

WEEK OF STOCK MARKET OF KAZAKHSTAN

January 06 - 12

1 US dollar = **138.95** tenge at official rate for the end of the period
 1 US dollar = **139.10** tenge at weighted average rate of the Exchange for the end of the period

Trades in corporate securities

Volume of 8 deals, made within observed week in private securities (PS) on trade floors of Kazakhstan stock exchange (KASE), reached **\$622.7 th.** compared with \$1,623.6 th. of last period.

The week had one distinctive feature, which is the first deal made in bonds of **OJSC "KAZKOMMERTSBANK"** (Almaty, official list of securities, category "A", **KKGBb**) from the date (Sep.6, 99) these securities were entered into the trades of the Exchange and 599 days before their maturity date (Sep.6, 01) and the biggest in monetary terms (\$432.5 th.). Net price of **KKGBb** at weighted average KZT/USD rate of the Exchange, effective on the day the deal was made (Jan.7, 00), equaled \$94.498 per dollar of the debt. Full yield to maturity with accumulated interest – 14.04% APR (calculation base – 360/30).

In terms of the number of deals made during the week and amount of securities being sold common shares of **OJSC "Halyk Bank Kazakhstan"** (Almaty, official list of securities, category "A", **HSBK**). Other deals were made in: preferred shares of "**KAZAKHTELECOM**" (Almaty, official list of securities, category "A", **KZTKp**), common shares of **OJSC "Bank TuranAlem"** (Almaty, official list of securities, category "A", **BTAS**) and **OJSC "Temirbank"** (Almaty, official list of securities, category "A", **TEBN**), preferred shares of **OJSC "Mangistaumunaigas"** (Aktau, official list of securities, category "B", **MMGZp**) and **JSC "Aktobemunaigas"** (Aktobe, "Non-listing securities" sector, second admittance level, **AMGZp**).

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

Results of the trades in private issue securities from January 6 - 12

USD per share, unless otherwise specified

Company	Securities	Open	Max	Min	Close	Volume, #	Offer	Bid	Count
OJSC «Bank TuranAlem»	BTAS	72.41	72.41	72.41	72.41	300	74.86	72.82	1
OJSC «Halyk Bank of Kazakhstan»	HSBK	2.00	2.00	2.00	2.00	75,056			2
OJSC «KAZKOMMERTSBANK»	KKGBb	T13,575	T13,575	T13,57	T13,575.2	4,420	T13,835.90	T13,697.31	1
		.29	.29	5.29	9				
«KAZAKHTELECOM»	KZTKp	3.00	3.00	3.00	3.00	2,000		3.00	1
OJSC «Temirbank»	TEBN	7.22	7.22	7.22	7.22	100			1
OJSC «Bayan-Sulu»	BSUL					0	*1.10		0
OJSC «Mangistaumunaigas»	MMGZp	3.50	3.50	3.50	3.50	2,000	*3.40		1
JSC «Aktobemunaigas»	AMGZp	2.00	2.00	2.00	2.00	2,300	*4.00		1
JSC «KTSSHK»	KCSK					0	*0.40		0
JSC «Kyrgyzenergo»	KGEN					0	*0.20		0
OJSC «Kyrgyztelecom»	KGTK					0	*0.18		0
JSC «Kazakhstancaspishelf»	KKSHp				22.73	0	*20.00		0
OJSC «ULBA»	ULBAp					0	*10.00		0

Note: bid and offer prices are given for the period, for **KKGBb** – for last date of the period;
 if no deals were made during reporting period, 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 usual trade mode.

The most significant price changes in market value relative to previous successful trades occurred to following securities: **AMGZp** – 78.9% decrease, **KZTKp** – 45.5% decrease and **BTAS** – 19.9% decrease.

Capitalization of the stock market for PIS

In 1999 capitalization of the stock market for Kazakhstani private issue securities grew in terms of dollars from **1,830.6 to 2,264.4 mln**, that is 1.24 times at weighted average tenge to dollar rate of the Exchange.

