

WEEK OF STOCK MARKET OF KAZAKHSTAN February 24 - March 1

1 US dollar = **140.50** tenge at official rate for the end of the period
1 US dollar = **140.70** tenge at weighted average rate of the Exchange for the end of the period

Yield of stock exchange financial instruments

Following is the table that allows to compare investment attractiveness of the financial instruments, which were regularly traded or quoted (thanks to the market-makers) at KASE from February 24 through March 1. In parentheses – figures of previous period.

Investment attractiveness of stock exchange financial instruments from February 24 through March 1, 2000

| Financial instrument | Currency | Yield, % APR. |
|----------------------|----------|----------------|
| KZT (SS repo) | KZT | *8.03 (–) |
| AVMEKAM | USD | 12.31 (12.91) |
| KKGBb | USD | 12.11 (12.21) |
| KOMBb | USD | 11.95 (–) |
| BTAS | USD | 12.32 (12.35) |
| MEKKAM, notes | KZT | *14.38 (14.28) |
| MEKAVM, MGU | USD | *8.28 (9.14) |
| Euronotes-2 | USD | 9.86 (–) |
| Euronotes-3 | USD | 10.40 (10.38) |

Notes: Yield of BTAS was calculated for 6 days by bid quotations; yield of KKGBb – by deals; KOMBb – as average for bid quotations.

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.

Main feature of the period – acceleration of the devaluation which is estimated in the week by a trend of **22.7% APR**. It made the yields of instruments denominated in tenge to grow and that of the instruments denominated in currencies to fall.

Trades in corporate securities

During observed period on trade floors of Kazakhstan stock exchange (KASE) in private issue securities (PIS) sector 10 transactions were made for an amount of **\$135.8 th**. Compared to previous similar period (\$620.82 th., including \$155.99 th. – trades on secondary market and \$464.83 th. – initial auction additional placement) weekly turnover decreased 4.6 times.

Results of the trades in private issue securities from February 24 - March 1

USD per share, unless otherwise specified

| Issuer | Securities | Close | Volume | Offer | Bid |
|---------------------------------|------------|-------|--------|--------|--------|
| OJSC «Bank TuranAlem» | BTAS | 74.22 | 0 | 76.08 | 74.01 |
| OJSC «Halyk Bank of Kazakhstan» | HSBK | 2.00 | 0 | 2.50 | |
| OJSC «KAZKOMMERTSBANK» | KKGBb | 97.28 | 880 | 97.36 | 95.36 |
| OJSC «Komirbank» | KOMBb | | 0 | *12.17 | *11.55 |
| «KAZAKHTELECOM» | KZTK | 28.38 | 0 | 24.00 | |
| «KAZAKHTELECOM» | KZTKp | 5.50 | 1 618 | | |
| OJSC «SHNOS» | SYRG | 1.05 | 0 | | 1.00 |
| OJSC «Temirbank» | TEBN | 7.15 | 140 | | |
| OJSC «Aliuminii Kazakhstana» | ALKZp | | 0 | | 0.43 |
| OJSC «Astana-finance» | ASFI | 7.15 | 0 | 7.17 | |
| OJSC «TNC “Kazchrome”» | KZCR | 0.50 | 139 | | |
| OJSC «TNC “Kazchrome”» | KZCRp | | 0 | | 2.49 |
| OJSC «Corporation Kazakhmys» | KZMS | 10.69 | 252 | | |
| OJSC «Corporation Kazakhmys» | KZMSp | 7.13 | 5,247 | | |
| OJSC «GEOTEKS» | GEOT | 0.10 | 5,000 | *0.08 | 0.10 |
| JSC «Aktobemunaigas» | AMGZp | 2.00 | 0 | 4.00 | |
| JSC «Kazakhstancaspishelf» | KKSHp | 22.73 | 0 | *20.00 | |
| JSC «ULBA» | ULBAp | | 0 | *10.00 | |

Notes: bid and offer prices are given for the period, for bonds – for last date of 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.

