

WEEK OF STOCK MARKET OF KAZAKHSTAN

August 23 - 29

US dollar = 147.15 tenge at official rate for the end of the period

US dollar = 147.30 tenge at weighted average rate of the Exchange for the end of the period

Weekly rate of tenge devaluation – 6.53% APR

Money market rates as of August 29 and weekly changes

Term	Currency	Rate	Trend
Repo opening at KASE (WA, % APR)			
29-30 days	KZT	11.01	-0.94
28-29 days	USD	7.89	–
KIBOR (indicative, % APR)			
1 week	KZT	8.13	-0.87
2 weeks	KZT	8.88	-0.62
1 month	KZT	9.44	-0.76
2 months	KZT	10.50	-0.20
3 months	KZT	11.19	-0.11

Investment attractiveness of stock exchange instruments from August 23 through 29

Financial instrument	Currency	Yield, % APR	Volume of deals, KZT m	Volume of deals, USD m
Instruments denominated in national currency, tenge				
MEOKAM, MEAKAM	KZT	8.74 (10.38)	664.2 (2,034.9)	4,512.5 (13,827.4)
CS Repo	KZT	*8.58 (*10.58)	702.7 (80.6)	4,770.2 (547.5)
MEKKAM, notes	KZT	*5.30 (*5.32)	415.6 (117.1)	2,823.2 (795.6)
GS Repo	KZT	*5.03 (*6.37)	11,882.1 (9,472.9)	80,714.6 (64,368.9)
Instruments indexed to the US dollar				
SMGZb1	USD	13.00 (13.00)	0 (0)	0 (0)
VITAb2	USD	12.50 (13.54)	0 (0)	0 (0)
ALKSb2	USD	12.00 (–)	0 (0)	0 (0)
CCBNb1	USD	11.09 (11.10)	0 (0)	0 (0)
KZASb1	USD	11.00 (11.00)	0 (0)	0 (0)
RGBRb2	USD	11.00 (11.00)	0 (0)	0 (0)
BTASb1	USD	11.00 (11.50)	0 (75.4)	0 (512.7)
ASFib1	USD	10.50 (10.50)	0 (0)	0 (0)
TEBNb	USD	10.50 (10.50)	0 (184.0)	0 (1,250.7)
KARMB1	USD	9.90 (9.91)	0 (0)	0 (0)
TMJLb2	USD	8.80 (8.80)	0 (0)	0 (0)
KZTOb	USD	8.56 (8.50)	62.7 (0)	425.9 (0)
SYRGb1	USD	8.50 (8.50)	0 (0)	0 (0)
HSBKb	USD	8.42 (8.43)	0 (0)	0 (0)
KZOLb	USD	8.10 (8.42)	48.4 (78.2)	328.3 (531.4)
KKGBb	USD	5.48 (4.86)	0 (0)	0 (0)
ATFBb	USD	3.43 (4.46)	0 (0)	0 (0)
Instruments denominated in US dollars				
BTASe1	USD	10.67 (10.67)	0,(0)	0 (0)
KKGBe2	USD	9.20 (9.20)	0,(0)	0 (0)
Euronotes-4	USD	7.07 (7.17)	219.1 (535.6)	1,488.3 (3,639.7)
Euronotes-3	USD	6.77 (6.79)	789.8 (342.4)	5,364.4 (2,326.6)
Euronotes-2	USD	5.97 (5.98)	3.1 (319.0)	21.2 (2,167.6)

Notes: Yields of KZOLb, KZTOb are calculated as average of the deals, including initial additional floatation. Yields of other corporate bonds are calculated as average of offer bids. The correspondent ratio of last week is given in the parentheses. Securities marked by a star are the instruments with less than a year circulation term. Weighted average effective yields are given for them. Yields for bonds with more than a year maturity are estimated on a semiannual basis.

THE CORPORATE SECURITIES SECTOR (CS)

Results of the week

In the purchase-sale sector 15 deals were concluded amounting to **\$1,800.7 th.** (KZT265.1m). Compared to previous week (10 deals, \$2,602.4 th., KZT382.9m) the sector's turnover decreased by 30.8%. The most traded were common shares of Bank TuranAlem OJSC (57.7% of total turnover). Then, there were bonds of NOTC KazTransOil CJSC (23.7%) and bonds of NOC KAZAKHOIL CJSC (18.2%). In other instruments the volumes were insignificant. Notably, all deals of the week were market deals, that is they were made by using the main trade mode of KASE. A total of 6 instruments were used to make deals in this week, last week – 7.

By the last deals of the period the value of HSBK increased by 46.6% relative to previous successful trades. The value of BTAS fell by 0.6%, CCBN – by 12.9%, KZCR – by 0.13%. The yield of KZOLb decreased from 8.31% to 8.10% APR. The yield of KZTOb fell from 9.05% to 8.30% APR.

The index KASE_Shares increased by 1.3071 (1.16%) during the week and was fixed at closing of August 29 at **113.5599**. The change in index was due to a growth of bid prices of common shares of Bank TuranAlem OJSC from \$76.30 to \$76.50 (0.3%), as well as increase of bids of Kazakhtelecom preferred shares from \$8.00 to \$11.50 (43.8%) per share. Decline in bid prices of ATFBp, VTBN, VTBnp had a negative impact on the index.

Dynamics of corporate bonds market indexes looked as follows (figures in parentheses indicate weekly changes): **KASE_BY - 11.22 (+0.20%)**, **KASE_BP - 116.92 (+0.42%)**, **KASE_BC - 104.86 (+0.20%)**. Last week **KASE_BY** increased by 0.23%.

Capitalization of companies, whose shares are being traded in the CS sector of KASE reached **\$842.4m** or KZT124.1bn as of August 29 at KZT/USD rate of the Exchange. This indicator rose by \$25.0m compared to previous week mainly due to an increase in HSBK value (see above).

The capitalization of corporate bonds market of the Exchange by their best bid prices, which are regularly put out by the market-makers of the securities in the trade system of the Exchange, was fixed at **\$400.4m** or KZT58,979.2m as of August 29. In nominal terms (total face value of the bonds that were admitted into trade lists of KASE) is estimated at **\$594.0m** or KZT87,495.2m. Big difference between these figures is explained by the fact that the trades in first issue bonds of Caspian Bank OJSC, first issue bonds of Kazakhtelecom, first issue bonds of KazTransOil CJSC, first issue bonds of LARIBA-BANK OJSC have not been opened yet, while they had been admitted to the KASE lists. Now these securities are being offered by their issuers on over-the-counter market and their market-makers can not fulfill their obligations at the KASE yet.

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 August 23 to 29

USD per share, unless otherwise specified							
Issuer	Securities	Last price	WA price	Volume, #	Volume, USD th.	Best bid	Best offer
Almaty Kus OJSC	ALKS			0		0.1540	0.3080
Almaty Kus OJSC	ALKSp			0		0.0900	0.1700
Almaty Kus OJSC	ALKSp3			0		0.0680	0.0700
Astana-finance OJSC	ASFI	*10.000		0		5.000	10.000
AMB OJSC	ATFBp	6.870		0		6.790	6.860
Bank TuranAlem OJSC	BTAS	73.70	74.29	13,987		76.50	73.70
Bank CenterCredit OJSC	CCBN	1.1541	1.1541	550		1.1553	1.1541
Halyk Bank of Kazakhstan OJSC	HSBK	1.2200	1.2200	10		1.2200	1.2200
KAZKOMMERTSBANK OJSC	KKGB	*0.4500		0		0.3500	0.5000
TNC Kazchrome OJSC	KZCR	6.797	6.797	1,000		6.797	6.797
Corporation Kazakhmys OJSC	KZMS	*11.970		0		12.000	
Corporation Kazakhmys OJSC	KZMSp	*4.710		0		5.000	
Kazakhtelecom	KZTK	*12.000		0		12.000	16.500
Kazakhtelecom	KZTKp	*12.600		0		11.500	13.000
SHNOS OJSC	SYRG	1.6300		0		1.4500	
TEMIRBANK OJSC	TEBN	*1.095		0		1.360	6.800
TEMIRBANK OJSC	TEBNp			0		2.000	6.800
UKTMK OJSC	UTMK	35.000		0		20.000	40.000
UKTMK OJSC	UTMKp	28.0000		0			42.0000
VALUT-TRANZIT BANK OJSC	VTBN	2.5480		0		1.4952	2.7185
VALUT-TRANZIT BANK OJSC	VTBNp	2.3033		0		1.7670	3.1229
TOTAL	21			15,547	1,046.5		

Results of the trades in bonds from August 23 to 29

(% APR till maturity, unless otherwise specified)							
Issuer	Code	Currency	Last	WA	Volume, th. USD	Best bid	Best offer
Almaty Kus OJSC	ALKSb2	USD			0	12.5040	12.0025
Astana-finance OJSC	ASFIb1	USD	10.4999		0	11.0000	10.5002
AMB OJSC	ATFBb	USD	7.7025		0	3.2703	3.4339
Bank TuranAlem OJSC	BTASb1	USD	11.5047		0	11.5027	10.9966
TuranAlem Finance B.V.	BTASe1	USD			0	11.9095	10.6664

Issuer	Code	Currency	Last	WA Volume, th. USD	Best bid	Best offer
Bank CenterCredit OJSC	CCBNb1	USD	11.4988	0	11.9872	11.0949
Halyk Bank of Kazakhstan OJSC	HSBKb	USD	11.0000	0	8.4212	8.4212
Karazhanbasmunai OJSC	KARMB1	USD	10.3243	0	11.3840	9.9027
KAZKOMMERTSBANK OJSC	KKGBb	USD	7.00	0	8.17	5.48
KAZKOMMERTSBANK OJSC	KKGBe2	USD		0	11.1992	9.1989
DAGOK Kustanaiasbest OJSC	KZASb1	USD	11.7958	0	12.0004	11.0042
NOC Kazakhoil CJSC	KZOLb	USD	8.0975	8.0975	328.3	8.0975
NOTC KazTransOil CJSC	KZTOb	USD	8.2967	8.5640	425.9	8.2967
RG Brands OJSC	RGBRb2	USD	12.4999	0	12.0000	11.0000
SHAHARMUNAIGAS OJSC	SMGZb1	USD		0	19.0027	13.0034
SHNOS OJSC	SYRGb1	USD		0	11.9971	8.5035
Temirbank OJSC	TEBNb	USD	10.4995	0	10.9001	10.4991
Kazakhstan Temir Joly	TMJLb2	USD		0	9.5000	8.8000
VITA LLP	VITAb2	USD	13.9999	0	13.4998	12.5001
TOTAL	19			754.2		

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 the repo sector of CS 13 deals were made for a total of **\$9,952.2 th.** (KZT1,465.9m). Of this number, 5 deals (\$4,770.2 th., 702,654,896) were repo opening deals and 8 (\$5,182.0 th., 763,246,745) – closing deals. Volume of deals in previous week reached \$998.5 th. (KZT146.9m). Dynamics of repo rates are given in the table at the beginning of present review.

