

WEEK OF STOCK MARKET OF KAZAKHSTAN

January 20 - 26

1 US dollar = **139.50** tenge at official rate for the end of the period
 1 US dollar = **139.40** tenge at weighted average rate of the Exchange for the end of the period

Trades in corporate securities

During observed week the volume of deals made in private issue securities (PIS) on trade floors of Kazakhstan stock exchange (KASE) reached its record high, for 6 deals it equaled **\$15,972.7 th.** against \$1,421.5 th. of last period.

Absolute leaders of the week both in monetary terms and in number of securities were common shares of **OJSC "SHNOS"** (Shymkent, official list of securities, category "A", SYRG), which accounted for 96.4% or **\$15,399.99 th.** of the total weekly turnover of PIS. Weighted average price of SYRG has settled at \$1.21 per share. Compared to previous successful trades (December 29, 1999) price of SYRG (by the last deal of the week) decreased 26.8%.

Volume of deals made during the week in preferred shares of "**KAZAKHTELECOM**" (Almaty, official list of securities, category "A", **KZTKp**) amounted to \$572.45 th. Weighted average price of KZTKp decreased 33.7% relative to last week, at \$5.95 per share. Market value of KZTKp decreased 33.3% within a week.

One more deal was made in common shares of **OJSC "GEOTEKS"** (Almaty, "Non-listing securities" sector, first admittance level, date they were entered into trades – January 12, 00, par value of a share – KZT25.00, **GEOT**).

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

Results of the trades in private issue securities from January 20 - 26

USD per share, unless otherwise specified

Company	Securities	Open	Max	Min	Close	Volume, #	Offer	Bid	Count
OJSC «Bank TuranAlem»	BTAS				72.41	0	75.20	73.16	0
OJSC «Halyk Bank of Kazakhstan»	HSBK				2.00	0	2.00		0
OJSC «KAZKOMMERTSBANK»	KKGBb				98.20	0	100.39	98.39	0
«KAZAKHTELECOM»	KZTKp	5.00	6.00	5.00	6.00	96,290			2
OJSC «SHNOS»	SYRG	1.42	1.42	1.04	1.04	13,028,307	1.11	0.80	3
OJSC «Mangistaumunaigas»	MMGZp				3.50	0	3.40		0
OJSC «GEOTEKS»	GEOT	0.17	0.17	0.17	0.17	1,447	*0.17		1
JSC «Aktobemunaigas»	AMGZp				2.00	0	*4.00		0
JSCOT KTSSHK	KCSK					0	*0.40		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.

Capitalization of the stock market for PIS

For January 26, 2000 total capitalization of the stock market for PIS of Kazakhstan (A+B+N without SBS) equaled **\$2,203.3 mln** or KZT307.1 bln at tenge to dollar rate of the Exchange, effective on that date. It is \$34.0 mln decrease in capitalization in terms of dollars during seven days, notwithstanding the changes in the trade lists of the Exchange (see below) was caused by a noticeable decrease in prices of common shares of OJSC "SHNOS" and preferred shares of "KAZAKHTELECOM" (see above).

Trades in depository receipts of Kazakhstani emitters

On German stock exchanges during the observed period:

- prices of depository receipts of OJSC «KAZKOMMERTSBANK» were moving bilaterally, but at the end of the period they were fixed lower than they were a week ago;
- GDR of «KAZAKHTELECOM» were quoted at the same level of previous period;
- depository receipts of «SHNOS» were quoted at closing levels of previous week on Berlin stock exchange, and some growth is being observed on Frankfurt stock exchange.

Results of the trades in GDR of Kazakhstani companies on German stock exchanges from January 20 - 26

in euro per GDR, unless otherwise specified

Company	Stock Exchange	Open	Max	Min	Close	Price USD
OJSC «KAZKOMMERTSBANK»	Berlin	8.80	9.10	8.30	8.30	↓ 0.28
	Frankfurt	8.85	9.10	8.10	8.10	↓ 0.27
«KAZAKHTELECOM»	Berlin*	3.75	3.75	3.75	3.75	↓ 11.26
OJSC «SHNOS»	Berlin*	3.60	3.60	3.60	3.60	↓ 0.72
	Frankfurt*	3.60	3.60	4.00	4.00	↑ 0.80

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 **66.06** on January 26 closing, 7.52 point decrease within a week.

Trades in state securities

During the next period no remarkable changes were observed in **purchase and sale sector** for state securities of KASE. In absolute monetary terms total turnover of **58 deals** decreased only 4.2%, at **KZT1,803.7 mln**. Last week it was KZT1,882.1 mln (59 deals).

