

WEEK OF STOCK MARKET OF KAZAKHSTAN

February 1 - 7

1 US dollar = 145.15 tenge at official rate for the end of the period
 1 US dollar = 145.24 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 February 1 - 7. In parentheses – figures of previous period. Instruments are given in ascending order, based on their attractiveness.

Investment attractiveness of stock exchange instruments from February 1 through 7

| Financial instrument | Currency | Yield, % APR | Volume of deals, mln KZT | Volume of deals, mln USD |
|----------------------|----------|---------------|--------------------------|--------------------------|
| Repo, securities | USD | *19.55 (-) | 49.8 (0) | 342.7 (0) |
| ALKSb | USD | 15.05 (12.88) | 0.6 (0) | 4.2 (0) |
| VITAb2 | USD | 13.63 (13.52) | 0 (0) | 0 (0) |
| RGBRb2 | USD | 12.50 (-) | 147.9 (0) | 1,018.5 (0) |
| CCBNb1 | USD | 11.70 (11.29) | 15.7 (0) | 107.8 (0) |
| KARMB1 | USD | 10.90 (10.90) | 0 (0) | 0 (0) |
| ATFBb | USD | 10.60 (10.60) | 0 (0) | 0 (0) |
| HSBKb | USD | 10.50 (11.27) | 0 (135.4) | 0 (932.9) |
| KZOLb | USD | 10.48 (10.26) | 1.4 (0) | 10.0 (0) |
| KZTOb | USD | 10.18 (10.17) | 0 (0) | 0 (0) |
| TMJLb | USD | 9.75 (9.75) | 0 (0) | 0 (0) |
| KKGBe2 | USD | 9.58 (9.59) | 0 (0) | 0 (0) |
| Euronotes-4 | USD | 8.57 (8.69) | 766.2 (1,522.8) | 5,277.4 (10,493.0) |
| Euronotes -3 | USD | 7.93 (8.08) | 3,314.0 (1,430.6) | 22,825.2 (9,858.4) |
| TEBNb | USD | 7.78 (6.14) | 0 (0) | 0 (0) |
| Euronotes -2 | USD | 7.61 (8.38) | 226.7 (366.4) | 1,561.1 (2,524.7) |
| MEKAVM | USD | *7.05 (6.19) | 725.0 (123.6) | 4,993.3 (851.9) |
| KKGBb | USD | 4.21 (4.89) | 0 (0) | 0 (0) |
| MEKKAM, notes | KZT | *7.75 (7.79) | 1,277.5 (1,497.9) | 8,799.1 (10,322.1) |
| Repo, GB | KZT | *4.59 (4.56) | 4,458.4 (3,731.8) | 30,707.2 (25,715.6) |

Notes: yields of ALKSb, CCBnb1, KZOLb, RGBRb2 are calculated as average of the deals, yields of other corporate bonds are calculated as average of offer bids.

Tenge devaluation rate is estimated at weighted average rate of the main session of KASE in the week by a trend of **4.06% APR**.

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.

INDICATORS OF INTERBANK DEPOSIT MARKET

Following is the table of mean values of interbank offering rates (KIBOR), calculated by the quotations put out by the banks in the trade system of KASE. The trend reflects the change of the indicator relative to the last day of previous period. Minimum quotation volume is KZT15 mln. The quotations are indicative meaning that participants do not have to conclude deals on given terms.

Indicators of Kazakhstan interbank deposit market as of February 7, 4:00 PM ALT and changes during the week

| Term | Currency | Rate | Trend |
|----------|----------|-------|-------|
| 1 week | KZT | 6.40 | -1.40 |
| 2 weeks | KZT | 7.30 | -1.15 |
| 1 month | KZT | 8.20 | -1.05 |
| 2 months | KZT | 9.00 | -1.12 |
| 3 months | KZT | 10.00 | -0.99 |

During the period the offering rates were decreasing for all sectors, and not only on interbank deposits market, but also in repo sector of the KASE. It can be said that the liquidity of the second tier banks in tenge was very high by the end of the period, almost excessive.

THE SECURITIES SECTOR (SS)

Secondary market

During observed period 18 deals amounting to **\$3,721.1 th.** were made in **purchase and sale sector** of the securities on trade floors of the KASE. Relative to previous period (\$2,154.1 th., 11 deals) weekly turnover of the sector increased 1.7 times. Absolute leaders of the week were **common shares of Bank TuranAlem OJSC** (KZ1C34920412, official list of the KASE securities, category “A”, BTAS), with their proportion reaching 44.5% of total volume. Then, there were coupon bonds of RG BRANDS LLP (KZ72KAT51A39, official list of the KASE securities, category “A”, RGBRb2) – 27.4%, which were admitted into the trades on the last day of the period (these deals are likely to be the initial offering deals). Then, there were common shares of Bank CenterCredit OJSC – 24.4%. For other securities, traded during the week, volumes of the deals were insignificant. Last week coupon bonds of Halyk Bank of Kazakhstan OJSC were the leaders in terms of liquidity.

By the last deals of the period the price of BTAS increased by 6.4% relative to the previous successful trades, KZTKp – 37.5%, the value of CCBN fell by 11.2%. The yields of CCBN1 bonds fell from 11.6997% to 11.6944%, KZOLb – from 10.6704% to 10.4825%, ALKSb – grew from 15.0341 to 15.8542% APR.

Data on the deals, bid and offer information in purchase and sale sector of the securities, as well as description of trade codes are given in the tables.

Results of the trades in shares from February 1 - 7

USD per share, unless otherwise specified

| Issuer | Securities | Close | WA price | Volume | Best bid | Best offer |
|-------------------------------|------------|---------|----------|---------|----------|------------|
| Almaty Kus OJSC | ALKS | | | 0 | 0.1540 | 0.3080 |
| Aktobemunaigas JSC | AMGZp | *14.95 | | 0 | | *15.00 |
| Bank TuranAlem OJSC | BTAS | 75.50 | 76.90 | 21 524 | 80.00 | 71.65 |
| Bank CenterCredit OJSC | CCBN | 1.2737 | 1.3941 | 651 500 | 1.4335 | 1.2737 |
| Halyk Bank of Kazakhstan OJSC | HSBK | 0.8324 | | 0 | 0.9000 | 1.8000 |
| KAZKOMMERTSBANK OJSC | KKGB | 0.7000 | | 0 | 0.2500 | 0.5000 |
| Kazakhtelecom | KZTK | 14.500 | | 0 | 13.500 | 16.500 |
| Kazakhtelecom | KZTKp | 11.000 | 11.000 | 1 562 | 11.000 | 11.000 |
| SAUR OJSC | SAYR | | | 0 | | *0.3400 |
| SHNOS OJSC | SYRG | 1.6300 | | 0 | 1.3000 | |
| Temirbank OJSC | TEBN | *1.095 | | 0 | 0.689 | 3.500 |
| UKTMK OJSC | UTMK | *50.000 | | 0 | 5.000 | 145.000 |
| UKTMK OJSC | UTMKp | 27.6000 | | 0 | 5.0000 | 50.0000 |
| VALUT-TRANZIT BANK OJSC | VTBN | 2.5572 | | 0 | 1.3770 | 2.5000 |
| VALUT-TRANZIT BANK OJSC | VTBNp | 2.3033 | | 0 | 1.3770 | 2.2995 |