In all trade floors of KASE total of 28 deals were concluded in 1,042,213 securities amounting to **\$11,753.0 th.** (KZT1,731.0m). Last week volume of 16 deals was \$3,600.9 th. (KZT529.9m).

Change in trade lists

From August 27, 2001, by the decision of the Board of the Kazakhstan Stock Exchange (KASE), **first issue euronotes of KazTransOil CJSC** (Astana, oil, water and processed oil products transportation services, XS0132391938, \$150 mln, July 06, 01 - July 06, 06, semiannual coupon 8.5% APR) were admitted into the KASE official list of securities under “A” category (see special bulletin). The bonds were given a trade code – **KZTOe1**. The quotation accuracy in the KASE trade system – **four decimal places**. The bond trades will start on **September 2, 2001**.

From August 27, 2001, by the decision of the KASE Board, based on the decision of the Exchange council of August 24, 01, common inscribed shares of **Insurance company SAYA OJSC** (Aktobe, insurance, KZ1C31680016, KZT1,000, KZT102 mln) were admitted in the KASE official list of securities, under “B” category (see special bulletin). The bonds were given a trade code – **SAYA**. The KASE trade system quotation accuracy – **three decimal places**. The bond trades will start on **September 2, 2001**.

August results

As the next month ended the agency IRBIS has analyzed the results of August in all sectors of the securities trades of the Exchange. A total of 94 deals in corporate securities were made in all sectors of the market for a total of \$37,865.0 th., or KZT5,574.3m at current rate of the Exchange. Following are the tables showing the corporate securities market at the Exchange in August, 2001.

Most tradable securities at the KASE in August 2001 (including repo sector and secondary market)

Code	Brief title of the issuer	Volume of deals, th. USD	Volume of deals, m, KZT	Volume of deals in securities	Number of deals
BTAS	Bank TuranAlem OJSC	10,687.2	1,573.3	146,507	9
VTBN	Valut Transit Bank OJSC	7,874.2	1,159.0	3,012,943	28
KZTKp	Kazakhtelecom	2,556.4	376.5	202,889	2
VTBNp	Valut Transit Bank OJSC	2,417.2	355.6	1,234,072	7
TEBNb	Temirbank OJSC	1,250.7	184.0	12,500	2
CCBN	Bank CenterCredit OJSC	862.4	126.9	625,339	5
KZOLb	NOC Kazakhoil CJSC	859.7	126.5	8,400	5
TMJLb2	Kazakhstan Temir Joly NSE	716.4	105.3	7,300	2
KZTOb	NOTC KazTransOil CJSC	656.0	96.5	6,348	11

Code	Brief title of the issuer	Volume of deals, th. USD	Volume of deals, m, KZT	Volume of deals in securities	Number of deals
BTASb1	Bank TuranAlem OJSC	512.7	75.4	5,000	1
VITAb2	VITA LLP	392.0	57.7	3,787	2
AMGZp	CNPC-Aktobemunaigas OJSC	315.0	46.4	50,000	4
SMGZb1	SHAKHARMUNAIGAS OJSC	200.0	29.4	1,860	1
ASF1b1	Astana-finance OJSC	44.4	6.5	450	1
KZCR	TNC Kazchrome OJSC	6.8	1.0	1,000	1
ZERD	Zerde OJSC	3.4	0.5	4,000	2
ALKZp	Aliuminii Kazakhstan OJSC	2.0	0.3	4,000	1
HSBK	Halyk Bank Kazakhstan OJSC	0.01	0.002	10	1

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.

Dynamics of the corporate securities market indicators in August 2001

Date	Capitalization of the share market, m, USD	Share index	The KASE index	Capitalization of the bond market, m, USD	Bond value index, including accum interest	Volume of deals, th. USD
31.07.01	816.6	96.9270	444.320	11.1336	115.7969	52.9
01.08.01	815.9	98.0483	444.320	11.1696	115.7504	11.3
02.08.01	815.9	99.3806	444.229	11.1505	115.8429	233.5
03.08.01	815.9	100.0425	444.227	11.2626	115.5462	0.0
06.08.01	816.5	100.1767	444.227	11.1704	115.9289	1,762.6
07.08.01	820.2	100.7067	444.227	11.1699	115.9010	1,568.4
08.08.01	818.7	100.7601	444.227	11.1713	115.9305	1,490.7
09.08.01	818.8	100.8175	444.227	11.0715	116.2520	0.0
10.08.01	818.7	102.2842	444.234	11.1803	115.9735	0.0
13.08.01	818.7	111.8803	444.234	11.1678	116.1081	0.0
14.08.01	818.7	111.9808	444.234	11.1692	116.1378	0.0
15.08.01	818.7	111.8578	445.234	11.1694	116.1708	793.8
16.08.01	818.8	112.0422	445.284	11.1540	116.2490	531.5
17.08.01	818.7	108.2796	445.290	11.1566	116.2749	44.4
20.08.01	818.7	104.7292	445.290	11.1599	116.4441	0.0
21.08.01	818.7	112.1202	445.230	11.1606	116.4755	1,513.2
22.08.01	817.4	112.1527	444.828	11.1955	116.4319	513.4
23.08.01	817.4	112.2528	444.866	10.9109	117.0684	328.3
24.08.01	818.0	112.1867	595.012	11.1557	116.6364	245.2
27.08.01	843.0	112.3925	595.203	11.1459	116.8254	156.2
28.08.01	842.9	113.5101	595.203	11.2328	116.8434	0.0
29.08.01	842.4	113.5599	595.305	11.2184	116.9172	1,071.0
Trend	+25.8	+16.6329	+150.985	+0.0848	+1.1203	
	+3.16%	+17.16%	+33.98%	+0.76%	+0.97%	

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. Bond yield index (KASE_BY) – weighted average (based on capitalization) yield of corporate bonds (semiannual basis) of category "A" of the KASE official list, calculated by the deals or average of market-makers' bids (if there is no deal). Index of bond prices including accumulated interest (KASE_BP) – weighted average (based on capitalization) "dirty" price of corporate bonds of category "A" of the KASE official list, calculated by the deals or average of market-makers' bids (if there is no deal).

Table of volumes of deals made in CS at KASE in 2001 grouped by months (in th. USD)

Month	GS exchange sector			Total
	Initial offering	Purchase-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

Month	GS exchange sector			Total
	Initial offering	Secondary market		
		Purchase-Sale	Repo	
April	0	12,110.8	8,328.6	20,439.4
May	0	12,108.8	8,669.6	20,778.4
June	651.3	11,896.5	15,462.4	28,010.3
July	19,324.7	5,137.3	23,978.5	48,440.5
August	716.4	10,263.4	26,885.2	37,865.0
Total	20,692.4	82,133.3	94,766.9	197,592.6

Notes: Hidden repo is possible in KASE sector of purchase-sale in CS that is why indicated volume of deals in this market segment may include sum of such deals.

During the first eight months of 2001 total volume of CS transactions made at KASE reached an equivalent of **\$197.6m**, or KZT28,910.2m. Compared to similar period of last year, turnover increased by \$131.7 (KZT19,586.2m) 3.0 (3.10) times.

SECTOR OF GOVERNMENT SECURITIES (GS)

Results of the week

In **GS purchase and sale sector** of KASE total volume of 60 deals equaled **KZT2,091.8m** (\$14,209.6 th.). Last week the turnover did not exceed KZT3,410.3m with 63 deals made.

