

WEEK OF STOCK MARKET OF KAZAKHSTAN July 6 - 12

1 US dollar = **142.70** tenge at official rate for the end of the period
1 US dollar = **142.70** tenge at weighted average rate of the Exchange for the end of the period

YIELD OF STOCK EXCHANGE INSTRUMENTS

Following is the table that allows to compare investment attractiveness of the financial instruments, which were regularly traded or quoted at Kazakhstan stock exchange (KASE) during July 6 through 12. In parentheses – figures of previous period. Instruments are given in descending order, based on their attractiveness.

Investment attractiveness of financial instruments at KASE from July 6 through 12

Financial instrument	Currency	Yield, % APR	Volume of deals, mln KZT	Volume of deals, mln USD
MEKKAM, notes	KZT	*13.19 (12.47)	805.9 (277.9)	5,643.8 (1,944.6)
KZT (repo SS)	KZT	*5.87 (6.20)	3,247.7 (7,850.7)	22,744.1 (54,930.8)
ALKSb	USD	15.50 (16.64)	2.9 (14.5)	20.5 (101.4)
KOMBb	USD	13.93 (14.46)	0 (40.1)	0 (280.3)
HSBKb	USD	12.78 (12.78)	14.0 (221.3)	97.9 (1,548.5)
KZT (repo PIS)	USD	*11.92 (–)	1.0 (0)	7.0 (0)
TMJLb	USD	11.49 (–)	94.6 (0)	13,503.2 (0)
KZOLb	USD	11.35 (11.35)	0 (63.5)	0 (444.0)
Euronotes-3	USD	10.64 (10.57)	1,099.4 (440.0)	7,699.6 (3,078.8)
Euronotes-4	USD	10.41 (10.55)	68.4 (165.9)	479.2 (1,160.5)
KKGBb	USD	10.22 (12.86)	0 (13.0)	0 (90.7)
MEKAVM	USD	*8.34 (7.51)	146.0 (527.3)	1,022.7 (3,689.3)

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

Tenge devaluation rate is estimated at weighted average rate of the main session of KASE in the week by a trend of **negative 10.26% APR** (tenge revalued against the dollar).

The yields, shown here, do not incorporate overhead expenses that are inevitable when conducting operations and fixing profits (commission and tax collections, membership fees etc). Marked by a star are the instruments with less than a year circulation term. Weighted average effective yields are given for them.

SECTOR OF PRIVATE ISSUE SECURITIES (PIS)

Primary market

On July 12 initial offering of the first issue bonds of RGP “Kazakhstan temir joly” (KZ2CLALN6A19, KASE official list of securities, category “A”, trade code – TMJLb) with 12 month circulation term finished at Kazakhstan stock exchange (KASE). The issue volume of the bonds equaled **15 mln U.S. dollars** at face value.

The issue was placed at the auctions in two parts: \$10 was placed with the participation of the underwriter with fixed obligations LLP “TuranAlem Securities” (Almaty) **on July 10** and **on July 12** – \$5 mln.

Total volume of the demand created by the participants upon the placement of two tranches reached **312,200 bonds for an amount of 28,103,505.60 U.S. dollars**, or \$31.220 mln in nominal terms of the debt, and exceeded the issue volume **2.08 times**.

Due to an exclusively favorable market conjuncture, the issuer did not have difficulties with the cut-off and placed all planned issue volume at acceptable for him yield.

Based on the demand parameters, the most active buyers of the bonds were the clients of brokerage and dealing companies, who controlled 46.9% of all submitted bids. The pension assets management companies (PAMC) are the second – 30.6%, the third – brokerage and dealing companies (20.8%) and the fourth – the second tier banks (1.6%).

Weighted average yield of RGP “Kazakhstan temir joly” bonds, calculated by the results of two offerings, has settled at **11.4889% APR** (90.0214% of the face value), including 11.5000% APR of the first part of the issue and 11.4667% APR of the second part. It is interesting to note that these yields are also maximum rates of these bonds. The yield was calculated based on actual number of days till the maturity, but using **360 day a year basis**.

At two auctions the issuer raised an equivalent of **\$13,503,210.00** (or **KZT1,927,718,337.30** at current rates of the Exchange), including at the offering of the first part of the issue – equivalent of **\$8,999,550.00** (**KZT1,284,685,732.50**), the second part – equivalent of **\$4,503,660.00** (**KZT643,032,574.80**).