Results of the trades in bonds from February 1 - 7

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

| Issuer | Code | Currency | Last | WA | Volume, th. USD | Best bid | Best offer |
|-------------------------------|--------|----------|---------|---------|-----------------|----------|------------|
| Almaty Kus OJSC | ALKSb | USD | 15.8542 | 15.0458 | 4.17 | 12.6325 | 15.8542 |
| AMB CJSC | ATFBb | USD | 11.0078 | | 0.00 | 11.0072 | 10.6043 |
| Bank CenterCredit OJSC | CCBNb1 | USD | 11.6944 | 11.6969 | 107.81 | 11.6944 | 11.6998 |
| Halyk Bank of Kazakhstan OJSC | HSBKb | USD | 11.2702 | | 0.00 | 12.2535 | 10.5000 |
| Karazhanbasmunai OJSC | KARMB1 | USD | | | 0.00 | 10.9850 | 10.9000 |
| KAZKOMMERTSBANK OJSC | KKGBb | USD | 10.20 | | 0.00 | 8.54 | 4.83 |
| NOC Kazakhoil CJSC | KZOLb | USD | 10.4825 | 10.4825 | 9.97 | 10.4825 | 10.4825 |
| NOTC KazTransOil CJSC | KZTOb | USD | 10.4601 | | 0.00 | 10.2510 | 10.2000 |
| RG BRANDS LLP | RGBRb2 | USD | 12.5000 | 12.5000 | 1 018.51 | 12.5000 | 12.5000 |
| Temirbank OJSC | TEBNb | USD | 11.2835 | | 0.00 | 11.1807 | 10.9891 |
| Kazakhstan Temir Joly NSE | TMJLb | USD | 10.8215 | | 0.00 | 10.2474 | 9.7547 |
| VITA LLP | VITAb2 | USD | | | 0.00 | 14.4761 | 13.9968 |

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. For VITAb2 - auction deal.

The KASE index that reflects the changes in the ask bids on the shares from the official list of the Exchange’s securities of the category “A”, including the market capitalization of their issuers, **fell by 0.2356** during the week, at **105.6886** at February 7 closing.

In the securities repo sector 4 deals were made during the week:

- 1 deal for opening of 87-day repo with coupon bonds of VITA LLP amounting to \$101,613.20 at **15.50% APR** (declared rate) in terms of dollars;
- 3 deals for opening of 43-day repo with preferred shares of VALUT-TRANZIT BANK OJSC amounting to \$241,080.00 at **19.66% APR** (declared rate) in terms of dollars.

At the end of the period **eleven** indexed securities repos were opened at the trade floor of the Exchange for a total of **\$1,722.5 th.** Common shares of Bank CenterCredit OJSC, preferred shares of VALUT-TRANZIT BANK OJSC and coupon bonds of VITA LLP were used as the object of repo deals. The terms vary from 36 to 215 days, and the rates in USD from 11.50 to 19.66% APR.

Changes in the trade lists

From February 2, 2001, by the decision of the KASE Board and on the basis of Exchange Council resolution dated February 2, 2001 **inscribed common shares** (KZ1C33291013, trade code - VTBN) and **preferred inscribed shares** (KZ1P33291018, trade code VTBNp) of **VALUT-TRANSIT BANK OJSC** (Karagandy) were transferred from category "B" into category "A" of the official list of KASE securities. This decision is made in regard with entering VALUT-TRANSIT BANK OJSC into individual deposits mandatory insurance system. This is confirmed by documents of "Kazakhstan individual deposits insurance fund" CJSC #000020 dated Feb.2, 01.

Based on the same decision of the KASE Board, **INVESTMENT MANAGEMETN GROUP LLP** was granted a market maker status (from Feb.5, 2001) of common and preferred shares of the bank. Minimal volume of obligatory quotations on common shares - 1,000 and preferred - 1,200 shares. These blocks of shares must be available at any time during the trading day at KASE.

First time the shares of the bank were entered into category "B" on May 19, 2000. By Oct.18, 2000 the bank submitted KASE all necessary documents for entering the shares into category "A". However, this contradicted with additional requirements on a membership in the deposit insurance system the NSC put in force on Oct.19, 2000. Thus, the board of KASE decided (with approval of the Exchange Council dated Oct.27, 2000) to grant admission to category "A" if the bank would receive a membership in the deposit insurance system by April 01, 2001.

During the stock exchange trades volume of operations over shares reached **\$5.3 mln** including VTBN - \$3,063,027.63 (9 deals) and VTBNp - \$2,280,279.57 (11 deals). Price for common shares fluctuated around \$2.1811 - \$2.6294 (last deal \$2.5572), for preferred shares - \$1.8716 - \$3.2796 (last deal \$2.3033). Today, the market capitalization at KASE reached **\$16.209 mln**.

As of Oct.1, 2000, announced authorized capital of VALUT-TRANSIT BANK OJSC totaled KZT1,300.0 mln, issued - KZT1,300.0 mln, paid-up part - KZT1.000 mln. In total, seven issues of the bank's securities were registered. Face value of a share - KZT200.00, non-documentary form of issuing, method of floatation - open offering. Shareholders' equity of the bank as of the same date reached KZT1,534,110 th., assets - KZT5,446,354 th., ROA - 1.48%, ROE - 5.25%.

From February 5, 2001, based on the application of the trade member of the Kazakhstan Stock Exchange (KASE), **common inscribed** (KZ1C06151012, ATRD) and **preferred inscribed** (KZ1P06151017, ATRDp) shares of **Atasuruda OJSC** (Karagandy region, Karazhal; mining and processing of iron and iron-manganese ore, production of construction materials, construction of manufacturing facilities and housing, etc) are admitted to the trades in "Non-listed securities" sector with the second admittance level. Announced authorized capital of the company is KZT400.0 mln and paid up part KZT399,997,945.05. In total, the company has registered two issues of shares. The first issue was at the registration day of the second one. In the framework of second emission bank issued 253,245 shares at KZT1,579.49 per value of which 227,921 are common and 25,324 are preferred shares. The report on floatation of the second emission was approved on May 28, 1999.

On February 5, 2001, by the decision of the Exchange council of the Kazakhstan Stock Exchange (KASE) of the same date, the first issue **inscribed coupon bonds of RG BRANDS LLP** (Almaty, production of juice, marketing services) were entered into official list of the Exchange's securities under category "A" (more detailed information is presented in special block below).

Capitalization

On February 7, 2001 **the capitalization of the companies**, whose shares are traded on the securities exchange market of Kazakhstan, equaled **\$1,399.0 mln** or KZT202.3 bln at tenge to dollar rate of the Exchange, effective on that date. During the week this number increased **by \$8.3 mln** in terms of dollars was caused mainly by a growth of the values of BTAS and KZTKp, though the value of CCBN fell somewhat and the entering of Atasuruda OJSC into the trade lists (see above).

