

WEEK OF STOCK MARKET OF KAZAKHSTAN

May 20 – 26

Money market indicators as of May 26 and change for the period

Term	Currency	Rate	Trend
“Overnight” on autorepo at KASE(TONIA)			
1 day	KZT	2.65	-3.19
Repo opening at KASE (WA, % APR)			
1 – 2 days	KZT	2.78	-3.11
5-7 days	KZT	3.69	-1.47
14 days	KZT	3.70	-2.40
28 days	KZT	6.11	-1.29
KIBOR (indicative, % APR)			
1 week	KZT	6.00	+1.00
2 weeks	KZT	6.50	+0.50
1 month	KZT	7.00	0
2 months	KZT	7.50	0
3 months	KZT	8.00	-0.50

Stock market indicators as of May 26 and their change for the period

Index	Value	Trend
Shares of “A” listing		
KASE_Shares	187.71	+0.15%
Corporate bonds of “A” listing		
KASE_BP	157.48	+0.48%
KASE_BC	121.76	+0.36%
KASE_BY	8.07	-1.15%
Euronotes of Kazakhstan		
KASE_EP	148.25	-3.18%
KASE_EC	102.06	-4.51%
KASE_EY	6.56	+77.95%

US dollar = **137.03** tenge at official rate for the end of the period.
 US dollar = **137.22** tenge at weighted average rate of the Exchange for the end of the period.
 Rate of tenge devaluation for the period at the Exchange’s rate – **38.8% APR.**

THE CORPORATE SECURITIES MARKET (CS)

Initial Public Offerings

On May 21 in trade system of Kazakhstan Stock Exchange (KASE) specialized trades on primary additional floatation of **common shares of VALYUT-TRANZIT BANK OJSC** (Karaganda) were continued. By day results the seller floated **2,790,260 common shares at KZT270.00 per share** for a total of **KZT753,370,200.00**. Two broker-dealer firms purchased shares. The additional floatation will be continued on working days until May 26 of 2004. KG Securities LLP (Karaganda) has exclusive right to submit bids for the sale of shares that have assigned code of VTBNpA. The issuer plans to offer a total of 18,750,000 common shares out of 27,375,000 registered. The shares (KZ1C33290012) are traded in under “A” category of KASE with code VTBN at secondary market.

On May 25 in Kazakhstan stock exchange’s (KASE) trade system specialized trades on primary floatation of bonds of Food Contract Corporation JSC (Astana) of the first issue (KZ2CKY05B091; official “A” listing category; PRKRb1; KZT10,000, KZT3.0 bn.; May 17,

Investment attractiveness of stock exchange financial instruments from May 20 to May 26

Financial instrument	Currency of transaction	Yield, %	APR trend
Non-indexed instruments denominated in tenge			
TXBNb2	KZT	10.86	-0.02
BTAIb1	KZT	10.21	+1.21
UKPFb1	KZT	10.00	-2.50
YASYb1	KZT	10.00	-2.50
ARNAb1	KZT	9.80	+0.12
TXBNb1	KZT	9.50	0
VTZLb1	KZT	9.08	0
VTTHb1	KZT	8.96	-0.10
VTskb2	KZT	8.91	0
PRKRb1	KZT	8.00	–
UKTCb1	KZT	8.00	0
CS repo*	KZT	7.99	-0.06
HSBKb3	KZT	7.89	+1.09
ATFBb3	KZT	7.00	0
EUBNb1	KZT	7.00	0
KKGBb3	KZT	6.50	0
MEOKAM	KZT	5.90	-0.11
INCAb1	KZT	4.68	-0.17
MEKKAM, notes*	KZT	4.56	-0.35
GS repo*	KZT	4.16	+0.82
Instruments indexed on inflation			
CCBNb3	KZT	9.16	+2.16
ASFIb4	KZT	8.00	–
KZIKb4	KZT	6.80	+0.50
BTASb3	KZT	6.50	0
KZIKb1	KZT	6.00	0
KZIKb2	KZT	5.29	0
KZIKb3	KZT	5.00	0
Instruments indexed on devaluation of tenge to US dollar			
ORDBb1	USD	12.00	0
VTBNb1	USD	11.39	-0.01
ALKSb2	USD	10.05	-0.35
ASBNb1	USD	9.50	-0.03
BTASb2	USD	9.00	0
BRKZb1	USD	8.64	+1.04
ARU060.003	USD	8.59	+3.00
BTASb1	USD	8.40	0
CSBNb1	USD	8.20	0
ATFBb2	USD	8.00	0
CCBNb1	USD	8.00	0
TEBNb2	USD	8.00	0
VKU036.001	USD	7.99	+2.99
TEBNb	USD	7.98	0
LARIb1	USD	7.75	0
HSBKb2	USD	7.14	+0.05
NRBNb1	USD	7.04	0
KKGBb2	USD	7.00	0
NRBNb2	USD	6.63	0
ART060.004	USD	6.50	0
AST048.006	USD	6.17	+0.06
AST048.005	USD	6.02	+0.01
KZAPb1	USD	6.00	0
HSBKb	USD	5.99	-2.00
AST036.004	USD	5.93	+0.01
ASU036.003	USD	5.82	-0.02
VKU036.002	USD	5.50	0
TMJLb2	USD	5.31	0
Instruments denominated on devaluation of tenge to US dollar with protection from strengthening of tenge against dollar			
RGBRb3	USD	10.00	0
ROSAb1	USD	10.00	0
ASFIb2	USD	10.00	+0.50