Parameters of stock exchange transactions in GS from August 23 to 29

(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 (KZT): notes, MEKKAM-3				19.9% (3.4%) of purchase and sale sector's turnover		
less than 8	4.37	4.68	4.68	4.65 (-)	112.7	2
8 - 14	5.47	5.47	5.47	5.47 (5.68)	1.1	1
15 - 28	5.40	5.40	5.40	5.40 (5.50)	1.8	1
29 - 36	5.36	5.54	5.36	5.54 (-)	45.4	2
37 - 42	5.63	5.63	5.63	5.63 (-)	100.4	1
43 - 56	5.41	5.41	5.41	5.41 (-)	99.3	2
57 - 63	4.69	4.69	4.69	4.69 (-)	55.0	1
Total					415.6 (117.1)	10 (5)
Coupon GS (KZT): MEOKAM-24, 36				31.8% (59.7%) of purchase and sale sector's turnover		
344 - 350	6.48	8.84	7.48	7.80 (7.09)	96.7	10
748 - 925	8.49	9.13	9.00	8.90 (9.09)	567.6	18
Total					664.2 (2,034.9)	28 (28)
Euronotes of Kazakhstan				48.4% (35.1%) of purchase and sale sector's turnover		
*394	5.97	5.97	5.97	5.97 (5.98)	3.1	2
**1,129 - 1,135	6.49	6.82	6.76	6.77 (6.79)	789.8	15
***2,052 - 2,058	7.05	7.13	7.05	7.07 (7.17)	219.1	5
Total					1,011.9 (1,196.9)	22 (26)
GRANDTOTAL					2,091.8 (3,410.3)	60 (63)

Notes: for euronotes (* - second issue, ** - third issue, *** - fourth issue) volumes of the deals are calculated at weighted average USD/KZT rate of the Exchange, over domestic devaluation indexed bonds - official exchange rate; yield over coupon bonds are shown at semiannual basis.

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** – equaled **6.85 (-1.03)**; **KASE_EP** – 129.00 (+0.26%); **KASE_EC** – 112.94 (+0.15%). Last week **KASE_EY** did not change.

In **GS repo sector 158 deals for a total of KZT19,262.8m** were made during the period. Of this number 81 deals (for KZT11,882.1m) were repo opening deals and 77 (KZT7,380.7m) were repo closing deals. Last period the turnover of this market sector reached KZT18,321.3m. After closing of the trades on August 29 total amount of opened repo equaled **KZT8,526.7m**.

Total of 218 deals amounting to **KZT21,354.6m** were made in government securities on all trade floors of **KASE** during the week (purchase-sale and repo sector). A week ago volume of 273 deals was KZT21,731.6m. This week **the proportion of the stock market turnover** in total volume of deals on Kazakhstani secondary market for GS for comparable operations equaled **96.5%**, for last week it was 86.7%.

August results

In August of year 2001, 849 deals for a total of KZT73,355.1m (\$498.4m at the current exchange rate of KASE) were made in all sectors of the GS market of KASE. In last month, total volume of 863 deals totaled KZT61,827.4m (\$421.2m). In August the share of the Exchange's turnover in total volume of the deals made on the Kazakhstani secondary market of GS based on comparable operations equaled 92.9% (in July – 85.2%).

Table of volumes of GS deals made at KASE in 2001 grouped by months (in m KZT)

Month	GS exchange sector			Total
	Primary market	Secondary market		
		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
April	0	24,666.1	45,248.0	69,914.2
May	0	24,732.3	41,469.4	66,201.7
June	500.0	21,336.0	30,063.6	51,899.6
July	0	15,102.5	46,724.9	61,827.4
August	499.8	18,190.1	54,665.1	73,355.1
Total	999.8	159,932.2	359,702.0	520,633.9

In 2000 the volume of GS transactions at KASE reached KZT446,886.9m. During the first eight months of 2001 total volume of GS transactions made at KASE reached an equivalent of KZT520.6bn, or \$3,565.1bn. Compared to similar period of last year, turnover increased 2.28 times

KASE defined list of companies - leading operators of the KASE government securities market for August 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 (25.0% of the secondary market) and direct and reverse repo operation (75.0%). The position of each entity was expressed in currency of the payments, i.e. tenge. In total, 25 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 most active operators of Kazakhstani GS stock market in August 2001

Position in August 2001	Position in July 2001	Brief title of a company	Share in gross volume of trades, %
1	4	AMB OJSC (Almaty)	12.9
2	3	Bank TuranAlem OJSC (Almaty)	12.0
3	1	Bank CenterCredit OJSC (Almaty)	10.9
4	11	State Accumulative Pension Fund CJSC (Almaty)	10.8
5	6	Pension Assets Management Company of Halyk Bank Kazakhstan CJSC (Almaty)	6.1
6	9	Halyk Bank Kazakhstan OJSC (Almaty)	5.0
7	2	PAMC ZHETYSU CJSC (Almaty)	4.4
8	8	Eurasian bank CJSC (Almaty)	3.4
9	12	PAMC Ak niet CJSC (Almaty)	3.2
10	13	Temirbank OJSC (Almaty)	3.1

The following are new banks among the "active 10", in August – State Accumulative Pension Fund CJSC and Temirbank OJSC, which were moved away from the seventh and eighth position in July and PAMC Ak niet CJSC, respectively. They moved aside KAZKOMMERTSBANK OJSC (Almaty, 5th position in July), CASPIAN BANK OJSC (Almaty, 7th position in July), ABN AMRO Bank Kazakhstan CJSC (10th position in July).

During eight months of 2001 there were 28 companies participated in deals making. The following is the most active 10:

Position Jan-Aug 2001	Position Jan-Aug 2000	Brief title of company	Share in gross volume of trades, %
1	4	AMB OJSC (Almaty)	14.8
2	5	Bank TuranAlem OJSC (Almaty)	11.5
3	1	Halyk Bank of Kazakhstan OJSC (Almaty)	9.1
4	3	State Accumulative Pension Fund CJSC (Almaty)*	8.9
5	7	Bank CenterCredit OJSC (Almaty)	7.9

Position Jan-Aug 2001	Position Jan-Aug 2000	Brief title of company	Share in gross volume of trades, %
6	10	Pension Assets Management Company of Halyk Bank Kazakhstan CJSC (Almaty)	6.7
7	12	KAZKOMMERTSBANK OJSC (Almaty)	6.2
8	6	Eurasian bank CJSC (Almaty)	5.4
9	8	PAMC ZHETYSU CJSC (Almaty)	4.6
10	16	Temirbank OJSC (Almaty)	4.2

* –market-maker of Kazakhstani euronotes of fourth issue in Sector of small lots of KASE

INFORMATION ON COMPANIES

KAZKOMMERTSBANK OJSC (Almaty) provided the KASE with a certificate of the state registration of its seventh share issue with a simultaneous cancellation of the sixth issue dated August 17, 2001. The seventh issue consists of 294,220,069 common inscribed shares at KZT10.0 each and was entered into the State register of securities under the number A0040-6.

Therefore, from Aug 27, 01 in trade lists of the KASE the national identification number (NIN) of KAZKOMMERTSBANK OJSC common inscribed shares (trade code - **KKGB**) is changed to **KZ1C00400016** from KZ1C00400415.

Shymkentnefteorgsintez OJSC (Shymkent) sent official notification to the Kazakhstan Stock Exchange (KASE) that on August 27, 2001 it paid out a coupon to its first issue bonds (KZ2CUY03A339, official list of KASE securities of category "A", SYRGb1, Feb 26, 01 - Feb 26, 04, \$25.0m, \$100.00, semiannual coupon at 10.0% APR, current market offer 8.50% APR / bid 12.00% APR).

Based on the information of SHNOS OJSC, actual payment amount equaled **KZT99,179,100.00** as it has been set in bond issue terms. At the payment date 134,800 bonds have been placed. The bonds are serviced at KZT/USD rate of the Exchange effective on settlement dates.

Almaty Kus OJSC (Almaty region, Chapaev comm.; production and distribution of poultry products, leasing. Main products: merchant and breeding poultry eggs, breeding chicken, eggs powder and poultry meat) submitted to KASE the copy of Almaty Kus OJSC Board of directors meeting's protocol dated August 15, 2001.

The Board of directors decided to hold the special meeting of Almaty Kus OJSC shareholders on September 30, 2001. The meeting agenda is the following:

- To amend and change the Charter.
- To delegate the Charter signature.
- Others.

The meeting will be held at: culture house, Ilyyskiy district, Chapaev community, Almaty region. In case of quorum absence the meeting will take place on October 01, 2001.

Also, the Board of directors decided to participate in the tender on purchasing of control shares of Demir Kazakhstan Bank OJSC – over 90% of the authorized bank capital and delegate to Seisembaev E.K. - the Chairman of Board of directors the right to sign all documents, indispensable for the tender participation on behalf of the society.

KASE MEMBERS

Form August 27, 2001, by the decision of the Board, dated Aug 27, 2001 KASE debar **Central Asian Cooperation and Development Bank CJSC** from the participation in foreign currencies trades. The decision was made due to the non-payment of membership charges in June – Aug of 2001.

Demir Kazakhstan Bank OJSC (member of KASE under "B", "K", "P" categories) distributed an official press-release to clarify the information regarding the sale of the bank's shares and other subsidiaries owned by Demirbank T.A.S.

The bank's management is worried about the information appearing in mass media with distorted facts. Some of mass media services give the false information that can badly influence the selling process Bank assures

that change of the shareholders will not make any influence on the performance and functioning of the Bank and, of course, will not be the reason for suspension of the Bank's activity.

There is more detailed information on the shares being sold in the press-release. Shares of Demir Kazakhstan Bank OJSC and other subsidiary banks (Demir Halk – Netherlands, Demirbank A.D. – Bulgaria, Demirbank S.A. – Romania, Demir Romlease – Romania, Demir-Kyrgyz International Bank – Kyrgyzstan) were offered for sale by Demirbank T.A.S., whose founder is Deposits Insurance Fund (DIF), Turkey, is said.

KASE NEWS

On August 28, 2001, at the KASE the trades in second issue inscribed coupon bonds of Almaty Kus OJSC (KZ2CUY05A383, KASE trade code - ALKSb2, \$100, \$20m, July 18, 01 - July 18, 06, semiannual coupon at 10.0% APR) opened. Therefore, the status of the bonds specialist at the Exchange – Kazkommerts Securities OJSC (Almaty), has been activated, and it began putting out the quotations.