The capitalization of corporate bonds market of the Exchange by their best bids, that are regularly put out by the market-makers of these securities in the trade system of the Exchange, was fixed at **\$179.1 mln** as of February 7, or KZT26,015.4 mln. In nominal value (total face value of the bonds that were entered into trade lists of KASE) is estimated at **\$210.8 mln** as of this check date, or **KZT30,613.3 mln**.

SECTOR OF GOVERNMENT BONDS (GB)

In GB purchase and sale sector of KASE total volume of 107 deals equaled **KZT6,766.6 mln**. Last week the turnover reached KZT5,068.1 mln with 116 deals made. As it happened last week, the growth of the liquidity of the participants in tenge became the reason for the growth of the volumes of the market. Still no principal changes are observed in the turnover structure. Only a slight increase in the proportion of the discounted bonds, non-indexed by the devaluation, draws the attention, and which is due to an increase in the proportions of MEKAVM. Popularity of the shortest bonds can be regarded as the pattern of the period, though the yields of these bonds are constantly decreasing. The fact that the traders switched to super short debt and the increase

in the trading activity of the MEKAVM may be interpreted as signals indicating the increase in expectations of the devaluation.

Parameters of stock exchange transactions in SS from February 1 - 7

(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 GB: MEKKAM-6, 12, notes | | | | 18.9% (29.6%) of purchase and sale sector's turnover | | |
| less than 8 | 6.00 | 7.28 | 6.00 | 6.88 (6.20) | 39.9 | 3 |
| 8 – 14 | 7.04 | 7.30 | 7.04 | 7.29 (7.22) | 84.0 | 3 |
| 15 – 28 | 6.40 | 7.45 | 6.40 | 6.99 (7.18) | 89.1 | 8 |
| 29 – 36 | 7.77 | 7.83 | 7.77 | 7.80 (7.43) | 595.9 | 2 |
| 37 – 42 | 6.98 | 7.00 | 7.00 | 6.98 (4.34) | 38.9 | 2 |
| 43 – 56 | 7.13 | 7.55 | 7.13 | 7.31 (7.74) | 427.4 | 6 |
| 182 – 364 | 8.91 | 8.91 | 8.91 | 8.91 (10.04) | 2.4 | 1 |
| Total | | | | | 1,277.5 (1,497.9) | 25 (47) |
| Discounted indexed GB: MEKAVM-12 | | | | 10.7% (2.4%) of purchase and sale sector's turnover | | |
| 8 – 14 | 5.50 | 5.50 | 5.50 | 5.50 (6.00) | 58.4 | 3 |
| 15 – 28 | 6.00 | 7.00 | 7.00 | 6.75 (6.24) | 202.8 | 3 |
| 29 – 36 | 7.00 | 7.10 | 7.00 | 7.04 (-) | 463.7 | 7 |
| Total | | | | | 725.0 (123.6) | 13 (6) |
| Coupon GB: MEOKAM-36 | | | | 6.8% (2.5%) of purchase and sale sector's turnover | | |
| 961 - 1,088 | 17.21 | 17.46 | 17.26 | 17.16 (17.23) | 457.2 | 22 |
| Total | | | | | 457.2 (126.7) | 22 (10) |
| Euronotes of Kazakhstan, USD | | | | 63.6% (65.5%) of purchase and sale sector's turnover | | |
| *595 - 597 | 7.45 | 7.71 | 7.71 | 7.61 (8.38) | 226.7 | 7 |
| **1,331 - 1,337 | 7.75 | 8.01 | 7.95 | 7.93 (8.08) | 3,314.0 | 17 |
| ***2,254 - 2,260 | 8.47 | 8.65 | 8.47 | 8.57 (8.69) | 766.2 | 23 |
| Total | | | | | 4,306.8 (3,319.8) | 47 (53) |
| SUBTOTAL | | | | | 6,766.6 (5,068.1) | 107 (116) |

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 GS are calculated considering official rate of USD/KZT.

In GB repo sector 107 deals for a total of KZT7,505.2 mln were made during the period. Of this number 56 deals (for KZT4,458.4 mln) were repo opening deals and 51 (KZT3,046.9 mln) were repo closing deals. Last period the turnover of this sector of the market was registered at KZT7,817.5 mln. After closing of the trades on February 7 total amount of opened repo equaled **KZT2,633.1 mln**. Current weighted average rates as of February 7 (% APR) equaled: for 1 day – 3.17; for 2 days – 3.50; for 6 days – 5.00; for 7 days – 5.73; for 8 days – 7.00; for 10 days – 7.00; for 14 days – 4.71; for 30 days – 8.00; for 92 days – 9.86.

Total of 214 deals amounting to **KZT14,271.8 mln** were made in GB on trade floors of KASE during last two weeks (purchase and sale and repo sector). Last week volume of 234 deals was KZT12,885.6 mln.

In this week **proportion of the stock market turnover** in total volume of deals on Kazakhstani secondary market for GB for comparable operations (including euronotes and repo operations) equaled **89.3%**, for last week it was 87.4%.

Kazakhstan Stock Exchange (KASE) defined list of companies - leading operators of the KASE government bonds market for January 2001. The rating is made according to portion of concluded deals in aggregate gross turnover of trades (total of purchased and sold bonds). The rating included purchase-sale deals (20.3% of the secondary market) and direct and reverse repo operation (79.7%). The position of each entity was expressed in currency of the payments, i.e. tenge. In total, **21 companies** participated in trades with GB at KASE (banks, broker-dealer companies, pension assets management companies and SAPF). Below is the list of 10 the most active operators given in descending order.

| Position in Jan. 2001 | Position in 2000 | Brief title of a company | Share, % |
|-----------------------|------------------|---|----------|
| 1 | 1 | Halyk Bank Kazakhstan OJSC (Almaty) | 16.3 |
| 2 | 3 | AMB CJSC (Almaty) | 14.0 |
| 3 | 5 | Bank TuranAlem OJSC (Almaty) | 10.6 |
| 4 | 7 | KAZKOMMERTSBANK OJSC (Almaty) | 9.2 |
| 5 | 2 | State Accumulative Pension Fund CJSC, SAPF (Almaty) | 7.3 |
| 6 | 6 | Eurasian bank CJSC (Almaty) | 5.3 |
| 7 | 11 | Caspian Bank OJSC (Almaty) | 3.63 |
| 8 | 17 | TuranAlem Securities OJSC (Almaty) | 3.57 |
| 9 | 8 | Bank CenterCredit OJSC (Almaty) | 3.4 |
| 10 | 14 | TEMIRBANK OJSC (Almaty) | 3.3 |

INFORMATION ON COMPANIES

TEMIRBANK OJSC (Almaty) provided the KASE with an official notification that the bank has received following credit ratings from Fitch Ratings Limited (London, previously Fitch IBCA): short-term - "B", long-term - "B", individual - "D" and support - "5T". Long-term outlook is said to be "negative". There is no date when the ratings were assigned in the notification of the Fitch Ratings Limited, no comments either.

