

Ukraine/ Coke

Sector Update

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Ukrainian Coke Industry

**Separating the Sheep
from the Goats**

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Investment Case

Sector's Information

MCap, USD mln	1 114.3
Free Float	4%
FF MCap, USD mln	47.4

Company	Bloomberg
Avdiyivka Coke	AVDK UZ
Alchevsk Coke	ALKZ UZ
Zaporizh Coke	ZACO UZ
Yasynivsky Coke	YASK UZ
Baglyi Coke	BKOK UZ
Donetsk Coke	DKOK UZ

Ticker	TP, USD/share		Upside	Rec'	
	New	Old		New	Old
AVDK	5.14	4.79	134.7%	BUY	BUY
ALKZ	0.12	0.05	20.0%	BUY	SELL
ZACO	2.53	2.47	109.1%	BUY	BUY
YASK	0.73	0.30	78.0%	BUY	HOLD
BKOK	0.05	0.12	-44.4%	SELL	SELL
DKOK	0.02	0.08	-81.8%	SELL	SELL

Last year was a turning point for Ukrainian coke industry. Producers with strong links to steel mills/coal mines weathered dramatically shrinking exports and are faring well on robust local demand, while those not anchored to strong domestic consumers had their very existence called into question. Our analysis reveals attractive upsides for those still with their head above water - YASK, ALKZ, ZACO, AVDK - all rated BUY (first two upgraded from HOLD and SELL, respectively). We slashed targets for BKOK and DKOK and reiterate SELL recommendations.

Oasis of attractive upsides in an overheated market

With quite respectable YTD growth, the coking sector overall still lags significantly behind the market. Apparently difficulty in applying a customary tool, market multiples, made many investors shy to pay fair for Ukrainian coke stocks (when trying to identify a peer group one finds that the coke sector elsewhere is either integrated into steel or not traded). Ukrainian cokes grew on par with steel sector this year but deserve much more. Unlike fully priced steel, coke producers can be bought for a song now, representing an attractive opportunity to allocate hot money in the obviously overpriced market environment in Ukraine.

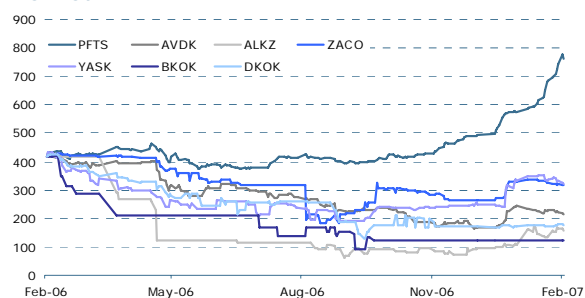
Go home, young man

Thanks to strong local consumption in 2006, Ukrainian coke production recovered 0.3% yoy after a 14% drop in 2005. At the same time, the continuing influx of Chinese low-price coke to global markets has finally finished off Ukrainian exports, which plunged 63% yoy to only 2% of total domestic production. We forecast local consumption to grow 11% by the end of 2008, underpinned by growth in domestic steel, while Ukrainian exports will remain scant.

By stock...

- ALKZ got the catalyst it badly needed: the announced merger plans of Russian Gazmetal and ALKZ's owner IUD to create a new CIS metals & mining giant. 1 mln mt new capacity last year adds to the appeal.
- YASK posted surprising growth in coke production by 20% yoy in 2006, which crossed out fears about asset stripping. YASK's owner, Donetskstal group, recently confirmed to us that the coke maker will remain within the group.
- AVDK shed the ballast of shady transactions with related parties and uncompetitive exports on the eve of the IPO of its managing company, Metinvest Holding, and currently represents a sustainable business.
- ZACO's coal needs will be 20-25% ensured by its largest shareholder and customer, Zaporizhstal, which announced plans to develop a coal deposit in Russia starting in 2007.
- DKOK's and BKOK's production will see another drop in 2007 due to cuts in domestic orders. DKOK faces a high probability of shutting down. Fans of BKOK might be hoping to see a white knight.

