient practically did not change during the last 6 years in the country.

Offering telephone services provides the company with the most of the income. Thus, in 2000 these services accounted for about 94% all sales. In kind, most of the traffic (87.4% in 2000) is created on local (intracountry) telephone lines, though the local communication accounts for only 31% of income. About the same proportion of income originates from the communication services offered to non-CIS foreign countries, though they account for only 1.5% of outgoing traffic.

Income structure of Kazakhtelecom in 2000 (mln KZT)

Services – income source	1998	1999	2000
International and long distance comm.	13,825	18,989	24,682 (64,0%)
Local telephone communication	8,853	9,803	11,901 (30,8%)
Data transmission	28	109	622 (1,6%)
Smartcards	–	127	350 (0,9%)
Telegraph	358	446	620 (1,6%)
Satellite communication	–	–	1,938 (0,5%)
Wire broadcasting	243	165	139 (0,4%)
Other income	221	213	77 (0,2%)
Total	23,528	29,853	38,585 (100%)

For outgoing calls the clients of Kazakhtelecom pay by themselves, and for incoming calls the settlements are made with foreign telecommunication companies.

In 2000 total volume of outgoing traffic created in Kazakhtelecom networks equaled 845 minutes. The growth of total volume relative to 1999 reached 27%, whereas total increase for the year 1999 reached 6.3%. The most significant growth (31%) was observed in 2000 on intracountry traffic.

Based on Kazakhtelecom data, the most dense telephone lines (numbers) are in Almaty (32 lines per 100 people) and Astana (20.5), as well as Pavlodar (17) and Karagandy (16) regions. The least density is in South-Kazakhstan (6.4) and Almaty (7) regions.

Kazakhtelecom controls 19 international stations, of which 18 stations are digital. The stations have a built-in capacity of 62,798 channels. The most dense international and long distance traffic is typical to Astana (21.5 th minutes per 100 people) and Almaty (14.8). The least - to Western-Kazakhstan (3.1) and Almaty (4.0) regions. The most per line return was registered in 2000 for Astana (KZT31.7 th), Mangistau region (24.8) and Almaty (20.6). The least - for Almaty, Pavlodar and North-Kazakhstan regions (10.6 each).

International communication services

Presently, Kazakhtelecom has 2 international communication centers in Almaty and Astana, which use both ground-based and satellite communication channels for international communications. Satellite communication channels are being installed in Western-Kazakhstan region. International centers have direct access to 23 telecommunication companies in 20 countries and 10 operators in 7 CIS countries. Among the partners of Kazakhtelecom are the major providers of telecommunication services such as: MCI (USA), Deutsche Telekom (Germany), British Telecom (Great Britain), AT&T (USA), France Telecom (France) etc. Except for the CIS countries, the company has transit connections with 118 countries of the world. Kazakhtelecom can provide round-the-clock international calls and telex and telegraph message transmission to all the countries of the world.

International traffic equaled in 2000: incoming - 366.6 mln minutes, outgoing - 109.3 mln. International traffic consisted of 57.8 mln incoming calls from non-CIS countries and 16.6 mln outgoing calls to non-CIS countries (12.7 minutes of outgoing traffic or 57% were made by the company clients). The biggest outgoing traffic among

the non-CIS countries were distributed in 2000 as follows: Germany (3.7 mln minutes), Turkey (2.1) and England (1.4); for incoming calls: Germany (13.2), USA (11.1) and Israel (8.6).

Mobile phone services

In addition to its base voice communication services, Kazakhtelecom offers data transmission, telex and telegraph services, Internet, wireless communication, satellite communication, as well as other services related to television and radio broadcasting. Now, the company is the major operator of the most of these services in Kazakhstan.

Kazakhtelecom owns 50% of shares in a single analog mobile communication operator in Kazakhstan, Altel, and 49% shares of K-Cell, the operator of mobile services in GSM format. Total number of customers of these companies exceeds 150 th.

Other services

Kazakhtelecom provides services on connecting other communication operators (owners of allocated lines, mobile telephone operators and others) to GUTN, as well as leases the channels. The revenues from leasing local, long distance, international and telegraph lines amounted to about \$10.6 mln or about 4% of all sales in 2000.

The revenues from **telegraph and telex** services amounted to KZT602 mln, or less than 1.6% of total expenses of the company in 2000. Following the world trend these services are getting less popular in Kazakhstan.