By the decision of KASE Board, dated August 29, 2001 INVESTMENT MANAGEMENT GROUP was awarded the **market-maker** status for the **preferred inscribed shares** of UST-KAMENOGORSKIY TITANO-MAGNIEVIY KOMBINAT OJSC (UKTMK, KZ1P05502012, trade code - **UTMKp**) trade code. On October 16, 1997 the preferred shares of UKTMK OJSC were admitted in the KASE official list of securities under "A" category.

The minimal volume of obligatory quotations for the market-maker – **100 securities**. From **September 02, 2001** INVESTMENT MANAGEMENT GROUP LLP will start the implementation of UTMKp market-maker liabilities.

Prepared by the agency IRBIS

Common shares of Insurance company SAYA OJSC passed the KASE listing under “B” category

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

From August 27, 2001 by the decision of the Board of Kazakhstan Stock Exchange (KASE), based on the decision of the Exchange council of August 24, 2001, common inscribed shares of Insurance company SAYA OJSC (IC SAYA OJSC, Aktobe) were admitted to the KASE official list of securities under “B” category.

SECURITIES

There were two non-documentary issues of common inscribed shares at KZT1,000.00 each and a single NIN KZ1C31680016. The first issue consisted of 27,000 shares and was registered by National Securities Commission of Kazakhstan on March 24, 1998. The second issue consisted of 75,000 shares and registered on May 19, 2000. Issues were entered into the State register under the numbers A3168 and A3168-1, respectively. The shareholders register is maintained by Kazregistr LLP.

At the Exchange the trade code of the shares SAYA. The KASE trade system quotation accuracy – three decimal places. The share trades will start on September 2, 2001.

ISSUER

The agency IRBIS (Almaty) presents the data on the issuer, taken from the conclusion of the KASE Listing commission, which is published due to the passing the listing procedure by common inscribed shares of IC SAYA OJSC. The management of the company is fully responsible for the reliability of the information presented to the Exchange. The agency IRBIS did not recheck the data.

General information

Date of initial state registration – January 30, 1998. Legal status – open joint stock company. Primary activities – insurance. The legal and actual address of the head office – Mir Ave., Aktobe, 463012, Kazakhstan.

IC SAYA OJSC has following licenses:

- State license #000066 SL issued by the State insurance supervision of Kazakhstan on February 11, 1998 to engage in private insurance, namely: individual insurance against accidents and diseases, medical insurance of individuals and employees.
- State license #000066 SI issued by the State insurance supervision of Kazakhstan on February 11, 1998 to engage in property insurance, namely: buildings, vehicles, automobile and railroad cargo insurance.
- State license #000066 ST issued by the State insurance supervision of Kazakhstan on February 11, 1998 to engage in insurance of private individuals' vehicle.
- State license #000066 SO issued by the State insurance supervision of Kazakhstan on February 11, 1998 to engage in insurance of carrier liabilities to the passengers.

The company was established in January 1998. Initial registration status – closed joint stock company Insurance company Saya. In November 2000 the company has been re-registered into an open joint stock company.

IC SAYA OJSC has 96.15% (KZT75m) stake in Yukon OJSC sanatorium (Aktobe; purchase and sale of medicines, equipment and pharmaceuticals). Also, IC SAYA OJSC is a founder of Esta LLP (Aktobe; abroad education), however in last two years the partnership did not engage in any activities.

The number of employees of IC SAYA OJSC as of July 1, 2001 is 40. The most of the employees have higher education and stable work experience in insurance business.

Financial indicators

From December 1, 2001 IC SAYA OJSC makes its financial statements in compliance with the Kazakhstani Accounting Standards (KAS) and methodology of the National Bank of Kazakhstan. The company presented its financial statements for the years 1998-2000 and I quarter of 2001, which have been made in compliance with the Kazakhstani Accounting Standards (KAS) without methodology of the National Bank of Kazakhstan, and auditing report of Audit-Eurasia CJSC (Aktobe, Kazakhstan) for the year 2000 based on KAS.

Major financial indicators of IC SAYA OJSC by the data of the issuer (in th. KZT, unless otherwise specified)

Article	as of	as of	as of	as of
	Jan 1, 99	Jan 1, 00	Jan 1, 01	July 1, 01
Authorized capital	34,827	27,000	102,000	102,000
Shareholders' equity	47,321	48,681	125,963	122,017
Insurance reserves	15,251	17,200	19,000	15,767
Book value of the assets	49,663	59,502	128,057	124,675
Fixed assets (residual value)	16,920	18,218	16,433	17,166
Accounts receivable	19,148	25,960	16,984	20,056
Accounts payable	2,342	10,821	1,459	5,934
Sales	14,956	27,196	29,242	10,702
Net income	-2,147	4,608	993	187
Return on equity (ROE), %	-	9.47	0.79	0.15

Based on auditing report, financial statements give true and reliable picture of the company's financial and economic condition as of December 31, 2000 in accordance with KAS, and there are no significant distortions in the company's financial statements.

Also, IC SAYA OJSC presented financial statements for the year 2000 and I half of 2001, which have been made in compliance with the methodology of the National Bank.

Assets

From January 1, 1998 through January 1, 2001 the assets of IC SAYA OJSC increased by 157.9% from KZT49.6m to KZT128.1m. In I half of 2001 the company's assets decreased by KZT3.4m, at KZT124.7m. Significant growth of assets by 115.2%, from KZT59.5m to KZT128.1m took place in 2000 due to an increase in long-term assets. Mainly this growth was the result of the acquisition of the shares of Yukon OJSC sanatorium (Aktobe) for KZT75m. As of July 1, 2001, long-term investments into these shares equaled 60.2% of the company's assets.

As of July 1, 2001, accounts receivable of KZT20.1m equals 16.1% of the company's assets, where 6.8% of the assets are overdue accounts receivable from insurance agreements, amounting to KZT8.5m.

Liabilities and equity

From 1998 to 2000 shareholders' equity of IC SAYA OJSC increased by KZT78.6m, or 166.2% mainly as a result of KZT67.2m, or 192.9% increase in authorized capital. By the results of the I half of this year, shareholders' equity declined by KZT3.9m, or 3.1% as a result of a decrease in allocations to insurance reserves by KZT3.2m and total amount of undistributed income by KZT806 th.

Shareholders' equity of IC SAYA OJSC (th. KZT)

Article	as of	as of	as of	as of
	Jan 1, 99	Jan 1, 00	Jan 1, 01	July 1, 01
Shareholders' equity	47,321	48,681	125,963	122,017
Authorized capital	34,827	27,000	102,000	102,000
Additional capital	19	3,970	3,970	3,970
Reserve capital	15,251	17,200	19,000	15,860
Undistributed income	-2,776	511	993	187

As of July 1, 2001, the company's shareholders' equity, calculated by the methods of the National Bank, equaled KZT106.3m, since the allocations to insurance reserves are not taken into account in shareholders' equity and regarded as liabilities.

Liabilities of IC SAYA OJSC (th. KZT)

Article	as of	as of	as of	as of
	Jan 1, 99	Jan 1, 00	Jan 1, 01	July 1, 01
Long-term liabilities	1,907	2,821	-	-
Current accounts payable	435	8,000	2,094	2,658
Wages	343	168	268	169
Social insurance and pensions	-	114	165	123
Taxes	92	1,850	631	88
Advances received payments	-	5,868	395	2,058
Other accounts payable	-	-	635	219

Income and expenses

From 1998 to 2000 income of IC SAYA OJSC increased by 132.1%, from KZT15.0m to KZT34.7m. Excess of the income in 1999 over those of 1998 was due to an increase in insurance income by KZT7.4m and

investment income by KZT4.8m. Relative to 1999, in 2000 the company's income increased by KZT7.5m, which is mainly attributable to an increase in investment income by KZT7.0m.

Income dynamics of IC SAYA OJSC (th. KZT)

Income	as of	as of	as of	as of
	Jan 1, 99	Jan 1, 00	Jan 1, 01	July 1, 01
Insurance income	12,184	19,624	20,138	10,702
Investment income	2,772	7,572	14,573	2,571
<i>Securities and deposits*</i>	1,849	4,181	1,751	801
<i>Rent**</i>	923	3,391	12,822	1,770
Total	14,956	27,196	34,711	13,273

* - Interest income on deposits and on government securities.

** - Income from renting the offices, which were bought using the insurance income.

IC SAYA OJSC is engaged in medical insurance, insurance against accidents and diseases, vehicle insurance. Most of the company's income – 65%, as of January 1, 2001 was derived from medical insurance. The volume of insurance premiums on medical insurance increased from KZT5.1m to KZT13.2m, or 258.8% in 1998-2000. By the results of the I half of 2001 general expenses equaled KZT13.3m, of which insurance income – KZT10.7m. Medical insurance income equaled KZT8.1m, or 76.0% of all insurance premiums during this period.

From 1998 through 2000 expenses of the company increased by KZT16.6m, or 97.1%. Mainly the expenses grew as a result of an increase in general and administrative expenses by KZT17m, or 283.3%.

Expenses dynamics of IC SAYA OJSC (th. KZT)

Expenses	as of	as of	as of	as of
	Jan 1, 99	Jan 1, 00	Jan 1, 01	July 1, 01
Insurance payments	3,966	4,890	6,267	5,722
Increase (decrease) in insurance reserves	5,980	1,949	1,800	-3,232
Other	7,157	15,749	25,651	10,596
<i>General and administrative expenses</i>	6,001	13,671	23,002	10,199
<i>Taxes</i>	1,156	2,078	2,649	397
Total	17,103	22,588	33,718	13,086

From 1998 through 2000 insurance reserves increased by KZT3.7m, or 24.2%. In I half of 2001 this article figure decreased by KZT3.2m as a result of a decrease in unearned premiums reserves. The management explains this fact with the expiration of the most of the insurance agreements signed in 2000, as a result risk on unearned premiums decreased.