In national currency of Kazakhstan capitalization was estimated at 153,768.8 mln as of January 1, 1999, whereas as of January 1, 2000 it reached **313,054.2 mln**.

Dynamics of the structure of KASE trade lists are given in the table:

Securities admittance category	Number as of Jan.1.99		Number as of Jan.1.00	
	Shares, bonds.	Emitters	Shares, bonds.	Emitters
Official list, category "A" (A)	11	7	13	8
Official list, category "B" (B)	20	11	16	9
Total for official list (A+B)	31	18	29	17
"Non-listing securities" sector (N)	28	18	59	49
TOTAL FOR THE MARKET (A+B+N)	59	36	88	66

Dynamics of the structure of KASE trade lists, expressed by the market capitalization, look as follows:

Securities admittance category	Number as of Jan.1.99		Number as of Jan.1.00	
	mln KZT	mln USD	mln KZT	mln USD
Official list, category "A" (A)	71,337.1	849.3	92,945.0	672.3
Official list, category "B" (B)	70,812.3	843.0	51,784.2	374.6
Total for official list (A+B)	142,149.5	1,692.3	144,729.2	1,046.9
"Non-listing securities" sector (N)	11,619.3	138.3	168,325.0	1,217.5
TOTAL FOR THE MARKET (A+B+N)	153,768.8	1,830.6	313,054.2	2,264.4

For January 12, 2000 total capitalization of the stock market for PIS of Kazakhstan (A+B+N without SBS) was **\$2,245.8 mln** or KZT312.4 bln at tenge to dollar rate of the Exchange, effective on that date. Decrease in capitalization in terms of dollars relative to last date of previous trading period (December 29, 99) reached \$19.9 mln, which, despite of the entering the shares of OJSC "GEOTEKS" into trade lists, was due to a decrease in market value of common shares of OJSC "Bank TuranAlem", and preferred shares of "KAZAKHTELECOM" and OJSC "Aktobemunaigas" (see above).

Trades in depository receipts of Kazakhstani emitters

On German stock exchanges during the observed period:

- prices and quotations of depository receipts of OJSC «KAZKOMMERTSBANK» were decreasing, though remained above the level settled at the end of 1999;
- quotations for GDR of «KAZAKHTELECOM» remained unchanged during the period, while grew some relative to the end of 1999;
- GDRs of «SHNOS» remained almost stable during the period, whereas relative to the end of 1999 they decreased on Berlin stock exchange, and rose on Frankfurt stock exchange.

Results of the trades in GDR of Kazakhstani companies on German stock exchanges from January 6 - 12

(in euro per GDR, unless otherwise specified)

Company	Stock Exchange	Open	Max	Min	Close	Price USD
OJSC «KAZKOMMERTSBANK»	Berlin	8.50	9.00	8.50	8.50	⇔ 0.29
	Frankfurt	9.00	9.00	8.20	8.20	↓ 0.28
«KAZAKHTELECOM»	Berlin*	3.75	3.75	3.75	3.75	⇔ 11.60
OJSC «SHNOS»	Berlin*	3.00	3.60	3.00	3.60	↑ 0.74
	Frankfurt*	3.50	3.50	3.50	3.50	⇔ 0.72

Note: price per share was calculated from the price of the last GDR transaction at FOREX exchange rate on corresponding date; marked by a star are rows with the quotations (no deals were made)

RKA composite index of REUTERS, which reflect the price dynamics of the most liquid GDRs on European market, reached **66.09** on January 12 closing, 21.71 point decrease in a week.

Market for state securities

During the reporting period turnover of **purchase and sale sector** for state securities decreased 1.1 times (KZT157.3 mln) relative to last period. In absolute monetary terms total turnover of **53 deals** reached **KZT2,680.5 mln**. Last week volume of the same 53 deals was KZT2,837.8 mln. As it can be seen from the table, turnover decrease was caused by a contraction in the segment for euronotes of Kazakhstan, and by an absence of deals in coupon papers, though regular quotations of AVMEKAM by market-makers on KASE trade floor.