Data transmission services are offered by subsidiary company of Kazakhtelecom, Kaznet SLLP, which works on the development of modern data transmission network in Kazakhstan. This network will provide high-speed satellite channels, digital connectors and other services.

The revenues from **satellite services** account for a minute part of the company's total income. However, the development of new technologies and growing demand for these types of services from major local and foreign companies should cause this segment to expand noticeably in a few years.

Kazakhtelecom has an exclusive right to control the network of **pay phones**. Now, there are 0.37 pay phones for 1,000 people in Kazakhstan. At present, the company has installed 3.7 th card pay phones, which work on a pre-paid cards, and till the year 2005 this number is expected to grow to 10 th. Average revenue from one pay phone is about \$70 a month. The pay phone development works are done along with Schlumberger (USA-France) and Siemens Elasa (Germany).

Major consumers of the services

Based on the materials submitted to the KASE, as of January 1, 2001 private legal entities accounted for 11.2% of all the users, providing 51.3% of the company's income. Thus, the line, given to the legal entity, on average, yields three time more income relative to a line given to a private individual. Therefore, the company is focusing on servicing and attracting corporate clients.

Kazakhtelecom offers digital transit services to some foreign operators. Thanks to a favorable location and flexible rates, the company is successfully competing with major foreign telecommunication companies in the region.

Tariffs

Fixed monthly payment is collected for local telephone calls, since, now the network has not sufficient capacity to make a per minute billing system (except for a number of cities mentioned above). But, in the future a gradual transformation to per minute billing system is planned. By the year 2005 all local calls will be billed on a per minute billing system.

The tariffs on the company's services are to be approved by the Agency of Kazakhstan on natural monopoly regulation. during the last 3 years the growth rates of the tariffs and customer fees exceeded the growth of consumer price index on average. The growth of this index equaled 43% from late March 1997 through late February 2001, informs the National Bank. Meanwhile, tenge depreciated against the dollar by 95% during this period.

Tariffs on some Kazakhtelecom services in tenge (as of early 1997 and February 2001)

Tariff	For public			For state entities			For legal entities		
	1997	2001	Trend	1997	2001	Trend	1997	2001	Trend
Customer fee for phones	200.0	370.0	+85%	432.0	586.0	+36%	1090.0	950.0	-13%

Cost of one minute call (average tariff):

within Kazakhstan	5.1	8.5	+67%	6.4	9.0	+40%	12.0	21.0	+75%
with Russia	29.7	58.1	+95%	39.4	145.3	+269%	95.2	145.3	+53%
to non-CIS countries	187.3	333.0	+78%						

Tariffs on international calls are recalculated in tenge at the exchange rate of the National Bank for corresponding period

Distribution market and competition

Telephone communication. Based on existing license, Kazakhtelecom has an exclusive right to work as an operator of the general use network for offering local, long distance and international communication through any telecommunication networks, except for a specially assigned networks. As of October 1, 2000 the Ministry of Transportation and Communication issued about 600 licenses on conducting entrepreneurship activities on offering telecommunication services. Of this number 150 licenses were issued for local communication networks and accompanying services, 150 - for radio communication and paging services, more than 120 - radio broadcasting and television, 20 - services on specially assigned satellite networks. More than 70 licenses were issued to the companies engaged in data transmission and the Internet services, of which 20 were granted to IP-telephony.

Telecommunication network of Kazakhstan covers all Kazakhstan. The company provides about 90% of services related to telecommunication. It is a great barrier for the competitors to get into the market, especially in local and long distance telephone services.

Major changes are expected, in the opinion of the company's management, in international communication area, which is due to the development of IP-telephony. In this area Kazakhtelecom may face a severe competition from the major operators which can provide with necessary traffic at an acceptable service quality and low cost of services. The main competitors here are Nursat CJSC, Arna CJSC and other less powerful providers. However, considering expected changes in the company's marketing policy, it should be noted that the decrease in the company's proportion of international communication market will not be significant in near future.