Market

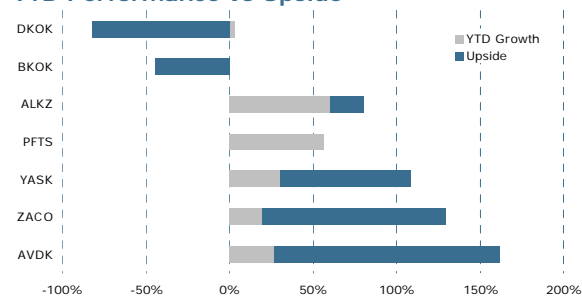


Source: PFTS

Sector's Key Financials, USD mln

	Revenues	EBITDA	Net income
2005	2 044.7	247.3	116.2
2006E	1 718.1	170.4	77.7
2007E	1 945.3	207.3	105.6

YTD Performance vs Upside



Source: PFTS

Price Ratios

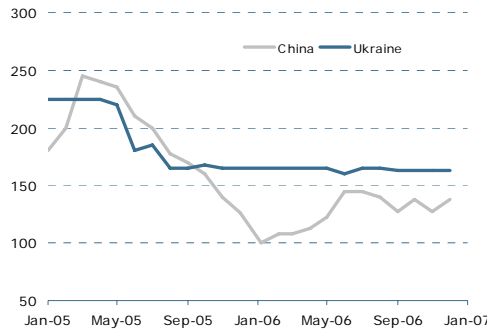
	EV/S	EV/EBITDA	P/E
	0.71	5.32	9.59
	0.85	8.56	14.34
	0.75	7.03	10.55

Shrinking Exports Separate Winners

Chinese coke displaces Ukrainian exports

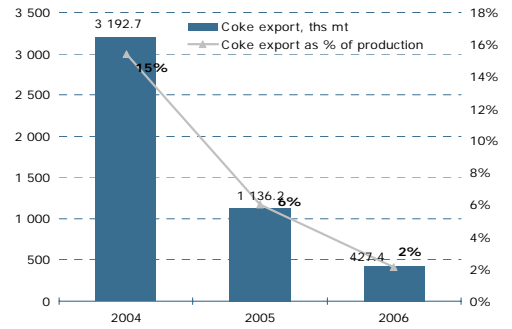
In 2005-2006, the influx of low-price coke from China squeezed less competitive players out of their traditional markets, including Ukrainian exports which dropped 67% yoy. On average, the export price of Chinese coke in 2006 was USD 126/mt – well below the price of USD 164/mt for lower quality Ukrainian coke. As a result, Ukrainian exports bottomed out last year and slid dramatically to 2% of total domestic production.

Export prices, USD/mt (FOB)



Source: Ukrainian Metal

Ukrainian coke exports, ths mt



Source: Interfax, Concorde Capital calculations

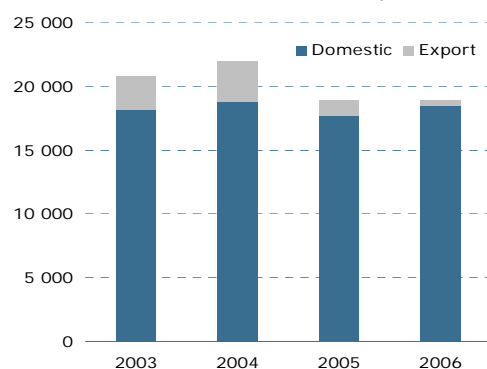
Export outlook for 2007: Scant

In 2007, we expect annual Ukrainian exports of 0.4-0.6 mln mt due to continued Chinese expansion. Moreover, a likely increase in tariffs this year for domestic railway transportation might further harm the competitiveness of Ukrainian coke makers. In the mid-term, we estimate that Ukrainian exporters have a chance to regain their competitiveness if the rally in Chinese export prices that started in late 2006, balloon to USD 200-210/mt.

2006 Recovery backed by an increase in local consumption

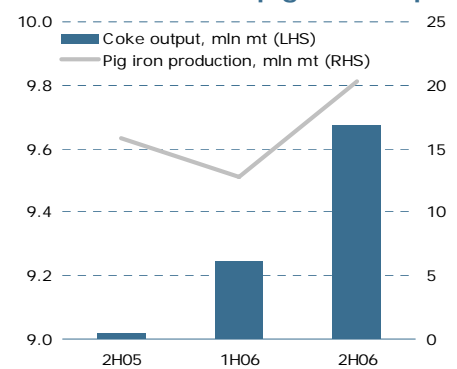
Fortunately, demand for coke from local steel smelters was solid. A turnaround took place in the second half of the year on the back of a 54% surge in Ukrainian pig iron production from 1H06. In the same period, domestic coke output grew by a healthy 7.2% yoy to fully offset a 6.1% yoy drop in 1H06. Overall, in 2006, the coke sector beat our gloomy midyear forecast of a 3% yoy drop and recovered with 0.3% yoy growth in output.

