

WEEK OF STOCK MARKET OF KAZAKHSTAN

May 14-18, 2012

Date	Index KASE	USDKZT	TONIA	TWINA	KazPrime
11.05.2012	1,188.59	147.87	0.09	0.13	2.00
14.05.2012	1,170.50	148.00	0.15	0.25	2.00
15.05.2012	1,157.45	148.00	0.12	0.19	2.00
16.05.2012	1,016.74	147.94	0.16	0.16	2.00
17.05.2012	999.26	148.03	0.26	0.22	2.00
18.05.2012	1,015.61	147.72	0.07	0.19	2.00
Trend	-172.98	-0.15	-0.01	0.06	0
%	-14.6	-0.10	-14.3	+44.4	0

MAIN NEWS OF KAZAKHSTANI MARKET

May 14 the Minister of Finance Bolat Zhamishev, speaking at the governmental hour in Majilis of Parliament of the Republic of Kazakhstan, announced that the Ministry of Finance proposes setting an upper limit for the state debt and quasi-state debt at 60% of GDP. "Against the background of low levels of state debt, the level of quasi-state debt is rising, particularly debt of national holdings and national companies. If the internal and external public debt amounted to U.S. \$ 22 billion or 12% of GDP, the external debt of quasi-state sector amounted to 21 billion USD or 11.5% of GDP, currently causing concern about the risks associated with debt of quasi-state sector entities. These subjects may be a source of fiscal risk due to the uncontrolled growth of the obligations, late payments, defaults, and the possible vicarious liability of the state and the need for assistance from the state budget", - said the Minister. As noted, the Ministry of Finance, Ministry of Economic Development and Trade and the National Bank are considering the search for effective mechanisms of state control of the quasi-state debt sector, including measures to limit the growth of borrowing. It is an organization with 50% or more shares of the state. At the same time internal debt of banks will not be considered, as the National Bank sets mandatory prudential requirements. B. Zhamishev has also indicated that it would be expedient to prohibit the subjects of quasi-public sector from external borrowing except for the SWF "SK" and its subsidiaries and affiliates, NH "KazAgro", Development Bank of Kazakhstan JCS. The decision to bring the borrowing (internal and/or external) over a certain amount by subjects of quasi-state sector, regardless of the degree of control (subsidiary, affiliate, etc.) must necessarily be taken by the Government of the Republic of Kazakhstan, B. Zhamishev stressed.

May 14 the Agency on Statistics of the Republic of Kazakhstan reported that:

- Gross domestic product, according to operative data, in January-March 2012 amounted to KZT 5,838.3 bln. As compared with the corresponding period of 2011, real GDP grew by 5.6%. In the GDP share of manufacturing of goods was 39.9%, services - 55%.
- Short-term economic indicator in January-April 2012 to January-April 2011 amounted to 104.4%. Calculation of short-term economic indicator is to ensure efficiency and is based on the change in the index of production in basic industries: agriculture, industry, construction, trade, transport and communications that make up 67-68% of GDP.
- The volume of capital investments in January-April 2012 amounted to 1,110.2 billion tenge, which is 4.1% more than during the same period last year.
- Industrial output in January-April 2012 amounted to KZT 5,450.8 bln in current prices, which is 2.7% more than in January-April 2011. In mining and quarrying production fell by 0.2%. In the manufacturing industry production increased by 7.8%; in electricity, gas, steam and air conditioning the production has increased by 6.9%. In water supply, sewerage system, control over the collection and distribution of waste production decreased by 4%.
- The volume of gross output of products (services) in agriculture in the January-April 2012 amounted to KZT 261 billion, a decrease of 5.8% in January-April 2011.
- The volume of cargo turnover in January-April 2012 amounted to 145.8 billion ton-kilometers (based on an assessment of turnover of individual entrepreneurs engaged in commercial transportation) and increased by 16.7% as compared with the corresponding period in 2011.
- Foreign trade turnover of Kazakhstan in January-March 2012 amounted to \$30,878.7 million, having increased by 34.1% in comparison with January-March 2011, including exports – 21,878.6 million U.S. dollars (32.3% increase), import – 90,000.1 million U.S. dollars (38.7% increase).
- The volume of retail sales for January-April 2012 amounted to 1,235.5 billion KZT (excluding catering) and increased by 11.8% as compared with January-April 2011.

- The volume of wholesale trade for the period amounted to 2,964 billion KZT and increased by 15.5% as compared with January-April 2011.
- Scope of services for the provision of food and beverages during the reporting period amounted to 58.6 billion tenge, an increase of 12.6% compared with January-April 2011.