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04 – May 17, 09, annual coupon of 8.0%, actual/actual) were held. Bonds were stated at clean prices following T+0 settlement terms. The whole volume of registered bonds was offered at trades. A total of 10 KASE members submitted 32 bids on their own behalf and on the behalf of clients. By the deadline time there were 17 orders left to buy 273,748 bonds for a total amount of KZT2,649,545,589.28. Therefore, participants were ready to purchase 88.3% of total volume offered. Clean prices stated in bids varied from 94.2343% (9.50% APR) to 99.9767% (8.00%). Weighted average stated price of bids totaled 96.6368% yielding 8.86% APR for the holder. Local pension funds, clients of brokerage firms and broker –dealer companies itself submitted 88.4%, 9.6%, 1.9% of total bids, respectively. **The issuer** satisfied 2 bids submitted by two KASE members for the purchase of **1,298 bonds** for a total amount of **KZT12,99,735.11** at 99.9767% of the face value. The deal price yields 8.00% APR for the holder. Both of bids were submitted by clients of brokerage firms. The Company floated only **0.43%** of planned volume.

Specialized trades will be continued on working days from **May 27 to June 4** of 2004 in trade system of KASE. First attempt to float securities showed investors' unwillingness to purchase securities at given prices, and thus floatation failed.

Purchase and sale sector

In purchase-sale sector a total of 86 deals to the amount of **\$210,806.3 th.** or KZT28,755.5 m. were made during the analyzed period at KASE. In comparison with the previous period (96 deals, \$18,492.5 th. or KZT2,529.8 m., turnover of the sector rose 11.4 times. During the analyzed period deals were made by KASE's 13 members on 26 instruments 14 of which were bonds. At that, 3.0% of gross-turnover (3.7% on purchasing transactions, and 2.2% - on sale transactions) went through the accounts of pension market's players. During the last period KASE's 13 members of "P" and "H" categories were interested in 23 securities, 10 of which were bonds. Stake of pension assets was 6.2% of gross-turnover, including 5.1% on purchasing transactions and 7.2% on sale transactions.

Growth of CS turnover was induced by a local factor: A series of deals over common shares of Corporation Kazakhmys JSC for \$172.7 m. However, without even those deals the market looked quite active either in shares and corporate debt instruments sectors. In IRBIS specialists' opinion, it's linked to S&P's Kazakhstan ratings up, major deal over Kazakhmys JSC shares resale, significant tenge devaluation vs dollar and large occasional bulk of coupon payments.

Exogenous factors merit special attention. According to events of last months bonds market is becoming more and more dependant on such factors as well as correlated due to high portion of international securities circulating in our country. Expectations on raising prime rate by US Fed led to outflow of investors from emerging markets and fall of prices of Kazakhstan bonds. Stable growth of KASE_BY index was caused largely by this circumstance. After conservative Standard & Poor's upgraded Kazakhstan sovereign ratings to an investment grade, prices of Kazakh eurobonds became somewhat stable while yield stopped growing. It's notable that such price movements were encouraged mostly by banks that consistently interact with international capital markets and daughter broker-dealer firms. Pension funds' role was negligible.