Parameters of stock exchange transactions in SS from January 20 - 26

(in parentheses are comparable figures of the previous period)

Days till maturity	min	Yield to maturity for a buyer, % APR.			Volume, mln tenge discounted	Number of deals
		max	last deal	weighted average		
Discounted SS: MEKKAM-3, 6, notes of the National Bank			58.3% (36.5%) of purchase and sale sector's turnover			
15 – 28	12.19	13.57	12.19	13.12 (13.39)	122.0	8
29 – 36	14.02	15.19	14.38	14.91 (16.13)	142.5	7
37 – 42	13.46	14.18	13.46	13.89 (–)	242.0	8
43 – 56	13.59	14.20	13.59	13.88 (14.54)	263.6	4
57 – 63	14.16	14.16	14.16	14.16 (14.50)	108.0	2
64 – 91	15.47	15.47	15.47	15.47 (15.18)	150.0	2
92 – 181	16.26	16.26	16.26	16.26 (16.52)	24.2	2
Total					1,052.2 (686.1)	33 (25)
Discounted indexed SS: MEKAVM-9			10.9% (23.9%) of purchase and sale sector's turnover			
182 – 364	9.69	9.71	9.69	9.70 (9.63)	196.7	6
Total					196.7 (449.9)	6 (12)
Euronotes of Kazakhstan, USD			30.8% (39.6%) of purchase and sale sector's turnover			
*971	10.7848	10.9819	10.9819	10.88 (10.79)	108.5	3
**1702 - 1708	11.2735	11.5123	11.2735	11.39 (11.51)	446.3	16
Total					554.8 (746.2)	19 (22)
SUBTOTAL					1,803.7 (1 882.1)	58 (59)

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.

The secondary market for SS in many ways reflected the stability of tenge in currency circulation sector. Distinctive feature of the period – the stability itself.

The most explicit feature of the period – significant growth in volumes of deals in discounted papers, denominated in tenge. Portion of these securities in total turnover of the market rose one and a half times, which reflects a decline in devaluation expectations of the market participants for the next one and a half or two months. This is also confirmed by the return, which significantly decreased for the shortest SS.

A wide range of discounted debts in tenge were presented in the market that were actively quoted by the traders. The last few days of the period were characterized by a high and constant demand for SS of this type with 40-43 days of circulation. At the same time, longer papers were offered for sale. Results of the compromise can be found in the table, where most of the deals were made in SS with 37-56 days of circulation. Probably, this is the term the traders can make market predictions for.

Significant activation of the banks attracting short money is being observed in **the repo sector**. During the period volume of 16 deals reached **KZT1,136.7 mln**, including for 10 repo opening deals – KZT791.7 mln, for 6 repo closing deals – KZT344.9 mln.

Parameters of repo opening deals in SS at KASE for January 20 - 26

(in parentheses – comparable figures of previous period)

Opening date	Term of repo, days	Amount raised, mln KZT	Weighted average yield, % APR	Number of deals
Jan.21.00	3	25.1	4.50	2
Jan.21.00	7	150.6	9.50	4
Jan.25.00	3	589.1	3.50	2
Jan.26.00	30	27.0	15.00	2
TOTAL		791.7 (118.0)		10 (2)

The activation is partially explained by a noticeable deficit of tenges in bank accounts in the beginning of the period, which is proved by quite high repo rates (see table). However, by the mid of the week short term liquidity of the most of the market participants have been restored. But the sector kept working, though the price of short money remarkably decreased.

After closing of trades on January 26 total amount of repos opened on the trade floor reached **KZT766.7 mln**. Current repo rates for January 26 (% APR):

- for 3 days (KZT589.1 mln) – **3.50**;
- for 6 days (KZT150.6 mln) – **9.50**;
- for 30 days (KZT27.0 mln) – **15.00**.

Total of 74 deals amounting to **KZT2,940.0 mln** were made **on trade floors of KASE** during last period (purchase and sale and repo sector). Last week volume of 61 deals reached KZT2,000.1 mln.

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 **61.6%**, for last week it was 50.1%.

Changes in trade lists

Based on the petition of the members of Kazakhstan stock exchange (KASE) following financial instruments are entered into trades in “Non-listing securities” sector with the second level of admittance.