May 15 on the session of the Government of the Republic of Kazakhstan the Minister of Economic Development and Trade Bakytzhan Sagintayev presented the draft law, which provides for 30% reduction in all types of licenses and permits. As noted, the adoption of this bill will significantly reduce the administrative burden on business and will give impetus to further development of entrepreneurship. Under the draft law "On introducing amendments and addenda to some legislative acts of RK on the reduction of permits and optimization of control and supervision functions of government bodies", reduction of permits and licenses to ensure the transfer to electronic format is provided. In addition, compliance of enforcement activities of state bodies will be carried out, as well as the revision of criteria for small, medium and large businesses.

According to B.Sagintaev, 30% of the permitting documents will be reduced. In particular, it is proposed to cancel 257 permits not influencing the safety from the high risks, transfer 40 permits, which are not related to the direct risk to life and health of citizens, to the notification procedure. "For the first time the bill introduces notification procedure. Instead of going through the licensing procedure, for the entrepreneur it is enough to file notice of the initiation through CSC or a portal for e-government, and regulatory authorities will check it in the process of implementation. This entrepreneur has the right to start work immediately after the notice", - was specified in the message.

May 15 KazMunaiGas ExplorationProduction JCS (hereinafter - KMG EP or the "Company") published shortened consolidated interim financial statements for the three months ended March 31, 2012. As reported, in the first three months of 2012 KMG EP, including shares in the JV "Kazgermunai" LLP (hereinafter - Kazgermunai, KGM), CCEL (hereinafter - Karazhanbasmunai, CCEL) and PetroKazakhstanInc (hereinafter - PKI) produced 3,029 thousand tonnes of oil (249 thousand barrels per day), which is 5% less than in the corresponding period in 2011. Export sales of petroleum of OMG and EMG in the first three months of 2012 amounted to 1,496 million tonnes (122 thousand barrels per day), and supplies for the domestic market amounted to 457 thousand tons (37 thousand barrels per day). The share of sales of companies CCEL, KGM, and PKI owned by KMG was 1,105 thousand tonnes (93 thousand barrels per day), including 755 thousand tons (64 thousand barrels per day) supplied to export markets. Net income of KMG EP in the first three months of 2012 amounted to KZT 75 billion (508 million U.S. dollars), up 27% over the same period in 2011, which is mainly due to higher oil prices, progressive increase in prices on the domestic market in accordance with the agreement reached with the Government in 2012 and lower costs for implementation and administrative expenses, partially offset by lower export volumes. Proceeds of KMG EP in the first three months of 2012 increased by 8% over the same period in 2011 and amounted to KZT 207 billion (1,396 million U.S. dollars). This increase is mainly due to increase in the average price of crude oil by 14% to 104,302 tenge per ton (97.39 U.S. dollars per barrel), partially offset by lower export volumes. Net cash flows from operating activities in the first three months of 2012 amounted to 68 billion tenge (U.S. \$ 457 million), 46% higher than in the corresponding period in 2011, which is mainly due to an increase in oil prices.

May 15 Moody's Investors Service downgraded long-term deposit and credit ratings of JSC "ATF Bank" (Kazakhstan) to B1 from Ba3 with a "stable" outlook. As reported by Moody's, this rating action primarily reflects decrease in the ability of the parent group UniCredit SpA to provide financial support and capital support for the need of its subsidiaries, as evidenced by the recent decline in the ratings of UniCredit SpA. The rating action concludes the review, which began November 16, 2011, when the bank's ratings were placed on review with the probability of downgrade following a similar rating action with respect to UniCredit SpA. The rating action also takes into account, although to a lesser extent, Moody's view of the weakening willingness of UniCredit SpA to provide financial support to some peripheral subsidiary companies. Many Western European banks, including UniCredit, are facing difficult choices regarding the allocation of scarce capital and financial resources. This has implications for those international subsidiaries, the medium-term profit potential of which was disrupted by ongoing financial crisis or are in countries that have reduced the strategic importance for the group UniCredit. Accordingly, as the parent group seeks to focus on their core work, Moody's believes that the willingness of UniCredit to provide capital and resources for the financing of these subsidiaries is weakened as compared with the pre-crisis period. Short-term ratings of ATF Bank are unlikely to be updated, as it was constantly over the past few years, when the parent bank guarantees for more than 40% of their loans were required. In the medium term, sustained improvement in banks' profits and reduction of reserves in case of loan-loss, coupled with an increase in net income and capital, could put pressure on the ratings. On the other hand, the further weakening of the income generation of ATF Bank JCS is further eroding its capital and could lead to lowering of its rating. In addition, further significant downward pressure on ratings of UniCredit could affect the ratings of ATF.