Fall of prices on eurobonds encouraged decrease in prices of bonds issued by Kazakhstan domestic borrowers. Market makers failed when they tried to play bull over securities (please, see table KASE_BC and KASE_BP in the beginning) because virtually every deal at KASE was concluded at lower prices in May. Expecting even deeper price fall, buyers keep on insisting on lower quotes at primary floatations and secondary markets.

Corporate bond market expanded significantly for the last 7 days. Volume of operations compared to previous week rose 2.5 times by \$13,001.1 th. Number of deals went up 1.5 times. Deals involved wider range of securities. Top securities over which participants were making deals included bonds by Temirbank JSC of the third issue (TEBNb3, 42.3% of bonds turnover, 7 deals) and bonds of Bank TuranAlem JSC of the second issue (BTASb2, 30.4%, 7 deals). IRBIS analysts tend to think that these deals were related to Corporation Kazakhmys JSC shares resale (the majority of deals were concluded under direct method by KASE members who used to trade in KZMS).

Second part of the table

Investment attractiveness of stock exchange financial instruments from May 20 to May 26

Financial instrument	Currency of transaction	Yield, % APR	
		value	trend
CSBNb2	USD	9.40	+0.40
MREKb1	USD	8.88	-0.12
CSBNb3	USD	8.75	+0.16
TEBNb3	USD	8.73	+0.23
ASBNb2	USD	8.50	+0.20
KARMB2	USD	8.10	+2.50
CCBNb2	USD	8.00	0
KZTCb1	USD	8.00	0
ASFlb3	USD	8.00	0
KZPSb1	USD	5.76	+0.02
Non-indexed instruments denominated in foreign currency			
BTASe3	USD	8.53	-0.29
PKKRe1	USD	8.41	-0.44
KKGBe2	USD	7.47	0
BRKZe2	USD	6.89	+0.03
KKGBe4	USD	6.83	+0.40
BTASe2	USD	6.74	-0.19
KKGBe3	USD	6.01	-0.02
BRKZe1	USD	4.98	-0.16
IFO bonds	USD	4.57	0
KZTOe1	USD	4.44	-0.12
BTASe1	USD	4.28	+0.55
IFO bonds	EUR	1.63	-0.17

The yields of bonds in which deals have been made are calculated as average of the deals, for other bonds – as average of sale quotations. Trends are given relative to the last day of previous period. Securities marked by asterisk are the instruments with less than one year circulation term (for them effective weighted average rate is given). On bonds with floating coupon forecasted yield is given.

The yield of following bonds increased this week: ARNAb1 (from 9.50% to 9.80% APR), ASFIb2 (from 9.50% to 10.00 % APR), BRKZb1 (from 7.60% to 8.64% APR), BTAIb1 (from 10.20% to 10.21% APR), BTASe1 (from 4.00% to 4.50% APR), CCBNb3 (from 9.00% to 9.32% APR), CSBNb2 (from 9.00% to 9.40% APR), CSBNb3 (from 8.59% to 8.75% APR), HSBKb3 (from 6.98% to 7.89% APR), KARMB2 (from 8.00% to 8.10% APR), KZIKb4 (from 6.30% to 6.80% APR). Yields of following securities fell: BTASb2 (from 9.00% to 9.00% APR), KZTOe1 (from 4.74% to 4.44% APR), TEBNb3 (from 9.00% to 8.73% APR). The attention should be drawn to the interest on PRKRb1 from the moment of trades' launch that equaled to 8.00%APR.

Capitalization of exchange market of corporate bonds fell by \$10.9 m to **\$2,927.6 m** mainly due to tenge appreciation versus dollar. However, fall of prices on bonds had an impact as well.

