

Frankfurt IPO Process for Kazakh GDR Issuers

Almaty, 4 September 2008

BU Name or Client/Project Name

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Section 1

Process Overview

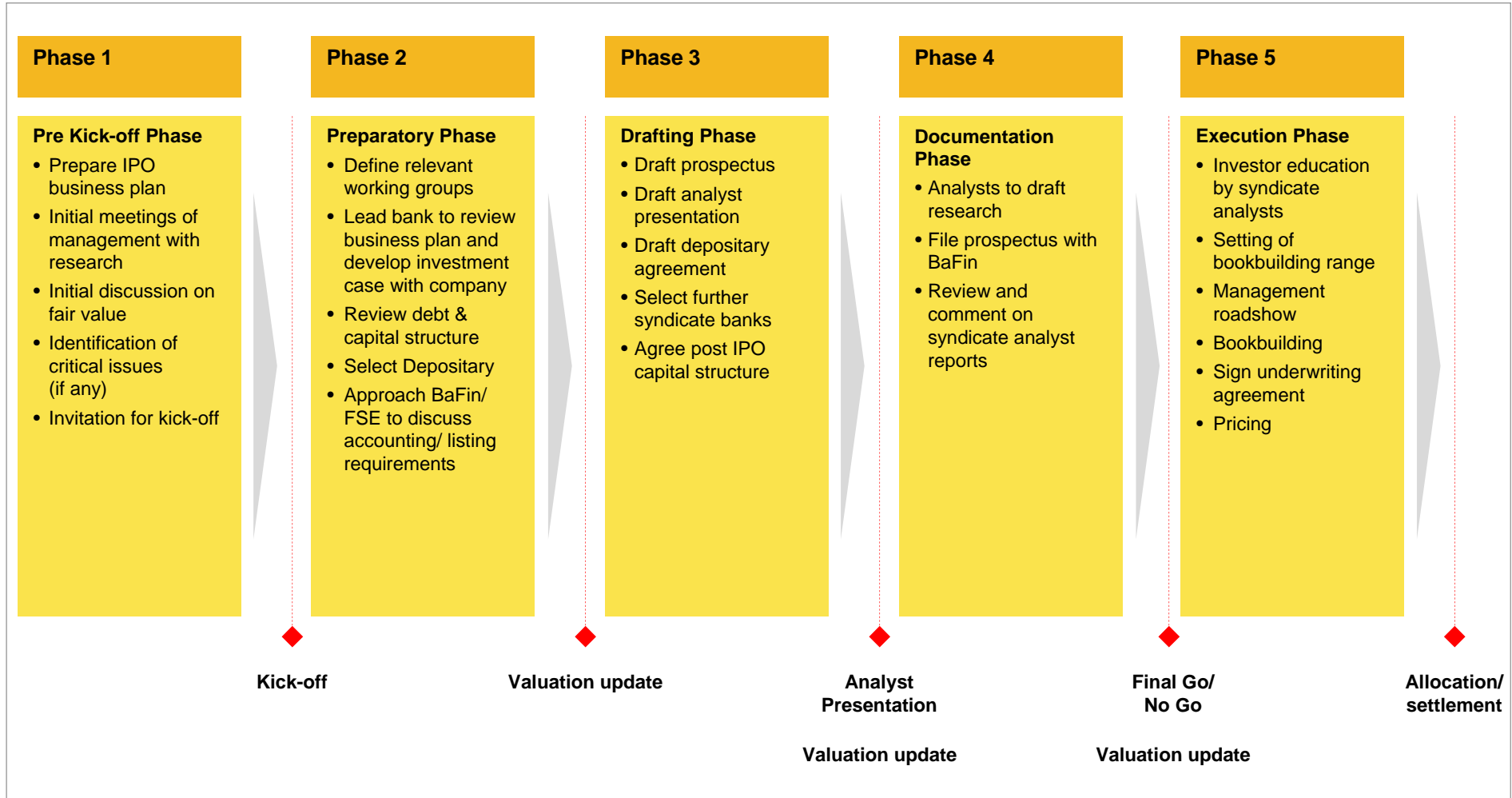
PROCESS OVERVIEW

Overview of Available FSE Listing Options

Regulated Market

	Prime Standard	General Standard
Country of Incorporation	Kazakh or offshore	
Trading Platform	XETRA (electronic) and/or floor trading (same as DAX companies) EUR trading; possibility to trade in USD as of Nov. 2008	
Form of Instrument Traded	Shares or GDRs	
Documentation Requirements	Prospectus Directive compliant prospectus required	
Free Float Requirements	Generally 25% minimum free float per tranche listed	
Post Admission Obligations (all in English)	<ul style="list-style-type: none"> • Obligation to publish half-yearly and quarterly financial information • Obligation to publish Ad-hoc notifications • Obligation to publish financial calendar • Staging of at least one analyst conference per year 	<ul style="list-style-type: none"> • Obligation to publish half-yearly financial information • Obligation to publish Ad-hoc notifications
General Considerations	<ul style="list-style-type: none"> • Same trading platform as large German companies • Best investor access • Superior transparency standards 	

IPO Phases



Project Management

Working Groups and Responsibilities

Steering Committee/ Project Management

Representatives from

- Issuer, Selling Shareholders
- Bookrunner

Key Tasks include

- Regular meetings
- Key decision making/preparation
- Co-ordination of working groups
- Offering structure, positioning, valuation, sizing and determination of price

Business and Financial Due Diligence, Prospectus Drafting

Key Tasks include

- Discussion and analysis of financial condition and historical results of operations
- Review of capitalization and use of proceeds
- Analysis of current market and key comparables/ competitors (business)
- Assessment of risk factors
- Prospectus drafting
- Disclosure opinions
- Legal opinions
- Comfort Letter

Accounting, Legal and Tax

Key Tasks include

- Preparation of financial statements and explanatory notes
- Quarterly financial reporting
- Review of accounting policies
- Review of management projections
- Review of legal and tax structure, including articles of association
- Review of board and management structures
- Corporate governance
- Shareholder resolutions for capital increase
- Development of tax-efficient employee/ management share option programs
- Drafting of underwriting agreement
- Drafting of depositary agreement

Business Plan, Equity Story, Positioning & Valuation

Key Tasks include

- Review of business strategy
- Review of projections and assumptions