Also, in 1998-2000 insurance payments of the company has increased by KZT924 th., or 23.3% in 1999 and KZT1,377 th., or 28.2% in 2000.

Capital, shares, shareholders

As of July 1, 2001 announced and paid authorized capital of IC SAYA OJSC was **KZT102,000,000.00**. The National Securities Commission of Kazakhstan (NSC) has registered a total of two share issues. The shares of these issues were common inscribed shares at KZT1,000.0 each, NIN - KZ1C31680016. Type of issue - non-documentary. The first share issue consisted of 27,000 shares and registered on March 24, 1998, the second (75,000 shares) - on May 19, 2000. The issues had been entered into the State register under the numbers A3168 and A3168-1, respectively. The shareholders register is maintained by Kazregistr LLP (license #04062000 of Aug 3, 99).

Based on the company's charter, the dividends to common shares are set by the Board of directors and approved by the general shareholders meeting. IC SAYA OJSC pays out dividends from 1999 and they were:

- on November 16, 1999 - KZT554 th., or KZT0.021 per share;
- on February 4, 2000 - KZT420 th., or KZT0.016 per share;
- on April 26, 2000 - KZT490 th., or KZT0.007 per share;
- on April 10, 2001 - KZT900 th., or KZT0.012 per share.

Based on the extract from the securities holders' register, as of June 1, 2001, total number of the company's shareholders was 12. Pleyada LLP (Aktobe) has the stake (73.53%) exceeding 5% of total voting shares.

COMMENTS OF KASE LISTING COMMISSION

Form of financial statements

From December 1, 2000, by the resolution #177 of the Board of National Bank of Kazakhstan, dated April 25, 2000, "Accounting at insurance companies" methodology was adopted and enacted. Therefore, financial statements for the year 2000 and quarterly reports of this year of the company were made based on a new standards. Financial statements were made based on old standards and presented by the company.

Long-term investments

As of July 1, 2001, long-term investments of the company is KZT75,198 th., of which: KZT75,000 th. was invested into Yukon sanatorium shares, KZT123 th. into authorized capital of ESTA LLP and KZT75 th is treasury stock.

As of July 1, 2001, long-term investments into Yukon OJSC sanatorium is 60.2% of the company's assets.

ESTA LLP was established to conduct educational programs, and during the last two years the company did not engage in any activities.

Accounts receivable

Total of overdue accounts receivable was KZT8,516 th., or 6.8% of the company's assets as of July 1, 2001. The company's debtors are the companies, which can not transfer mandatory medical insurance payments for their employees due to financial situation.

Prepared by the agency IRBIS

First issue euronotes of KazTransOil CJSC passed the KASE listing under “A” category

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

From August 27, 2001, by the decision of KASE Board, based on the decision of Exchange council, dated Aug 24, 01, first issue euronotes of KazTransOil CJSC (Astana) were admitted into the KASE official list of securities under “A” category. The quotation accuracy in the KASE trade system – four decimal places.

EURONOTES

Type of securities::	coupon notes
International identification number:	XS0132391938
Credit ratings of issue	Fitch IBCA - "BB-", S&P - "BB"
Currency of issue	US dollar
Issuance date	July 06, 01
Issue volume in US dollars	150,000,000
Circulation date	July 06, 01
Circulation term	5 years
Redemption date	July 06, 06
Interest rate	8.50% APR
Interest payments dates	Jan 06 and July 06 annually
Time basis at all payments	30/360
Service of issuance	in US dollars
Discount at initial floatation	99.31%
Lead manager of issue	JP Morgan Securities Ltd
Co-managers:	Bank Austria Creditanstalt, ING Barings, DePfa Group, Deutsche Bank AG London, Halyk Bank of Kazakhstan OJSC, Kazkommerts Securities OJSC, Schroder Salomon Smith Barney
Trustee:	The Chase Manhattan Bank (London)
Main payment agent	The Chase Manhattan Bank (New York)
Payment agent:	Chase Manhattan Luxembourg S.A. (Luxembourg)
Registrar:	The Chase Manhattan Bank (New York)
Custodian	The Chase Manhattan Bank (New York)
Depository:	The Depository Trust Company (New York)
Transfer Agent:	The Chase Manhattan Bank (New York), Chase Manhattan Luxembourg S.A. (Luxembourg)
Date of admission into KASE listing	Aug 27, 01
Date of first trades:	Sept 02, 01
Trade code at KASE:	KZTOe1
Accuracy of quotations:	4 decimal places
KASE market-maker:	Almaty Merchant Bank OJSC
Minimal volume of obligatory quotations	\$3,000 at face value

Trustee defends notes holders, receives all payments on notes from the Issuer and Guarantor and distributes amounts to be paid through Payment Agent (Trustee Agreement was signed on July 06, 2001). **Payment Agent** executes payments on notes and supervises their conformance (Agent Agreement was signed on July 06, 2001). **Registrar** registers Global Note and keeps Non limited Global Note (Agent Agreement was signed on July 06, 2001.) **Depository** keeps Limited Global note in vaults and records exchanged Certificates. **Transfer Agent** registers holders of Note Certificates and confirms their property rights.

Notes constitute direct, general, unconditional and unsecured bonds (obligations) of the Issuer. The Notes have the same meaning and will have the same meaning, which is inscribed to all existing and future unsecured obligations of the Issuer. The only exception is obligations that could be preferred under mandatory article of applicable law.

Notes and Trustee agreement are regulated and compiled under the Law of England.

Bracewell & Patterson L.L.P. (London, Great Britain) has been appointed by the issuer as its agent in Great Britain in order to receive procedural notifications on any matters in England due to Notes. If the issuer does not have such agent in Great Britain on any reason, it immediately appoints deputy procedural agent in order to receive procedural notifications and notifies other Notes holders.

Jurisdiction. English courts have the jurisdiction to settle any disputes over notes and all court examinations and procedures connected with Notes will be in those courts respectively. In the trustee agreement the issuer has irrevocably agreed to acknowledge non exclusive jurisdiction of these courts and refuse from the right to appeal against matters, which are connected with the place of court or this court irreceivability. Such liability is

within the interest of Notes Holders and does not limit their right to institute court examination in any other court of the same jurisdiction or to institute court jurisdiction in one or more jurisdiction and does not exclude the possibility of court examination in other jurisdiction (simultaneously or not)

Arbitration. The Issuer has agreed that, in relation to any claim in respect of any dispute or whatever arising under, out of or in connection with Notes, the Trustee or the Note Holder may notify in writing the Issuer and Guarantor to settle such claim by arbitration in accordance with UNCITRAL Arbitration rules. The seat of Arbitration shall be in London (United Kingdom). The procedural law of any reference shall be English law. The language of any arbitrage proceedings shall be English. The appointing authority shall be the London Court of the International Arbitration.

Interest payments on all Notes will be in check (US dollars) issued for any New York bank, which will be sent on the official address of Note Holder (or in case of mutual holding, of the initial Note holder) non insured by the post a Note holder's risk not later of the interest payment date. In order to pay the Note holder (or in case of mutual holding the initial Note holder) will be considered as the entity, indicated in the registration list as the holder on the fifteenth day before the payment date.

Basic payment sums and percentage interest payment on Notes will be free of charges of the Republic of Kazakhstan, if such charge is not required by the legislation. In this case the Issuer pays such additional charges, where Notes holders are paid including all deductions, except Notes which are not the payment subject.

According to the company's information dated June 06, 2001 Notes were admitted in the Luxembourg Stock Exchange listing and are being circulated on the foreign financial market free of any limits.

Notes were admitted into the circulation on the territory of the Republic of Kazakhstan by the decree #450 of Kazakhstani National Bank Board date Aug 22, 2001.

ISSUER

The agency IRBIS (Almaty) presents the data on the issuer, taken from the conclusion of the KASE Listing commission. The management of KazTransOil CJSC is fully responsible for the reliability of the information presented to the Exchange. The agency IRBIS did not recheck the data.

General information

May 14, 1997 – the initial state registration date. Legal status – closed joint stock company. Basic activity – oil transportation through pipelines, railways, shipping routes, also oil processed products and water transportation through the private pipelines' system, oil products pouring and discharge. The legal and actual address of the head office – Republic sq. 60, Astana, 473000, Kazakhstan.

The number of employees by June, 2001 – 6,878 employees, including 4,696 – employees of the Western subsidiary, 1,537 employees – the Eastern subsidiary, 407 employees – Aktubinskiy subsidiary.

Licenses

KazTransOil CJSC holds even licenses:

- General State license of the Department of energy, industry and trade (DEIT) of the Republic of Kazakhstan # 0001130 dated Sept 02, 1998 to exploit oil trunk pipe lines.
- General State license of the Department of energy, industry and trade (DEIT) of the Republic of Kazakhstan #0001133 dated Sept 02, 1998 to exploit flammable and highly explosive industrial products.
- State license of the State Fire prevention Department of the Emergency Agency of the Republic of Kazakhstan # 0000638 dated Aug 01, 2000 to assemble, set and technical sustain of automatic fire preventing emergency system all over the Republic of Kazakhstan. The term of validity till Aug 01, 2001.
- State license of construction Committee of the Republic of Kazakhstan # 000852 dated April 03, 1998 (confirmed on May 11, 2001) to construct and assemble all over the Republic of Kazakhstan and CIS countries. The license is prolonged annually.
- State license of the Department of energy and mineral resources (DEMR) of the Republic of Kazakhstan # 0000303 dated July 19, 2001 to exploit and repair boilers, vessels, pipelines operating under pressure.
- State license of the Department of energy and mineral resources (DEMR) of the Republic of Kazakhstan # 0000304 dated July 19, 2001 to transmit and distribute electrical power.