Kazakhstan Temir Joly (Astana), a monopoly on railroad transportation in Kazakhstan, provided the Kazakhstan Stock Exchange (KASE) with the documents, that confirm the assignment of indicative long-term "B1" rating by the Moody's Investors Service. The outlook for the rating is positive.

It is also said that the B1 rating and its positive outlook reflect the critical economic dependence of the Republic of Kazakhstan on the railway system, the absence of adequate alternative modes of transportation for some time and Kazakhstan Temir Joly NSE status as monopoly owner of track and provider of transportation services. It also takes into account the ongoing 100% ownership by the state and the policy to regulate tariffs in a way that the company stays profitable. Although the government provides direct funds to the company only to a small degree and guarantees only the Export Credit Agency loans, Moody's believes that the government has a strong incentive to provide adequate financial support for the company to service its external debt in a potential worst case scenario.

Further, it reads that the railway system for the Republic of Kazakhstan is of critical importance given the size of the territory and the under-developed road network. Neither transportation on water nor via air offers a relevant alternative mode of transportation suitable for the country's considerable natural resources (coal, ore, and oil).

In Moody's view, Kazakhstan Temir Joly NSE provides a mechanism for the Republic to trade its resources and generate increased wealth for the country. The Rating Committee also noted that the company acts in a commercial manner, rather than a social vehicle for employment. Kazakhstan Temir Joly NSE accounts for approximately 75% of freight and 50% of passenger transportation, respectively and accounts for about half of the country's exports. Its 13.6 thousand kilometers of track network connect the key mining areas and oil fields with domestic as well as export destinations. It also is an important transit link for shipments from China and the Far East to Russia and Europe. Given the lack of a sufficient pipeline network, the majority of the country's oil is shipped by Kazakhstan Temir Joly NSE, although new pipeline projects will reduce the company's share in the long term. But, Moody's believes that the dependency of the Republic of Kazakhstan on the railway will continue. This view is based on the considerable time and the enormous economic resources required to establish an infrastructure for competing alternative modes of transportation throughout the country. In the opinion of the agency, the government's intention to develop competition in the freight railway transportation sector will not endanger Kazakhstan Temir Joly NSE dominant position significantly.

The B1 rating also takes into account the implied support by the Republic of Kazakhstan through the Ministry of Transportation and the State Agency for Natural Monopolies. That the Agency decides on tariff increases on a cost plus basis and by law has to ensure profitability of the company was an important rating consideration.

Moody's acknowledges the benefits of cost savings already achieved and the ambitious plan to restructure the business by way of the divestiture of unprofitable segments like passenger services and other non-core assets to further reduce costs - all of which are considered credit positive. The challenge for the company will be to stay profitable and generate sufficient cash flows when a market driven price mechanism will substitute the system of tariff setting. This in particular applies to a railway company, which has ongoing investment requirements. However, the B1 rating clearly is based on the company's significance for the economy and the implied support of the government rather than on the basic underlying performances.

Also, the letter from **Standard & Poor's** (London) was presented to the KASE, where it is said that the agency has reviewed the information presented to them and assigned a local currency issuer credit rating of "BB-" to Kazakhstan Temir Joly. The foreign currency issuer credit rating is also "BB-". The agency informed the Kazakhstan Temir Joly NSE that they would maintain surveillance in accordance with Standard and Poor's policies. Standard and Poor's relies on the issuer, its council, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating and surveillance process. In addition, it should be understood that the rating is not a "market" rating nor a recommendation to buy, hold, or sell any financial obligations of the company.

Astana-finance OJSC (Astana; certain banking services, investment, financing of economic and social projects for the development of special economic zone of Astana, as well as other activities specified in the Charter and existing licenses) in accordance with listing requirements, presented Kazakhstan stock exchange with minutes of the extraordinary General shareholders meeting, which was held on October 05-07, 2000.

According to the agenda of the meeting shareholder approved following decisions:

- decrease of announced authorized capital from KZT5.00 bln to the amount of issued authorized capital - KZT3.10 bln (in view to decrease allocations from net income on formation of reserve capital and execution of NBK requirements on formation of authorized capital for obtaining of the guaranty operations license);

- put corresponding changes to the company's regulations;
- approval of Regulation on inspection commission of the Astana-finance;
- approval of Arthur Andersen as an auditor;
- conclusion of a contract on complete installation between Astana-finance OJSC and KRUGER ERDBAU GmbH over the City-Palace project for an amount of \$24.75 mln (without taxes and custom duties);
- Board of the Astana-finance should create expert group on examination of design project and final amount of contract price as well as on examination of pledge or banking guarantee granted to KRUGER ERDBAU GmbH;
- conduction of examination of the project and evaluation of a final contract price, as well as examination of pledge or banking guarantee granted to KRUGER ERDBAU GmbH; submission of documents on approval of the Board of Astana-finance;
- raise external funds for City-Palace project for an amount of not less than \$28.50 mln; sum should be attracted on interest free basis, 20 year period and 7 year preferential terms.

As of Jan.01, 2001 the register of shareholders stated that authorized paid-up capital of the company amounted to KZT1,808,319 th. The holder of 41.38% stake is Administrative Council of Astana-city Special Economic Zone (Astana, Kazakhstan); Saya LLP - 28.14% (Astana, Kazakhstan), Zhana-Arai LLP - 13.21% (Astana, Kazakhstan), Energoremservice LLP (Astana, Kazakhstan) - 10.76%, other shareholders - 6.48%.

KASE MEMBERS

By the resolution #767 of the NSC Directorate, dated February 01, 2001, the license #0302200043, issued to **"Fondovyi Sindikat" CJSC** (Stock Syndicate, Aktobe) to conduct brokerage and dealing activities on the stock market without the right to handle client accounts as a nominal holder, was renewed. The license was previously issued by the NSC on March 26, 99. First time, the license of Fondovyi Sindikat JSCOT (the company was called that way) was suspended on six month term on May 29, 1999. The initiator of suspension was the company itself. Later on July 14, 2000 company prolonged the suspension term on the same period. Based on the same resolution, Fondovyi Sindikat CJSC (Aktobe) was admitted to the securities trades at the KASE **from February 7, 2001**.

By the decision of the Exchange council of the Kazakhstan Stock Exchange (KASE), **from February 6, 2001** the membership of **PETROKAZ CAPITAL LLP** (Almaty) under the categories "K", "P", "H" was cancelled at the KASE due to the liquidation of the company.

KASE NEWS

By the resolution #766 of the Directorate of the National Securities Commission of Kazakhstan (NSC), dated Jan 31, 01, new normative document of the Kazakhstan Stock Exchange (KASE) was approved **"Rules for admittance of the securities of international financial organizations to the circulation at the Exchange"** (Rules). The Rules were examined and approved by the decision of the meeting of the KASE members holding categories "K", "P", "H", which was held on Jan 17, 01, and it defines the order of admittance of the securities of international financial organizations to the circulation at the KASE. Due to the appearance of the NSC Directorate's resolution, the Rules go into effect **from February 2, 2001**.