- Analysis of current market and key comparables/ competitors (valuation)
- Determination of capital structure and dividend policy in relation to peer group
- "Equity story"/ positioning
- Preparation and rehearsal of analyst and roadshow presentation

Marketing and Communication/ Structuring

Key Tasks include

- Preparation and rehearsal of roadshow presentation
- Co-ordination of press activities, timely information of opinion leaders, preparation of company statements and press releases
- Co-ordination of PR agency
- Organization of investor education and analysis of results
- Roadshow organization
- Size and structure of offering:
 - Primary vs. secondary shares
 - retail vs. institutional investors
 - German, European and US investors
- Appointment and briefing of syndicate
- Pricing and allocation
- Stabilization in aftermarket
- Settlement

Key Documents in the IPO Process

Overview of Key Documents

Key Document	Description of the Document
Kazakh Prospectus	<ul style="list-style-type: none"> If, e.g. public offering in Kazakhstan and prospectus required under local law
International Offering Circular	<ul style="list-style-type: none"> For international private placement; potentially EU Prospectus Directive compliant
EU Prospectus Directive compliant Securities Prospectus	<ul style="list-style-type: none"> If public offering in Germany or any other EU member state
EU Prospectus Directive compliant German Listing Prospectus	<ul style="list-style-type: none"> No separate listing prospectus required if EU Prospectus Directive compliant securities prospectus is prepared, i.e. if public offering in Germany or any other EU member state If required, built on International Offering Circular; may be in English, with German translation of prospectus summary
Underwriting Agreement	<ul style="list-style-type: none"> Bookrunner on behalf of the syndicate officially take the responsibility for implementing the offering
Agreement among Managers	<ul style="list-style-type: none"> Agreement between the various banks in the IPO consortium (lead and co-lead managers)
Depository Agreement	<ul style="list-style-type: none"> Agreement between Issuer and Depository regarding issuance of GDRs
Analyst Presentation	<ul style="list-style-type: none"> Presentation of Issuer to equity research analysts of the IPO banking consortium
Roadshow Presentation	<ul style="list-style-type: none"> Presentation of Issuer to a broader range of institutional investors in group or individual (one-on-one) meetings
Comfort Letter	<ul style="list-style-type: none"> Opinion of accountants on the correctness of financial disclosure in prospectus
Legal Opinions	<ul style="list-style-type: none"> Legal opinions on the legality of the process/ structure etc; Disclosure opinion on the prospectus content