During the week the tendency of falling prices of the shares of Kazakhstani emitters was observed. Values of following securities incurred the most significant decrease (see the table for the meaning of the code): **KZCR** – 91.2%, **GEOT** – 23.1%, **KZMS** – 15.8%. However, considering small sizes of the blocks that were traded, it is

inexpedient to make any conclusions regarding the relationship between the fall in prices of the shares and the economic situation of their emitters and the economy of Kazakhstan in general. Due to its narrowness domestic corporate market does not reflect the economic situation in the country so far, it rather characterizes financial condition of the investors or that of brokerage companies.

Data on the deals, demand and supply are given in the table.

By the decision #16/0 of the Board of Kazakhstan Stock Exchange (KASE) from February 28, **settlement procedure for the coupon bonds** that are traded at the Exchange **was changed**. From this date the trade system of KASE will calculate the accumulated interest for each bond daily **without round it off**. Then, after the transaction, accumulated interest, charged this way, will be automatically added by the trade system to “net” price for obtaining a final transaction price with allowance for accumulated interest (so called “dirty” price). In the transaction report for Central depository KASE trade system will transmit “dirty” price **rounded off after six decimal places**.

In case the securities are denominated in foreign currency, the trade system will automatically recalculate the price in Kazakhstani tenges by specified algorithm.

Previously, accumulated interest was rounded off after the fourth decimal place, which sometimes resulted in appreciable losses in cost of big transactions in coupon bonds.

We remind, that coupon bonds are quoted at KASE at prices expressed in percents of their face values disregarding of accumulated interest.

Capitalization of the stock market for PIS

For March 1, 2000 total capitalization of the stock market for PIS of Kazakhstan (A+B+N without SBS) equaled **\$2,166.4 mln** or KZT304.4 bln at tenge to dollar rate of the Exchange, effective on that date. Capitalization fell \$55.2 mln in seven days in terms of dollars caused by decrease in values of all the shares traded in this week (see above).

Trades in state securities

Significant decrease in the activity of the traders was observed in **purchase and sale sector** for SS of KASE during the period being analyzed. Total volume of **89 deals** reached **KZT2,392.1 mln** against KZT5,144.6 mln (116 deals) of last week. Decrease in the volume by 2.2 times was caused by a decline in activity of practically all sectors of SS market (please, see the table).

The main reason that made the dealers to leave the sector is an essential acceleration in devaluation of tenge. The shortest SS, offered by the emitters at the auctions, are traditionally the most popular securities on the secondary market. Traditional growth in devaluation expectations on the threshold of spring and the tactics of the National Bank caused the liquidity of the bonds, which are denominated in tenge and mature in spring, to fall. This week the dealers of the banks preferred to use free funds in currency sector of the market as the operations with U.S. dollars seemed more appealing. As a result, short currency papers were in deficit. Their rates fell down to 2.5 - 6.0% APR. On the contrary, yields of MEKKAM and notes grew up. Difficulty of making compromises at the trades caused the turnover of all the securities. Only the volume of operations in short MEKAVM grew some.

Parameters of stock exchange transactions in SS from February 24 - March 1

| Days till maturity | (in parentheses are comparable figures of the previous period) | | | | Volume, mln tenge discounted | Number of deals |
|--|--|-------|--------------|---|------------------------------------|--------------------|
| | Yield to maturity for a buyer, % APR. | | | | | |
| | min | max | last deal | weighted average | | |
| Discounted SS: MEKKAM, notes of the National Bank | | | | 40.5% (41.3%) of purchase and sale sector's turnover | | |
| less than 8 | 11.47 | 11.99 | 11.47 | 11.47 (9.59) | 200.2 | 5 |
| 8 – 14 | 10.62 | 43.92 | 11.40 | 12.20 (10.64) | 134.7 | 11 |
| 15 – 28 | 11.74 | 12.85 | 11.74 | 12.75 (11.81) | 9.2 | 4 |
| 29 – 36 | 12.82 | 13.21 | 12.82 | 13.20 (13.06) | 151.7 | 3 |
| 37 – 42 | 13.06 | 13.06 | 13.06 | 13.06 (–) | 29.9 | 1 |
| 43 – 56 | 13.09 | 15.01 | 13.09 | 14.42 (12.70) | 131.4 | 4 |
| 64 – 91 | 14.57 | 14.57 | 14.57 | 14.57 (–) | 100.7 | 1 |
| 92 – 181 | 15.65 | 16.33 | 16.33 | 15.98 (16.08) | 204.3 | 4 |
| 182 – 364 | 17.30 | 17.30 | 17.30 | 17.30 (17.39) | 6.4 | 1 |
| Total | | | | | 968.5 (2 126.3) | 34 (56) |