Among satisfied bids the proportion of PAMC equals **56.7%**, and the rest of the bonds (**43.3%**) were bought by brokerage and dealing companies.

The securities being offered are discounted bonds indexed in respect of KZT/USD exchange rate. Face value of a bond is \$100. Total issue volume - \$15 mln at face value. Circulation term - 1 year. The date of issue and circulation - June 23, 2000. Maturity date - June 23, 2001. All payments related to the purchasing of the bonds, and their repayment are to be made in tenges at weighted average rate of the KASE main (morning) session, effective on the payment date.

The trades in secondary market in discounted inscribed bonds (KZ2CLALN6A19, KASE official list of securities, category "A", trade code **TMJLb**) of National state enterprise "Kazakhstan temir joly" **will start on July 14, 2000**. Beginning from this date LLP "TuranAlem Securities" will start working **as a specialist** at Exchange's trade floor. Minimum volume of mandatory quotations for the specialist on these securities is set at **500 bonds**. It is the block of bonds that is to be available to make a deal at any time during the trading day of KASE.

Secondary market

During observed period 11 deals amounting to **\$1,234 th.** (excluding initial offering of RGP "Kazakhstan temir joly" bonds) were made **in purchase and sale sector** of private issue securities (PIS) on trade floors of Kazakhstan stock exchange (KASE). Relative to previous period (\$2,045.0 th. 13 deals) weekly turnover of PIS decreased 1.7 times.

Results of the trades in shares from July 6 - 12

USD per share, unless otherwise specified

Issuer	Securities	Close	WA price	Volume	Best bid	Best offer
OJSC «Almaty Kus»	ALKS			0	0.15	0.31
OJSC «Bank TuranAlem»	BTAS	77.81		0	75.88	78.16
OJSC «Bank CenterCredit»	CCBN	1.40	0.98	225	0.98	0.98
CJSC «SHYMKENTPIVO»	CHPV	3.50	3.50	5,000	3.50	3.50
CJSC «SHYMKENTPIVO»	CHPVp	3.50	3.50	921	3.50	3.50
OJSC «Halyk Bank of Kazakhstan»	HSBK	0.91		0	0.91	1.82
OJSC «KAZKOMMERTSBANK»	KKGB	0.70		0	0.25	0.50
«Kazakhtelecom»	KZTK	15.00	13.94	70,000	15.00	12.87
«Kazakhtelecom»	KZTKp	10.00	10.00	1,060	10.00	8.00
OJSC «Kazzinc»	KZZN	4.40	4.40	4,900	4.40	4.40
OJSC «Mangistaumunaigas»	MMGZp	3.50	3.50	920	3.50	3.50
OJSC «SHNOS»	SYRG	1.63		0	1.30	
OJSC «Temirbank»	TEBN	7.39		0	0.70	6.00
OJSC «UKTMK»	UTMK	50.00		0	5.00	145.00
OJSC «UKTMK»	UTMKp	35.00		0	5.00	
OJSC «VALUT-TRANZIT BANK»	VTBNp	2.10	2.10	40,000	2.10	2.10

Results of the trades in bonds from July 6 - 12

yield for the buyer in % APR till maturity, unless otherwise specified

Emitter	Code	Currency	Last	WA	Volume, th. USD	Best bid	Best offer
OJSC «Almaty Kus»	ALKSb	USD	15.50	15.50	20.53	15.50	15.50
OJSC «Halyk Bank of Kazakhstan»	HSBKb	USD	12.78	12.78	97.90	12.78	12.78
OJSC «KAZKOMMERTSBANK»	KKGBb	USD	12.76	–	0	13.12	10.22
OJSC «Komirbank»	KOMBb	USD	14.46	–	0	35.50	13.93
CJSC «NOC «Kazakhoil»	KZOLb	USD	11.35	–	0	12.25	11.52

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 terms of volume of deals **common shares of "Kazakhtelecom"** (Astana, official list of securities, category "A", **KZTK**) were the leaders of the week, with their proportion in weekly turnover of PIS reaching 79.0%. Last week coupon bonds of OJSC "Halyk Bank of Kazakhstan" (Almaty, official list of securities, category "A", HSBKb) were the leaders in terms of turnover.