Illustrative Timetable

- Timing depends on availability of financial statements

Based on annual financial statements

Preparation:

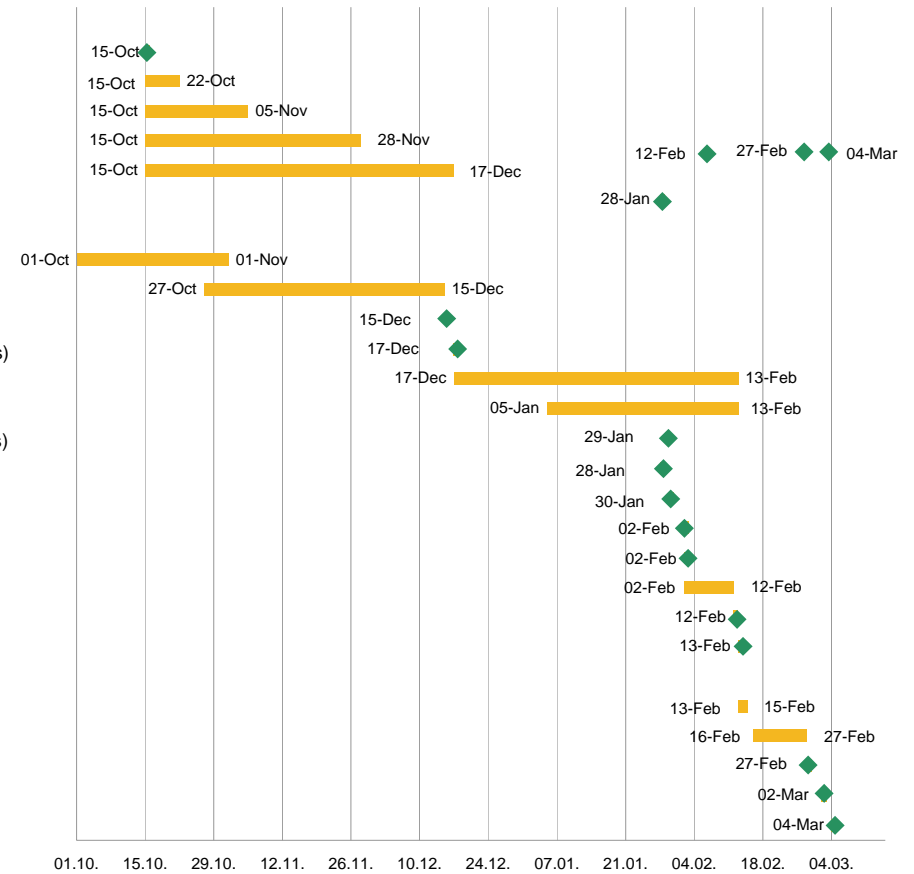
- Kick off
- Preparation of Data Room
- Review Business Plan
- Due Diligence
- Prospectus Drafting
- Annual Financials (audited)

Marketing:

- Equity Story
- Preparation Analyst Presentation
- Analyst Presentation
- 1st Prospectus Submission to BaFin (excl. '08 Results)
- BaFin Review
- Preparation Roadshow Presentation
- 2nd Prospectus Submission to BaFin (incl. '08 Results)
- Update Call on '08 Results with Analysts
- Submission of Research Reports for Factual Review
- Distribution of Research Reports
- Begin Black-out-Period
- Investor Education
- Price Range Setting
- Prospectus Approval

Execution:

- Print Prospectus
- Roadshow
- Pricing and Allocation
- First Day of Trading
- Closing and Settlement



