

WEEK OF STOCK MARKET OF KAZAKHSTAN

July 20 - 26

1 US dollar = **142.70** tenge at official rate for the end of the period
 1 US dollar = **142.70** 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 July 20 through 26. In parentheses – figures of previous period. Instruments are given in descending order, based on their attractiveness.

Investment attractiveness of financial instruments at KASE from July 20 through 26

Financial instrument	Currency	Yield, % APR	Volume of deals, mln KZT	Volume of deals, mln USD
MEKKAM, notes	KZT	*12.11 (12.46)	973.7 (629.9)	6,822.9 (4,413.4)
ALKSb	USD	15.24 (15.26)	0 (0)	0 (0)
KOMBB	USD	13.66 (14.50)	0 (27.6)	0 (191.8)
HSBKb	USD	12.14 (12.00)	0 (0)	0 (0)
KZT (GS repo)	USD	*11.50 (–)	20.0 (0)	140.2 (0)
TMJLb	USD	11.41 (11.49)	75.1 (509.5)	525.8 (3,569.9)
KZOLb	USD	11.40 (11.42)	78.8 (48.7)	551.9 (341.4)
KKGBb	USD	10.23 (10.23)	0 (0)	0 (0)
Euronotes-4	USD	10.18 (10.19)	292.8 (53.8)	2,051.6 (377.1)
Euronotes-3	USD	9.94 (10.52)	91.7 (187.2)	642.8 (1,311.8)
Euronotes-2	USD	9.88 (9.58)	17.2 (529.0)	120.2 (3,706.4)
KZT (repo)	KZT	*5.32 (7.06)	2,310.6 (3,500.2)	16,191.0 (24,523.2)
MEKAVM	USD	*9.25 (9.36)	174.4 (97.5)	1,122.0 (683.1)

Notes: yield of KZOLb, TMJLb is calculated as average of the deals; for ALKSb, HSBKb, KKGBb, KOMBB – as average of offer quotations.

Tenge devaluation rate is estimated at weighted average rate of the main session of KASE in the week by a trend of **negative 4.27% APR** (tenge revalued against the dollar).

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.

THE SECURITIES SECTOR (SS)

During observed period 20 deals amounting to **\$1,079.7 th.** were made in **purchase and sale sector** of the securities on trade floors of Kazakhstan stock exchange (KASE). Relative to previous period (\$4,230.1 th. 19 deals) weekly turnover of the sector decreased 3.9 times.

In terms of volume of deals **coupon bonds of NOC KAZAKHOIL CJSC** (Astana, official list of securities, category “A”, KZOLb) were the leaders of the week, with their proportion in weekly turnover reaching 51.1%. Last week discounted bonds of Kazakhstan Temir Joly RGP (Astana, official list of securities, category “A”, TMJLb) were the leaders in terms of turnover.

The price of MMGZp, which were the only shares traded during the week, did not change relative to previous successful trades. Yields of both KZOLb and TMJLb remained unchanged mainly thanks to the market-makers that maintain the market balance. The nature of the deals made in corporate bonds indicate that the most of them are sort of a continuation of the primary offerings. Pension assets management companies (PAMC) are the buyers in most cases, and the bonds are sold by the banks or the issuers' underwriters. Under the condition of a constant decline in the yields of almost all GS, such behaviors of the PAMC seem to be justified.

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

Results of the trades in shares from July 20 - 26

USD per share, unless otherwise specified

Issuer	Securities	Close	WA price	Volume	Best bid	Best offer
Almaty Kus OJSC	ALKS			0	0.15	0.31
Bank TuranAlem OJSC	BTAS	77.81		0	75.88	78.16
Bank CenterCredit OJSC	CCBN	0.98		0	0.98	1.42
Halyk Bank of Kazakhstan OJSC	HSBK	0.91		0	0.91	1.82
KAZKOMMERTSBANK OJSC	KKGB	0.70		0	0.25	0.50
Kazakhtelecom	KZTK	15.00		0	12.00	18.00
Kazakhtelecom	KZTKp	10.00		0	6.00	8.50
Kazzinc OJSC	KZZN	4.40		0		*6.00
Mangistaumunaigas OJSC	MMGZp	3.50	*3.50	565	*3.50	*3.50