Share market during analyzed period hit all previous records. Volume of deals exceeded a corresponding figure of the previous week 10 times. As previously mentioned, it happened mostly because of only 4 deals made over KZMS between two KASE members on May 20 at prices that seemed to be unreasonably high in comparison to average annual levels. Disposition of accounts through which securities were flowing looks were complex and thus disables to analyze the aims of the scheme. Following and far moderate transactions over KZMS (4 direct deals) were concluded at lower prices and as a result, KZMS fell down by 16.5% by week results. Price of following securities decreased as well: ALKS (by 16.5%), KZTKp (by 7.2%), ORDB (by 15.1%), VTZLp (by 0.1%). By week results CCBN rose by (1.13%), VTBNp by (2.96%), VTZL by (23.81%). Other shares remained stable in terms of price (please, see table). Capitalization rate fell by \$50.5 million and totaled **\$3,057.1 million**. Decrease of the indicator was caused mainly by fall of KZMS, as well as USD rate increase relative to tenge.

The tables show data on deals, bid and ask in CS purchase and sale sector, including SBS, and also decoding of trade codes.

Results of the trades in bonds within May 20 – 26

(% APR, unless otherwise specified)

Issuer	Bond code	On the last deal	Volume, th, USD	Purchase	Sale
Almaty Kus OJSC	ALKSb2	10.4000	0	11.0000	10.0500
ARNA OJSC	ARNAb1	9.8000	310.9	9.8000	9.8000
Alliance-Bank JSC	ASBNb1	9.5000	0	10.0000	9.5000
Alliance-Bank JSC	ASBNb2	8.5000	0	9.5018	8.5017
Astana-Finance JSC	ASFIb2	*10.0000	14.0	9.4999	*10.0000
Astana-Finance JSC	ASFIb3	8.8400	0	8.6000	8.0000
Astana-Finance JSC	ASFIb4		0	9.5000	8.0000
ATFBank JSC	ATFBb2	9.5000	0	10.5000	8.0000
ATFBank JSC	ATFBb3	8.4945	0	9.0000	7.0000
Development Bank of Kazakhstan JSC	BRKZb1	8.6366	235.0	8.6366	8.6366
Development Bank of Kazakhstan JSC	BRKZe1	5.4938	0	6.4520	5.1696
Development Bank of Kazakhstan JSC	BRKZe2	6.6018	0	7.6871	6.9204
BTA Mortgage JSC	BTAIb1	10.2111	434.2	10.2000	10.2111
Bank TuranAlem JSC	BTASb1	8.5830	0	9.9000	8.4000
Bank TuranAlem JSC	BTASb2	8.9994	6,660.2	8.9978	9.0000
Bank TuranAlem JSC	BTASb3	7.9976	0	7.1170	6.5000
TuranAlem Finance B.V.	BTASe1	*4.4999	1,679.0	3.9996	*4.4999
TuranAlem Finance B.V.	BTASe2	6.7848	0	8.7930	6.9389
TuranAlem Finance B.V.	BTASe3		0	9.3962	8.6903
Bank CenterCredit OJSC	CCBNb1	8.8416	0	10.6500	8.0000
Bank CenterCredit OJSC	CCBNb2	9.4000	0	10.8000	8.0000
Bank CenterCredit OJSC	CCBNb3	9.3185	1,266.4	8.8142	9.3185
BANK CASPIAN JSC	CSBNb1	8.9999	0	10.4997	8.2004
BANK CASPIAN JSC	CSBNb2	9.4000	233.4	9.4000	9.4000
BANK CASPIAN JSC	CSBNb3	8.7500	430	8.7500	8.7500
Eurasian bank JSC	EUBNb1	7.0000	0	8.0000	7.0000
Halyk savings bank of Kazakhstan JSC	HSBKb	10.6598	0	8.4518	6.0068
Halyk savings bank of Kazakhstan JSC	HSBKb2	*9.3049	0	9.5552	7.1603
Halyk savings bank of Kazakhstan JSC	HSBKb3	7.8889	379.0	7.8889	7.8889
INTERGAS CENTRAL ASIA CJSC	INCAb1	7.0000	0	7.5205	4.9125
Karazhanbasmunai OJSC	KARMB2	8.1000	248.7	8.1000	8.1000
KAZKOMMERTSBANK OJSC	KKGBb2	7.4000	0	8.5000	7.0000
Kazkommertsbank JSC	KKGBb3		0	7.2000	6.5000
KAZKOMMERTSBANK OJSC	KKGBe2	8.0000	0	8.3680	7.4709
Kazkommerts International B.V.	KKGBe3	7.0123	0	7.0700	6.0191
Kazkommerts International B.V.	KKGBe4	7.8113	0	9.5113	6.8294
NAC Kazatomprom	KZAPb1	8.0237	0	9.0000	6.0000