May 16 at 11:50 Almaty time KASE suspended trading in common shares KZ1C12280018 (KZ0009093241, KZTK) of JSC "Kazakhtelecom" (Astana) due to price drop by 66.56%. Price of the last executed transaction on KZTK, concluded May 15, 2012, amounted to 29,900.00 tenge per share. Trading in KZTK was suspended May 16, 2012 after signing a deal with them at a price of 9,999.00 tenge per share (33.44% of the first of these values). **At 11:50 Almaty time KASE suspended trading in preferred shares KZ1P12280114 (KZ0009094645, KZTKp) of JSC "Kazakhtelecom" due to 71.11% price fall.** Price of the last executed transaction in KZTKp, concluded May 15, 2012, amounted to 26,999.00 tenge per share. Trading in KZTKp was suspended May 16, 2012 after signing a deal with them at 7,800.00 tenge per share (28.89% of the first value). Express-study of KASE doesn't allow making an assumption this reduction was due to technical error of traders or technical malfunction of the KASE trading system.

May 18 Kazkommertsbank JCS reported that at the annual general meeting of shareholders of the Bank the audited consolidated annual financial statements of the bank for 2011 and Report of the Board on the results of operations for 2011 were approved. Net income of last year has been capitalized and directed to undistributed net income of previous years. Dividends on common shares on the basis of 2011 were decided not to be paid. On preferred shares dividend payment date is determined on December 12, 2012, the date of the list of shareholders entitled to receive dividends on preferred shares - November 12, 2012. The size of the dividend on preferred shares of the bank is fixed and specified in the Prospectus of issue of shares of the bank (\$ 0.04 per share). Reserve capital was increased by 2.348 million tenge from undistributed net income of previous years and determined in the amount of 58,605,125 thousand tenge. In this case, since both the capital reserve and retained earnings of previous years are included in equity capital, reserve capital increase was not reflected in the total amount of shareholders' equity.

May 18 the rating agency "Expert RA Kazakhstan" (hereinafter - Agency) confirmed the rating of the reliability and quality of services of the managing company Centras Securities JCS at the level of A + (very high level of reliability and quality of services. Reportedly, factors that had a positive impact on the rating of JSC "Centras Securities", include the growth of the company's own funds (an increase of 13.5% for the period 31.03.2010 - 31.03.2012), good financial performance (as of 31.03.2012 current liquidity ratio was 30.02, ROE = 7,51%, ROA = 7,1%), the growth of yield of the portfolio and broad customer base (accounting for 22% of the number of individual clients in the market, 11 % of the number of legal entities). Also, the Agency awarded the high quality of the organization of the investment process, developed system of risk management, a high degree of involvement in the professional community, high degree of transparency. "Sophisticated and detailed risk management policy and the use of specialized software for the calculation of financial risks has a positive effect on the rating of the management company," – the Agency noted. The factors limiting the level of rating include low market share on investment funds, reduction of the volume of assets under management (assets under management declined by 27% for the period from 31/03/2011 to 31/03/2012), not enough detailed strategy for the company and the narrow geography of activities.

STOCK MARKET

Secondary market section

During the study period at KASE on the secondary market sale 529 deals were conducted.

	Current	Change for	
	week	1 week	2 weeks
Average daily volume. USD th.	1,760.3	-17.3%	11.5 times
Average daily volume. KZT m.	260.4	-17.3%	11.5 times
Stake of nego deals. number (%)	0.002	+0.002 pp	-0.02 pp
Stake of nego deals. volume (%)	0.002	+0.002 pp	-0.01 pp
KASE members	32	+6.7%	+10.3%
Number of shares denominations*	17	+6.3%	-10.5%
Stake of pension funds. gross (%)	0	0	0
on purchase	0	0	0
on sale	5.75	-0.8 pp	+5.6 pp
Stake of individuals. gross (%)	44.6	-9.7 pp	+37.4 pp
on purchase	42.0	-25.6 pp	+34.5 pp
on sale	47.2	+6.3 pp	+40.3 pp
Stake of nonresidents. gross (%)	11.02	+7.2 pp	+9.4 pp
on purchase	13.4	+9.3 pp	+12.3 pp
on sale	8.67	+5.1 pp	+6.5 pp

In the described period growth in average daily prices was detected for 4 instruments, fall was demonstrated by 10 instruments involved in the transactions; prices of 3 instruments remained unchanged. The negative changes in the weighted average share price were fixed in the range from 0.36% (RDGZp) to 62.39% (KZTKp), positive - from 0.03% (SATC) to 19.81% (RAHT).