Compared to previous successful trading day (by the last deal of the period) the value of **KZTK** decreased 47.2%, **MMGZp** – 50.0%, **CCBN** – 30.0%. Whereas that of **KZTKp** grew 233.3%, **KZZN** – 5.0%, **VTBNp** – 22.3%. Data on the deals, bid and offer information, as well as description of trade codes are given in the tables.

The agency IRBIS draws the attention to the fact, that due to the narrowness of Kazakhstani market, these given dynamics of the share prices **do not depend** the results of financial and economic activities of their issuers and was influenced by exclusively local conjuncture.

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

- opening of 29 day repo on common shares of OJSC “Halyk Bank of Kazakhstan” for an amount of \$7,006.23 at **11.31% APR** in terms of dollars;
- closing of 91 day repo on preferred shares of JSCOT “Kazakhstanaspishelf” for an amount of \$29,852.00. Actual yield equaled **14.12% APR** in terms of tenge.

At the end of analyzed period **five** indexed PIS repos were opened for a total of **\$1,416.6 th.** on the trade floor of the Exchange. The following shares were used as an object of repo: OJSC “Bank CenterCredit” and OJSC “Halyk Bank of Kazakhstan”.

PIS lists

From July 10 of current year, based on the application of the trade member of KASE, common inscribed (KZ1C00922103, trade code – **CHPV**) and preferred inscribed (KZ1P00922108, trade code – **CHPVp**) shares of **CJSC “SHYMKENTPIVO”** were admitted to the trades in “Non-listed securities” sector under the second admittance level. The shares of **the third issue** are admitted into the trades.

Announced authorized capital of CJSC “SHYMKENTPIVO” is KZT100,570,000.00 and paid fully. Total of 201,140 shares at face value of KZT500.00 were issued, of which 181,026 are common and 20,114 are preferred shares. Primary activities of the company: production and commerce of beer and refreshments.

In total the company registered three issues. The first one was annulled due to changes in the emission structure, the second one canceled because of modification in the legal type of the company (from OJSC to CJSC).

CJSC “SHYMKENTPIVO” shares were admitted to KASE trades by the decision of General annual meeting of shareholders held on May 26, 2000. The decision prompted selling of 17,891 shares of the company (15,115 ordinary and 2,776 preferred shares) to one of the shareholders through the trade floor of the Exchange.

According to the National Securities Commission (letter of June 22, #03-14/4241), the shares can be sold on the non-listed floor applying the direct counter auction method if all requirements for sale of closed joint-stock company securities are met. It means that shares will be sold to the already known entity, which is in essence a private placement.

From July 11 of current year, based on the application of the trade member of KASE, common inscribed (trade code – **KSTR**) and preferred inscribed (trade code – **KSTRp**) shares of **OJSC “KASKOR-TRANSSERVICE”** (Aktau, Mangistau region) will be admitted to the trades in “Non-listed securities” sector under the second admittance level.

Announced authorized capital of OJSC “KASKOR-TRANSSERVICE” is KZT544,000,000.00, paid – KZT272,000,000.00. A single issue consisted of 1,360,000 shares with KZT200.00 face value, including: 1,224,000 common (KZ1C28870219) and 136,000 preferred (KZ1P28870214) shares. Primary activities of the company: cargo freight and passenger traffic by railroad and automobile vehicles; repair and construction of railroads; repair and maintenance of trucking vehicles and automobile transportation.

Capitalization

For July 12, 2000 total capitalization of the stock market for PIS of Kazakhstan (A+B+N without SBS) equaled **\$1,311.9 mln** or KZT187.2 bln at tenge to dollar rate of the Exchange, effective on that date. \$135.5 mln decrease in capitalization in terms of dollars relative to the last day of previous period at the time of entering the shares of CJSC “SHYMKENTPIVO” and OJSC “KASKOR-TRANSSERVICE” was caused by a resulting change in prices of mainly common shares of major companies (see above).

SECTOR OF STATE SECURITIES (SS)

Primary market

On July 7, 2000 the auction for **initial offering of the first issue coupon bonds of local executive body of Atyrau region** of Kazakhstan with 12 circulation term was held at Kazakhstan stock exchange.