To be continued on the page 3

(in parentheses are comparable figures of the previous period)

| Days till maturity | Yield to maturity for a buyer, % APR. | | | | Volume, | |
|---|---------------------------------------|---------|--------------|---|--------------------------|--------------------|
| | min | max | last deal | weighted average | mln tenge discounted | Number of deals |
| Discounted indexed SS: MEKAVM, MGU | | | | 12.1% (18.4%) of purchase and sale sector's turnover | | |
| 29 – 36 | 2.53 | 2.53 | 2.53 | 2.53 (–) | 21.0 | 1 |
| 43 – 56 | 2.12 | 8.03 | 2.12 | 5.88 (–) | 57.8 | 3 |
| 92 – 181 | 8.90 | 14.10 | 14.10 | 9.25 (8.08) | 111.3 | 3 |
| 182 – 364 | 9.30 | 9.45 | 9.45 | 9.44 (9.19) | 100.4 | 4 |
| Total | | | | | 290.5 (944.6) | 11 (10) |
| Indexed coupon SS: AVMEKAM | | | | 15.5% (2.8%) of purchase and sale sector's turnover | | |
| 1,477 - 1,484 | 11.65 | 12.62 | 11.65 | 12.31 (12.91) | 185.3 | 14 |
| Total | | | | | 185.3 (797.9) | 14 (17) |
| Euronotes of Kazakhstan, USD | | | | 24.8% (30.7%) of purchase and sale sector's turnover | | |
| *931 - 938 | 9.3302 | 10.0010 | 9.3302 | 9.86 (–) | 19.7 | 2 |
| **1,667 - 1,674 | 10.3474 | 10.4290 | 10.3849 | 10.40 (10.38) | 928.2 | 28 |
| Total | | | | | 947.9 (1,275.8) | 30 (33) |
| SUBTOTAL | | | | | 2,392.1 (5,144.6) | 89 (116) |

Notes: for euronotes (* - second issue, ** - third issue) and AVMEKAM yields are calculated at weighted average USD/KZT. Yields for indexed domestic SS are calculated considering official rate of USD/KZT.

Activity of the repo sector participants, as expected, grew during the week. Attractiveness of the dollar required an active borrowing. During the period **34 deals** were registered at KASE for a total of **KZT2,186.8 mln**, of which 14 deals (KZT1,171.2 mln) were opening of repo and 20 deals – repo closing (KZT1,015.6 mln). Last week total turnover of this sector did not exceed KZT598.3 mln.

Parameters of repo opening deals in SS on KASE from February 24 - March 1

(in parentheses – comparable figures for previous period)

| Opening date | Term of repo, days | Currency | Amount raised, mln KZT | Weighted average yield, % APR | Number of deals |
|--------------|--------------------|----------|------------------------|-------------------------------|-----------------|
| Feb.24,00 | 1 | KZT | 20.3 | 8.00 | 2 |
| Feb.24,00 | 4 | KZT | 12.1 | 11.00 | 2 |
| Feb.25,00 | 3 | KZT | 98.3 | 5.50 | 2 |
| Feb.28,00 | 1 | KZT | 600.0 | 8.00 | 4 |
| March 1,00 | 1 | KZT | 440.5 | 7.73 | 4 |
| TOTAL | | | 1,171.2 (313.1) | | 14 (10) |

After closing of trades on March 1 total amount of repos opened on the trade floor reached **KZT440.5 mln**. This amount was attracted for one day at **7.73% APR**.

Total of 123 deals amounting to **KZT4,578.9 mln** were made on trade floors of KASE during last period (purchase and sale and repo sector). Previous week volume of 134 deals was KZT5,742.8 mln.