Proportions of Kazakhtelecom in telecommunication markets of Kazakhstan

Services	Proportion, %
Local telephone services	
regional centers	88%
other cities	84%
rural areas	97%
Long distance telephone network	
telephones	95%
channel leases	94%
International telephone network	
outgoing	88%
transit	100%
incoming	100%
Lease of international lines	20%
Telegraph	100%
Teletype	99%
Data transmission and Internet	40%

Data transmission and Internet market. The fastest developing sectors are the data transmission and Internet sectors of the market. Now, the most of the market is occupied by 4 primary operators: Kazakhtelecom (trade mark - Kazakhstan on-line), Nursat CJSC, Astel LLP and TSMFT CJSC (trade mark - BankNet). As Kazakhtelecom forecasts, this situation should remain unchanged in coming years. The main competition will take place between Kazakhtelecom and Nursat CJSC, the two of which control the most of the market. The changes in this segment of the market will not have a significant impact on Kazakhtelecom income soon, as these services account for at most 2% of the company's gross income. However, in the long run their share will increase. The company's management presumes that Kazakhtelecom will remain at current positions or even moves upwards due to a corresponding changes in the marketing policy.

Development strategy and investment projects

Major directions of the activities of Kazakhtelecom were defined by the decree #3787 of the president of Kazakhstan "On forming a united information space". Based on this decree, the company's major task is to create a state system of telecommunication services comparable to similar structures of developed countries.

Increase in long distance and international traffic is caused, in the opinion of the company's management, by a general growth of the country's economy, and correspondingly, more purchasing power of the population. By the data of Kazakhtelecom, proceeds from one telephone line and average expenses of the Kazakhstani resident for communication services are relatively low compared with those of many other developing countries. Considering a great economic growth potential of Kazakhstan, the company's management expects a noticeable growth of the demand for the communication services in near and mid-term ranges. Introduction of new services should provide with additional growth potential.

Geographic location of Kazakhstan gives advantages with respect to the development of transit telephone services between Europe and Pacific Ocean countries. Now, global cable connections between Europe and Far East go through 21 countries. Laying the communication lines through Kazakhstan will allow the country to cut the number of the countries by six. Therefore, the company participates in the construction of TransAsianEuropean communication line.

Kazakhtelecom is implementing a program of switching to modern digital technologies, which is developed under a state "Program on modernization and development of telecommunication networks in Kazakhstan for years 1998 - 2001". Major parameters of the program for the years 1999-2003 were approved by the government of Kazakhstan in March 1999.

Introduction of modern technologies allowed the company to cut the personnel. During the last 5 years the company reduced the number of employees from 50 to 31 th. Presently, the company management is considering to cut the personnel further. It is expected that the replacement of analog equipment with digital one will let the company to save on the maintenance and repair expenses. Less labor consuming equipment installation, automatization of production processes and optimization of the controlling processes will allow the company to cut the employees down to 4 thousand by the year 2005.

Tariff policy will be directed to providing EBITDA of at least 30%.

Voice communication market. It is expected that the voice communication market will grow further. It will relate to both the increase in the number of new lines and growth of usage coefficient of existing lines. Besides, the number of foreign corporation entering the Kazakhstani market is increasing, and each of them will require complex telephone systems.

Presently, in Kazakhstan demand for telephone services still exceeds the supply. During the last 7 years the number of persons waiting for the telephone numbers decreased 4.8 times from 741.5 th in 1993 to 155.5 th in 2000. Real number of unserved clients exceeds this figure, because some potential clients do not apply for a telephone line due to a long waiting period. Meanwhile, communication stations have 565,000 free lines. But construction of additional cable trunks and distribution networks is needed to connect the customers to them.

Modernization of the networks. Most of the telecommunication systems of the country was create during the Soviet Union era. As a result of insufficient investments most part of them, including analog stations, has become morally and physically obsolete. The company plans to replace obsolete equipment during the next few years. At that, Kazakhtelecom will adhere to maintaining solvency policy, that is analog equipment will play an important role in providing telecommunication services in Kazakhstan.

The company's participation in the construction of TransAsianEuropean fiber optic line (TAE) Shanghai - Frankfurt on Maine served as an impetus for the creation of National Information Highway (NIH), which should connect all regional centers with modern communication lines.

From 1997 the southern segment of the TAE (Korgos-Almaty-Taraz-Shymkent-Tashkent) is functioning. In late 1998 the northern branch, Astana-Petropavlovsk-Omsk, was put into service. In April 1999 the construction of the western line of NIH (Shymkent-Kyzyl-Orda- Aktobe-Atyrau-Russia) began, which will become the shortest telecommunication route between Europe and Asia. 1,532 km was put into service in the western segment of the line in year 2000. By 2003 the National Information Highway, stretching for about 10 th km, will be finished. It would require the construction of additional fiber optic lines Taldykorgan-Oskemen-Pavlodar-Astana, Almaty-Karagandy-Astana, Aktobe-Oral-Atyrau and Astana-Kostanai-Aktobe.