The issuer of these securities is a local executive body (akim administration) of Atyrau region of Kazakhstan. Financial consultant and underwriter of the issue is CJSC “Fondovyi servis” (Almaty). Legal examination of the project has been conducted by LLP “Kazakhstan Legal Group”.

The bonds were allowed to circulate at KASE by the decision of the Exchange council, dated June 29, 2000 and based on the decision of the Board of KASE, dated June 30, 2000. By the resolution #636 of the Directorate of the National securities commission of Kazakhstan, dated July 5, 2000, the bonds can be purchased by the

pension assets management companies and CJSC “Gosudarstvennyi nakopitelnyi pensionnyi fond” (State accumulative pension fund) using the pension assets.

The issue, circulation and repayment of the bonds are regulated by the document “Issue, placement, circulation, repayment and servicing regulations of the bonds of local executive body of Atyrau region”, which was approved by the resolution #940 of the government of Kazakhstan, dated June 26, 2000.

Announced issue volume of the bonds is **KZT650 mln**. Face value is USD100. Coupon is semiannual. National identification number of the issue is KZ7041007A10. KASE trade code – ARU012.001. Circulation starts on **July 10, 2000**. Maturity date – **July 10, 2001**. Coupons are paid on January 10 and July 10, 2001.

10 KASE members take part at the auction, where they made 40 bids within a specified period of time. At closing of the auction 21 bids remained in the trade system of KASE to purchase 65,850 bonds with the face value of USD6,585,000.00, or KZT939,679,500.00 at current official rate of USD to KZT, set by the National Bank of Kazakhstan. Demand exceeded the supply 1.45 times.

Weighted average coupon rate of the bonds, calculated by all submitted bids, equaled 11.15% APR and varied from 10.50 to 12.49% APR.

The proportion of bids submitted by the pension funds reached 33.4% of all demand, the banks – 63.4%, clients of the banks – 2.7%, brokerage and dealing companies – 0.5%.

By the results of the auction cut-off rate is determined by the issuer at **10.99% APR**. Actual issue volume equaled **45,550 bonds** for a total of **USD4,555,000.00**. All **11** bids, that were not cut off, will be satisfied at specified cut-off rate.

In actual issue volume the proportion of bids made by the pension funds reached **37.3%**, the banks – **61.5%**, clients of the banks – **0.8%**, brokerage and dealing companies – **0.4%**.

Actual issue amount in tenge was set at an official rate of the National Bank, effective on July 9, 2000 (KZT142.70 per dollar), and equals **KZT649,998,500.00**. Thus, the issuer has placed all planned issue volume on acceptable terms.

Secondary market

In SS **purchase and sale sector** of KASE total volume of **70 deals** reached **KZT2,231.6 mln**. In previous period the volume exceeded KZT1,541.3 mln with 45 deals made. The activation of the secondary SS market can be explained by firming of the tenge against the dollar during this week. Thanks to this, the volume of deals in the bonds non-indexed by the devaluation grew three times, and the proportion of these securities doubled in total turnover. Certain impact has been made by a shrinkage of the primary market, since the Ministry of finance did not conduct SS auctions in the second half of the last calendar week due to favorable situation with the budgetary financing.

The activation of the euronotes in the sector draws the attention, namely – the third issue euronotes. Noticeable growth in the volume of deals here was caused by the activation of the bank clients in purchasing the bonds of this issue, and the reasons of doing this are not clear to the analysts of IRBIS yet.

Parameters of stock exchange transactions in SS from July 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, 6, 12, notes						
	36.1% (18.0%) of purchase and sale sector's turnover					
15 - 28	8.50	12.57	8.50	9.87 (10.21)	16.7	5
43 - 56	10.30	11.47	11.24	10.94 (10.90)	159.1	8
64 - 91	11.20	15.70	15.70	12.75 (14.94)	135.7	3
92 - 181	12.61	13.14	12.62	12.66 (14.99)	139.6	4
182 - 364	14.00	14.14	14.00	14.01 (-)	354.8	10
Total					805.9 (277.9)	30 (13)
Discounted indexed SS: MEKAVM-6						
	6.5% (34.2%) of purchase and sale sector's turnover					
15 - 28	5.15	5.15	5.15	5.15 (-)	7.7	2
64 - 91	7.05	8.43	8.43	7.91 (8.02)	51.3	3
92 - 181	8.42	8.80	8.42	8.48 (8.46)	87.0	5
Total					146.0 (527.3)	10 (17)
Euronotes of Kazakhstan, USD						
	57.3% (32.4%) of purchase and sale sector's turnover					
*800 - 806	9.44	9.71	9.71	9.54 (9.62)	111.8	7
**1,536 - 1,542	10.39	11.10	10.77	10.64 (10.57)	1,099.4	21
***2,459 - 2,460	10.34	10.55	10.55	10.41 (10.55)	68.4	2
Total					1,279.7 (665.8)	30 (13)
SUBTOTAL					2,231.6 (1,541.3)	70 (45)