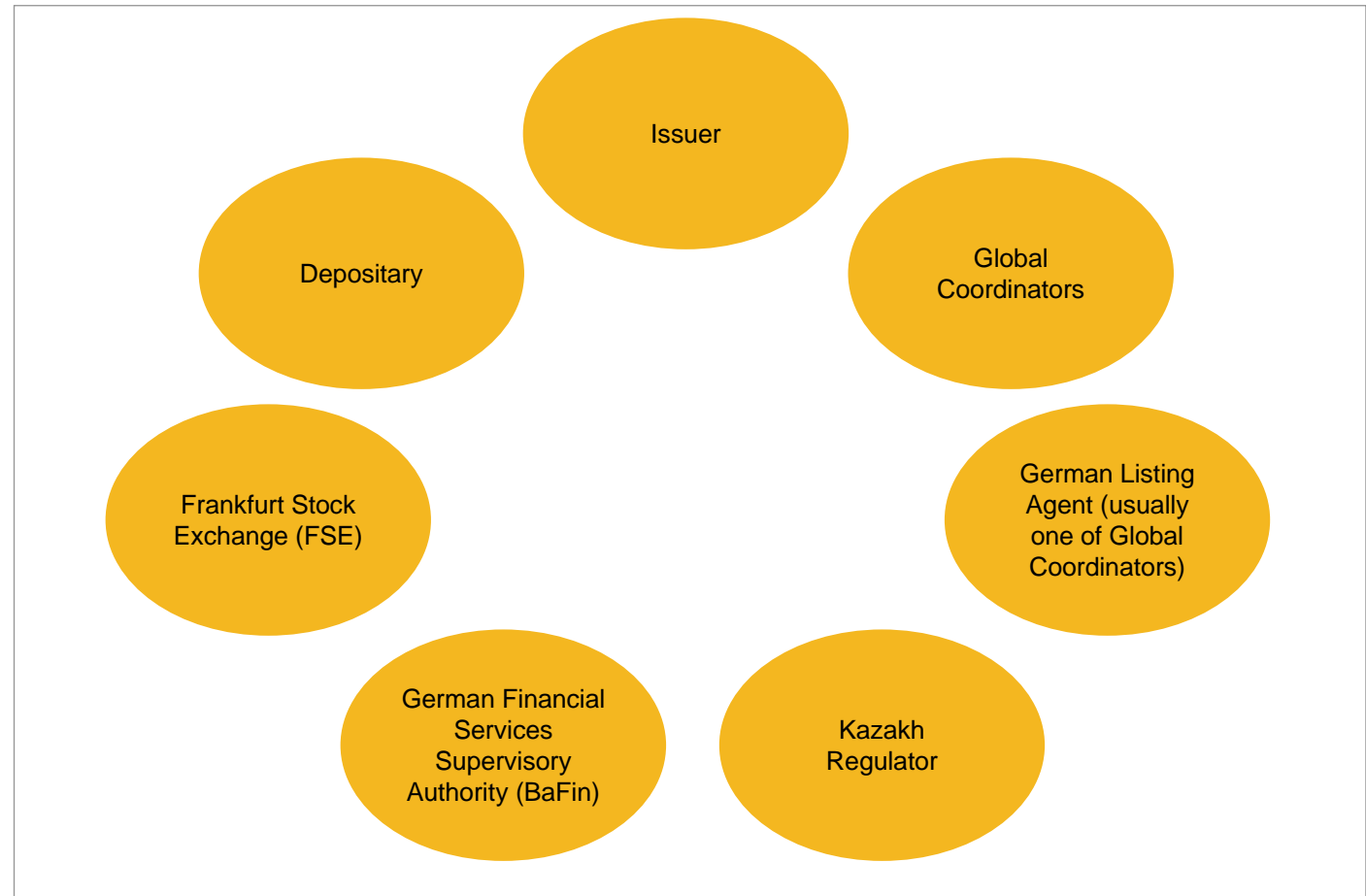
Section 2

Parties

PARTIES

Overview of Key Players for Regulated Market Listing

Overview of Key Players for Regulated Market Listing



PARTIES

Key Responsibilities

Key Responsibilities

Issuer	<ul style="list-style-type: none"> • Issue shares; deliver input for and ensure correctness and completeness of prospectus disclosure; procure fulfillment of listing requirements
Depository	<ul style="list-style-type: none"> • Advise Issuer of GDR structuring related issues; issue GDRs
Global Coordinators	<ul style="list-style-type: none"> • Structure and market offering • Settlement Manager (usually one of Global Coordinators) underwrites and settles offering on behalf of banks • Designated Sponsor (usually one of Global Coordinators; needs to be licensed by FSE as Designated Sponsor) provides for liquidity in secondary market trading
German Listing Agent	<ul style="list-style-type: none"> • Sign listing application alongside Issuer (required by German law); file listing and trading applications; coordinate listing process with FSE
BaFin	<ul style="list-style-type: none"> • Review and approve German Listing Prospectus
FSE	<ul style="list-style-type: none"> • Grant listing and trading permissions
Kazakh Regulator	<ul style="list-style-type: none"> • Grant required local permissions for share issuance, local listing of shares, if any, etc.