From January 20 of this year common inscribed (trade code – **ZHEN**) and preferred inscribed (trade code – **ZHENp**) shares of **OJSC “Jyluenergya”** (Aktobe). Announced authorized capital of OJSC “Jyluenergya” is KZT120,000,000.00 and fully paid. Total of 60,000 shares were issued, including: common inscribed (KZ1C19170314) – 45,000, preferred inscribed (KZ1C19170319) – 15,000. Share par value – KZT2,000.00. Primary activities of the company: provision of heat to the population, housing and other consumers using its own thermal energy, and obtained from other centralized sources as a seller.

From January 25, bonds of **OJSC “Komirbank”** (Ekibastuz, trade code **KOMBb**). OJSC “Komirbank” – regional bank of Kazakhstan. As of December 1, 99 paid authorized capital of the bank was equal to KZT1.50 bln, shareholders’ equity – KZT1.57 bln.

General information on the securities issue:

Issue registration date:	December 21, 1999
Type of the securities:	coupon bonds
NIN	KZ2CCAEQCA00
Par value, in USD:	10.00
Issue volume, in USD:	2,000,000.00
Number of securities issued:	200,000
Interest rate (coupon):	12% APR

The issuer's register is maintained by LLP “NEZAVISIMYI REGISTRATOR “KAZAKHSTAN”, license of the National securities commission of June 3, 1997, #200550023.

Placement and circulation starting date – December 26, 1999.

Maturity date of the bonds – December 26, 2000.

Payments for the bonds being offered is made in tenges at the exchange rate of the National Bank of Kazakhstan effective on the payment date. Coupons on these bonds are paid semiannually: on June 26, 2000 and December 26, 2000 based on the calculation time base of 364/31, in tenge at official rate of the National Bank of Kazakhstan effective on the payment date. Coupons are paid to those owners who bought the bonds thirty days prior to the coupon payment date. Bonds are paid off at par value in tenge at official rate of the National Bank of Kazakhstan effective on the repayment day by transferring money to the accounts of the

bondholders, who were registered in the register five banking days prior to the maturity date – December 21, 2000. No lotteries are planned by the Clauses of the issue. Funds, raised from the issue, will be used for general corporate needs in accordance with the Charter of the bank.

Changes in trade schedule

By the decision of the Board of Kazakhstan stock exchange (KASE), dated January 25, 2000, the following schedule of the trades will be enacted **from February 1, 2000**.

- Trades in foreign currencies (USD, DEM, EUR, the main morning session) on TOD terms (the same day delivery, T+0) – **from 10:15AM to 11:00AM**.
- Trades in U.S. dollars (additional session) on TOD terms – **from 11:30AM to 3:30PM**.
- Trades in U.S. dollars on TOM (next day delivery, T+1) and on SPT terms (delivery by the scheme T+2) – **from 2:00PM to 6:00PM**.
- Trades in futures contracts – **from 10:30AM to 1:00PM**.
- Trades in state securities – **from 11:30AM to 7:30PM**.
- Trades in private issue securities – **from 11:30 to 5:00PM**.

Trades are held daily on business days.

Information about the companies

According to listing requirements **JSC “Borly”** (Karagandy, official list of securities, category “B”) provided Kazakhstan Stock Exchange (KASE) with the materials of shareholders general meeting, which was held on December 23, 1999.

The meeting was opened by the chairman of the union committee of JSC “Borly” – Shpak V.I., who made clarifications to the shareholders about the matter on voluntarily reorganization of the company by joining it to OJSC “Corporation Kazakhmys”, and which remains the main point in the agenda of the shareholders general meeting.

On June 30, 1997 a contract was signed between the government of Kazakhstan and “Samsung Deutschland GmbH” (Schwallbah, Germany) to pass 80% of JSC “Borly” shares and 39% of state owned block of shares of affiliated joint stock companies to this company under the trust management for 3 years. On December 25, 1998 the managing company bought controlling block (98.01% of the authorized capital – *comm. KASE*) of JSC “Borly” shares, and on January 4, 1999 – state blocks of affiliated companies. By the general authorization of “Samsung Deutschland GmbH” JSC “Borly” and affiliated companies are managed by OJSC “Corporation Kazakhmys”.

Manager of JSC “Borly” (representative of “Samsung Deutschland GmbH”) – Sergeev A.V. reminded the shareholders that the company was created on the base of State enterprise “Karagandauglerazrezy” and embodies four affiliated companies: AJSC “Razrez Kuu-Chekinskii”, AJSC “Razrez Molodejnyi”, AJSC “Nurinskoe PTU” and AJSC “Prishachtinskaya avtobaza”. Presently, JSC “Borly” is a united production complex of technologically intertwined enterprises for uninterrupted extraction of coal and its delivery to the customers.