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

In SS repo sector **94 deals for a total of KZT5,972.7 mln was made during the period**. Of this number 48 deals (for KZT3,247.7 mln) were repo opening deals and 46 (KZT2,725.0 mln) were repo closing deals. Last week total turnover of this sector of the market was at KZT11,003.5 mln. Quick shrinkage of this segment is explained, on one hand, by an excessive liquidity of the second tier banks in tenge at the end of last calendar week, and on the other hand, by the same decrease in the exchange rate of the dollar, which made it unprofitable to attract short money to work in the currency circulation sector.

Parameters of repo opening deals in SS at KASE from July 6 - 12

(in parentheses – comparable figures for previous period)

Opening date	Term of repo, days	Currency	Amount raised, mln KZT	WA yield, % APR	Number of deals
July 6.00	1	KZT	442.7	4.85	8
July 6.00	4	KZT	144.5	5.50	1
July 7.00	3	KZT	455.2	4.82	9
July 7.00	21	KZT	1,000.0	6.50	1
July 10.00	2	KZT	20.7	6.00	2
July 10.00	3	KZT	56.2	6.00	6
July 11.00	1	KZT	322.5	4.97	6
July 11.00	2	KZT	134.8	5.33	6
July 11.00	14	KZT	401.1	7.00	4
July 12.00	1	KZT	133.0	4.63	3
July 12.00	2	KZT	137.0	5.00	2
TOTAL			3,247.7 (7,850.7)		48 (60)

After closing of the trades on July 12 total amount of opened repo equaled **KZT6,273.0 mln**. Current weighted average rates as of July 12 (% APR) equaled: for **1 day** (KZT133.0 mln) – **4.63%**; for **2 days** (KZT271.8 mln) – **5.16%**; for **3 days** (KZT56.2 mln) – **6.00%**; for **14 days** (KZT2,901.0 mln) – **6.83%**; for **21 days** (KZT2,500.0 mln) – **6.80%**; for **25 days** (KZT20.1 mln) – **12.00%**; for **30 days** (KZT26.2 mln) – **10.99%**; for **42 days** (KZT364.7 mln) – **11.73%**.

Total of 164 deals amounting to **KZT8,204.3 mln** were made **on trade floors of KASE** during last period (purchase and sale and repo sector). Last week volume of 163 deals was KZT12,544.8 mln. As it was shown above, decrease in total turnover was caused solely due to a shrinkage of repo sector.

In this week **proportion 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 70.1%, for last week it was 62.9%.

Information of the companies

OJSC “NEFTEBANK” (Aktau, official list of securities, category “B”) in accordance with the listing requirements, provided KASE with its 1999 financial statements (balance sheet, income and cash flow statements), the materials of annual shareholders general meeting, which was held on March 29, 2000 (minutes, the report of the Board and 1999 report of the Revision commission), as well as with its financial statements for the I quarter of 2000 (balance sheet and income statement).