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Results of the trades in shares from July 20 - 26

USD per share, unless otherwise specified

Issuer	Securities	Close	WA price	Volume	Best bid	Best offer
SHNOS OJSC	SYRG	1.63		0	1.30	
Temirbank OJSC	TEBN	7.39		0	0.70	7.35
UKTMK OJSC	UTMK	50.00		0	5.00	145.00
UKTMK OJSC	UTMKp	35.00		0	5.00	

Results of the trades in bonds from July 20 - 26

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	15.50		0.00	16.69	15.25
Halyk Bank of Kazakhstan OJSC	HSBKb	USD	12.78		0.00	13.30	12.37
KAZKOMMERTSBANK OJSC	KKGBb	USD	12.76		0.00	13.13	10.23
Komirbank OJSC	KOMBb	USD	14.50		0.00	23.73	13.90
NOC Kazakhoil CJSC	KZOLb	USD	11.41	11.40	551.88	11.24	11.43
Kazakhstan temir joly RGP	TMJLb	USD	11.50	11.41	525.85	11.35	11.50

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

In securities repo sector 2 deals were made during analyzed week:

- opening of 215 day repo with common shares of Bank CenterCredit OJSC for \$140,160.00 at **11.50% APR** in terms of dollars;
- closing of 57 day repo with common shares of Halyk Bank of Kazakhstan OJSC for \$9,082.80. Actual yield of the transaction equaled **13.52% APR** in terms of dollars, and 15.44% APR in tenges.

At the end of analyzed period **six** indexed securities repos were opened for a total of **\$1,556.8 th.** on the trade floor of the Exchange. The common shares of the following companies were used as an object of repo: Bank CenterCredit OJSC and Halyk Bank of Kazakhstan OJSC.

Capitalization

For July 26, 2000 total capitalization of the stock market for the securities of Kazakhstan (A+B+N without GBS) equaled **\$1,315.2 mln** or KZT187.7 bln at tenge to dollar rate of the Exchange, effective on that date. \$0.2 mln increase in capitalization in terms of dollars relative to the last day of previous period was caused by a change in KZT/USD exchange rate.

List of securities

On July 25, 2000 the circulation of the first issue coupon inscribed bonds of **RG BRANDS LLP** of the second tranche (Almaty, "Non-listed securities" sector, first admission level, KZ29KABK7A06, trade code - RGBRb, Jan. 27- July 25, 2000, coupon rate 17% APR, face value \$100) mature on July 25, 2000. As a result, by the decision of the KASE Board dated July 26, 2000 these securities were de-listed from trade lists of the Exchange.

RG Securities LLP (Almaty, Kazakhstan) has officially informed KASE about clearing of all commitments to the holders. The repayment was made at the exchange rate of KASE set on July 24, 2000.

The indicated bonds were allowed to the circulation at the Exchange on Jan. 27, 2000 by the decree of KASE Board in connection with redemption of first tranche securities.

The total volume of RG BRANDS bonds issue is \$500,000 and has been divided into two \$250,000 tranches. The insurer of the issuers liabilities is BTA Insurance company.

The bonds are placed among the investors at the nominal value taking into account the accumulated interest at the sale date. The payment is made in tenge at the KZT/USD weighted average rate of KASE on the date of transaction.

Total volume of the second tranche (2,500 bonds, \$250,000) was placed at KASE on Dec. 10 and 13, 1999. Floatation price (including accumulated interest) amounted \$101.55 and \$102.19 that is corresponding with 19.91 and 15.95% APR consequently (according commonly accepted estimation procedure in Kazakhstan). Since then, there were no deals with these securities at KASE.