To be continued on the page 4

Results of the trades in bonds within May 20 – 26

(% APR, unless otherwise specified)

Issuer	Bond code	On the last deal	Volume, th, USD	Purchase	Sale
Kazakhstan Mortgage Company JSC	KZIKb1	7.9000	0	9.0000	6.0000
Kazakhstan Mortgage Company JSC	KZIKb2	6.8500	0	8.2992	5.2900
Kazakhstan Mortgage Company JSC	KZIKb3	8.9210	0	7.5000	5.0000
Kazakhstan Mortgage Company JSC	KZIKb4	6.8000	746.8	6.8000	6.8000
Kazpost JSC	KZPSb1	8.5048	0	6.0000	5.8000
KazTransCom OJSC	KZTCb1	8.0001	0	8.2000	8.0000
KazTransOil CJSC	KZTOe1	4.4425	5.6	4.4425	4.4572
JB LARIBA-BANK OJSC	LARIB1		0	10.7500	7.7500
Mangistau distributing electricity network company OJSC	MREKb1	9.0000	0	11.0000	9.0000
Nurbank OJSC	NRBNb1	9.8280	0	10.0100	7.0400
Nurbank OJSC	NRBNb2	7.5000	0	7.5000	6.6300
Corporation "Ordabasy" OJSC	ORDBb1	*12.2988	0	12.1000	12.0000
PetroKazakhstan Finance B.V.	PKKRe1	*6.8842	0	9.3887	8.7173
RG Brands JSC	RGBRb3	10.5000	0	10.1027	10.0027
ROSA JSC	ROSAb1	10.0000	0	12.0000	10.0000
TEMIRBANK OJSC	TEBNb	8.9636	0	9.4759	7.9800
TEMIRBANK OJSC	TEBNb2	10.1800	0	11.0000	8.0000
TEMIRBANK OJSC	TEBNb3	*8.7299	9,272.9	*8.7299	8.7300
National company Kazakstan temir zholy JSC	TMJLb2	7.7800	0	8.3222	5.5000
TEXAKABANK OJSC	TXBNb1	12.0000	0	12.5000	9.5000
TEXAKABANK OJSC	TXBNb2	11.0100	0	11.1000	11.0058
UST-KAMENOGORSK PAULTRY FARM OJSC	UKPFb1	*12.5000	0	13.0000	10.0000
AES Ust-Kamenogorsk HS OJSC	UKTCb1	10.0031	0	10.0000	8.0000
VALUT-TRANZIT BANK OJSC	VTBNb1	12.6596	0	12.8500	11.3920
VALUT-TRANZIT-SECURITY LLP	VTSKb2	9.0000	0	9.4810	8.9114
TECHNO-LIFE JSC	VTTHb1	9.0000	0	9.4835	8.9608
VALUT-TRANZIT ZOLOTO JSC	VTZLb1	9.3000	0	9.3259	9.0808
YASSY OJSC	YASYb1	*12.5001	0	12.9996	10.0003
TOTAL	65		21,916.0		

Results of the trades in shares within May 20 – 26

(KZT per share, unless otherwise specified)