Following are 1999 results of the issuer (in th. KZT):

Indicator	As of		Change, %
	Jan.1,99	Jan.1,00	
Authorized capital (paid)	479,197	544,773	+13.7
Shareholders' equity	852,006	1,026,114	+20.4
Total assets	1,566,121	2,458,932	+57.0
Liquid assets	258,853	545,793	+110.9
Loans and deposits	683,900	1,405,519	+105.5
Loans granted	1,078,699	1,433,382	+32.9
Operating income	634,016	490,011	-22.7
General expenses	544,249	448,904	-17.5
Net income of the period	89,767	41,107	-54.2
Calculated based on the data of the issuer:			
Return on equity (ROE), %	10.54	4.01	-62.0
Return on assets (ROA), %	5.73	1.67	-70.8
Earnings per share (EPS), KZT	187.33	75.46	-59.7
Price earnings ratio (P/E)	5.34	13.25	+148.3
Book value of a share, KZT	1,777.99	1,883.56	+5.9

Compared to 1998 growth took place in:

- shareholders' equity of the bank – by KZT174.11 mln, or 20.4% (increase in paid portion of the authorized capital – by KZT65.58 mln, fund for re-evaluation of fixed assets – by KZT161.90 mln, with the decrease in undistributed income – by KZT53.23 mln and reserve fund – KZT0.14 mln);

- assets – by KZT892.81 mln, or 57.0%;
- liabilities – by KZT718.70 mln, or 100.6%;

Operating income of the bank fell by KZT144.00 mln, or 22.7% relative to 1998, expenses – by KZT95.34 mln, or 17.5%. Net income of OJSC “Neftebank” in 1999 fell by KZT48.66 mln, or 54.2% to previous year, at KZT41.11 mln.

Following table contains the dynamics of some indicators of OJSC “Neftebank” in 1999 on a quarterly, non-accruing basis (in mln KZT):

Indicator	I-99	II-99	Change, %	III-99	Change, %	IV 99	Change, %
Client deposits	-75.58	309.98	+510.1	73.16	-76.4	134.34	+83.6
Operating income	108.01	176.49	+63.4	88.48	-49.9	117.03	+32.3
Net income	-13.79	59.85	+534.1	7.64	-87.2	-12.59	-264.9

Based on approved agenda of the meeting, the shareholders of OJSC “NEFTEBANK” approved financial statements, the report of the Board and 1999 act of the Revision commission, as well as:

- approved the report on 1999 revenues and expenses estimates and delegated the Board of directors to examine and approve 2000 revenues and expenses estimate;
- made a decision to direct KZT175 mln undistributed income of previous years to dividends and declare dividend payments at 32.1% per share with subsequent use of dividends for the capitalization of the bank;
- approved the changes and amendments into the Charter of the bank to make it to comply with the Decree of the President of Kazakhstan “On banks and banking activities”;
- approved the assignment of “Arthur Andersen” as an independent auditor of the bank for the year 2000;
- made a decision to sell 50% stake in the brokerage company LLP “NB Service”, established in 1997 with the participation of the bank.

In addition, the matter on authorized capital of the bank, which equaled 10 mln U.S. dollars after the registration of the 7th issue of shares (with immediate cancellation of the 5th and 6th issues) on October 15, 1999, was discussed at the meeting. By the recommendation of the National Bank of Kazakhstan, the banks-residents should issue their shares in national currency, and therefore, conduct conversions not later than July 1, 2000. To comply with this recommendations, as well as with other requirements of the National Bank on minimum amount of authorized capital, the authorized capital is to be increased by KZT321 mln through the contributions of the shareholders, or using the expenses of the bank. Due to the fact that these terms were considered unacceptable, the shareholders approved following decisions:

- intercede with the National securities commission of Kazakhstan (NSC) for canceling the 7th issue of shares for a total of 10 mln U.S. dollars and restoration of the 5th and 6th issues for a total of KZT1 bln;
- in case of the NSC’s denial, convert the authorized capital at the exchange rate, which was effective on the registration date of the 7th issue (KZT132.10 per dollar) and announce the 8th issue for an amount of KZT1,321 mln.

The chairman of the Board of OJSC “NEFTEBANK”, Suindinov J. made a speech on 1999 results. It was said that despite the difficulties of the year 1999, the bank had been able to retain its clients and kept working on expansion and development of its range of services. The bank has 1,900 legal entities and 15,000 private persons as its clients.

The payment turnover of the bank in 1999 was about KZT59.89 bln. The currency of the balance sheet increased from KZT1.57 bln to KZT2.46 bln within a year, shareholders’ equity – from KZT0.85 bln to KZT1.03 bln. In 1999 income equaled KZT604.31 mln, expenses – KZT536.79 mln, before tax income – KZT67.52 mln. net profit – KZT41.11 mln. The amount of attracted deposits of private persons is KZT516.33 mln.