Ukrainian coke destinations, ths mt



Source: Ukrainian News

Domestic coke vs pig iron output

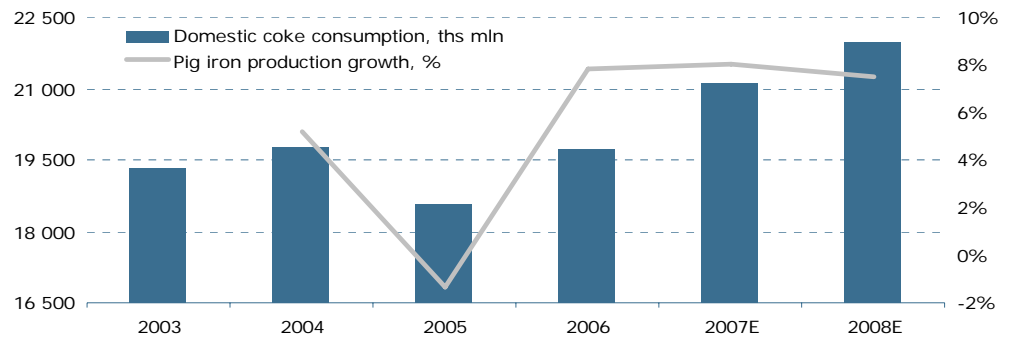


Source: Interfax, Concorde Capital calculations

Domestic consumption: outlook favorable for 2007-2008

We forecast domestic coke consumption to increase by 11% by the end of 2008, driven by growth in pig iron production.

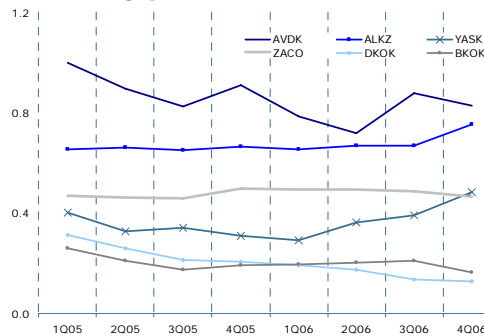
Pig iron production drives domestic coke consumption



Source: Ukrainian News, Concorde Capital estimates

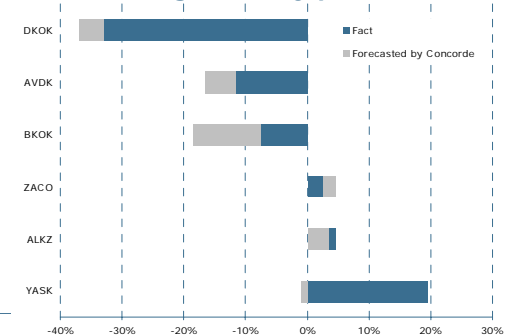
Only those coke producers that have cemented shipments with Ukrainian steel mills stand to benefit from domestic consumption uptrend. Over the last two years, Ukrainian coke producers were separated into winners, which secured shipments to domestic steel mills, and losers, which suffered from shrinking export markets in 2005-2006.

Quarterly production, mln mt



Source: Ukrainian News

Production growth by plant, 2006



Source: Interfax, Concorde Capital estimates

Winners: Yasynivsky Coke disproved our gloomy forecast and posted 20% yoy growth as their new ties to MMK Ililcha Steel became a positive addition to those with the Donetskstal steel mill. Zaporizh Coke (which supplies Zaporizhstal steel mill) and Alchevsk Coke (which sources to Alchevsk Iron & Steel and DMK Dzerzhynskogo) had stable production volumes over last eight quarters. In 2006, Zaporizh Coke's production grew by 3% yoy (we forecasted 5% yoy), while Alchevsk Coke's production rose by 4% yoy, above our prior projection of a 1% yoy increase.

Neutral: It looks like over 2005-2006, Avdiyivka lost much of its export market. However, domestic orders remained intact, so total output dropped less than we expected (-12% yoy in 2006 vs. our projection of a 17% yoy drop). Avdiyivka has probably found the bottom and is now at a sustainable output level in the long-term: the company is the key coking asset in the major SCM-owned domestic steel group, Metinvest, which will keep Avdiyivka's domestic orders stable.