Issuer	Security code	Last price	Volume, shares	Volume, th, USD	Purchase	Sale
Almaty Kus OJSC	ALKS	*10.00	11945068	846.8	*10.00	9.30
Almaty Kus OJSC	ALKSp	*12.70	0	0	10.00	15.00
Almaty Kus OJSC	ALKSp3	10.00	0	0	10.00	15.00
Aluminium of Kazakhstan JSC	ALKZp	*80.00	906	0.5	*80.00	*80.00
CNPC – Aktobemunaigas OJSC	AMGZ	*5 161.45	0	0	6 100.00	9 100.00
Alliance-Bank JSC	ASBN	11 505.00	0	0	10 000.00	12 000.00
Astana-Finance JSC	ASFI	700.01	0	0	700.00	1 050.00
ATFBank JSC	ATFB	*1 000.00	0	0	1 000.00	1 500.00
ATFBank JSC	ATFBp	1 000.00	0	0	1 000.00	1 500.00
ATFBank JSC	ATFBp8		0	0	1 000.00	1 500.00
Bank TuranAlem JSC	BTAS	*12 533.00	0	0	12 349.00	18 407.25
Bank CenterCredit OJSC	CCBN	*200.00	1104450	1,647.4	225.00	*200.00
BANK CASPIAN JSC	CSBN	171.00	0	0	171.00	256.50
BANK CASPIAN JSC	CSBNp	171.00	0	0	175.00	256.50
CHARALTYN JSC	HRLT	3.50	0	0	3.50	3.60
Halyk savings bank of Kazakhstan JSC	HSBK	*110.00	0	0	110.00	165.00
Halyk savings bank of Kazakhstan JSC	HSBKp	*167.17	0	0	144.00	180.00
Halyk savings bank of Kazakhstan JSC	HSBKp7	152.10	0	0	144.00	180.00
Kant OJSC	KANT	359.10	0	0	80.00	120.00
KAZKOMMERTSBANK OJSC	KKGB	160.00	0	0	160.00	240.00
Kazkommertsbank JSC	KKGBp	120.00	0	0	100.00	127.50
MC Kazchrome OJSC	KZCRp	*500.00	23	0.1	*500.00	*500.00
Corporation Kazakhmys JSC	KZMS	*3 500.00	4866977	172,684.4	4 882.50	*3 500.00
Kazakhtelecom JSC	KZTK	*4 177.50	0	0	5 650.00	8 475.00
Kazakhtelecom JSC	KZTKp	1 909.74	22	0.3	1 921.08	1 909.74
KAZZINC JSC	KZZN	*880.00	0	0	700.00	1 050.00
Nurbank OJSC	NRBNp6	10 500.00	0	0	8 600.00	12 900.00

To be continued on the page 5

Second part of the table

Results of the trades in shares within May 20 – 26

(KZT per share, unless otherwise specified)

Issuer	Security code	Last price	Volume, shares	Volume, th. USD	Purchase	Sale
Corporation Ordabasy JSC	ORDB	*2 081.46	101432	1,547.3	3 000.00	*2 081.46
Corporation Ordabasy JSC	ORDBp	*1 360.00	492444	4,501.5	*1 360.00	1 005.00
TEMIRBANK OJSC	TEBN	*1 030.00	0	0	1 015.00	1 040.00
TEMIRBANK OJSC	TEBNp		0	0	680.00	1 015.00
Tsesnabank JSC	TSBN	1 050.00	0	0	700.00	1 050.00
TEXAKABANK OJSC	TXBN		0	0	18 000.00	20 000.00
Ust-Kamenogorsk titanium-magnesium combine JSC	UTMK	*3 142.50	0	0	2 930.00	4 395.00
VALUT-TRANZIT BANK OJSC	VTBN	*350.00	3063614	7,143.1	*350.00	300.00
VALUT-TRANZIT BANK OJSC	VTBNp	*350.00	144052	348.7	375.00	330.00
VALUT-TRANZIT ZOLOTO JSC	VTZL	*260.00	56460	107.6	*260.00	210.00
VALUT-TRANZIT ZOLOTO JSC	VTZLp	*236.50	36231	62.7	*236.50	*236.50
TOTAL	38		21,811 679	188,890.3		

Notes: bid and offer prices for the period are given; if no deals were made during reporting period (volume =0), the last price of successful trades is given; marked by the star are indicative quotations in Quotation trade system of KASE unlike the bids submitted in regular trade mode, or the price of direct deals and indicators received with its using.

In the sector of CS repo-transactions 62 deals were made in the total amount of **\$33,528.5 th.** (KZT4,589.3 m.) during the described period. 40 deals of them (in the amount of \$21,577.2 th.) were repo opening and 22 deals (in the amount of \$11,951.2 th.) – repo closing. During the previous week volume of deals in this sector reached \$13,760.7 th. (KZT1,882.9 m.).