Parameters of stock exchange transactions in SS from January 6 - 12

(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 SS: MEKKAM-3, 12, notes of the National Bank				68.8 (41.5%) of purchase and sale sector's turnover		
less than 8	9.11	9.71	9.71	9.69	119.2	3
8 - 14	12.00	12.66	12.00	12.10	101.4	3
15 - 28	12.82	13.85	13.85	13.40	430.3	3
29 - 36	13.35	13.35	13.35	13.35	57.9	1
43 - 56	13.94	15.64	14.86	15.37	156.3	8
57 - 63	14.03	15.61	15.61	15.37	114.6	3
64 - 91	14.11	15.63	15.31	15.16	165.1	4
183 - 364	18.01	18.01	18.01	18.01	700.1	1
Total					1,844.8 (1,176.8)	26 (31)

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Days till maturity	Yield to maturity for a buyer, % APR.				Volume, mln tenge discounted	Number of deals
	min	max	last deal	weighted average		
Discounted indexed SS: MEKAVM-6, 9, MGU, ALU						
11.9% (7,2%) of purchase and sale sector's turnover						
92 - 181	9.61	9.61	9.61	9.61	70.0	1
183 - 364	9.51	13.37	10.07	12.24	249.0	14
Total					319.1 (203.2)	15 (7)
Euronotes of Kazakhstan, USD						
19.3% (41.1 %) of purchase and sale sector's turnover						
*981	10.2333	10.2333	10.2333	10.2333	34.2	1
**1,716 - 1,722	11.3109	11.6422	11.3555	11.4577	482.5	11
Total					516.6 (1,165.2)	12 (12)
SUBTOTAL					2,680.5 (2 837.8)	53 (53)

Note: for euronotes (* – first issue; ** – second issue; *** – third issue) yield is given for a buyer in APR, calculated by an algorithm of KASE, taking into account weighted average USD/KZT rate of the Exchange; yields for indexed domestic SS are calculated considering official rate of USD/KZT. **Due to a small remaining maturity of euronotes of the first issue use of common yield calculation algorithms do not give satisfactory results.**

In general, turnover decrease should not be considered indicative. The market returned to its working volumes, and fluctuations being observed are normal working deviations. At the same time it should be noted that decrease in number of deals, to a certain degree, is due to outflow of significant portion of stock market's turnover to interbank market. (see below).

Generally, by the results of the week the market seems to be liquid and quite active. In last two months of previous year the Ministry of finance intensively expanded the volume of MEKKAM in circulation. New municipal SS have emerged in the market – of Almaty (ALU) and Astana (ASU). They had an immediate effect on the activity of the market, and its turnover structure. A wide range of SS are offered at KASE daily, which can be illustrated by the results of the trades held on January 12 (see the table).

Results of the trades in SS on January 12 and offer parameters of SS at KASE

Currency	Till maturity, days	Annual yield to maturity, %			Volume, million KZT
		Average for deals	best offer	best bid	
KZT	9	12.00	12.00	12.00	86.2
KZT	13	12.66	12.37		15.1
KZT	51	14.86	14.86	15.01	50.6
KZT	57		14.83		
KZT	58		14.84		
KZT	71		14.88		
KZT	142		16.36		
KZT	149		16.37		
KZT	153		16.38		
KZT	161		16.37		
KZT	162		16.39		
KZT	345		17.95		
USD	1,548		*10.95	*11.91	
TOTAL					152.0

* ABMEKAM - full yield to maturity.

Deformation in turnover structure of SS at KASE during observed period was in favor of non-indexed by devaluation MEKKAM and notes. Proportion of this instrument grew from 41.5% to 68.8% within a week. Yield to maturity of purchased SS perfectly match with current auction rates.