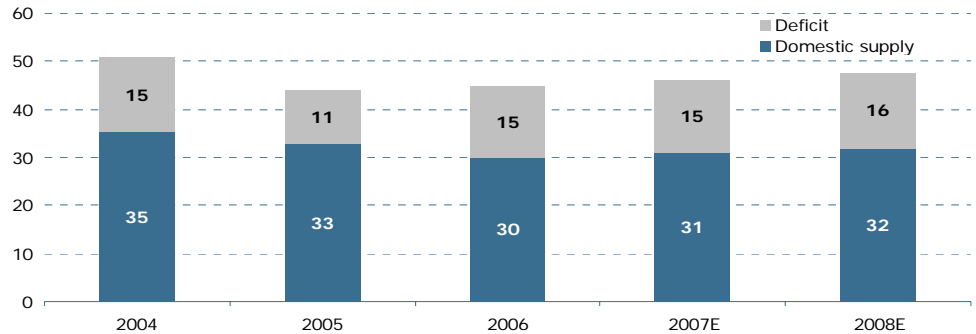
Losers: Neither Bagliy or Donetsk Coke have a stable customer base in Ukraine. In 2006 they decreased production by 8% yoy and 40% yoy, respectively. We expect the production cut-back will drag out this year - by 22% yoy for Bagliy and by 10% yoy for Donetsk Coke on the back of decreasing domestic orders.

Coal Supplies: Another Separating Factor

Domestic coking coal balance: 30-35% annual supply deficit

Coking coal consumption by Ukrainian coke makers greatly exceeds domestic supplies (see the chart below). Last year, the coal deficit grew by 36% yoy to nearly 15 mln mt on the back of a production decrease in coking coal of 8.3% yoy. Although we expect domestic coal mining will recover by 2-3% per year in 2007-2008, driven by new mine development and increasing output at existing mines, domestic demand for the period will still be unsatisfied.

Ukrainian coking coal balance, mln mt*

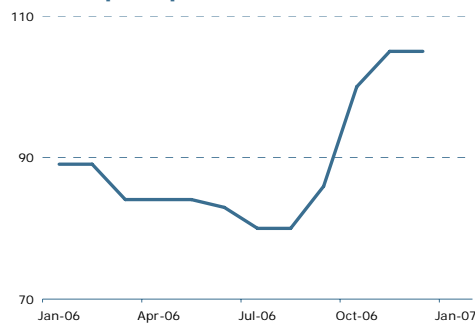


Source: *Energobusiness, Concorde Capital estimates*
* Non-processed coal

Hooked on Russian coal imports

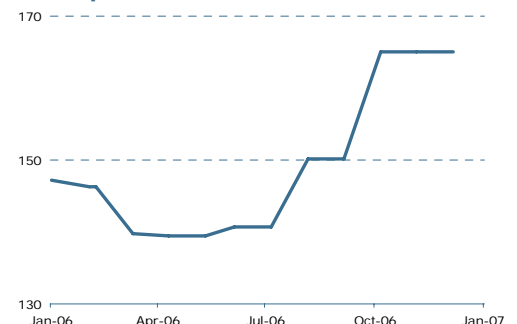
Coal imports from Russia accounted for 29% of Ukrainian consumption, on average, in 2004-2006. Russian imports will remain a stable source of coal for Ukraine in the long-run, however a temporary shortage of supplies from Russia might negatively effect profitability of Ukrainian coke makers without secured coal provisions. An 8% yoy reduction in extraction of domestic coking coal and higher prices for Russian imports translated into 17% price growth for local coke over 2H06 (see charts below).

Coal import price, DAF USD/mt*



Source: *Ukrainian Metal*
* Coking coal concentrate imports to Ukraine from Russia

Coke price in Ukraine, USD/mt



Source: *Metal Magazine*

Coal supplies: Only a few can feel comfortable

Our analysis shows coking coal provisions differ significantly among Ukrainian coke companies. Below is our ranking of Ukrainian coke makers, in terms of their access to coking coal:

Yasynivsky Coke is the only traded Ukrainian coke company that has access to sufficient supplies of hard coking coal (preferable in coke making). The company sources a small portion of coal from Russia to produce premium-grade coke.