National Information Highway development project

Period	Zone	Direction	Length (km)	Project cost
2001	Western branch (third segment)	Aktobe - Atyrau - Russia	864	\$34 mln
2001-2002	Eastern branch	Taldykorgan - Oskemen - Semei - Pavlodar - Astana	2,120	\$29 mln
2001-2002	Radial branch	Almaty - Karagandy - Astana - Kokshetau - Petropavlovsk - Atyrau - Uralsk - Aktobe - Kostanai - Astana	5,038	\$68 mln

New services. Development of new services such as the providing the access to Internet, telephone cards and videoconferencing will take place under a tough competition. Introduction of advanced technologies and their use in a country-wide scale will allow the company to occupy a significant proportion of the market for these services.

Investment projects. Apart from the major investment project of Kazakhtelecom, the project of Information Highway development, following projects are planned for the near future, with all of them to be financed through loans and internal cash flows of the company:

- increase in the number of telephone lines from 12.3 per 100 people in 2000 to 14 by year 2005;
- increase in the proportion of digital channels of trunk networks from 50% in 2000 to 100% in 2005, introduction of new digital telephone stations with total built-in capacity of 500,000 numbers in cities and 200,000 numbers in rural areas;
- expansion of the network of universal pay phones up to 6,600 units; replace all token-based pay phones with card-based ones by approximately late 2002;
- expand the DAMA satellite network (system of multichannel satellite communication), install additional 35 stations in 2001;

- build the third international communication center in Aktobe.

Kazakhtelecom plans to increase the effectiveness of the personnel by increasing the number of the lines per employee from 59 in 2000 to 85 in 2005.

Kazakhtelecom also plans to introduce a minute based billing system everywhere. The implementation terms will depend on the results of pilot projects conducted in Karagandy, Jezkazgan and Lisakovsk.

The company's activities in rural areas will be based on the rural area communication restoration program, which means the providing of universal access to telecommunication services for the public and optimization of the expenses.

FINANCIAL STATEMENT DATA

Apart from the financial statements, which are already at the Exchange, upon passing the listing Kazakhtelecom provided the KASE with the balance sheets, income and cash flow statements for 1998-2000, which were made in compliance with the Kazakhstani accounting standards (KAS).

International audit of the company's 1998 and 1999 financial statements was made by Deloitte & Touche (Almaty, Kazakhstan). In the opinion of Deloitte & Touche, financial statements give a reliable and objective picture of Kazakhtelecom financial condition for the years 1998 and 1999, as well as the results of its activities and cash flows for indicated periods in compliance with International Accounting Standards. The most significant discrepancy in major financial ratios that was mentioned in the documents of Deloitte & Touche and Kazakhtelecom concern the net income of year 1998: KZT2.27 bln net loss based on the auditor's data against KZT2.04 bln net income by the company's data. As the notice presented by Kazakhtelecom reads, following are the reasons for such a discrepancy:

- the company and the auditor used different methods of settling accounts with foreign partners (which resulted in a decrease of the income from primary activities by KZT0.5 bln);
- auditor showed a deferred income tax of KZT1.6 bln;
- exchange rate difference loss at KZT2.2 bln was corrected by Deloitte & Touche by using undistributed income of previous years;
- depreciation of fixed assets was shown by Deloitte & Touche including inflation adjustments, which differs from the company's depreciation amount by KZT0.9 bln.

Accounts receivable

As of January 1, 2001 total accounts receivable based on financial statements of Kazakhtelecom equaled KZT7.96 bln, or 1.9% more than it was in 1999. Based on the last investment memorandum of Kazakhtelecom, more than 41.2% of accounts receivable should come from CIS countries and other foreign countries. About 16.5% of receivables are to be collected from the public, and 32.9% should come from private legal entities. Past due receivables accounted for 40.9% of the total as of January 1, 2000, or KZT1.2 bln and 7.5% less than it was in late 1999. In 2000 Kazakhtelecom wrote off KZT470.6 mln as noncollectible debt, including KZT392.7 mln for telecommunication services.