It is worth to mention growth in the exchange rate of the dollar, which was observed during the first week of the year, did not have impact on turnover structure of SS at KASE. IRBIS analysts explain this by the emergence of very long currency SS in the market, and market participants' attitude towards them are more than restrained. Moreover, yields are low and can not insure buyers against the risk associated, in this case, with the possibility of the dollar rate stabilization or even its decrease.

Significant decline in activity of **the repo sector** is observed: volume of operations fell 89.5%. Actually, the sector does not function. A single deal was made regarding closing of repo for KZT38.2 mln during the period. After closing of trades on January 12 total amount of repos opened on the floor reached **KZT200.0 mln** only.

This situation is due to high liquidity of the banks of the second tier after the expansion of the monetary base and monetary mass done by the National Bank and the Ministry of finance. As historical data show, this phenomenon is temporary and was more explicit at the end of 1999 due to repayment of pension debts (about KZT30 bln), and the absence of the need for currency intervention of the National Bank at KASE to stabilize the exchange rate of national currency. On the contrary, in last months of the year the National Bank actively bought dollars at KASE, in exchange for tenges, which caused **KZT126.2 bln** grow in monetary base by the results of the year.

Of course, there is no need for the banks to attract short money in such situations, and some growth in its price was not due to the deficit of funds, but solely to an increase in the exchange rate of the dollar.

Current repo rate at KASE after closing of trades on January 12 – **10.00% APR for 31 days**.

Total of 54 deals amounting to **KZT2,718.7 mln** were made **on trade floors of KASE** during last period (purchase and sale and repo sector). Last week volume of 64 deals reached KZT3,201.5 mln. Decrease in volume of operations relative to previous week was mainly due to decline in activity of the banks in the repo sector.

In this week **share of the stock market turnover** in total volume of deals on Kazakhstani secondary market for SS for comparable operations (including euronotes and repo operations) equaled **17.9%**, for last week it was 22.4%. Such sharp decline in the share of the stock market deals was solely due to the operations with ten year papers – MEAKAM. They are known for being under the control of the National Bank, which gives them to investors on repo terms. It is not a secret, that before the coupon payment date of MEAKAM (in this case – December 25) all papers are returned to the National Bank's portfolio, and after the repayment they are back in the market. Prior to this, all such operations were made at KASE, and now they are made out of the Exchange, which explains the sharp decline in the share of the stock market turnover in total volume of deals of Kazakhstani secondary market for SS. Until December the Exchange controlled 95-98% of the turnover.

Changes in trade lists

From January 12 of current year:

By the decision of the Board of Kazakhstan stock exchange (KASE) coupon bonds of **LLP "VITA"** (Almaty, "Non-listing securities" sector, second level of admittance, KZ26KA5S6998, trade code – VITAb) were removed from trade lists of KASE beginning January 12 of current year due to the end of their circulation term.

VITAb – inscribed coupon bonds with KZT100.00 par value and 12 months circulation term. Issue registration date – December 28, 98, maturity date – December 28, 99, Date KASE trades started – May 5, 99.

All issue (100,000 bonds) was placed through the Exchange on September 28 of this year at \$0.71 per paper.

Based on the application of the trade member of Kazakhstan stock exchange (KASE), common inscribed shares of **OJSC "GEOTEKS"** (Almaty, trade code – **GEOT**) will be entered into trades in "Non-listing securities" sector with the first level of admittance from January 12.

Announced authorized capital of OJSC "GEOTEKS" after 2 issues is KZT639,017,000.00 and fully paid. Total of 25,560,680 common inscribed shares (KZ1C30950413, 7,320,680 shares of the first issue, 18,240,000 shares of the second issue) were issued at KZT25.00 each.

Primary activities of the company: geological survey services and works, exploration and protection of mineral resources both in Kazakhstan and in other countries etc.

New members of KASE

By the decision of the Board of KASE **OJSC "Demir Kazakhstan Bank"** (Almaty) was allowed to participate in the trades of the Exchange in SS, PIS that are included in official list of the Exchange, and state blocks of shares of the organizations being privatized. The Board's decision was made based on the decision of the Exchange council of Kazakhstan stock exchange, dated January 7, 2000 to admit OJSC "Demir Kazakhstan Bank" to members of the Exchange in "**K**" and "**P**" categories.