Avdiyivka Coke receives coal from two related coal mines, Krasnodon and Pavlohrad Coal, and imports only 20-25% that it uses to make a higher-quality mix for coke production. Due to SCM's lobbying power, Avdiyivka has no trouble with supplies from state-owned mines. In July 2006, Avdiyivka's managing company, Metinvest, disclosed its plans to buy coal assets in Russia.

Zaporizh Coke uses both domestic and imported coal. We believe the company is in good terms with SCM and ARS, which own 35.7% and 15.3% stakes in Zaporizh Coke, respectively. Both groups own/control large domestic coal mines. In December 2006 Midland Resources, which owns a 41.8% stake in Zaporizh Coke, announced plans to develop its Bystrianskaya coal mine in Rostovsky region (Russia). We estimate the mine will meet about 25% of Zaporizh Coke's needs for hard coking coal by 2007-2008.

Donetsk Coke, controlled by SCM, is fed by coal from related coal mines, state-owned mines and it imports the rest. However, the company, from our perspective, is more vulnerable in terms of securing sufficient inputs than Avdiyivka Coke, SCM's major coke-making asset.

Alchevsk Coke is owned by IUD, which does not own any coal mines. However, the IUD is in good terms with domestic business groups SCM, ARS and the Donetskstal group, which supplies coking coal to Alchevsk Coke. Also Alchevsk Coke sources coal from state-owned mines run by management that is friendly to IUD and imports coal from Russia, Canada and Poland.

Bagliy Coke, owned by the Privat group, is most vulnerable traded coke company in terms of coal supplies, in our opinion. Bagliy Coke has no stable sources of domestic coal and relies mostly on imports of coal from Russia.

Coke makers' coal suppliers:

	Owner	Related Mines	Non-related Mines	Estimated Sufficiency in Coal
AVDK	SCM	Krasnodon Coal; Pavlohrad Coal	20-25% imported from Russia; domestic coal mines	106%
DKOK	SCM/ARS	Krasnodon Coal; Pavlohrad Coal	Domestic mines; Russian imports;	539%
ZACO	SCM/ARS/ Midland	Krasnodon Coal; Pavlohrad Coal;	Donetskstal group; domestic mines; Russian imports	200%
YASK	Donetskstal	Chervonoarmiyska -Zakhidna #1	High-quality coal imports from Russia for premium coke production	182%
AZLK	IUD	-	Domestic coal mines; Russian, Poland and Canadian imports	0%
BKOK	Privat	-	Mostly Russian imports; Domestic coal mines	0%

Source: Company data, Concorde Capital estimates

* According to Midland representatives, Bystrianskaya coal mine will be launched in 2007-2008

Note: Coal sufficiency is calculated based on coke producer's annual needs, divided by related coal mine's annual extraction

Valuation

We rely on a DCF approach to derive the fair value of Ukrainian coke stocks. Most foreign coke producers are integrated with coal mines or steel smelters, making a direct comparison by multiples inappropriate.

Basic assumptions

We upgrade our long-term coke price forecast from USD 160/mt to USD 170/mt. The reasons for this increase is rising Chinese export prices, which currently stand at USD 175-180/mt, as well as growing domestic demand for coke and recent coking coal price inflation.

	2005	2006	2007E	2008E
Price Forecast				
Coke Price, USD/mt	180.0	148.0	170.0	170.0
AVDK				
Production, ths mt				
New	3 624.0	3 208.7	3 337.0	3 437.2
Growth, yoy		-11.5%	4.0%	3.0%
Old	3 624.0	3 007.9	3 158.3	3 284.6
ALKZ				
Production, ths mt				
New	2 629.9	2 739.4	2 903.8	3 078.0
Growth, yoy		4.2%	6.0%	6.0%
Old	2 629.9	2 669.3	2 829.5	3 027.6
ZACO				
Production, ths mt				
New	1 885.8	1 935.3	1 993.4	2 033.2
Growth, yoy		2.6%	3.0%	2.0%
Old	1 885.8	1 980.1	2 039.5	2 080.3
YASK				
Production, ths mt				
New	1 273.4	1 524.0	1 676.4	1 709.9
Growth, yoy		19.7%	10.0%	2.0%
Old	1 273.4	1 256.9	1 260.7	1 298.5
BKOK				
Production, ths mt				
New	831.5	770.0	600.6	606.6
Growth, yoy		-7.4%	-22.0%	1.0%
Old	831.5	681.8	702.3	723.4
DKOK				
Production, ths mt				
New	992.9	630.4	567.4	510.6
Growth, yoy		-36.5%	-10.0%	-10.0%
Old	992.9	665.2	698.5	726.4