- State license of atomic energy Committee of the Department of energy, industry and trade (DEIT) of the Republic of Kazakhstan # 0000085 dated Dec 25, 2000 to operate with ionizing radiation sources (at diagnostic works over pipe lines and welding junctions through non destroying control methods).

History

KazTransOil CJSC was established on the basis of Kazakhstan Government decree dated April 02, 1997, # 461 "Reorganization of the republican and state enterprises – industrial unions "Yuzhneteprovod" and "Oil trunk pipe lines of Kazakhstan and Central Asia" in the form of closed joint stock company on the basis of the indicated industrial unions, of which property and assets were transmitted into the authorized capital of the Company. The company is the assignee of all assets as well as liabilities of reorganized enterprises. On May 14, 1997 the company was registered by the Justice authority of Almaty as closed joint stock company "National oil transportation company "KazTransOil" (NOTC KazTransOil CJSC). At the beginning of 1999 the head office of the company was opened in Astana. Due to this on April 1999 the Justice authority of Astana held the additional registration of the legal entity according to the certificate # 6636-1901 JSC.

In order to improve hydrocarbon transportation on May 02, 2001 the Government of Kazakhstan accepted the decree # 591 regarding the establishment of new holding company – National Company Oil and Gas Transport CJSC where the government holds 100% of all shares. According to this decree on June 21, 2001, 100% of shares of KazTransOil CJSC which were held by the government were transferred to the holding. The following enterprises were admitted in the holding besides KazTransOil CJSC – Aktobeneftsvjaz OJSC (90% of the authorized capital), Baylany OJSC (3.5%), KazTransSvjaz CJSC (90%), International Airport of Atyrau OJSC (100%), Helicopter company Euro Asia Air OJSC (100%), KazMorTransFlot (50%); KazTransGas (100% gas transportation); Munay Impex CJSC (99%, export and import of minerals, including oil, fuel and lubricants).

On July 04, 2001, KazTransOil CJSC passed the rewrite in the Justice authority of Astana due to transformation into the closed joint stock company KazTransOil (KazTransOil CJSC)

KazTransOil CJSC holds the portion in PAF of Halyk Bank of Kazakhstan CJSC, equal to 20.8% of the authorized capital.

International agencies granted the company with following ratings:

- Standard & Poor's – long term rating in foreign and local currencies at "BB" levels with stable forecast.
- Fitch IBCA – senior unsecured liabilities in foreign currency at "BB-" level.

CHARACTERISTICS OF ACTIVITIES

Primary activities of KazTransOil CJSC is to maintain and use the oil transportation system, as well as certain water supply systems in Kazakhstan. As of December 31, 2000 the company had 6,486 km of trunk oil pipelines, 39 oil pumping stations, 1.2m cubic meter oil storage facility, 6 water pumping stations; 4 oil loading platforms (1 in Aktau port); 2 unloading platforms and 2,434 km of trunk water pipelines. In 2000 KazTransOil CJSC has transported 27.8m tons of oil and 34.7m cubic meters of water.

Oil transportation

About 80% of the crude oil extracted in the country is transported through the company's pipeline network. KazTransOil CJSC also owns waterways, which are used to supply water to settlements in Atyrau and Mangistau regions of Kazakhstan, as well as to oil fields in Western Kazakhstan.

Oil transportation destinations are: connections with external pipeline systems (including Atyrau-Samara pipeline at Western branch and Janajol-Orsk at Aktobe branch), oil refineries (NPZ) – Atyrau (Western branch), Pavlodar and Shymkent (Eastern branch); loading railroad terminals (platforms) at pumping stations in Atyrau and Makat (Western branch), which are used for subsequent transportation of oil to abroad and to Atyrau refinery; sea oil loading platform at Aktau sea port through pumping station in Aktau to deliver oil to tankers (Western branch).

First trunk oil pipeline in Kazakhstan has been built in 1935 and it connected western fields of Kazakhstan with Orsk oil refinery in Russia. In 1966 a trunk pipelines has been built to supply oil from Uzen fields to Aktau port at the Caspian Sea, in 1969 a trunk pipeline has been built to connect Uzen with Atyrau refinery. The first oil pipeline for a "hot oil" - Uzen-Atyrau-Samara with total length of about 1,500 km was finished in 1970 and it is still used as the main export route for Kazakhstani oil to European markets.

Water supply services

Main water supply system of KazTransOil CJSC, which takes water from Kigash river, provides oil companies in Atyrau and Mangistau with up to 100 th. cubic meters of industrial water a day. Water purification facilities in Atyrau on Ural river supplies up to 55 th. cubic meters of water a day to the population of this region. Annual volume of water supplies of KazTransOil CJSC is quite stable and about 35m cubic meters. The company uses about 37.2% of its assets and 3% of annual revenues to water transportation.

Other activities

Other activities of KazTransOil CJSC are related to the oil and water transportation and include inventory and stock supplies, capital construction and pipelines repairworks, repair of technological equipment and vehicles, social-economic, engineering and other activities.

Structure of the company

The company has 3 branches on trunk oil pipelines: Western, Eastern and Aktobe.

Western branch. Located in Aktau, it generates 70% of all annual revenues of the company and has the most developed network of oil pipelines, with total length of 3,012 km. Among the major and the most productive oil pipelines of the Western branch are: Atyrau-Samara (535 km) and Uzen-Kulsary-Atyrau (697 km), which are used to transport more heavier (high paraffin content) blends of crude oil from Atyrau and Mangistau, and equipped with 16 stations and 59 oil warming points. As a result of using anti-turbulence additives the capacity of Atyrau-Samara pipeline has been increased from 10.2m (planned capacity) to 15m tons of oil a year.

Kalamkas-Karajanbas-Aktau oil pipeline, with 264 km length, connects the fields with a sea terminal at Aktau sea port. The effectiveness of this pipeline is to increase after the CPC pipeline has been put into service, which will be used to transport Tengiz oil, and it will result in freeing additional capacities to transport oil from Kalamkas-Karajanbas region.

Western branch also has 2,434 km of waterways, oil loading railroad platforms, 23 oil pumping and 6 water pumping stations, heavy oil unloading station in Atyrau (completed in February 2001), as well as a sea terminal in Aktau.

Eastern branch. Eastern branch in Pavlodar is the second largest complex of the company (about 20% of annual revenues) and uses a pipeline stretching for 2,574 km, from Western Siberia to South-West Kazakhstan, and it has 14 oil pumping stations. The oil pipeline has been built to provide two Kazakhstani oil refineries (Pavlodar and Shymkent), and several refineries in Uzbekistan and Turkmenistan with Eastern-Siberian oil, which has been supplies to Pavlodar refinery only since 1995. The pipelines Karakoin-Shymkent and Kumkol-Karakoin are now used to transport crude oil from Kumkol to Shymkent refinery for further processing and unloading and transportation by railroad.

In June 2000 a new railroad unloading terminal has been finished in Atasu, which load-unloads oil for further transportation to China by railroad.

As a result of certain technical difficulties related to oil flow in pipeline, Karakoin-Atasu line is not used to its full capacity.

Aktobe branch. Aktobe branch in Aktobe provides about 5% of the company's revenues and it connects fields in Aktobe region with Orsk oil refinery (Russia). Aktobe branch uses 899 km of oil pipelines, including Janajol-Kenkyak-Orsk (two lines at 360 km each), and 4 pumping stations. The loading of the pipeline is completely dependent on the Russian quotas (now 2m tons a year) and crude oil acceptance by Orsk oil refinery.

Now, the effective use of the Aktobe branch oil pipelines is limited to the production capacity of Orsk oil refinery. Presently, the major oil company in the region is CNPC-Aktobemunaigas OJSC. In 2000 Kazakhoil Aktobe LLP signed a mutual contract with the Canadian company to develop Alibekmola field, where the reserves are estimated by MEMR to be not as much as the reserves of the field developed by CNPC-Aktobemunaigas OJSC.

The construction of Kenkyak-Atyrau oil pipeline, which is to be started in 2001, should give access to Atyrau-Samara or CPC to Aktobe region companies, including those extracting oil at Alibekmola field. And it is to increase the profitability of Aktobe branch.

Company clients

As of December 31, 2000, most of the revenues (78%) from oil transportation in Kazakhstan came from 4 oil companies (placed in descending order of oil transportation): Mangistaumunaigas OJSC (Western branch), NOC KAZAKHOIL CJSC (Western branch), Tengizchevroil JV LLP (Western Kazakhstan) and Hurricane Kumkol Munai OJSC (Eastern branch).

Within total revenues of KazTransOil CJSC from oil transportation, Mangistaumunaigas OJSC and NOC KAZAKHOiL CJSC account for up to 54%. In the opinion of KazTransOil CJSC management, these clients will use the company's services in the future, as their crude oil is heavy and the use of CPC pipeline will be questionable due to oil quality standards set there. Hurricane Kumkol Munai OJSC will also remain as the company's client as a result of its location, and it accounts for 11% of revenues.

Tengizchevroil JV LLP accounts for 13% of the revenues from oil transportation. The management of the company believes that after putting into service the CPC pipeline, and where Tengizchevroil JV LLP will become a major client, the decline in revenues will be compensated by an increase in oil flows from Aktobe branch and from Kalamkas-Karajanbas region after putting the Kenkyak-Atyrau pipeline into service.

Now, KazTransOil CJSC and its clients use annual contracts, which means the monthly prepayments for the use of the pipelines. However, KazTransOil CJSC plans to increase the term of these contracts by using new tariffs calculation method.