SECTOR OF GOVERNMENT SECURITIES (GS)

In **GS purchase and sale sector** of KASE total volume of **78 deals** reached **KZT1,569.8 mln.** In previous period the volume did not exceed KZT1,497.5 mln with 71 deals made. It becomes clear from presented data that the activity in this segment of the market almost did not change.

Parameters of stock exchange transactions in SS from July 20 - 26

(in parentheses are comparable figures of the previous period)

Days till maturity	Yield to maturity for a buyer, % APR.				Volume, mln tenge discounted	Number of deals
	min	max	last deal	weighted average		
Discounted GS: MEKKAM-3, 6, 12, notes				62.0% (42.1%) of purchase and sale sector's turnover		
less than 8	6.07	8.33	6.07	6.59 (7.82)	68.56	8
8 - 14	7.75	8.87	8.28	8.37 (8.81)	181.73	8
15 - 28	8.91	12.92	8.91	10.83 (9.91)	314.65	13
29 - 36	9.87	26.78	9.87	20.36 (10.00)	94.14	3
37 - 42	12.29	12.29	12.29	12.29 (15.28)	25.27	5
64 - 91	10.27	10.28	10.28	10.28 (-)	111.20	3
92 - 181	12.60	14.80	14.80	14.38 (15.77)	59.08	5
182 - 364	12.65	13.53	12.65	13.47 (14.13)	119.07	3
Total					973.7 (629.9)	48 (33)
Discounted indexed GS: MEKAVM-6, 9, 12				11.1% (6.5%) of purchase and sale sector's turnover		
64 - 91	7.95	9.72	7.95	8.99 (-)	47.59	3
92 - 181	9.78	9.78	9.78	9.78 (9.40)	28.63	4
182 - 364	8.49	9.00	9.00	9.00 (9.74)	98.18	2
Total					174.4 (97.5)	9 (9)
Coupon GS: MEOKAM-24				1.3% (0%) of purchase and sale sector's turnover		
714 - 717	17.02	17.02	17.02	17.02 (-)	20.0	3
Total					20.0 (0)	3 (0)
Euronotes of Kazakhstan, USD				25.6% (51.4%) of purchase and sale sector's turnover		
*786 - 791	9.48	9.92	9.92	9.88 (9.58)	17.2	2
**1,524 - 1,528	9.89	10.00	9.99	9.94 (10.52)	91.7	7
***2,445 - 2,451	9.89	10.45	9.89	10.18 (10.19)	292.8	9
Total					401.7 (770.1)	18 (29)
SUBTOTAL					1,569.8 (1,497.5)	78 (71)

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

The turnover structure has deformed towards the increase in the proportion of GS not indexed by the devaluation. It seems as if the market believed not only in long-term stability of the tenge, but also in gradual firming of Kazakhstan's national currency against the U.S. dollar till the beginning of fall. Today such scenario seems to be quite real.

As a whole, the secondary market of state debt seems quite sluggish. The shortest MEKKAM and notes are still in great demand, and their supply falls short of the demand. This deficit is compensated by the participants on the primary market, where the National Bank has become significantly active. The volume of purchases of the notes at initial auctions equaled KZT2.1 bln from July 20 through 26, which more than twice than the turnover of the securities purchase and sale sector on the secondary market. In last week corresponding figure equaled KZT2.0 bln. The situation practically does not change. Investors prefer to buy GS at the auctions, and at KASE the preference is given to repo deals.

In GS repo sector **104 deals for a total of KZT6,318.7 mln was made during the period.** Of this number 48 deals (for KZT2,310.6 mln) were repo opening deals and 56 (KZT4,008.1 mln) were repo closing deals. Last week total turnover of this sector of the market was at KZT8,523.4 mln. If at that time repos were mostly closing, then now direct deals prevail. Partially, it can be explained by growing deficit of free money at the beginning of calendar week, which is completely confirmed by an insignificant growth of the rates.