Detailed information on share trades at KASE is given in the table below:

Results of share trades on KASE, including STF RFCA within May 14-18, 2012 only by data on deals made on the secondary market of KASE with open trading):

Share	KZT per share:		Amount	Num.	Best for					
code on KASE	Min.	Max.	Last deal: price	trend,%	For last 365 days: min, max,	of deals, th. USD	of deals	D	Period: S	
BSUL	556.00	556.00	556.00	0	556.00	642.00	29.0	3	556.00	556.00
BTAS	0.70	0.70	0.70	0	0.20	4.00	0.5	2	0.70	0.68
CCBN	215.00	230.05	215.00	-8.1	215.00	524.30	111.6	16	230.05	215.00
GB_ENRC	1,090.00	1,199.95	1,132.00	-10.9	1,090.00	2,100.00	131.6	16	1,210.01	1,090.00
GB_KZMS	1,695.00	1,800.00	1,695.94	-10.3	1,695.00	3,300.00	25.5	9	1,800.00	1,695.00
HSBK	207.00	231.01	210.00	-9.5	185.01	342.00	143.9	32	231.01	207.00
KKGB	175.00	202.23	184.99	-10.4	175.00	464.00	40.0	18	202.23	175.00
KZTK	9,999.00	29,999.00	14,349.00	-50.4	9,999.00	33,000.00	5,758.6	270	30,010.00	7,000.00
KZTKp	7,798.00	27,000.00	11,000.00	-59.2	7,490.00	27,500.00	1,092.6	89	27,000.00	6,999.00
RAHT	1,500.00	1,806.12	1,806.12		1,000.00	1,806.12	6.1	2	1,806.12	1,500.00
RDGZ	15,700.01	17,095.00	16,499.99	-1.8	12,100.00	19,581.00	378.9	32	17,800.00	13,110.00
RDGZp	12,900.00	13,200.00	12,900.00	-1.0	11,000.00	18,344.00	326.4	25	13,200.00	12,900.00
SATC	39.99	40.00	40.00	+0.03	39.99	71.63	661.1	3	40.00	39.99
SNBN	1,100.00	1,100.00	1,100.00		1,100.00	1,100.00	0.3	1	1,100.00	1,100.00
TEBNp	800.00	800.00	800.00		600.00	900.00	8.2	1	800.00	465.24
TSBN	674.00	735.90	735.90	+9.8	670.00	942.85	69.3	8	740.00	674.00
ZERDp	4.21	4.21	4.21	-14.1	4.21	5.56	1.7	1	4.21	4.21
17							8,516.2	385		

Notes: Trends are given relative to the last deal of the previous 30 days period. If deals were not made in the previous month the trend is not calculated.

CORPORATE BONDS MARKET

Secondary market sector

During the study period at KASE on the secondary market 50 deals were made.

	Current	Change for	
	week	1 week	2 weeks
Average daily volume, USD th.	1,363.1	3.6 times	-49.8%
Average daily volume, KZT m.	201.7	3.6 times	-49.8%
Stake of nego deals, number (%)	0	0	-0.02 pp
Stake of nego deals, volume (%)	0	0	-0.6 pp
KASE members	28	+12.0%	+55.6%
Number of bonds denominations*	20	+6.0%	2.2 times
Stake of pension funds, gross (%)	0	0	-34.6 pp
on purchase	0	0	-54.9 pp
on sale	16.8	+10.3 pp	+2.4 pp
Stake of individuals, gross (%)	5.2	+4.0 pp	+4.9 pp
on purchase	0.9	+0.4 pp	+0.8 pp
on sale	9.5	+7.5 pp	+9.1 pp
Stake of nonresidents, gross (%)	0	0	-32.0 pp
on purchase	0	0	-0.1 pp
on sale	15.5	+15.5 pp	-48.4 pp

* on which deals were made at KASE

Following the period yield to maturity rose for 8 bonds, declined - for 10 bonds. Positive changes in yields to maturity were in the range from 0.000005% (PRKRb5) to 1.75% (TSBNb6), negative - from 0.00001% (CCBNb9) to 2.00% (CCBNb20).

More detailed information on corporate bonds on KASE is shown in table.