The Rules defined following entities **as International financial organizations**: ADB – Asian Development Bank, ADB – African Development Bank, BIS – Bank for International Settlements, EBRD – European Bank for Reconstruction and Development, ISDB – Islamic Development Bank, IADB – Inter-American Development Bank), IFC – International Finance Corporation, IBRD – International Bank for Reconstruction and Development.

By the Rules only the securities of international financial organizations, which are taken into account in Central depository of securities CJSC (CD, Almaty) accounts can be sold at the KASE. These securities are admitted to the circulation at the Exchange by the Board of the KASE on the basis of the admittance initiator's application with following attachments:

- the letter of the CDS with the information on the securities being admitted, their type, title of the issuer, ISIN, issue (circulation beginning) and maturity dates, coupon (interest) and payment dates of this interest;
- application from one of the members of the Exchange on acting as a market-maker of these securities at the KASE.

The KASE members holding "K" category can participate in the trades in the securities of international financial organizations. The schedule of the trades is determined by the Board of the Exchange. The accounts by the results of the deals made in the securities of international financial organizations are settled in compliance with the Part III of the KASE normative document "Settlement rules for the securities trades" (on T+0 basis through CDS only). The decision on ceasing or suspending the circulation of the securities of international financial organizations at the KASE is made by the Broad of the Exchange.

The amendments to the KASE normative document “**Membership fees and commissions collected by the Exchange**” were also approved by the resolution of the NSC Directorate, which was mentioned above. They were approved by the decision of the meeting of the KASE members holding categories “K”, “P”, “H”, which was held on Jan 17, 01. Amendments concern the charging methods of the commissions on the deals made in the securities of international financial organizations. By the results of the deals made in these securities the commission equals **0.005% of the deal amount from each side**, but not less than the commission collected by the CD from the Exchange. At that, the market-makers of the securities of international financial organizations are freed from paying commissions at the KAE on the deals made in the securities for which they are the market-makers.

According to the decision of KASE board dated February 2, 2001, new normative document on “**Rights and commitments of KASE members of category “K” holding market makers status for bonds of international financial organizations**” will be put in force from **the same date**. This document is composed and confirmed according to “Market makers activity rules”, which were approved on meeting of KASE members holding “K”, “P”, “H” category (report #7, Oct.14, 1999) and ratified by the decision of NSC Board of Directors #462 dated Oct.26, 2000 (Appendix 2). The IFO bonds admission order to circulation on KASE is regulated by “Rules of admission of IFO bonds to circulation at KASE” approved by the resolution of the NSC Directorate #766 dated Jan.31, 01 and ratified by meeting of KASE members holding “K”, “P”, “H” categories on Jan.17, 01.

Market makers status includes responsibilities for support of at least single fixed quotation on purchase and another one on sale of municipal government securities (obligatory quotation). At the same time, market makers have to maintain minimal possible spread of an obligatory quotation, which must not exceed:

- not more than 30 basic points, if minimal volume of purchase-sale quotations will be higher \$25.0 th. (or other currency of denomination) at face value;
- not more than 50 basic points, if minimal volume of purchase-sale quotations will be higher \$100.0 th. (or other currency of denomination) at face value;
- not more than 100 basic points, if minimal volume of purchase-sale quotations will be higher \$300.0 th. (or other currency of denomination) at face value;

The basic point is 0.01% of net price of a bond (without accumulated interest) in percentage terms.

Market makers are also supposed to put new quotation during one minute if the old one had been satisfied.

Market makers hold a right to change prices of earlier announced obligatory quotations only in case of compliance with above-mentioned requirements to the spread. He could refuse to put obligatory quotations in case if the volume of purchased securities minus sold one (or volume of sold one minus the volume of purchased) exceeded \$1.0 mln (or other currency of denomination) at face value.

In case of extreme situation on the market, market-maker could take a one-hour time-out. During time-out he has a right to take off all quotations. Time-out right could only be executed once during the trading day. Market-maker or his representative must notify KASE broker about time-out.

The important feature of market-makers is exemption from fees on deals with local executive bonds.

Responsibility of IFO securities market-maker is regulated by new normative documents and implies penalty fees of \$100-1000 charged in case of violation of above-stated rules. Besides he could be deprived of the status.

The release of market-maker’s responsibility could be executed only according to the appropriate notification from KASE. It could be done in following cases:

- price fluctuations on the international market of IFO securities exceed 1,000 basic points during five business days, other cases related to uncertainty on the market;
- the government bodies amend existing legislation that significantly affects domestic market of IFO securities;
- internal and external imbalances that could significantly affect domestic market of IFO securities;

The decision on release of municipal GS market-makers commitments before Exchange Council meeting is taken by KASE Board.

By the decision of the Board of the Kazakhstan Stock Exchange (KASE), dated Feb 2, 2001, the sector of IFO bonds is opened in the Trade system of the KASE within the market of government bonds. The coding of IFO has been developed at the KASE. Its structure as follows: **XXXXCDDMMYY**, where: **XXXX** – title of the issuer’s organization; **C** – identification number of the issue currency (“U” – U.S. dollar, “E” – euro); **DDMMYY** – maturity date of the bonds.

By the decision of the Board of the KASE, mentioned above, and based on the letter of the Central Depository of Securities CJSC (CDS, Almaty), the euronotes of International Bank for Reconstruction and Development of **US459056PP62** and **US459056QC41** issues were admitted to the trades in IFO bonds sector. The quotation accuracy of these bonds in the trade system of the KASE is set at four decimal places. The quotations of the bonds will be put out at the KASE at clean price (excluding accumulated interest), expressed in percents of the

face value. During the trades the yields to maturity of the bonds will be calculated by the trade system on a semiannual basis. By the same decision of the Board of the KASE, and based on the application of the State Accumulative Pension Fund (SAPF, Almaty), the SAPF was assigned a status of a market-maker of the bonds of International Bank for Reconstruction and Development at the KASE.

By the resolution #766 of the Directorate of the National Securities Commission of Kazakhstan (NSC), dated Jan 31, 01, new normative document of the Kazakhstan Stock Exchange (KASE) was approved the amendments to the KASE normative document “**Membership fees and commissions collected by the Exchange**”. They were approved by the decision of the meeting of the KASE members holding categories “K”, “P”, “H”, which was held on Jan 17, 01.

Due to the appearance of the NSC Directorate’s resolution, the Rules go into effect **from March 1, 2001**.