Avdiyivka Coke

As of Feb 28, 2007

For the purpose of forecasting, local currency is used (UAH mln) unless otherwise noted

	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E
EBITDA	343	399	410	435	443	448	448	448	448
EBIT	261	318	331	357	367	373	375	377	380
Tax Rate	25%	25%	25%	25%	25%	25%	25%	25%	25%
Taxed EBIT	195	238	248	268	275	280	281	283	285
Plus D&A	82	81	79	78	77	75	73	70	68
Less CapEx	(113)	(132)	(123)	(113)	(111)	(99)	(85)	(70)	(68)
Less change in OWC	432	(55)	7	(12)	(11)	3	(33)	(33)	-
FCFF	596	132	212	221	230	259	236	250	285
WACC	14.4%	13.3%	12.7%	12.1%	11.8%	11.4%	11.0%	11.0%	11.0%

WACC to Perpetuity									11.0%
Perpetuity Growth Rate									1.0%
Terminal Value									2 879
Implied Exit EBITDA Multiple									x6.4
Disc. Terminal Value		1 202	1 361						
Firm Value		2 297	2 466						
Less Net Debt		(844)	(761)						
Plus Non-Operating Assets		3 318	3 318						
Equity Value, UAH mln		4 770	5 023						
Implied Share Price, USD		4.88	5.14						

AVDK's equity value calculations, in UAH mln

Coke Business	2 466
Non-operating assets net of debt/cash	2 557
Equity value	5 023

Sensitivity analysis: Implied share price, USD

WACC to perpetuity	Perpetuity Growth Rate				
	-1.0%	0.0%	1.0%	2.0%	3.0%
9.0%	5.10	5.27	5.48	5.75	6.10
10.0%	4.98	5.12	5.29	5.50	5.77
11.0%	4.88	5.00	5.14	5.31	5.52
12.0%	4.80	4.90	5.01	5.15	5.33
13.0%	4.72	4.81	4.91	5.03	5.17

Sum-of-the-parts valuation

Unlike other Ukrainian coke makers, Avdiyivka Coke has significant financial investments on its balance sheet. The largest of them, Krasnodon Coal and Pavlohrad Coal, have a combined book value of USD 498 mln, ~70% of total financial investments and roughly estimated fair values of USD 600-650 mln and USD 700-750 mln, respectively. Upon the privatization of the two coal mines in 2004-2005, Avdiyivka Coke took on debt in the amount of USD 613 mln, apparently from related parties associated with its controlling holding, SCM, to finance the acquisitions. In our view, this debt is not needed for AVDK's operating activity or CapEx and should be treated as an offsetting account to Avdiyivka Coke's financial investments. As of Sept. 30 2006, Avdiyivka Coke reduced its financial debt by 47% compared to 2004.

We believe Avdiyivka Coke will continue to control Krasnodon Coal, in which it has a 99.93% stake, as the two companies complement each other within the vertically integrated coal and coke division of Metinvest. Meanwhile, in the next two years, upon the fulfilment of investment commitments assumed at privatization, Avdiyivka Coke will likely transfer Pavlohrad Coal to another holding, DFEC which like Metinvest is controlled by SCM. We think DFEC will pay cash for Pavlohrad's stake, at least in an amount equal to Pavlohrad's book value as a byproduct of increasing transparency by SCM-controlled companies and positioning as possible IPO-candidates. We take a conservative approach in deriving AVDK's valuation and only add the book value of financial investments on AVDK's balance sheet, rather than the fair value of AVDK's holdings to the value of the company's coke business, which yields an equity value of USD 994 mln and value per share of USD 5.14.

