

KAZAKHSTAN STOCK EXCHANGE INC

PRESS RELEASE

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Round Table on Audit of Listing Companies Held in Old Square Business Center on July 3, 2008

A Round table on audit of listing companies was held in Old Square Business Center on July 3, 2008. The meeting was arranged by Kazakhstan Stock Exchange (KASE) and the Chamber of Auditors of the Republic of Kazakhstan.

JPA International Audit-Garant LLP (Karaganda) and BDO Kazakhstanaudit LLP (Almaty) sponsored the event.

The Round table was organized to discuss quality related questions of audit services rendered by Kazakhstan auditing companies for listing purposes, and search for possible solutions to problems encountered by professional participants of the stock market preparing listing documentation.

Representatives of the government bodies (Ministry of Finance of the Republic of Kazakhstan, the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations, the Agency on Regulation of Activities of the Regional Financial Center of Almaty), the Chamber of Auditors of the Republic of Kazakhstan, KASE, auditing organizations, and professional participants of the stock market were invited.

Director of Department of Development of Audit Accounting and Financial Supervision of the Ministry of Finance of the Republic of Kazakhstan Zh. Aytzhanova who had the floor after welcoming speeches of organizers informed that the Ministry of Finance is working on the project of the Law "On Making Amendments to the Law of the Republic of Kazakhstan "On Auditing Activities"". One of the goals of the proposed law is to improve audit services quality control system.

During the Round table KASE spoke of low-quality audit reports arriving to the KASE Listing Department, and current problems encountered by KASE and professional participants dealing with auditing organizations. KASE President A. Joldasbekov pointed out how important is quality of auditing services to KASE. Currently, having no other methods to control audit services quality "...the Exchange will use as guidance estimations of audit services of the reliable professional organization, with which partner relations have been established, – the Chamber of Auditors of the Republic of Kazakhstan", – he emphasized.

Director of KASE Listing Department G. Tsalyuk informed on problems KASE tackles when struggling against unfair methods audit organizations use preparing reports for listing purposes; the participants marked an important role professional associations may play to upgrade audit services.

The meeting raised problems concerned with interests of issuers. In particular, they discussed possible risks that are likely to appear in case of exclusion of audit organizations from the list of audit organizations, meeting qualification requirements of the special trading floor of the Regional Financial Center of Almaty, which have been effective June 2, 2008 in accordance with order No. 04.02-09/119 of the Chairman of the Agency of the Republic of Kazakhstan on Regulation of Activities of the Regional Financial Center of Almaty "On Setting Requirements to Issuers, Securities of which are to be Listed or Listing on the Special Trading Floor of the Regional Financial Center of Almaty, and to such Securities" of May 8, 2008 (the Order). Both professional participants and the Chamber of Auditors of the Republic of Kazakhstan deem necessary to postpone implementation of these requirements since problems may occur at companies, securities of which have already been listed on the special trading floor of the Regional Financial Center of Almaty (STF RFCA) due to exclusion of the audit organizations that had audited the companies for listing reasons as not meeting the requirements set by the Order.

Speaking on the audit companies, eligible after unification of STF RFCA and KASE, Vice-president KASE B. Babenov explained that at the time being the requirements to auditing organizations are different on two floors; however as the floors unite the requirements must be the same. "We believe by the time the floors are united the Agency on Regulation of Activities of the Regional Financial Center of Almaty will provide the list of auditing companies meeting quality and quantity requirements".

Despite the Round table schedule did not allow for sufficiently answering all questions, the participants of the Round table had an opportunity to exchange opinions and suggestions on most vital issues. As noted in the speech of the Partner on Methodology, Personnel Training and Risks of BDO Kazakhstanaudit LLP B. Kapaeva, "... to solve problems we need to unite and handle problems together".

Representatives of the government bodies, KASE, audit organizations and the Chamber of Auditors gave answers to situational questions, and provided practical suggestions for solution of specific problems.