Deloitte & Touche accrued KZT1.8 bln and KZT0.85 bln provisions for the accounts receivable for the years 1998 and 1999, respectively. Based on the note presented by Kazakhtelecom, its bad debt provisions equaled KZT4.0 bln and KZT0.5 bln, respectively (they were added to "Administrative expenses" article of the Income statement). Kazakhtelecom provisions for the year 1998 contain the provisions of previous periods, whereas in the report of Deloitte & Touche the latter were corrected using undistributed income of previous years.

Financial ratios calculated by Kazakhtelecom

mln KZT, unless otherwise specified

Ratio	As of Jan 1.99	As of Jan 1.00	As of Apr 1.00	As of July 1.00	As of Oct 1.00	As of Jan 1.01
Authorized capital	12,137	12,137	12,137	12,137	12,137	12,137
Shareholders' equity	32,307	30,881	36,363	36,491	35,635	36,392
Book value of the assets	52,452	57,497	58,778	58,867	59,696	68,589
Working capital	-2,327	-1,382	2,073	2,998	4,582	7,009
Accounts receivable	5,991	7,477	7,143	8,375	8,307	7,616
Accounts payable	6,664	5,006	5,694	6,139	5,216	4,717
Bank loans	12,901	18,364	16,145	14,748	15,258	17,113
Total liabilities	20,145	26,616	22,415	22,376	24,060	24,582
Sales	23,528	29,852	8,575	17,293	26,345	36,001
Cost of goods sold	14,146	15,777	4,418	10,677	16,294	22,566
Net income	2,041	-958	2,745	3,522	4,661	5,306
Book value of a share, KZT	2,662.0	2,544.4	2,996.1	3,006.7	2,936.2	2,998.5
Return on sales (ROS), %	39.9	47.1	48.5	38.3	38.2	37.3
Return on equity (ROE), %	6.3	-	-	-	-	14.6
Return on assets (ROA), %	3.5	-	-	-	-	7.7

Financial ratios calculated by Deloitte & Touche

mln KZT, unless otherwise specified

Ratio	1998	1999
Authorized capital	12,137	12,137
Shareholders' equity	36,162	34,550
Book value of the assets	59,444	63,309
Working capital	-294	-946
Accounts receivable	6,451	7,604
Accounts payable	4,196	3,964
Bank loans	13,472	19,072
Total liabilities	26,048	30,961
Sales	23,528	29,852
Cost of goods sold	18,006	19,039
Net income	-2,265	-1,399
Book value of a share, KZT	2,979.6	2,846.7
Return on sales (ROS), %	30.9	38.5

Liabilities

By the data of Kazakhtelecom, the amount of his liabilities decreased by KZT2 bln (7.6%) in 2000. However, it should be kept in mind that the liabilities calculated by Deloitte & Touche exceed noticeably (by KZT5.9 bln in 1998 and KZT4.3 bln in 1999) those calculated by the company. Most of the liabilities are the bank loans. Their proportion increased from 64% in 1998 to 70% in 2000 (by the data of Deloitte & Touche - 52% and 62% for 1998 and 1999, respectively). The major lender of Kazakhtelecom, KFW bank (Germany). It accounts for 86% of the bank loans received by the company in 1998 and 66% in 1999, informs the auditor.

Cash flows

mln KZT, unless otherwise specified

Ratio	By data of			By data of	
	1998	1999	2000	1998	1999
Operating cash flow	5,561	3,725	10,514	5,628	6,556
Investment cash flow	-7,403	-5,319	-9,989	-7,561	-6,957
Financing cash flow	1,462	2,074	-26	1,522	930
Net cash provided (used)	-380	480	499	-410	529

Income statement

mln KZT, unless otherwise specified

Ratio	By data of			By data of	
	1998	1999	2000	1998	1999
Sales	23,528	29,843	36,001	26,048	30,961
Cost of goods sold	14,146	15,862	22,566	18,006	19,039
Gross income	9,382	13,981	13,434	8,041	11,926
Expenses of the period	6,665	6,971	6,769	4,098	4,858
Income from primary activities	2,716	7,010	6,665	2,182	6,214
Income (loss) from secondary activities	-640	-4,137	1,273	-2,882	-6,321
Income tax	0,3	1,356	2,643	-1,565	-1,292
Extraordinary gains (loss)	-35	-2,196	11	-	-
Net income (loss)	2,041	-958	5,306	-2,265	-1,399

THE COMMENTS OF THE KASE LISTING COMMISSION

The comments of the KASE Listing commission is the description of some of the aspects of Kazakhtelecom OJSC activities that should be considered, in the opinion of the Exchange, by potential investors.