In all at CS trade floors of KASE a total of 155 deals amounting to **\$249,952.5 th.** (KZT34,111.2 m.) were concluded during the analyzed period. During the previous period this indicator was \$32,523.2 th. (KZT4,412.7 m.).

Changes in KASE's trade lists

By the decision of KASE's Council dated May 24 of 2004 **common shares KZ1C43030010 of Pavlodar petrochemical plant CJSC** (Pavlodar) have been included in KASE's official "A" listing category. Shares have been assigned **PNHZ** code. The date on which decision takes effect **will be announced later**. Primary activities of Pavlodar petrochemical plant CJSC – petroleum refinery, production and sale of oil products; designing and building of communication objects, power engineering; designing and realization of scientific-technical projects in the sphere of informatization, communications, transport and power engineering; production and sale of chemically cleared and saltless water, oxygen; building and repair works. Financial consultant of the issuer on shares bringing to the organized market is **MONEY EXPERTS JSC** (Almaty). Detailed information about the issuer and its securities will be placed in KASE's web-site after the mentioned decision of KASE's Council takes effect.

SECTOR OF GOVERNMENT SECURITIES (GS)

In GS purchase and sale sector of KASE total volume of 54 deals reached **KZT2,077.4 m.** (\$15,177.1 th.) during the analyzed period. Corresponding figure of the previous period – **KZT12,902.2 m.** (\$94,321.4 th.).

As following table shows, the market shrank significantly due to the fact that National bank started issuing fewer notes (floatation volume fell 8.5 times compared to previous week) as well as two members of KASE that changed their tactics. As explained previously, the liquidity of notes was mainly provided by two trades participants. One of them (a bank) was selling slightly "shorter" notes to another (a pension fund) and that used to make up 80% of exchange turnover of this notes. During analyzed period, such relationship did not work due to either reduced issue of notes or other factors.

It's notable that Kazakhstani secondary market of GS has been suffering for a reasonable period of time. Lack of securities makes investors to attend almost every initial offering and then hold securities to maturity. Participants are gradually shifting to corporate securities sector which more advantageous in terms of yield and risk diversification aspect. To all appearances, only promised 15-years inflation-protected MEIKAM by Finance Ministry is capable of changing the situation at market, though investors are likely to hold them until maturity as well.

Parameters of Exchange's transactions in GS within May 20 – 26

(in parentheses are comparable figures of the previous period)

Days till maturity	Yield to maturity for a buyer, % APR.				Volume, m. tenge discounted	Number of deals
	min	max	last deal	weighted average		
Discounted (KZT): MEKKAM, National Bank's notes						
25.7% (56.0%) of purchase and sale sector's turnover						
15 - 28	3.50	4.00	3.50	3.60 (-)	67.9	6
37 - 42	4.19	4.95	4.95	4.34 (4.54)	25.3	3
43 - 56	4.70	4.95	4.70	4.83 (5.02)	45.0	2
57 - 63	3.85	3.85	3.85	3.85 (-)	39.3	1
64 - 91	4.48	4.85	4.48	4.53 (4.56)	197.8	4
92 - 181	3.75	5.06	3.85	4.77 (4.60)	42.7	6
182 - 364	4.85	5.10	5.10	4.99 (5.05)	115.8	8
Total					533.7 (7,219.6)	30 (45)
Coupon (KZT): MEOKAM-24, 36, 48, 60, 72						
73.8% (13.9%) of purchase and sale sector's turnover						
less than 730	4.32	5.97	4.42	5.23 (5.57)	228.5	6
731 - 1095	5.70	6.00	5.71	5.93 (6.07)	92.1	3
1461 - 1825	5.75	7.00	7.00	5.92 (5.89)	734.2	5
1826 - 2190	5.10	6.30	6.10	5.94 (-)	477.6	7
Total					1,532.4 (1,794.7)	21 (20)
Coupon (USD): bonds of Atyrau and Eastern Kazakhstan oblast						
0.5% (- %) of purchase and sale sector's turnover						
less than 730	7.99	7.99	7.99	7.99 (-)	10.0	2
731 - 1095	8.59	8.59	8.59	8.59 (-)	1.4	1
Total					11.4 (-)	3 (-)
GRANDTOTAL					2,077.4 (12,902.2)	54 (72)

Notes: for euronotes (* – fourth issue) volume of the deals has been calculated at weighted average USD/KZT rate of the Exchange.