Parameters of repo opening deals in SS at KASE from July 20 - 26

(in parentheses – comparable figures for previous period)

Opening date	Term of repo, days	Currency	Amount raised, mln KZT	WA yield, % APR	Number of deals
July 20.00	1	KZT	498.9	4.92	9
July 20.00	4	KZT	103.5	4.50	2
July 20.00	7	KZT	68.9	6.00	2
July 20.00	55	KZT	26.1	11.00	1
July 21.00	3	KZT	462.2	5.67	7
July 24.00	1	KZT	200.9	4.50	7
July 25.00	1	KZT	253.5	4.24	5
July 25.00	7	KZT	58.0	7.00	2
July 26.00	1	KZT	440.0	4.49	9
July 26.00	5	KZT	20.9	7.00	1
July 26.00	6	KZT	177.6	6.84	3
TOTAL			2,310.6 (3,500.2)		48 (71)

After closing of the trades on July 26 total amount of opened repo equaled **KZT3,273.2 mln.** Current weighted average rates as of July 26 (% APR) equaled: for 1 day (KZT440.0 mln) – **4.49**; for 5 days (KZT20.9 mln) – **7.00**; for 6 days (KZT177.6 mln) – **6.84**; for 7 days (KZT126.9 mln) – **6.46**; for 10 days (KZT90.0 mln) – **8.30**; for

21 days (KZT1,000.0 mln) – 6.50; for 25 days (KZT20.1 mln) – 12.00; for 30 days (KZT1,000.0 mln) – 9.11; for 49 days (KZT371.6 mln) – 12.50; for 55 days (KZT26.1 mln) – 11.00.

Total of 182 deals amounting to **KZT7,888.5 mln** were made in **GS on trade floors of KASE** during last period (purchase and sale and repo sector). Last week volume of 207 deals was KZT10,020.9 mln.

In this week **proportion of the stock market turnover** in total volume of deals on Kazakhstani secondary market for GS for comparable operations (including euronotes and repo operations) equaled 68.4%, for last week it was 82.0%.

Information of the companies

Almaty Kus OJSC(Almaty, official list of securities, category “A”), in accordance with listing requirements, provided KASE with the reports of extraordinary annual general meeting of shareholders, which was held on June 24, 2000 (minutes).

Based on approved agenda of the meeting, the shareholders decided:

- to increase authorized capital of the company up to KZT1.1 bln using additional emission of shares on the total amount of KZT400 mln.
- to approve amendments into company’s charter related to the increase in authorized capital and conduct appropriate registration in corresponding legal bodies.
- to approve additional emission of shares on the sum of KZT400 mln with KZT10 of face value. Closed subscription on issued shares will be conducted among shareholders of the Company and LLP “Agroservice”.
- All shareholders have the right to obtain shares in proportion of already held stake. The shareholders should apply for the shares during a month since the General meeting.

Kazakhtelecom OJSC (Astana, official list of securities, category “A”), in accordance with the listing requirements, provided KASE the auditing report of “Deloitte & Touche” (Almaty, Kazakhstan) made on 1999 financial statements of the issuer.

Based on independent auditor, who finished working on the report on May 19, 2000, the following are the results of the issuer in 1999 and 1998 (please, table).

Comparable ratios of Kazakhtelecom OJSC financial economic results in 1999 – data of Deloitte & Touche

in th. KZT, unless otherwise specified

Indicator	1998	1999
Authorized capital (nominal)	12,136,529	12,136,529
Shareholders' equity	36,162,141	34,549,590
Total assets	59,443,627	63,309,357
Net working capital	-293,807	-945,686
Accounts receivable (net)	6,451,233	7,603,553
Accounts payable	4,196,122	3,963,837
Sales (services offered)	26,047,700	30,960,911
Cost of goods sold (services offered)	18,006,420	19,039,410
Net income	(2,265,304)	(1,398,993)
Base and derived profit (loss) pr share, KZT	(0.24)	(0.16)
Calculated by the data of auditing report:		
Return on sales (ROS), %	30.87	38.51
Return on equity (ROE), %	–	–
Return on assets (ROA), %	–	–
Book value of a share, KZT	2,979.61	2,846.74

Auditing was conducted by “Deloitte & Touche” in accordance with International accounting standards, hence, financial statements of Kazakhtelecom OJSC were properly corrected to make it comply with International accounting standards (IAS). Some data of 1998 financial statements were reclassified to match those in 1999 financial statements. As the company keeps its records based on the accounting principles accepted in Kazakhstan, that differ much from those of IAS, there are some discrepancies between estimations and actual results.