Dynamics of indicators

The oil transportation volume through the pipe lines of KazTransOil CJSC directly depends on the volume of oil extraction in Kazakhstan. If the volume of oil extraction in 1997 - 1999 increased by 8.2% (from 23.1 up to 25.0 mln tones), in 2000 oil extraction increased by 11.2% relative to 1999 (up to 35.1 mln tones). Meanwhile in 2000 according to the Statistic Agency oil extraction in Kazakhstan increased by 14.5% to 1999 and totaled 30.6 mln tones.

Main indicator of KazTransOil CJSC activity is cargo turnover, because it serves as the company's basis for income calculation. In 1999 cargo turnover increased by 9.6% relative to 1998 (from 15,337 up to 16,811 t/km) in 2000 - by 13.6% to 1999 (up to 19,102 t/km).

In 2000 the transportation revenue increase in two times was due to cargo turnover increase as well as oil transportation rates' increase for oil processing companies, rates are in US dollars since 1998 to minimize currency risks of KazTransOil CJSC. If in Oct of 1998 the rate over Aktubinsk subsidiary – \$3.00 for the transportation of 1 ton of oil per 1000 km, over Western - \$7.13, over Eastern - \$9.60, than since March 16, 2000 the united rate was established for all subsidiaries of the company - \$15.00 per 1 tonne/1,000 km. According to data of KazTransOil CJSC by results of four months, incomes from transportation exceeded the indicator of the similar period of last year by 72% and totaled KZT13.9bn.

Net income of KazTransOil CJSC in 1999 (KZT5.7bn) increased up to KZT4.7bn or in 6 times in 1998, in 2000 (KZT7.4bn) - to KZT1.8bn or to 31.8% in 1999. The significant increase of industrial expenses is the reason for lower level of net income increase in 2000 against 1999. After the reappraisal of main means of the company by the American company American Appraisal on March 10, 2001 in accordance with international standards, the cost of main means increased from \$147.7m up to \$768.1m. The increase of main means' cost resulted the significant increase of industrial expenses (from KZT1.3bn in 1999 up to 10.8 in 2000).

Due to the future increase of oil extraction in Kazakhstan and realization of investment projects which will increase the efficiency of oil delivery system within the Country as well as abroad, KazTransOil CJSC forecasts the increase of oil transportation turnover up to 27,254 t/km.

Development strategy

Among the main strategic tasks of KazTransOil CJSC – increase in competitiveness, reliability and safety of oil transportation system; construction of new pipelines to increase effectiveness of transportation services in different export trunk lines; decrease in tariffs on transportation without lowering the quality of services.

High priority direction of the strategic plan is the investments. In support of planned investments of the company, on August 13, 1999 the Government made a resolution #1159, where it has set the amount of dividends paid by the company annually not more than 10% of its net income till the year 2006, and remaining profit is to be used to investing and servicing the debt of the company. When making a strategic plan, the company took into consideration that the introduction of CPC pipeline will take away the oil extracted in Western Kazakhstan by the members of CPC. Therefore, the company plans to expand the network of oil pipelines to transport oil from other regions.

Kenkyak-Atyrau oil pipeline. Oil producing regions of Aktobe and Kumkol have no access to either CPC or Atyrau-Samara pipelines. In the opinion of the company's management, the construction of Kenkyak-Atyrau oil pipeline, which will allow it to transport oil from Aktobe region in addition to existing Atyrau-Samara route and CPC, will increase the revenues of Aktobe branch, since the only alternative to it in Aktobe region is the oil pipeline of KazTransOil CJSC to Orsk refinery and railroad. The company plans to construct Kenkyak-Atyrau pipeline in 2001 and put it into service in 2003. The cost of construction is estimated between \$172-193m

depending on the sources. KazTransOil CJSC plans to use the part of revenues from euronotes issue to finance this project.

Introduction of SKADA system. In the opinion of KazTransOil CJSC management, introduction of SKADA system (structural dispatch control and data collection system) and programs for controlling activities (SAP R/3), as well as improvement and modernization of telecommunications will lower the cost of services. SKADA system will let to make automated control over the pumping stations and pipelines of the company and helps to conduct wide scale monitoring of transportation services. The control over the pumping stations and heating stations will be made automatically from remote terminals through central dispatching point. SKADA system also helps to control the leaks and it is equipped with fire protection and gas protection devices. Introduction of the first part of SKADA system is to cost \$43m to be completed in late 2002.

The most important part for the SKADA system was the improvement of telecommunication system of the company, which costs \$33.6m and will be completed in late 2002.

Change in tariffs calculation method. The part of the company's strategic plan is the change in tariffs calculation method by introducing variable price component.

Presently, the revenues of KazTransOil CJSC from oil transportation is the function of one ton of transported oil for each 1,000 km, multiplied by the tariff (in USD) with a fixed cost component. Now, the company is trying to have the Natural Monopoly Regulation, Competition Protection and Small Business Development Agency of Kazakhstan (Antimonopoly Agency) to approve the new method. The expenses compensation and return on assets components will remain the same as in previous tariff coefficients. The new method will incorporate fixed and variable components, which will make it more flexible and therefore, more competitive. Fixed component will cover some financial expenses, excluding the oil transportation distances, variable component will take into account the transportation distance.

Expansion of Aktau sea port. In 2000 the company purchased an equipment for establishing a new fleet in Aktau from Japanese Mitsui & Co Ltd. for \$16m. The purchase of the equipment was financed by the Japanese Bank for International Cooperation, granted under the guarantee of the Ministry of International Trade and Industry of Japan, and counter guarantee of KAZKOMMERTSBANK OJSC, which had been repaid in June 2001.

Financial indicators

KazTransOil CJSC provided following financial statements, which are made in compliance with the Kazakhstani Accounting Standards (KAS): balance sheet, income and cash flow statements for the years 1998-2000, as well as intermediate financial statements for the I quarter of 2001.

Data from unaudited financial statements of KazTransOil CJSC in th. KZT, unless otherwise specified

Article	as of Jan 1, 99	as of Jan 1, 00	as of Jan 1, 01	as of Apr 1, 01
Authorized capital (paid)	19,343,214	19,406,071	32,903,713	32,903,713
Shareholders' equity	20,421,533	25,149,100	121,453,747	123,590,743
Book value of the assets	24,531,716	30,877,099	133,275,308	137,885,336
Net working capital	2,695,460	3,654,471	13,697,964	15,769,925
Accounts receivable (net)	4,035,084	4,551,465	6,384,484	6,575,740
Liabilities, total	4,110,183	5,727,999	11,821,561	14,294,593
Loans attracted	471,299	55,347	—	—
Bonds issued	—	—	3,628,829	3,922,641
Accounts payable	2,999,852	5,085,762	7,646,257	9,835,583
Services	12,543,605	17,698,345	35,148,218	10,352,766
Sales	7,299,317	10,091,881	23,668,161	6,432,685
Net income (loss)	920,814	5,639,812	7,431,698	2,137,001
Return on sales (ROS), %	41.81	42.98	32.66	37.87
Return on equity (ROE), %	4.51	22.43	6.12	1.73
Return on assets (ROA), %	3.75	18.27	5.58	1.55

In January 2000 American Appraisal Inc. conducted re-evaluation of KazTransOil CJSC fixed assets to make them in compliance with market values, which resulted in 5 time increase in shareholders' equity. The property was valued by taking into account their constant use. The property being valued included real estate, that is buildings and construction (including pipelines), machinery and equipment, as well as incomplete construction. All other property, including social purpose assets, net working capital and intangible assets, were removed from the evaluation. Based on the research of American Appraisal Inc., as of March 10, 2000 reasonable market value of the company's fixed assets, including incomplete construction, equaled \$811.0m.

Annual auditing of the company's financial statements, which is prepared by the Kazakhstani Accounting Standards, is conducted by Arthur Andersen (Almaty, Kazakhstan). The auditing of the company's balance

sheet for the first year of existence (1997) was made in compliance with KAS, and for the years 1998-2000 – by KAS and IAS.

Data from audited financial statements of KazTransOil CJSC in th. KZT, unless otherwise specified

Article	as of	as of	as of
	Jan 1, 99	Jan 1, 00	Jan 1, 01
Authorized capital (paid)	19,343,214	19,406,071	32,903,713
Shareholders' equity	20,737,029	25,149,100	121,453,747
Book value of the assets	24,532,340	30,877,099	133,275,308
Net working capital	3,880,569	4,546,459	14,750,495
Accounts receivable (net)	4,030,490	4,536,870	6,510,224
Liabilities, (net)	3,795,311	5,727,999	11,821,561
Loans attracted	471,299	55,347	–
Bonds issued	–	–	3,628,829
Accounts payable	2,347,309	4,666,742	6,729,380
Services	8,986,137	17,698,345	35,148,218
Cost of goods sold	7,389,528	10,091,881	23,668,161
Net income (loss)	914,062	5,639,835	7,431,698
Return on sales (ROS), %	17.77	42.98	32.66
Return on equity (ROE), %	4.41	22.43	6.12
Return on assets (ROA), %	3.73	18.27	5.58

Because the company has been established in May 1997, Arthur Andersen only audited the balance sheet of KazTransOil CJSC for the year 1997. In the report made on the basis of this balance sheet, auditor did not confirm the physical stock taking amounting to KZT1.9bn on December 31, 1997, because he was not able to check, as well as noted that there were no reserves on totals of trade and other accounts receivable and there were overdue. In the conclusion it was said that except for these matters, the balance sheet as of December 31, 1997 gives true and reliable picture of the company's condition in all essential aspects based on KAS.

In the opinion of Arthur Andersen, financial statements as of December 31, 1998, 1999 and 2000 give true and reliable picture of the company's financial condition in all essential aspects, as well as it results and cash flows in the years ended at these dates based on KAS.