Section 3

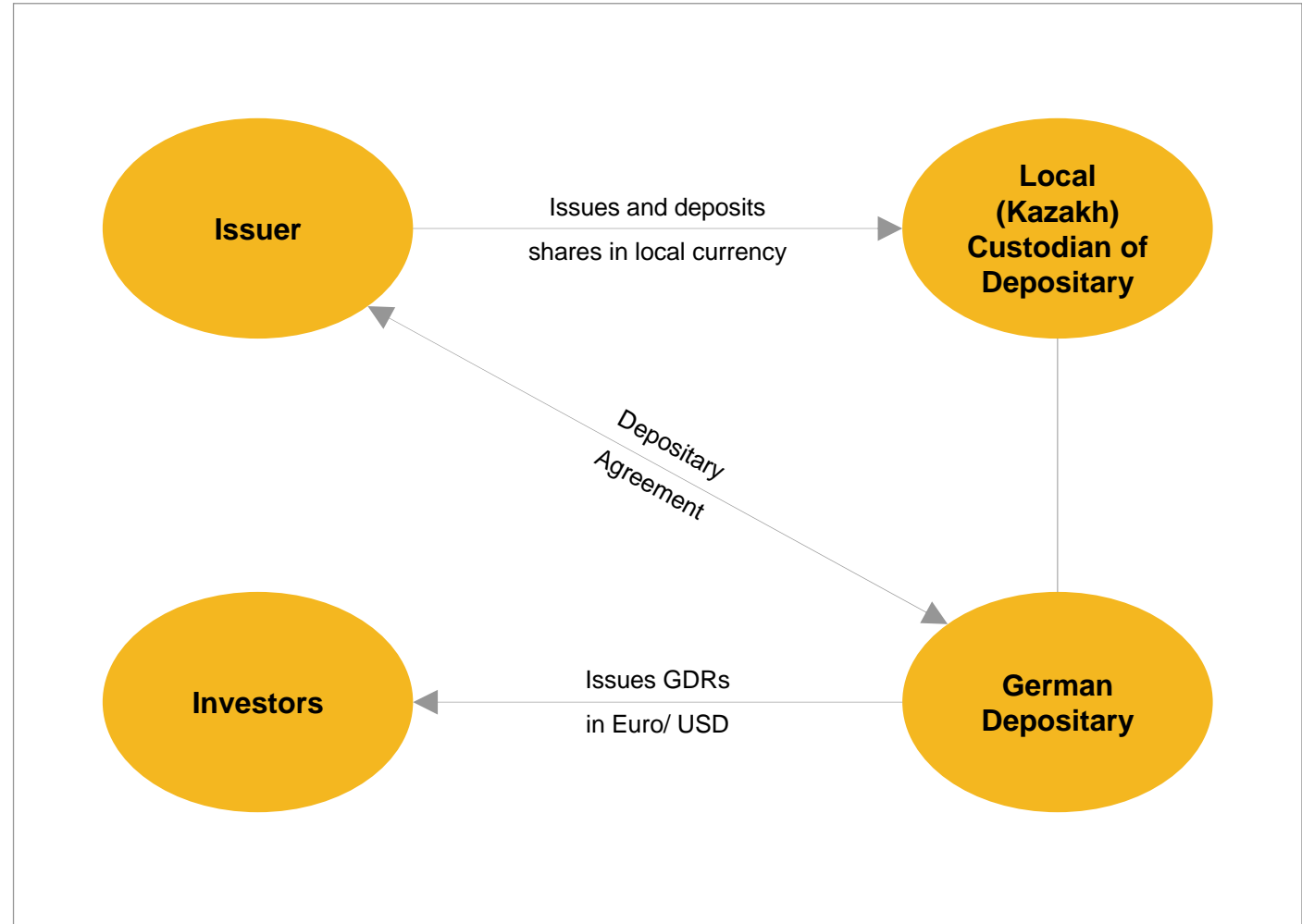
GDR Structure

What is a GDR?

- Bank certificate issued in Germany for shares of foreign company
- May be issued as representing one or more of local Kazakh Shares
- Issued in Euros or USD converted from local Kazakh currency; thus investor is only indirectly subjected to FX risk

GDR STRUCTURE

Overview of GDR Structure



Advantages of GDR Structure

- **From Issuer Perspective**

- Greater visibility and raising of capital in international market
- Company is traded internationally
- Access to German and international investor base
- Removes obstacles for foreign investors to enter local market
- Reduces administration and duty costs

- **From Investor Perspective**

- Benefits of global diversification while trading in home market under familiar settlement and clearance conditions
- Avoid potential additional risks of going directly into foreign market
- Buy shares in foreign company while realizing dividends and capital gains in Euro/ USD

GDR STRUCTURE

Special Requirements relating to GDR Structure

Special Requirements relating to GDR Structure

- Single or dual (separate global certificates for Reg S and 144A tranche) GDR structure; needs to be discussed/agreed early on among issuer, depositary and FSE
- Dual structure (used in other markets such as LSE) may trigger additional documentary listing requirements
- Recommendation to implement a single GDR structure with one single global certificate representing both the RegS and 144A placements
- Declaration by Issuer required that Issuer (and not Depositary) will be subject to post listing obligations
- Settlement mechanics and timing (interplay between local share and GDR tranches) need to be discussed and agreed early on in process among Issuer, Depositary, Global Coordinators (Settlement Manager) and Clearstream/ Euroclear

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Section 4

Financial Reporting Requirements