As of December 31, 1999 paid authorized capital of the company was KZT35,742,978 th. including adjustment on the inflation in the amount of KZT23,606,449.

The auditor noted that in 1998, the company did not show profit and loss from exchange rate shifts and put the sum of KZT2,270,333 th. to undistributed profit. The reports for 1998 were adjusted to compile with current statements.

Inventories were shown at the least re-evaluation average cost or at the market value. Accounts receivable is shown at net sales cost after the deductions of bad debt reserves;

The registration of long-term investments in companies with 20% stake of Kazakhtelecom is executed using method of share holdings less provisions on constant decrease in value. Kazakhtelecom has one investment in GSM Kazakhstan LLP with 49% of ownership and 49% of voting right. In 1999, the company corrected value of its investments in Altel CJSC on the sum of KZT150,400 th. to reflect true market value.

Kazakhtelecom is a monopolist of telecommunication services market and is subjected to Antimonopoly legislation of the government. The Antimonopoly committee issued an instruction, which states that Kazakhtelecom should liquidate its stakes in some subsidiaries and affiliated companies. Today, Kazakhtelecom is not able to satisfy this requirement without violation of shareholders' rights. Consequently, the investments could not be reclassified as a "subject to sale."

Besides, the auditor noted that the Government of the Republic of Kazakhstan (Kazakhstan) took guarantor's responsibilities of KFW group credit line. In 1999, the court decision stated that the part of equipment shipped to Mangistaumunaigas OJSC and Kaskor JSC (thirds parties) is not to be paid off by Kazakhtelecom but should be repaid by the Government. As of the date of report conclusion, the Government and Kazakhtelecom did not come to an agreement on this issue. At the same time, it did not appeal to the court as well. The company's governors consider that the Government would execute the decision of the court.

The financial statements of the company as of December 31, 1999 was a subject to "Deloitte & Touche" auditing. In the opinion of "Deloitte & Touche," financial statements give reliable picture of financial situation of Kazakhtelecom in all essential aspects as of December 31, 1999, and based on International accounting standards.

Halyk Bank of Kazakhstan OJSC (Almaty, KASE official list of securities, category "A") in accordance with the listing requirements provided Kazakhstan stock exchange (KASE) with the materials of annual general shareholders meeting, which was held on June 21, 2000 (minutes, reports of the Board and Revision commission, 1999 auditing report of Arthur Andersen).

Based on the agenda of the meeting, the shareholders approved annual financial statements, reports of the Board and Revision commission of Halyk Bank of Kazakhstan OJSC.

Besides, at the meeting **the distribution order of net income** received in 1999 was approved. **KZT316,253.4 th., or 50.2%** was allocated to dividends, and KZT314,128.6 th., or 49.8% to replenish reserve capital, which is an approved annual allocation amount.

The dividends to the shares of the first, second, and third issues – **KZT10.4 per common share**, the fourth issue – **KZT0.5 per common share** were approved at the meeting. The dividends will be paid based on the lists created by the shareholders register, which was prepared by an independent register Fondovyi Tsentri CJSC (Almaty) and passed to the branches of Halyk Bank of Kazakhstan OJSC where the shares were bought. Dividends are to be paid from July 1 through November 1, 2000.

At the meeting previous Revision commission was dismissed and new one was approved with three year terms and consisting of 5 people: Baimurzina D.K. – The chairman, Akhmetova E.A., Bijanova A.Kh., Sadykova A.Sh., Danilova L.N. – members of the commission.

Besides, the shareholder made a decision to issue subordinated bonds with the purpose of increasing the bank's shareholders' equity, as well as approved the issue terms of these bonds: issue amount – 16 mln U.S. dollars, face value – 100 U.S. dollars, total number of bonds – 160,000, circulation term – 7 years with the possibility of calling back, type – inscribed coupon, type of issue – non-documentary.