Capital, securities, shareholders

As of April 1, 2001, announced authorized capital of KazTransOil CJSC equaled **KZT32,903,713,000.00** and was fully paid. The National Securities Commission of Kazakhstan (NSC) has registered a total of 5 share issues of the company. The shares of all 5 issues were common inscribed with KZT1,000.00 each. Issue type is non-documentary. The shareholders register is maintained by Fondovyi Tsentri CJSC (Almaty).

# in State register	NIN	Issue date	Quantity	Issue volume, KZT
A2995	KZ1C29951414	30.12.97	19,202,862	19,202,862,000
A2995-1	KZ1C29951406	24.07.98	140,352	140,352,000
A2995-2	KZ1C29951406	30.09.99	62,857	62,857,000
A2995-3*	KZ1C29951406	14.11.00	19,138	19,138,000
A2995-4	KZ1C29950009	13.03.01	13,478,504	13,478,504,000

* - issue cancelled on June 5, 2001 due to a reduction of authorized capital

Till June 29, 2001 a sole founder and owner of all shares of the company, which were controlled by the Ministry of Energy and Mineral Resources of Kazakhstan (MEMR) based on the resolution #659 of the Government of Kazakhstan, dated May 27, 1999 "On transfer of ownership rights on state block of shares and state stakes in organizations, which are national property", was the Government of Kazakhstan.

Based on the resolution #591 of the Government of Kazakhstan, dated May 2, 2001, a new holding company "NC Oil and Gas Transportation CJSC, and state block of the company was given to it on June 21, 2001. Now the holding is a sole shareholder of the company.

First issue **coupon bonds** (trade code - KZTOB; NIN - KZ73LAONAA35; \$100.00; \$30.0m; Oct 23, 00 - Oct 23, 03) of KazTransOil CJSC passed the listing of KASE on October 20, 2000. The market-maker of the company's domestic bonds at the KASE is Kazkommerts Securities OJSC, the specialist – TuranAlem Securities LLP and Almaty Merchant Bank OJSC. From the admittance date of the bonds through August 20, 2001 a total of 127 deals have been made to buy 201,799 bonds amounting to \$19.8m. Minimum yield of the bonds at these deals – 8.70% APR, maximum – 10.57% APR.

Coupon rate for the bonds is set at 9% APR. Coupon dates are April 23 and October 23. Based on servicing schedule of the bonds on April 23, 2001 the first coupon was paid on the company's bonds. The register is

maintained by Fondovyi Tsentri CJSC (Almaty, license of the National Securities Commission of Kazakhstan, dated December 12, 1996, #20050002).

COMMENTS OF KASE LISTING COMMISSION

State regulation

One hundred percent of KazTransOil CJSC shares is owned by the Holding, whose 100% of shares is owned by the Government.

The management. The company's management means that the management of the Holding will be conducted by the Government in the same manner as the previous management of the company. Based on the resolutions #1159 and #1252 of the Government, the dividends paid out by the KazTransOil CJSC till the year 2006 should not exceed 10% of its net income. However, there is no certainty that the Government, as an indirect shareholder of the company, does not change its opinion regarding the amount of dividends paid by the company, and that it will support the company's activities, including those aimed at expansion and planned investments indicated in strategic plans. Also, there is no certainty that the Government will not change the management manner of the Holding, or the size of the block of shares of KazTransOil CJSC indirectly owned by the Government, and makes negative impact on the holders of notes.

Tariffs on the services of KazTransOil CJSC are calculated based on the law on natural monopolies, which is in effect in Kazakhstan, and along with the expenses component of it, is approved by the Antimonopoly Agency. From March 16, 2000 tariff coefficient gives a 15% return on assets and compensates for the expenses (depreciation, wearout and financing cost). Since the cost of the company's fixed assets is of great importance on the calculation of the tariffs coefficient, the fixed assets were re-evaluated on March 10, 2000 by American Appraisals Inc. on the basis of international standards. Now, KazTransOil CJSC is working towards the acceptance of a new tariffs coefficient method, where the expenses compensation and returns on assets remain unchanged. However, new method will incorporate fixed and variable components, which will make it more flexible and therefore, more competitive. Fixed component will cover some financial expenses, excluding the oil transportation distances, variable component will take into account the transportation distance.

Quotation. Cash inflow of KazTransOil CJSC directly depends on the quotation of oil and oil products transportation through Russia. Based on the minutes of the talks between the Ministry of Energy and Mineral Resources of Kazakhstan and the Ministry of Fuel and Energy of Russia on December 25, 2000 the quota for Kazakhstan was set at 17.3m tons. The memorandum between Kazakhstan and Russia of October 9, 2000 sets the principle of "a single route", whose sole operator is the Company. Annual volume of quotas depends mainly on the political relations between Kazakhstan and Russia. The management of KazTransOil CJSC is not sure that the transportation volume or quota distribution on oil transportation will not change in the future and damages the company's interests.

Market risks

The success of the activities of KazTransOil CJSC is significantly dependent on the favorable oil market conditions. If oil prices fall, then there is no hope that oil companies will keep investing in the future, which is required to maintain oil production levels. Decline in oil production may force the company not to meet its strategic goals set in the plan.

Technical risks

The main factor of technical risk for KazTransOil CJSC is a high degree of pipelines wearout on certain directions, which may have a negative impact on the effectiveness and the quality of the services. Most of the company's pipeline system has been built in 70's (more than 60% of oil pipelines of Western branch) and 80's (Aktobe branch and 75% of Eastern branch). The pipelines are to be used for 30 years. As of December 31, 2000, the company's 55% of pipelines has been used for 10 to 20 years, 32% - 20 to 30 years, 12% - more than 30 years, and 1% - less than 10 years.

To increase the effectiveness of the services, cut the oil and water transportation expenses, and increase the safety and reliability of its systems and equipment, KazTransOil CJSC conducts rehabilitation and modernization each year. In 1998-1999 the company's investments into the repair and modernization of pipelines equaled KZT8.8bn (\$61.1m), of which KZT600.0m (\$4.4m) was used to diagnose linear part of the pipelines. In 2000 new objects were put into service (oil pipelines, water pipelines, pumping stations) costing KZT6.2bn. Till 2006 KazTransOil CJSC plans to spend KZT2.8bn (\$19.2m) to maintenance and repair of equipment and offices.

Caspian Pipeline Consortium (CPC)

CPC pipeline, with the capacity of up to 67m tons of oil a year, which is to be put into service in August 2001, is an alternative exporting route to Atyrau-Samara pipeline. CPC will help to transport oil to Russian sea port of Novorossiisk, where the oil will be transported to European sea ports. All operators of the Tengiz and Karachaganak oil fields are the participants of CPC and have obligations (including NOC KAZAKHOIL CJSC) to transport significant proportion of oil extracted from these field through CPC.

By the estimates of KazTransOil CJSC management, 70% (6.3m tons) of crude oil, extracted at Tengiz field, is transported by railroad, and remaining 30% (about 3.5m tons) - through Atyrau-Samara export route. This pipeline has a capacity of 15m tons of oil a year, and it is considered not to be able to transport the amount of oil from Tengiz and Karachaganak fields when they reach their full capacity. Management of KazTransOil CJSC believes that the construction of Kenkyak-Atyrau oil pipeline, which will give access to export routes (CPC or Atyrau-Samara) to the companies in Aktobe region, and it will ease the loss of Tengiz and Karachaganak oil for the company, and especially due to the fact that the oil from Aktobe region is transported to more far distances. Therefore, KazTransOil CJSC believes that the outflow of Tengiz and Karachaganak oil to CPC will not have a deep negative impact on its annual revenues, and the introduction of CPC pipeline will provide the company with additional revenues.

CPC pipeline gives its members more lower tariffs compared to those oil companies, who are not the members of CPC. Besides, actual payment for the transportation depends on whether the sender is the member of CPC or not, and transportation cost increases for the companies, whose oil does not meet the standards of CPC. Since the oil of Aktobe and Kumkol regions does not meet the requirements of CPC their transportation costs will be higher. It is expected that this factor will create a price competitive advantage for the company over the CPC. In future KazTransOil CJSC plans to establish "an oil bank" (collection of additional fees for producers of low quality oil, because after mixing with the oil of high quality, it lowers the overall quality of oil at the terminal) for Atyrau-Samara pipeline, where tariffs will be set so that it will provide price advantage over CPC.

Environmental risks

Activities of KazTransOil CJSC are accompanied with environmental risks, typical to oil extraction and transportation industry; too much removal and mechanical disturbance of soil; emergency situation during oil pipelines exploitation (explosions within the equipment, at facilities, in an open air areas and pipelines if there is leak, oil overshooting to the water and into the air during the depressurization of the equipment, pipelines and tanks); damage to the vessel, barge as a result of collisions or unfavorable weather conditions, collision or derail of the trains resulting to oil spilling, explosions and fires. In 2001 KazTransOil CJSC plans to spend about KZT102m (\$0.7m) for environment protection measures, as well as begin SKADA system project, the first stage of it to be completed in late 2002.

Up until now, the measures taken by KazTransOil CJSC regarding environment protection, were not affecting its financial condition. Though the company acknowledges that such expenses may increase in the future.

Regulation of notes circulation in Kazakhstan

Notes have been registered based on the practice adopted on eurobonds market. The circulation terms of the notes and their obligation terms are set by the conditions of the notes, Trust and Agent contracts dated July 6, 2001 with The Chase Manhattan Bank, through its London office. All disputes, claims and disagreements, related to the issuer's obligations on notes, are regulated by the English law.

Prepared by the agency IRBIS