FINANCIAL REPORTING REQUIREMENTS

Admission Requirements

- Issuer must have existed for at least three years
- Three years audited financial statements required
- Financials for at least last two years generally need to be either IFRS or US GAAP
- Exemptions may be discussed with BaFin/ FSE depending on specific circumstances
- Kazakh GAAP most likely not sufficient

FINANCIAL REPORTING REQUIREMENTS

Post Admission Financial Reporting Obligations

- Issuer (and not Depositary) subject to post admission obligations/ ongoing reporting requirements
- Obligation under German Securities Trading Act (WpHG) and FSE Rules and Regulations to publish annual financial statements
 - Generally to be prepared in accordance with IFRS or U.S. GAAP
 - Generally to be published within four months of end of reporting cycle
 - BaFin dispense from WpHG obligations (reporting regime and time limit) possible, if equivalency requirements met (Kazakh GAAP most likely not sufficient)
 - **FSE recently amended its Rules and Regulations providing for immediate application of any BaFin dispense**
- Obligation under FSE Rules and Regulations to publish half-yearly and quarterly financial information generally within two months
 - **FSE recently extended time limits for non EU/EEA issuers of GDRs to three months; no BaFin dispense required**
- Annual and interim financial statements may be published in English only

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Section 5

Final Remarks

FINAL REMARKS

Key Takeaways

Key Takeaways

- Admission and post-admission requirements should be discussed and agreed with FSE and BaFin early on in process
- FSE recently amended its Rules and Regulation providing significant relief for non-EU/ EEA GDR issuers' ongoing reporting obligations
- Timing, settlement and clearing mechanics need to be agreed early on among parties
- Process know-how and close cooperation with FSE and BaFin is key to successful and smooth transaction execution