The changes concern the method of charging of commission fees of the KASE on the securities repo deals. New method determines the commission fee amount at 0.25% of the income, which is calculated as the product of the number of securities used in the deal and the difference between the repo closing deal price and the repo opening deal price. The commission fee is collected from the seller and the buyer both at repo opening deal, and repo closing deal. If the term of the repo closing deal changes the income is calculated based on actual execution terms of the repo closing deal. In previous edition of the normative document the commission fee on the securities repo deals was 0.005% of the repo opening deal and 0.005% of repo closing deal from the seller and the buyer, but not less than the commission collected by the Central depository of securities (CD) from the Exchange.

Prepared by the agency «IRBIS»

Bonds of RG BRANDS LLP were entered into the KASE listing under category “A”

Special issue based on the information of RG BRANDS LLP, KASE, and NSC of Kazakhstan

On February 5, 2001, by the decision of the Exchange Council of Kazakhstan Stock Exchange (KASE), of the same date, second issue inscribed coupon bonds of RG BRANDS LLP (Almaty) were admitted to the official list of KASE securities under category “A”.

BOND ISSUE INFORMATION

| | |
|--|---|
| Type of the securities: | inscribed coupon bonds, indexed by the change in the exchange rate of tenge to U.S. dollar |
| National identification number: | KZ72KAT51S39 |
| Number in the state register | A29 |
| Registrar | Reestr-Servis LLP (Almaty) |
| Date of registration | Jan 5, 01 |
| Face value, USD: | 100.00 |
| Issue volume, USD: | 4,000,000 |
| Issue volume, bonds | 40,000 |
| Circulation starts on | Jan 8, 01 |
| Floatation term | 1 month from circulation beginning date |
| Circulation term | 2 years |
| Maturity | Jan 8, 03 |
| Interest: | 13.0% APR |
| Interest payment days | July 8 and January 8 |
| Time basis for coupon calculations | 360/30 |
| Fixing date of the register for coupon payments | 10 days |
| Dates when the register is fixed for coupon payments | June 28 and December 29 |
| Fixing date of the register for the maturity | 10 days |
| Date when the register is fixed for the maturity | December 29, 02 |
| Servicing of the issue | in tenge at official rate of the National Bank of Kazakhstan, effective on the payment date |
| Financial consultant of the issue: | RG Securities LLP (Almaty) |
| Admittance date to the KASE trade lists | Feb. 5, 01 |
| Date of the first trades | Feb. 7, 01 |
| KASE trade code | RGBRb2 |
| Price deviation accuracy | 4 decimal points |
| Market-makers at the KASE | RG Securities LLP (Almaty) |

If the coupon payment or maturity date falls on week-end (holiday), the payment will be made on the next business day. The bonds holder does not have right to demand compensation for a such kind of delays. None of the bond holders have the right to call back his bonds except for the cases specified in existing law of Kazakhstan.

The funds, raised by the bond issue, are to be used to restore working capital.

GENERAL INFORMATION

The date of initial state registration – June 22, 98. Legal status – limited liability partnership. Ownership – private. Legal and actual address of the head office – 212b, Raimbek Ave., 480034, Almaty, Kazakhstan.

The company was established in order to organize import substitution production in Kazakhstan. The idea of producing natural juices and nectars came as a result of an analysis of the situation in this segment of the market. In 1998 more than 60% of the market belonged to the importers, with transportation costs reaching 20% of the total cost, causing the price of the product to be high as well. The market of juices and nectars was demonstrating a growth of consumption and the absence of clear seasonal factors in the sales relative to other beverages.

In February 1998 the contract was signed with Tetra Pak (Switzerland) on the supply of the equipment on production and packaging of natural juices and nectars. The production of all natural juices started in December 1999. Until that time the company found a place for the workshop (on the territory of the Almaty “Porshen” plant), made the recipe of the juices and designed the packaging, as well as the equipment was installed.

The number of employees of RG BRANDS LLP equaled 32 as of October 1, 2000. All technical personnel had a training conducted by the specialists of Tetra Pak (Switzerland) and Dohler (Germany) with the equipment of Tetra Pak.

CAPITAL AND FOUNDERS

As of Jan 1, 01 announced and paid authorized capital of the RG BRANDS LLP equaled **KZT705 mln**. The only founder of the company is the Resmi Group Ltd. LLP (Almaty, wholesale trade of various goods, retail trades of perfume and cosmetics, restaurants and bars, transportation and logistics services, industry).

CHARACTERISTICS OF THE ACTIVITIES

As it has been noted above, the RG BRANDS LLP specializes on production of all natural juices under the “Da-Da!” and “Dandy” trade marks. Also the production of the beverage called “Nektar Solnechnyi” (Sun nectar) is planned. The difference of this brand from basic “Da-Da!” and “Dandy” brands are the flavor and the consumer orientation.

The process started with the production of 12 varieties of natural juices in two types of packaging at 1.0 and 0.25 liters under “Da-Da!” and “Dandy” trade marks: orange, apple, peach, two multivitamin (orange-mango and orange-apricot) and tomato. In mid 2000 the assortment of “Da-Da!” juice was expanded to 11 varieties by adding new flavors: apricot, grape, cherry, mango and multivitamins in order to expand the market. After that the introduction of the third brand, “Nektar Solnechnyi” began, which is oriented towards the consumers with low income level. Thus, there are 11 varieties of “Da-Da!” and 6 varieties of “Dandy” juices now.

Supply of raw materials. The following are defined as the suppliers of raw materials: Dohler (Germany), Merco (Turkey), Dinter (Germany) and Asya (Turkey), which, in the opinion of the RG BRANDS LLP management, are the leaders in the world market of concentrated juices, offer affordable prices and flexible payment terms for their products. Besides, the suppliers are the “blenders”, that is, they are liable for the quality of the concentrate and its flavor no matter who is the producer of the initial product. The major suppliers of the concentrate is Dohler Euro Citrus (Germany). The Dohler Euro Citrus guarantees the quality irrespective of the season and has more than 300 varieties of juices and nectars. The delivery term of the container is 25-30 days, payment term is irrevocable letter of credit with payment deferral term of 120 days.

The supplier of packaging is Tetra Pak. The payment term is irrevocable letter of credit with 75 day payment deferral term. The main distinctive feature of this packaging is the possibility of storing the finished goods in normal room temperatures for a one year.

The supplier of other consumable materials (sugar, water etc) are private Kazakhstani companies, which is very important in import substitution of the cost component of the goods. The supplier of corrugated packaging is Sweetex (20 day payment deferral), sugar - ED & F Man Sugar Kazakhstan (20 day payment deferral), diesel fuel - Sonar.

The cost structure of the product looks as follows: consumable materials - 8%, concentrate and its delivery - 50%, packaging - 39%, corrugated packaging - 3%. The structure of the product: “Dandy” juice (1 liter) - 7%, “Dandy” (250 ml) - 3%, “Da-Da!” juice (1 liter)- 67%, “Da-Da!” (250 ml) - 23%.

Production and material-technical base. The company has a finished production infrastructure located in Almaty on the territory of “Porshen” plant, which includes industrial workshop of 400 square meter area, administrative two-storey building with 800 square meters area and warehouses. There is a railroad branch and paved road, centralized power supply and telephone communication. The base has its own boiler. Besides, there is a power substation at the plant and deep well with drinking water, which market the production completely autonomous.