In this week **share of the stock market turnover** in total volume of deals on Kazakhstani secondary market for SS for comparable operations (including euronotes and repo operations) equaled **51.5%**, for last week it was 53.8%.

Information about the companies

“**Kazakhtelecom**” (Almaty, official list of securities, category “A”), in accordance with the listing requirements, provided Kazakhstan stock exchange (KASE) with two press-releases: on the results of implementing the program of modernization and development of telecommunication in Kazakhstan in 1999 and planned repayment of DEM347.4 mln German loan in accordance with the schedule, and notification on holding an extraordinary shareholders general meeting.

It was said in the press-release, that the program of “KAZAKHTELECOM” on big scale modernization and development of telecommunications has been adopted in 1997, but it was in 1999 when real results can be measured due to fulfilling main tasks that were set forth. In reporting year automatic digital long distance telephone stations (ALDTS) of 5ESS standard produced by “Lucent Technologies” were installed in Aktobe, Taraz and Uralsk, and as a result, the project of making long distance and international telephone stations of Kazakhstan fully digital was completed. Creation of International commutation centers (ICC) in Almaty and Astana lead the way to transformation of Kazakhstan into international principles of making connections with other national telecommunication networks. ALDTS of all regional centers, ICC of CIS countries and other foreign countries are entered into ICC.

Further it was said, in 1999 one of the major projects of Kazakhstan – creation of National Information Highway (NIH) that should provide with digital traffic all regional centers and major cities of the country and transit of international information traffic between Asia and Europe – was underway. In 1998 southern segment of NIH Almaty-Jambyl-Shymkent (1,750 km), which is the part of Transasianeuropean fiber optic communication line

(TAE FOCL) connecting Beijing with Frankfurt-on-Maine, was put into operation. In April of 1999 construction works began at western segment of NIH Shymkent-Kyzyl-Orda-Aktobe-Atyrau-Russia (2,500 km), which is planned to be finished by late 2001. This segment of the highway network will become the shortest telecommunication line from Europe to China, Japan and East-Asia countries. 500 km of western segment has been already built.

North branch of the highway Astana-Petropavlovsk-Omsk with 650 km length and digital connection with Moscow and other terminals of Russia and Europe was functioning for a year already. In late 1999 digital radio relay communication system Karagandy-Almaty (1,000 km) with 1,890 channel capacity has been built, which meets all international standards of information transmission. After putting it into operation it becomes possible to set up a digital communication line from Russian Transsiberian communication line Khabarovsk-Moscow to TAE FOCL.

In 1999 "KAZAKHTELECOM" put much effort in reviving communication in villages: 162 of 566 previously shut down village stations were restored, modern satellite stations were set up in 100 remote areas. Along with that, modern digital communication are installed in district centers: in Sarykemer, Asa, Kulan and Merke of Jambyl region digital ATS with 6,608 number capacity have been installed; in Aksai of West Kazakhstan region two digital ATS with 808 number and 4,000 number capacities have been installed; in Khromtau of Aktobe region the station with 2,504 number capacity has been installed.

Besides, in 1999 modernization of local networks of major cities was underway. New digital stations for more than 50 th. subscribers was put into operation in Almaty, capacity of the lines was increased by 30 th. numbers. Modern digital switching systems were installed in regional centers with total capacity of 70 th. numbers. Digital stations based on the most leading switching and communication technologies for 33 th. numbers were set up in Astana. The degree of digitalization of the new capital's network reached 70% and it is one of the highest in the country. In 2000 digital equipment should be installed in following cities: Astana, Shymkent, Uralsk, Aktobe, Taraz, Temirtau.

Another big project has been completed in 1999, which incorporated in itself the most advanced technologies in CIS – creation of united National data transmission network with the trade mark "Kazakhstan Online" for offering following services: access to the Internet, designing and constructing networks for corporate clients, digitally transparent channels. The National data transmission network consists of 34 joints in 18 major cities of Kazakhstan and connected with each other by digital ground channels with high traffic. The network is controlled by a single center in Almaty around the clock. The most significant advantage of the network is its integrity with the world telecommunication network.