Results of bond trading on KASE within May 14–18, 2012

(only on data of deals made on secondary market of KASE by open trading excluding direct deals):

Code of the bond on KASE	Yield to maturity for a buyer. % APR:						Volume		Best for the	
			Last deal:		last 365 days,:		of deals, th. USD	Number of deals	period:	
	min.	max.	yield	trend, %	min.	max.			D	S
ATFBb5	4.00	4.00	4.00	-0.001	4.00	9.00	0.7	1	4.00	4.00
ATFBb6	8.38	8.38	8.38		5.50	9.50	103.2	1	8.38	8.38
ATFBe6	8.46	8.46	8.46		7.26	15.19	320.6	3	8.46	8.50
CCBNb20	9.00	9.00	9.00		8.50	11.10	14.1	1	9.00	9.00
CCBNb9	8.75	8.75	8.75		8.75	11.00	13.0	1	8.75	8.85
CCBNe3	14.66	14.66	14.66		6.21	16.35	20.2	1	14.66	14.66
CTECb1	13.50	13.50	13.50		13.50	14.00	685.0	2	13.50	13.62
EXBNb2	5.00	6.50	5.00	-1.5	5.00	18.50	35.2	8	5.00	8.44
HSBKe3	6.97	6.97	6.97		6.42	8.10	202.7	1	6.97	6.97
KKGBe8	9.90	9.99	9.99		9.01	11.16	1,041.9	2	9.90	9.99
KZAPe1	3.38	3.38	3.38	+0.1	3.29	5.47	1,080.5	1	3.38	3.38
KZIKb2	8.00	8.00	8.00		7.10	10.70	22.0	1	8.00	8.00
ORDKb2	12.00	12.00	12.00	-0.0001	12.00	16.00	136.8	3	12.00	12.00
PRKRb5	7.50	7.50	7.50	+0.000005	6.80	7.50	697.0	1	7.50	7.50
RGBRb6	12.00	12.00	12.00	+0.5	11.50	15.00	86.7	3	12.00	12.00
TEBNb16	13.50	13.50	13.50		13.40	14.00	444.2	5	13.50	13.58
TEBNe1							1,454.6	6		
TSBNb2	6.00	6.00	6.00		6.00	9.00	55.7	2	6.00	8.81
TSBNb6	10.00	11.50	11.50		8.50	11.50	87.7	4	10.00	11.50
ZHMNe1	9.19	9.22	9.22		9.19	14.16	313.6	3	9.19	9.22
20							6,815.5	50		

Notes: Trends are given in percentage points (1pp = 100 basis points) relative to the last deal of the previous 30 days period. If deals were not made in the previous month the trend is not calculated.

GOVERNMENT SECURITIES (GS) SECTOR

Primary market sector

May 15 in the KASE trade system specialized auction on placement of long-term treasury bills of the Ministry of Finance of the Republic of Kazakhstan MEUKAM-132 of the fifth edition (KZKDKY110051, MUM132_0005; 1000 tenge, 15/05/12, 05/15/23, 30/360) was held, on which the Ministry of Finance planned to involve KZT 10,000.0 mln. The subject of the auction was the coupon rate. The auction was attended by 12 primary dealers, which were members of KASE. Through these subjects investors have filed 45 applications, of which by the expiration time 41 applications were active. The total amount of active applications (demand volume) amounted to KZT 45,740.8 mln. Coupon submitted by active bids ranged from 4.50% to 5.80%, amounting to 5.1787% per annum in average terms. **As a result of trading the issuer granted the application for the purchase of 21,650,800 bonds in the amount of KZT 21,650,800,000.00 (216.5% of planned volume of placement) at 5.00% per annum.**

Secondary market sector

During the period total volume of 41 deals made on KASE was 5,584.4 million tenge (\$37.8 million). Share of exchange turnover in the overall volume of Kazakhstani secondary market for government securities on comparable sales and purchases in the analyzed period was 100.0%.

Parameters of transactions in GS within May 14-18, 2012

Days till maturity	Yield to maturity for a buyer, % APR.				Volume, mln. tenge on discount	Number of deals
	min	max	last deal	average weighted		
Coupon (KZT): MEUKAM, MEOKAM, MEUJKAM					100.0% (64.1%) of purchase and sale sector's turnover	
1096 - 1460	3.65	3.80	3.80	3.74	797.6	2
1461 - 1825	3.78	3.78	3.78	3.78 (4.43)	202.7	1
1826 - 2190	3.84	3.84	3.84	3.84	104.3	1
More than 2191	3.02	4.95	4.23	4.63 (4.61)	4,479.7	37
Total					5,584.4 (3,566.9)	41 (17)
TOTAL					5,584.4 (5,563.3)	41 (19)

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