In 1999 under the program of small and middle business support of the Ministry of finance KZT223.85 mln worth of loans were granted through OJSC “NEFTEBANK”. Granting loans is the major direction of the bank’s activities. In 1999 total amount of loans equaled KZT1.53 bln. Among the branches of the economy they were distributed as follows: oil and gas industry – 10.9% of the loan portfolio, processing industry – 7.2%, transportation – 8.2%, utilities – 8.5%, trade and commerce – 3.2%, communication – 1.9%, agriculture – 1.8%, hotel business – 3.3%, others – 45.4%. Volume of provisions formed by the end of 1999 equaled KZT119.96 mln, or 7.7% of the loan portfolio. In 2000 the agreement was signed with CJSC “Eximbank Kazakhstan” for an amount of 1.5 mln U.S. dollars to get financing for the construction of a dairy plant.

To satisfy the needs of the clients completely in 2000 OJSC “NEFTEBANK” plans to offer safe services and get into the market of plastic cards (preliminary agreement of the international VISA International permitting the bank to join in this organization was obtained).

(Aktau, official list of securities, category "B") in accordance with the listing requirements provided Kazakhstan stock exchange (KASE) with.

Following are the results of OJSC "NEFTEBANK" in the I quarter of 2000 (in th. KZT):

Indicator	Change, %		
	As of Apr.1,99	As of Apr.1,00	
Authorized capital (paid)	469,576	544,773	+16.0
Shareholders' equity	828,592	1,009,750	+21.9
Total assets	1,468,060	2,549,316	+73.7
Liquid assets	177,235	478,772	+170.1
Loans and deposits	683,900	1,586,170	+131.9
Loans granted	1,044,091	1,556,135	+49.0
Operating income	108,008	96,612	-10.6
General expenses	121,797	112,976	-7.2
Net income of the period	(13,789)	(16,364)	-18.7

Compared to similar period of 1999:

- shareholders' equity of the bank grew by KZT181.16 mln, or 21.9% (paid portion of the authorized capital – by KZT75.20 mln, fund for re-evaluation of fixed assets – by KZT162.15 mln, with the decrease in final amount of undistributed income – by KZT56.06 mln and re-evaluation reserve – KZT0.14 mln);
- assets rose by KZT1.08 bln, or 73.7%;
- liabilities – by KZT900.10 mln, or 140.8% (KZT696.38 mln – growth in deposits);
- operating income shrank by KZT11.40 mln, or 10.6%;
- expenses – by KZT8.82 mln, or 7.2%.

By the results of the I quarter of current year OJSC "Neftebank" received KZT16.36 mln income, which is by KZT2.58 mln more than in similar period of last year.

OJSC "UKTMK" (Ust-Kamenogorsk, official list of securities, category "A"), in accordance with the listing requirements, provided KASE the auditing report of "Deloitte & Touche" (Almaty, Kazakhstan) made on 1999 financial statements of the issuer, and the materials of annual shareholders general meeting, which was held on May 25, 2000 (minutes, the report of the Board and 1999 report of the Revision commission).

Based on independent auditor, who finished working on the report on March 25, 2000, the following are the results of the issuer in 1999 and 1998 (in th. KZT):

Indicator	1998	1999
Authorized capital (with adjustment to inflation)	24,021	24,021
Shareholders' equity	6,569,480	6,811,466
Total assets	8,238,260	8,611,578
Net working capital	1,391,798	1,436,963
Accounts receivable (net)	496,158	469,446
Accounts payable	742,050	1,175,729
Sales (services offered)	7,384,749	5,939,705
Cost of goods sold (services offered)	5,583,691	4,705,163
Net income	951,789	2,446
Calculated by the data of auditing report:		
Return on sales (ROS), %	24.39	20.78
Return on equity (ROE), %	14.49	0.04
Return on assets (ROA), %	11.55	0.03
Earnings per share (EPS), KZT	976.69	–
Price earnings ratio (P/E)	6.45	–
Book value of a share, KZT	6,087.93	6,312.17

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

According to the main accounting principles:

- paid authorized capital of the company (KZT21,582 th.) was shown by the auditor with KZT2,439 th. adjustment to the inflation;
- inventories were shown at the least re-evaluation average cost or at the market value, which is determined by weighted average method:

- accounts receivable is shown at net sales cost after the deductions of bad debt reserves;
- re-evaluation of non-cash assets and liabilities is made by using the coefficient that shows the change in the measurement unit from the purchase date or entering into the balance sheet date to the reporting date;
- income is shown at the moment when the products leave the plant and shipped to the customer.