Marketing. By the information of RG BRANDS LLP, its price policy is directly linked to the penetration into the market and expansion of sales volumes. It sets one price for all the sales points in the country. The prices of “Dandy” juices depend on the demand of the consumers. The juice “Dandy” costs 15-20% more than the base juice “Da-Da!”, which is due to the difference in the recipes. The expansion of the production and the assortment of the products, which correspond to the world standards, is to be made based on real available own resources, as well as attraction of borrowed funds. The most of the investments in coming 5 years will be directed into the marketing in order to expand the market segment in Kazakhstan and getting into regional markets.

Distribution. The juices are produced based on placed orders of exclusive distributors on 2+2 principle: 2 months - solid order, 2 months - forecasted order. This principle allows the company to minimize the remaining volume of finished products at the warehouse, support optimal stocks of raw materials and inventory, as well as effectively use the company’s financial resources. The juices are sold through 3 exclusive juices:

- Uni Commerce LLP - exclusive distributor of the products in Kazakhstan with developed network and the representatives in each city. The term is perpetual contract, payment deferral is 30 days. The proportion of products purchased from RG BRANDS LLP - 90%.
- Express Company LLC - exclusive distributor of the products in Kyrgyzstan with developed network and the representatives in major regional cities. The term is perpetual contract, payment deferral is 60 days. The proportion of products purchased from RG BRANDS LLP - 8%.
- Top Trade 21 LLC - exclusive distributor of the products in Russia with developed network and the representatives in major regional cities. The term is perpetual contract, payment deferral is 90 days. The proportion of products purchased from RG BRANDS LLP - 2%.

Competitors. The major competitors of the RG BRANDS LLP are the producers of the juices in Tetra Pak packaging. The most serious ones in Kazakhstan are “**Raimbek Bottlers**” (Almaty; juices and nectars under “Juicy” and “Palma” trade marks; active work with regions through distributors, own trade team in Almaty); “**Food Master**” (Issyk, Almaty region; initially elite juices and fruit beverages under “Piko” trade mark, however, due to sales problems the pricing was changed); “**Kosmis-Kazakhstan**” JV (Kostanai city milk factory and Turkish Mis company, “Fresco” juices).

Among the importers the RG BRANDS LLP puts emphasis on: **SIO Eckes KFT** (Hungary; “Sio” juices, Kazakhstani distributor - Green House); **Wimm-Bill-Dann** (Russia; “Chudo-Yagoda” juices, “Domik v Derevne” milks, “DJ” beverages - more than 100 items, Novosibirsk branch has a network of dealers in the regions of Kazakhstan; in Almaty the distributor is Meta).

The volume of juices market in Kazakhstan is estimate in 2000 at 35.0 mln liters. The market shares of the companies were as follows in August-September 2000: RG BRANDS LLP - 15%, Raimbek Bottlers - 35%, Food Master - 8%, Kosmis-Kazakhstan JV - 7%, Wimm-Bill-Dann - 7%, SIO Eckes KFT - 6%, others - 22%.

After a year of production of juices the RG BRANDS LLP was able to conquer 24% of the Kazakhstani juice market. In early 2000 this figure was equal to 8%, and average for the year - 15%. The company’s products are in 18 major cities of Kazakhstan and their suburbs, as well as in Kyrgyzstan (Bishkek, Osh), where it accounts for 20% of the market. Based on the data of ACNielsen research company and Uni Commerce LLP, the products of RG BRANDS LLP are sold in 42% of sales points in Kazakhstan.

Financial activities. The RG BRANDS LLP has invested 4.2 mln U.S. dollars into the opening of the natural juice plant based on the technology of Tetra Pak. The project started in February 1999. This amount includes the company’s own funds, the lease of Tetra Pak, borrowed funds from the bond issue on the stock market, as well as the loans of financial organizations.

In October 1999 the RG BRANDS LLP borrowed 500 th. U.S. dollars on domestic stock market by issuing bonds in two tranches at 250 th. U.S. dollars each with 17% coupon. Issue registration date is Oct 29, 99, maturity is Jan 26, 00 (1 tranche) and June 24, 00 (2 tranche). Based on the documents presented to the KASE, this issue has been completely repaid with the simultaneous repayment of the coupon.

The lease term of the Tetra Pak Export Ltd. equipment is 5 years. The value of the contract, which was signed on February 10, 99, is \$2,780,100. Advance payments of the company totaled \$1,112,040. The lease payments are made quarterly - 19 successive payments at \$167,768 each. Since the advance payment had been already made, 1/19th of the advance payment (\$58,528) is deducted from each lease payment. As a result, net amount of quarterly payments is \$109,240.

On December 13, 1999 the RG BRANDS LLP received \$1.2 mln loan from the American Fund for Entrepreneurship Support in Central Asia to purchase the equipment and concentrate juices. This loan was granted till November 2, 2003 at 18% APR. On April 3, 2000 the authorized capital of the RG BRANDS LLP was increased from KZT640 th. to KZT705 mln.

In the fall of 2000 the company made a decision to conduct the second issue of bonds. The attraction of additional funds will allow the company to restore working capital and introduce “Nektar Solnechnyi” brand into the market, develop a new design for “Da-Da!” juices and marketing support to these products.

FINANCIAL STATEMENTS DATA PRESENTED BY THE ISSUER

RG BRANDS LLP presented its balance sheet, income and cash flow statements for the years 1998-1999 and preliminary reports for 2000, which were made in accordance with the Kazakhstani accounting standards (KAS).

Major financial ratios of RG BRANDS LLP activities calculated by the data of the issuer

(in th. KZT, unless otherwise specified)

| Index | As of | As of | As of |
|---------------------------|------------|------------|------------|
| | Jan 01 '99 | Jan 01 '00 | Jan 01 '01 |
| Authorized capital (paid) | 640 | 640 | 705,000 |
| Shareholders' equity | -494 | 2,068 | 727,042 |
| Book value of the assets | 11,602 | 570,424 | 1,250,003 |
| Working capital | -494 | -65,751 | 659,427 |
| Accounts receivable | 2,321 | 75,575 | 590,248 |
| Liabilities | 12,096 | 568,356 | 522,961 |
| Loans attracted | - | 292,938 | 254,902 |
| Accounts payable | 12,096 | 275,418 | 268,059 |
| Sales | 0 | 69,691 | 496,779 |
| Net profit (loss) | -1,134 | 2,562 | 20,614 |
| Return on sales (ROS), % | - | 33.85 | 27.30 |
| Return on equity (ROE), % | - | 123.88 | 2.84 |
| Return on assets (ROA), % | - | 0.45 | 1.65 |

Authorized capital of the company was increased from KZT640 th. to KZT705 mln as of April 3, 2000 based on the founder’s decision. Increase in book value of the assets was mainly caused by KZT515 mln increase in accounts receivable. Based on the company’s data, the principal of KZT557 mln should be repaid on January 30, 2001.