The Chairman of the Board, Masimov K.K. made a speech on the results of the bank in 1999.

It was said that the last year of this millenium was an uneasy year, though the bank maintained the growth trend. The bank's profit rose 14%, or KZT78 mln, at KZT630.4 mln, and including subsidiary companies – KZT746 mln. The assets grew 44% in 1999, at KZT57.2 bln, liabilities – 47%, at KZT51.4 bln, shareholders' equity grew 19.8%, at KZT5.8 bln.

In October 1999 the fourth issue of the bank's shares were launched for a total of 6,031,666 shares with the face value of KZT100. The shares were placed among 1,038 shareholders at KZT141.000 per share. The funds, raised by the issue, was used to capitalize the bank. In December 1999 the government of Kazakhstan sold part of its state block of shares in the bank (16.7%) to national investors. After the sale the proportion of the government in authorized capital of the bank equals 50% plus one share. The sales proceeds of KZT1.4 bln were directed to the budget.

Further, it is said that the population is the major focus of the bank. Constant growth in the number of depositors, which increased from 900 th. in 1999, at 16.6 mln accounts, can exemplify this.

As of late 1999 the bank accounted for 53% of all deposits made by private individuals of Kazakhstan. The bank has leading positions on plastic card market and presently offers services to 1,037 budgetary and commercial organizations. The bank opened Internet-cashiers in all 17 major regional centers on June 1, 2000.

In October 1999 Halyk Bank of Kazakhstan OJSC signed a loan agreement with German Commerzbank, which provides the bank with the opportunity of long-term financing the purchase of banking technologies, and it

signed a cooperation agreement with MoneyGram international payment system. Now, there are more than 180 places that offer MoneyGram services.

In 1999 the bank strengthened its positions as a major bank offering universal services. The remaining amounts in the accounts of the companies and organizations grew 69%, at KZT16.5 bln. The remaining amounts in the accounts of individuals equaled KZT29 bln. The number of accounts of the companies and organizations rose from 25.1 to 38.5 th. The bank's loan portfolio grew 15% compared to 1998, at KZT20.6 bln.

In 1999 Halyk Bank of Kazakhstan OJSC began to implement special programs aimed at financing the population, including consumer financing and support of individual entrepreneurship in the regions of the country. The retail loan portfolio grew 74% – from KZT529 to 920 mln. Distinctive feature of the year 1999 was fast growing long-term financing, which almost doubled in volume, and its proportion rose from 28% to 32%.

During reporting period the bank strengthened its positions in international trade transactions. Total volume of transactions with the warranties and letters of credit equaled KZT16.2 bln, 2.2 time increase from 1998.

Halyk Bank of Kazakhstan OJSC is an active participant of the government securities market. It accounted for about 36% of sales on primary market during January-December 1999. Taking into account the transactions with eurobonds of Kazakhstan and national savings bonds, the volume of the bank's operations equaled KZT63.3 bln on primary market of government securities (2.3 time growth from 1998).

Further, it was said that the state block of Kazpost OJSC shares was passed under the control of Halyk Bank of Kazakhstan OJSC. The bank owns the biggest network of branches and the optimization of the branch network is one of the most important tasks. The restructuring of the bank and Kazpost OJSC (including, giving the functions of pension and allowance payments in remote areas to Kazpost OJSC) will cause the number of the least effective branches in villages to shrink by 300 offices and KZT100 mln savings a year.

In 1999 Halyk Bank of Kazakhstan received long-term foreign currency rating of "B2" from Moody's agency. On April 26, 1999 the agency Standard & Poor's changed the bank's ratings from negative to stable. In late 1999 Halyk Bank of Kazakhstan OJSC became a member of International institute of savings banks, International institute of finance, as well as the member of Kazakhstani fund for insurance of deposits of the individuals.

Prepared by the agency «IRBIS»