State regulation

Kazakhtelecom is a monopoly in voice communication services area, therefore, the company's tariff policy for certain kinds of services is controlled by the Agency on natural monopoly regulation, competition protection and small business support of Kazakhstan. The company has the right to set its own tariffs on voice communication services and make changes each quarter. However, the tariffs increase should not exceed a certain level, which is coordinated by corresponding state body on an annual basis. Hence, the company can not react to the changes on the market as quickly as possible. Meanwhile, Kazakhtelecom is protected from this risk, since most of its income (64% in 2000) came from international calls, for which the tariffs are set in hard currency.

Competition

Most of the revenues of Kazakhtelecom originate from offering voice communication services. In this sector the company controls more than 90% of the country's market. Based on the license issued to the company in 1996, such state of the matters will remain for at least the duration of the license, i.e. till 2011.

There are the market sectors (cellular phone, Internet, Internet telephony), where Kazakhtelecom meets with tough competition. However, in near future these sectors will not play an important role in the company's income. Moreover, the company has competitive edges as to the owning the national telecommunication network.

Influence of general economic condition in Kazakhstan

Demand for the company's services is directly tied to the purchasing power of the population and financial conditions of the legal entities, which, in turn, depend on general economic situation in the country. When developing the development strategy, the company's management assumes that the economic growth, that began in 1999, will continue. It has reflected in increase in the number of the projects, and on other hand, the volumes of incomplete construction. Thus, in 2000 the volume of incomplete capital construction doubled relative to previous year, at KZT6.8 bln. In case of a crisis, part of expensive projects may become incomplete or unprofitable.

Social factors

Kazakhtelecom is actively introducing digital data processing and transmission technologies. Presently, the proportion of digital equipment reach about 25%, which is much lower than that of developed countries. The process of networks modernization was accompanied by a significant lay-offs. This circumstance is considered by the company's management positive, since the company effectiveness increases. It is possible that if the labor law of Kazakhstan changes, the expenses of Kazakhtelecom in providing benefits to laid-off personnel may increase. Unemployment problem is solved partially by expanding the array of services, which is reflected in an increase in personnel at some branches.

Technical factors

Major technical risk factor is a relatively high degree of wear and tear of the telecommunication equipment. It is especially high at telephone stations and the communication lines in rural areas. Their conditions have worsened in early 90's, when most of the lines were destroyed by the people searching for aluminum and copper scrap metal. Kazakhtelecom financial statements read that wear and tear of the fixed assets reached 46.5% as of early 2001 (8.3% increase to 1998). Residual value of fixed assets practically did not change during these three years. If the profitability of Kazakhtelecom is kept at the level of the year 2000 (based on financial statements), financial flows of the company will allow it to allocate necessary funds to the modernization and equipment replacement. This problem is solved for rural areas by setting up autonomous satellite equipment.

Wear and tear degree of Kazakhtelecom equipment manufactured before 1999

Telecommunication networks	Stationary facilities	Line facilities
International	10%	30%
City	50%	30%
Rural	70%	70%

Human resource factors

The specifics of the company's activities determines the need for attracting highly qualified specialists in telecommunications, software development and computer science areas. Presently, these kinds of specialists are in high demand and highly paid both in the country and abroad. If the salaries at the company are kept at current, relatively low levels, there might be a problem of manpower movement with all consequences for the service quality.

Shareholders' equity

Since Kazakhtelecom was unprofitable by aggregate results of the last three years, and its net income for the year 2000 was not confirmed by an auditing company from the "big five", the company had to have at least \$100 mln in shareholders' equity in order for its bonds to be entered into category "A" of the official list of the securities. As of late 1999, based on the data of Kazakhtelecom, its shareholders' equity was at \$223 mln, by the data of the auditor - at \$250 mln. As of late 2000 the company's shareholders' equity equaled \$250 mln based on the company's calculations (at the exchange rate of the National Bank of Kazakhstan at the end of that year). Presently, Deloitte & Touche is auditing the company's 2000 financial statements. In the note, given by Deloitte & Touche to Kazakhtelecom, is said that no facts were discovered during the auditing that could make it possible that the company's shareholder's equity has been less than \$100 mln.

COMMENTS OF THE IRBIS AGENCY

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