Cash flow statement of RG BRANDS LLP

(in th. KZT, unless otherwise specified)

| Index | As of | As of |
|---------------------------------|-------------|---------------|
| | Jan 01 '00 | Jan 01 '01 |
| Cash inflow: | 534,413.60 | 1,706,031.90 |
| sales | 14,602.60 | 446,667.40 |
| other operating inflows | 850.00 | 64,964.60 |
| other inflows | 518,961.00 | 1,194,399.90 |
| Cash outflows: | -731,403.30 | -1,997,820.30 |
| operating payments | -81,472.80 | -692,602.40 |
| other payments | -649,930.50 | -1,305,217.90 |
| Operating cash flows | -196,989.70 | -291,788.40 |
| Cash received | 0.00 | 0.00 |
| Cash paid | 0.00 | -464.30 |
| Cash from investment activities | +0.00 | -464.30 |
| Cash inflows: | 197,061.20 | 1,032,771.00 |
| loans | 162,561.20 | 144,032.20 |
| share sales | 34,500.00 | 5,433.30 |
| other inflows | 0.00 | 883,305.50 |
| Cash outflows: | 0.00 | -732,938.90 |
| loans repaid | 0.00 | -157,650.80 |
| dividends | 0.00 | -2,914.20 |
| other payments | 0.00 | -572,373.90 |
| Cash from financing activities | +197,061.20 | +299,832.10 |

The company had not disclosed the information on other inflows and outflows shown in the cash flow statements, which are considerable amounts. Other cash inflows from operating activities account for 70% of total operating inflows and other payments - 65.3% of all operating payments. Based on cash generated from financing activities, other inflows account for 85.5% of all inflows, and other payments - 78% of all payments. As a result, the company had negative cash flows in 1999 and 2000, resulting in cash deficit, which are restored by attracting loans and other receipts from financial activities.

AUDITING REPORT DATA

RG BRANDS LLP presented auditing reports on its financial statements for 1999 made by PricewaterhouseCoopers LLP (Almaty, Kazakhstan) made by the Kazakhstani accounting standards, and for 9 month 2000 made by Kazexpertaudit (Almaty, Kazakhstan) in compliance with the Kazakhstani accounting standards.

In auditing report the PricewaterhouseCoopers LLP notes that except for the absence of comparable data, as it is required by the Kazakhstani accounting standards, financial statements give a reliable presentation of financial situation of RG BRANDS LLP in all necessary aspects as of December 31, 1999, as well as the results of its financial and economic activities and cash flows as of indicated period in accordance with Kazakhstan accounting standards.

In its auditing report the Kazexpertaudit LLP notes that financial statements give a reliable presentation of financial situation of the company in all necessary aspects as of October 1, 2000 and are in compliance with the methods used in Kazakhstan to make financial statements.

The Kazexpertaudit LLP has also conducted auditing of the RG BRANDS LLP financial condition and solvency. In the view of the Kazexpertaudit, the company can not cover its current liabilities as of reporting date, since it does not have sufficient cash and financial investments (payments reached KZT102,188 th.). However, the company has noticeable amount of accounts receivable and if they are paid back soon it can cover all its debt and improve financial condition. The only source of the improvement of its financial situation are the loans or involvement of new partners and founders. To estimate the liquidity an inequality was used and based on it the company was declared liquid.

The Kazexpertaudit notes that the RG BRANDS LLP is dependent on the loans and investors, since self-sufficiency coefficient is equal to theoretical 0.54, which confirms the company's financial stability. In the opinion of the auditor, the RG BRANDS LLP, which uses its own capital only, has the highest degree of stability, but it limits its growth temps, as it can not provide with sufficient volumes of assets during a favorable market and does not use financial growth opportunities of its income per invested capital. Excessive financial flexibility can cut the profit margin.

COMMENTS OF THE KASE LISTING COMMISSION

Following are the characteristics of the risks, associated with the activities of RG BRANDS LLP, as well as the purchasing of the second issue bonds of this company. The characteristics was compiled by analysts of KASE on basis of documents of the issuer and other authorized and interested entities submitted to the Exchange. They included documents prepared for admission of company's bonds into listing "A". Results of analysis also presented in conclusion of the listing commission as Appendix, where certain aspects of the issuer's activities, that should be considered, in the opinion of the Exchange, by potential investors.

Dependence on income level. RG BRANDS LLP products are in high demand among the population. At the same time, it is highly dependent from income level of population. Demand significantly lowers when economy stagnates. The management of company noted that RG BRAND had remarkably increased its safety margin by

lowering costs of production. The company is ready to cut prices if the economy will experience long-lasting stagnation.

Dependence on imports of raw materials. RG BRANDS LLP is clearly dependent from foreign suppliers. Share of import costs including transportation on concentrated products (Germany) amounts to 50%, packaging operations include 39% of imports from Sweden. Thus, the company largely depends on exchange rate fluctuations.

Accounts receivable. In December 2000 RG BRANDS completed financial statements for 9 months 2000. Amount of accounts receivables reached KZT471.8 mln. The repayment term is five years. Among debtors affiliated companies PRG Bottlers OJSC, Resmi Group LLP, Uni Commerce LLP. From January 21, 2001 RG BRANDS restructured its long-term receivables to short-term. As a result, debts to the company reached KZT590.2 mln. The company also informed that major amount of this sum KZT557 mln was redeemed on Jan.30. 2001. However, this information was not supported by official documents.

Operations with affiliated parties. The presence of large amount of affiliated debts and other receivables and payables among parties indicates that cash flows of the company might be distributed among other daughter parties of Resmi Group LLP. Thus, one should mark the possibility of cash outflows from RG BRANDS in case of unstable developments in the activity of the Resmi Group. This could also affect the company's ability to service its debt on bonds.

Ability to fulfill obligations. Funds raised from emission of bonds will finance working capital of the company. Thus, timely execution of debt commitments would depend on commercial expansion on the market. On the first stage of borrowing program the company might experience developing decrease. This situation happens when a company has to lower profitability penetrating markets and expanding productions. Nevertheless, related losses will be probably compensated by interest rate differences between bank loans and bonds issue. At the same time, the company would have to find new financial sources or to cut production after redemption of bonds.

Changes in legislation. On Jan.27, 2001 the Directorate of NSC ratified amendments (resolution #765) to the Securities Listing Regulation that were approved on the meeting of KASE members of categories "K", "P", "H" on Nov.08, 2000. New wording of the regulation included restriction for partnerships on inclusion of their securities into category "A". As the modification is to be enacted on Apr.01, 2001 RG BRANDS LLP accepts the risk of grade lowering.

COMMENTS OF THE AGENCY IRBIS

The agency IRBIS (Almaty) emphasizes that presented information and the conclusions are taken from the reports of the KASE listing commission, and are not the result of the research conducted by the IRBIS specialists and were not checked by the employees of the agency. The KASE and the management of the RG BRANDS LLP are fully liable for the reliability of the information.

Prepared by the agency «IRBIS»