The attention also should be drawn to significant price fall on bonds of sovereign debt of Kazakhstan (KASE_EP and KASE_EC indices in the second table of review). Regardless stabilization of prices at external market, Kazakhstan market is affected by set of local factors. Significant predominance of supply over demand coupled with tenge appreciation and 100% non-liquidity enhance the chances of prices falling at domestic market and therefore disable holders of sovereign euronotes to lock in profits. Euronotes of the third issue is the brightest example with clean prices approaching face value.

In GS repo-transactions sector 768 deals were made for a total of **KZT99,379.9 m.** (including automatic repo sector) during the period. Of this number 383 deals (for KZT51,938.9 m.) were repo opening deals and 385 (for KZT47,441.0 m.) – repo closing deals. During the previous period volume of transactions of this type reached KZT96,084.2 m. After closing of the trades on May 26 total amount of opened at KASE repo reached KZT20,655.2 m.

Major parameters of automatic repo market on opening deals within May 20 – 26

(in parentheses – comparable figures of previous period)

Instrument (currency, term of repo)	Yield, % APR				Volume, m. KZT	Number of deals	Portion, %
	on first deal	min	max	at last deal			
KZT_001	3.10	0.30	16.00	1.00	40,961.0	272	85.1 (90.0)
KZT_002	8.00	2.50	13.00	2.50	931.0	18	1.9 (-)
KZT_003	7.00	2.80	7.50	2.80	1 626.0	19	3.4 (0.7)
KZT_007	7.00	3.00	7.75	4.00	1 105.0	12	2.3 (6.1)
KZT_014	7.00	3.10	7.00	3.10	2 348.0	26	4.9 (2.4)
KZT_028	6.50	3.50	6.50	3.65	1 166.0	14	2.4 (0.8)
TOTAL					48,137.1 (44,273.1)	361 (336)	100.0

Total of 822 deals were made at trade floors of KASE in GS amounting to **KZT101,457.3 m.** during the analyzed period. During the previous period volume of 795 deals reached KZT108,986.4 m. **The proportion of the Exchange's turnover** in total volume of deals on Kazakhstan secondary market for GS for comparable operations equaled to **99.2%**, last week - 98.5%.

KASE NEWS

By the decision of Kazakhstan stock exchange's (KASE) Board **since May 21 of 2004** trades in **indexed on inflation rate bonds of Astana-finance JSC** (Astana) of the fourth issue (KZ2CKY07B162; ASFib4; KZT100, KZT2.0 bn.; May 18, 04 – May 18, 11, floating semi-annual coupon, 9.0% APR for the first circulation year) are opened at KASE. Quotation accuracy of ASFib4 in KASE's trade system is four decimal figures of bond's clean price expressed as percentage of the face value. TuranAlem Securities JSC (Almaty) will perform market-maker's functions. Minimal volume of compulsory quotation for the market-maker is 18,300 bonds. The mentioned bonds were included in KASE's official "A" listing category on May 18 of 2004.

By the decision of Kazakhstan stock exchange's (KASE) Board on the basis of requests submitted by members of KASE, during analyzed period trades in new instruments were launched at automatic repo market with following securities serving as collateral:

- tenge-devaluation protected bonds of **KazTransCom OJSC** (Almaty) of the first issue (KZ2CKY07A834, official "A" listing, KZTCb1, KZT1.00, KZT3,000.00 m; July 25, 03 – July 2, 10, semiannual coupon of 8.0% APR);
- subordinate bonds of ATFBank JSC (Almaty) of the second issue (KZ2CUIY05A441; KASE's official "A" listing category, ATFBb2; \$100, \$10.0 m., January 4, 02 – January 4, 07; semi-annual coupon 9.0% APR).

Maturity terms of the instruments are set to **1, 3, 7, 14 and 28 days**.

Prepared by Information agency of financial markets "IRBIS"

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