In the opinion of “Deloitte & Touche”, financial statements give reliable picture of financial situation of OJSC “UKTMK” in all essential aspects as of December 31, 1999, as well as its results and cash flow statements based on International accounting standards.

At annual general meeting the shareholders of OJSC “UKTMK” approved financial statements, the reports of the Board and of the Revision commission, as well as:

- approved KZT25,960 th. fund of dividends, or KZT20.60 per share (including 15% income tax paid by the issuer); set July 20, 2000 as the payment beginning date;
- approved KZT41,294 th. production development fund;
- assigned “Deloitte & Touche” (Almaty, Kazakhstan) as the auditor for the year 2000.

On behalf of the Board of OJSC “UKTMK” the president (the chairman of the Board) of the company, Shayakhmetov B.M. made a speech on 1999 results. It was said that in 1999 the situation on the titanium market was difficult. The crisis that broke out in South-East Asia caused the denials of previously agreed deliveries of airliners from the U.S., which made the demand for high quality titanium to fall. As a result, stocks of titanium have increased throughout the whole production lines. To ease negative impact of the shrinkage in titanium market the company took some measures to increase the production of commercial magnesium. The sales of magnesium were increased 2.4 times relative to 1998. However, it did not compensate for the loss of spongy titanium exports, moreover, the demand and price of this metal keeps falling, and the situation on the market is still difficult. Therefore, the measures are taken to reduce the production costs, the use of materials, energy and labor resources is strictly monitored.

Further it is said that the decline in the demand for spongy titanium on the world market was caused by a decrease in production and sales of titanium. In 1999 commodity output reached KZT5.96 bln, or 19.5% less than in 1998. Profitability equaled 15.8%. Before tax income in the reporting period equaled KZT375.09 mln, net income – KZT67.25 mln. The company’s assets grew by KZT488.26 mln (7.1%) relative to 1998, at KZT7,351.44 mln.

The company’s financial situation stabilized mainly due to “Specialty Metals Company Ltd.” (the owner of 65.67% of OJSC “UKTMK” shares), which granted KZT399 mln loan to restore working capital in 1999, as well as KZT246.55 mln investments into construction, startup works, and modernization of technological equipment of the ilmenite concentrate melting workshop, and 540 th. U.S. dollars into the development of Satpaevskii ilmenite deposit site.

Despite the difficulties of the year 1999, OJSC “UKTMK” received a profit and completed its production program in all major aspects:

- geological survey works at Satpaevskii deposit site were financed, which resulted in official approval of high quality ilmenite reserves and obtaining a license to develop it;
- the Japanese specialist have developed a business-plan of the construction of a mining and enrichment combine to present it to a bank, and which proves high profitability of the project, and it is currently under consideration;
- melting complex of ilmenite concentrates from the Kazakhstani deposit sites was put into service (16 mln U.S. dollars of foreign investments);
- a “boiling layer” furnace was built (4 mln U.S. dollars of foreign investments), which makes it possible to use magnesium ore of non-traditional suppliers;
- the spongy titanium production quality certification program was implemented in accordance with international standards ISO 9002 (the certificate #01 100005026 was issued to OJSC “UKTMK” on April 28,00 by the General committee of the German TUF CERT and it is valid till May 2003).

OJSC “Mangistaumunaigas” (Aktau, official list of securities, category “B”) has informed Kazakhstan stock exchange (KASE) of calling annual shareholders general meeting on August 10 with the following agenda:

- Approval of the calculation commission members.
- Report of the General director on the company’s financial and economic activities in 1999; approval of the annual financial statements.
- Report of the Revision commission.

- On auditing report.
- On distribution order of the company's net income received in 1999.
- Approval of 1999 dividends to the shares of OJSC "Mangistaumunaigas".
- On making changes in the Charter.
- On the auditor of the company.

The meeting is to be held at: 6th microdistrict, building 1, Aktau, Mangistau region. If the quorum is not reached the next shareholders meeting will be held on August 11.

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