Information about the companies

According to listing requirements **OJSC "Aluminii Kazakhstana"** (Pavlodar, official list of securities, category "B") provided Kazakhstan Stock Exchange (KASE) with protocol of shareholders annual general meeting by the results of 1998, reports of the Board, Revision commission and auditing report of LLP "Global Audit" (Almaty).

At an annual general meeting, which was held on December 3, 1999, shareholders of OJSC "Aluminii Kazakhstana" found the work of the Board in 1998 satisfactory, accepted the report of the Board, approved report of Revision commission and 1998 financial statement.

Taking into account the letter of the National securities commission of May 20, 1999, shareholders made a decision:

- to declare the decisions of JSCOT "Aluminii Kazakhstana" shareholders general meetings of July 24, 1997 (extraordinary) and February 1, 1999 (annual) on making changes in the Charter of the company regarding decreasing the size of fixed dividends to preferred shares down to 10% of par value (from 25% previously);
- not to charge and pay dividends to owners of the third issue preferred shares for 1997 and 1998 at 25% of share par value;
- to cancel 3rd and 4th issue of shares and register 5th issue totaling KZT5,834,810,776 consisting of 52,939,396 common inscribed and 5,408,711 preferred inscribed shares with KZT100 par value;

also:

- to charge and pay dividends to preferred shares for 1998 at KZT10 per share; set February 3, 2000 as dividend payment beginning date and the registration date for shareholders entitled to receive dividends;

- to charge and pay dividends to common shares for 1998 at 50% of net income of the company (KZT49,190,500), which corresponds to 93 tiyn (KZT0.93) per common share; set February 3, 2000 as dividend payment beginning date and January 4, 2000 – registration date for shareholders entitled to receive dividends;
- to increase announced authorized capital by KZT165,189,224 up to KZT6,000,000,000;
- to make changes and amendments to the Charter of the company regarding augmenting announced authorized capital and authority and composition of the Board of directors and Executive board;
- to choose following companies as auditors of OJSC “Aluminii Kazakhstana” for 1999: among international auditors “Deloitte & Touche”, among Kazakhstani auditors – LLP “Global Audit”.

Besides, shareholders of OJSC “Aluminii Kazakhstana” approved two big deals in selling blocks of company’s shares:

- 4,661,740 shares (8% of authorized capital) amounting to KZT466,174,000 to “Hillford Enterprises Corporation” (Britain Virgin Islands);
- 9,614,839 shares (16.5% of authorized capital) amounting to KZT961,483,000 to “Dauphin Associated Limited” (Britain Virgin Islands).

Before voting on this matter shareholders were given following explanations: in the beginning of 1999 OJSC “Aluminii Kazakhstana” received income as common inscribed shares (previously owned by the companies of “Trans-World Group”, and passed to the company by the decision of the Supreme Court of Kazakhstan on January 27, 1999 – comm. KASE), later 24.5% of which were sold to non-resident companies (prior to giving OJSC “Aluminii Kazakhstana” a status of open people’s joint stock company). Since sell and purchase of 10% of the company shares is a big deal for people’s company and requires approval of shareholders general meeting, this matter was entered into the agenda of the meeting.

In addition, new Board of directors was elected at the meeting, which includes: Ibragimov A.R. (representative of LLP “Kazakhstan Mineral Resources Corporation Investment”), Jumagaliev R.I. (representative of the Committee on state property and privatization under the Ministry of finance of Kazakhstan), Ibragimov A.T. (Chairman of the Board – General director of OJSC “Aluminii Kazakhstana”), Sarychev G.I. (Chairman of elderly council under the administration of Pavlodar), Yuvalova G.N. (Honored employee of OJSC “Aluminii Kazakhstana”, retiree), Yuarovoi V.I. (Chairman of veterans’ council), Juliev V.N. (Chairman of united professional union).