Further it is said that with emergence of the managing company affiliated companies began to work steadily: inventory supply improved, barter deals were cancelled, coal is shipped on 100% prepayment terms based on signed contracts. As a result, cost per ton of extracted coal has decreased, which allowed the company to compete in energy market of Kazakhstan and to ship coal not only to power plants of OJSC “Corporation Kazakhmys”, but also to others: Akmola, Almaty and Karagandy. Besides, thanks to the investments of the managing company a walking excavator was purchased for \$1 mln and it is planned to put it into service in early January of 2000.

Referring to these data, the manager of JSC “Borly” pointed out that by being under the management of OJSC “Corporation Kazakhmys” the company has significantly improved its results, however, for a stable work of affiliated companies of JSC “Borly” the company should be merged with OJSC “Corporation Kazakhmys”. As a result of a merger JSC “Borly” will lose its status of a legal entity and will become a structural subdivision of OJSC “Corporation Kazakhmys” and in return it will receive a world-know name, direct low interest investments, expansion of social benefits of the workers of OJSC “Corporation Kazakhmys”, and its direct protection.

According to preliminary technical and economic ratios, presented by JSC “Borly”, the company has achieved following results in 1999:

- volume of ores reached 11.91 mln cubic meters or 103.3% of the plan;
- coal production – 5.91 mln tons or 101.9% of the plan;
- mining works – 8.36 mln cubic meters or 103.3% of the plan;

- coal shipments – 5.98 mln tons or 106.7% of the plan;
- coal sales – 6.00 mln tons or 107.0% of the plan;
- sales proceeds – KZT2.36 bln or 121.3% of the plan.

According to the agenda of the meeting the shareholders made the following decisions:

- reorganize JSC “Borly” by joining it to OJSC “Corporation Kazakhmys”;
- approve the merger agreement and transfer acts;
- authorize the manager of JSC “Borly” – Sergeev A.V. to sign the merger agreement, transfer act and other supplements.

On the same day (December 23, 1999) General meetings of the shareholders of affiliated joint stock companies of JSC “Borly” were held, where the decisions were made to merge with OJSC “Corporation Kazakhmys”.

According to the listing requirements, “**KAZAHELECOM**” (Almaty, official list of securities, category “A”) provided Kazakhstan Stock Exchange (KASE) with the protocol of Shareholders extraordinary general meeting.

At the Extraordinary general meeting, which was held on December 15, 1999, “KAZAHELECOM” shareholders have ratified the following decisions of the Board:

- to receive \$50 mln loan from European Bank for Reconstruction and Development (EBRD) to finance telecommunication projects;
- about the money deposit agreement to secure fulfillment of its obligations under the General agreement on opening \$23 mln credit line with OJS “KAZKOMMERTSBANK”, dated April 5, 99 (it includes previous four agreements on special \$18,515,617 credit servicing, and also the agreement on granting \$2,301,272 bank warranty and \$5,132,600 credit agreement).

The following questions were removed from the agenda:

- to sell part of state owned block of OJSC “KAZAHELECOM” shares to EBRD – due to an absence of agreement at the time the meeting was held;
- to receive up to \$10 mln loan from “Export Development Corporation” (EDC) to finance the deliveries of “Nortel” (Netas, Vesnet) equipment and stations with average capacities, which is considered not a big transaction according to the Law “About joint-stock companies”.

The question concerning an additional election of OJSC “KAZAHELECOM” Board members is postponed till the next General meeting due to the necessity of receiving interpretations of the term “affiliated person” from the Ministry of Justice.

The general agreement on opening \$23 mln credit line with OJSC “KAZKOMMERTSBANK” was ratified by OJSC “KAZAHELECOM” shareholders at the Extraordinary general meeting of May 21, 1999. At that meeting the following bank loans were authorized also:

- \$4,000,000 from “Credit Lyonnais” to make an investment into International satellite organization “Intelsat”;
- \$10,000,000 from “Citibank Bahrain” to working capital replenishment;
- DM7,148,161 from “ABN AMRO Bank N.V.” to finance the contract on delivery of international and long distance stations by “Lucent Technologies” to Almaty, Taraz, Ural'sk and Aktjubinsk;
- \$5,097,150 from “Bank Leume Le Israel B.M.” to finance the contract on delivery of DAMA system equipment by “Gilat”, and \$2,456,172 to finance equipment delivery by “Tadiran”.

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