Along with development and modernization projects of telecommunication network "KAZAKHTELECOM" was conducting a policy aimed at stabilization of its financial situation, and reduction of operating expenses and increase in the number of services. International long distance traffic reached 67 mln minutes in 1999, income from offering services reached about KZT30 bln, volume of investments – about KZT6.8 bln. Essential confirmation of the trust in the company – \$50 mln loan of European Bank for Reconstruction and Development granted without the guarantee of the government of Kazakhstan.

In information of public relations department of "Kazakhtelecom", regarding the repayment of DEM347.4 mln German loan, it is said that the loan was granted to the company in 1992-1993 by German financial institution to finance the project on modernization and development of telecommunication network of the country. The funds were granted under the guarantee of the government of Kazakhstan at average rate of 7.4% APR for 10 years. Thus, total amount of the loan, including the interest rate, is about DEM501.3 mln.

Public relations department of the company informs that as of February 8, 2000 DEM292 mln has been already repaid, including DEM165.8 of principal and DEM125.7 mln of interest.

The funds were used to set up automated long distance telephone stations (ALTS) in Astana, Oskemen, Jezkazgan, Karagandy, Kokshetau, Petropavlovsk, Arkalyk, Aktau, Shymkent. Besides, telephone networks in these cities were modernized by installing 121 digital stations of S-12 system, and by building digital radio relay communication lines between Astana – Kokshetau – Petropavlovsk, Kostanai – Kachary, Kostanai – Jetykara, Karagandy – Temirtau.

Extraordinary general meeting of "Kazakhtelecom" shareholders will be held on April 14, 2000 with following agenda:

- Making changes in the Charter of "Kazakhtelecom".
- Ratification of amendments to the composition of the Board of directors of the company.

It is said in the notification, that shareholders extraordinary general meeting is to be held on the initiative of the Ministry of transportation and communications of Kazakhstan in accordance with the article 49 of the Law "On joint stock companies" of July 10, 1998 at following address: Astana, 49, Abai Ave. meeting hall of the Ministry of transportation and communications of Kazakhstan. In case, the quorum is not achieved the meeting will be repeated on April 15 at the same address.

OJSC “Bank CenterCredit” (Almaty, official list of securities, category “A”) provided Kazakhstan stock exchange (KASE) with the certificate of state registration of its second issue shares, issue prospectus, and the changes and amendments made in the Charter regarding the size of announced authorized capital.

The issue was registered with the National securities commission of Kazakhstan on February 15, 2000. The 2nd issue contains 5,000,000 common inscribed shares with KZT200 face value for a total of KZT1,000,000,000. National identification number is KZ1C36280419.

The issue has been entered into the State register of securities under the number A3628-1.

Announced authorized capital of OJSC “Bank CenterCredit” after two issues equals KZT2,063,339,000.

From June 29 through August 17, 1999 the shares of the bank were traded in “Non-listing securities” sector. After passing the listing procedure they were entered into official list of the Exchange securities of category “A” on August 13, 1999.

OJSC “SHNOS” (Shymkent, official list of securities, category “A”), according to listing requirements, presented Kazakhstan stock exchange (KASE) the materials concerning annual General meeting of the shareholders, which was held on February 11, 2000.

Shareholders, considering the decision of Board of directors from December 10, 1999 about changing issued (paid) capital of the company, have decided: to cancel previous (second) shares issue at simultaneous registration of new issue of 62,322,701 shares.

Consideration of the matters, regarding the ratification of annual financial statements, size of the dividends and their payments, is postponed by the shareholders until auditing report of “Arthur Andersen” on OJSC “SHNOS” 1999 financial statements is received.

The second issue of OJSC “SHNOS” shares was registered with Justice administration of South-Kazakhstan region on January 11, 1999 for an amount of announced authorized capital – KZT100,000,000. The second issue includes 99,996,055 common inscribed shares and 3,945 preferred inscribed shares, all of them of KZT1 face value. The report on issue and placement results of the second share issue was approved by the National securities commission of Kazakhstan on November 30, 1999.

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