Report of the Board says (speaker – Ibragimov A.T.) 1998 was difficult year for the company. In May 1998 the company faced a problem with selling limestone, which forced the company to decrease the production down to 63.5% because the production is uninterrupted and there is lack of storage facilities. As a result of Russian crisis in August 1998 the company had problems with selling and price of clay and sulfurous aluminum (the problem still exists). In 4th quarter of 1998 Russia introduced differentiated tariffs on railroad transportation, which were three times expensive for non-residents than to residents and decreased competitiveness of the company.

However, despite existing problems, in 1998:

- 1.08 mln tons of limestone was produced, which is 100% of planned amount or 99.1% to 1997;
- production of bauxite reached 3.4 mln cubic meters or 100.6% to 1997;
- mining and stripping amounted to 22.2 mln cubic meters or 111.6% to 1997;
- 1,932 mln kWh/h electricity, 5.6 Gcal heat were generated, including to cities: 37.8% of electricity, 29.4% of heat.

In reporting year the company produced goods for KZT14 bln or 100.3% of planned amount. Investment of OJSC “Aluminii Kazakhstana” in fixed capital (capital investments) using its own resources reached KZT685 mln in 1998. For social purposes it spent KZT40.7 mln, financial and sponsorship aid amounted to KZT97.1 mln, social payments equaled KZT22.7 mln. Net income reached KZT98.4 mln.

According to the protocol of general meeting, dated November 29, 1999, 3,853 owners of securities were registered, including: 23 owners (legal entities) of common inscribed shares and 3,830 owners (legal entities and private persons) of preferred shares. 2,178,088 common shares are in the balance of OJSC “Aluminii Kazakhstana”.

Auditing report of LLP “Global Audit” reads financial statements give true picture of OJSC “Aluminii Kazakhstana” as of January 1, 1999 in all essential aspects, also results of its financial and economic activities during January 1, 98 through December 31, 98.

According to listing requirements, “**KAZAKHTELECOM**” (Almaty, official list of securities, category “A”) provided Kazakhstan stock exchange (KASE) with the information on implementation of National satellite communication network (NSCN) DAMA project.

NSCN DAMA is to be built in five steps. Presently, "KAZAKHTELECOM" carried out zero, first and second steps of the project. Within these steps 52 DAMA stations has been installed, including: in Atyrau region – 15 (8 – in test use), in Mangistau region – 8 (4 – in test use), in Kostanai region – 3 (all in test use), in Pavlodar region – 2 (all in test use), in Almaty region – 4 (all in test use), in Aktobe region – 8, in West Kazakhstan region – 2, in North Kazakhstan region – 8, in East Kazakhstan region – 1, in Astana – 1. Total of 21 stations are in use now.

Till the end of 1999 "KAZAKHTELECOM" plans to:

- put into operation 18 stations in three regions: Aktobe, Atyrau and Mangistau;
- set up 50 stations in seven regions: Karagandy – 6, West Kazakhstan – 11, Aktobe – 6, Kostanai – 3, Almaty – 9, Jambyl – 12, South Kazakhstan – 3.

DAMA stations will be controlled by a central station in Almaty. Reserve controlling station is to be set up in Astana.

The network is to be used to transmit mainly voice signals, since channel traffic equals 8 kb/sec. Remote stations have from 4 to 16 channels, satellite stations in regional centers have 30 channels.

Major purpose of NSCN – provision of stable, affordable communication for Kazakhstani cities notwithstanding their remoteness. The network is built on principle close to radial-joint: information is exchanged between remote stations through joint transition stations, located in each regional center. Equipment of remote user is connected to small satellite terminals. Signals of both remote single terminals and corporate telephone stations can be sent via the network through their access to the telecommunication network of common use (TNCU) connected to central controlling station. All objects of NSCN have united controlling system. To connect two remote stations, an inquiry should be made at central station, which in turn makes inquiry of another remote station, and if the station is free a temporary channel is built between two remote objects.

Prepared by the agency «IRBIS»