Alchevsk Coke

As of Feb 28, 2007

For the purpose of forecasting, local currency is used (UAH mln) unless otherwise noted

	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E
EBITDA	234	267	283	345	390	433	438	438	438
EBIT	194	221	232	290	332	372	374	372	369
Tax Rate	25%	25%	25%	25%	25%	25%	25%	25%	25%
Taxed EBIT	146	165	174	217	249	279	281	279	277
Plus D&A	40	46	51	55	58	61	64	66	68
Less CapEx	(902)	(250)	(120)	(80)	(59)	(61)	(64)	(66)	(68)
Less change in OWC	36	(114)	(9)	(16)	(40)	(73)	(3)	-	-
FCFF	(680)	(152)	96	177	208	206	278	279	278
WACC	14.3%	12.8%	12.4%	12.2%	11.9%	11.5%	11.1%	11.0%	11.1%

WACC to Perpetuity									11.0%
Perpetuity Growth Rate									1.0%
Terminal Value									2 807
Implied Exit EBITDA Multiple									x6.4
Disc. Terminal Value		1 175	1 325						
Firm Value		1 882	2 276						
Less Net Debt		(327)	(420)						
Plus Non-Operating Assets		1	1						
Equity Value, UAH mln		1 556	1 857						
Implied Share Price, USD		0.11	0.12						

Sensitivity analysis: Implied share price, USD

WACC to perpetuity	Perpetuity Growth Rate				
	-1.0%	0.0%	1.0%	2.0%	3.0%
9.0%	0.12	0.13	0.15	0.16	0.18
10.0%	0.11	0.12	0.13	0.15	0.16
11.0%	0.11	0.12	0.12	0.13	0.15
12.0%	0.10	0.11	0.12	0.12	0.14
13.0%	0.10	0.10	0.11	0.12	0.13

Zaporizh Coke

As of Feb 28, 2007

For the purpose of forecasting, local currency is used (UAH mln) unless otherwise noted

	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E
EBITDA	126	152	187	223	250	253	253	253	253
EBIT	109	135	170	206	233	236	236	236	236
Tax Rate	25%	25%	25%	25%	25%	25%	25%	25%	25%
Taxed EBIT	82	102	128	155	175	177	177	177	177
Plus D&A	17	17	17	17	17	17	17	16	16
Less CapEx	(25)	(27)	(32)	(33)	(35)	(25)	(20)	(16)	(16)
Less change in OWC	(11)	15	7	8	19	(2)	-	-	-
FCFF	-	106	120	145	176	167	173	177	177
WACC	14.2%	13.9%	13.3%	12.7%	12.2%	11.7%	11.3%	11.2%	11.2%

WACC to Perpetuity									11.0%
Perpetuity Growth Rate									1.0%
Terminal Value									1 790
Implied Exit EBITDA Multiple									x7.1
Disc. Terminal Value		727	827						
Firm Value		1 460	1 553						
Less Net Debt		(137)	(35)						
Plus Non-Operating Assets		8	8						
Equity Value, UAH mln		1 331	1 526						
Implied Share Price, USD		2.21	2.53						

Sensitivity analysis: Implied share price, USD

WACC to perpetuity	Perpetuity Growth Rate				
	-1.0%	0.0%	1.0%	2.0%	3.0%
9.0%	2.50	2.66	2.87	3.13	3.48
10.0%	2.38	2.52	2.68	2.89	3.16
11.0%	2.28	2.40	2.53	2.70	2.91
12.0%	2.20	2.30	2.41	2.55	2.72
13.0%	2.13	2.21	2.31	2.43	2.57

Yasynivsky Coke

As of Feb 28, 2007

For the purpose of forecasting, local currency is used (UAH mln) unless otherwise noted

	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E
EBITDA	107	164	183	185	185	185	185	185	185
EBIT	84	140	158	160	160	160	160	160	160
Tax Rate	25%	25%	25%	25%	25%	25%	25%	25%	25%
Taxed EBIT	63	105	119	120	120	120	120	120	120
Plus D&A	23	24	24	25	25	25	25	25	25
Less CapEx	(75)	(82)	(55)	(37)	(25)	(25)	(25)	(25)	(25)
Less change in OWC	(10)	(51)	(18)	(0)	-	-	-	-	-
FCFF	-	-	70	108	120	120	120	120	120
WACC	16.0%	13.9%	13.1%	12.3%	11.9%	11.5%	11.0%	11.0%	11.0%

WACC to Perpetuity									11%
Perpetuity Growth Rate									0.5%
Terminal Value									1 147
Implied Exit EBITDA Multiple									x6.2
Disc. Terminal Value		474	539						
Firm Value		910	1 039						
Less Net Debt		(3)	(46)						
Equity Value, UAH mln		922	1 008						
Implied Share Price, USD		0.67	0.73						

Sensitivity analysis: Implied share price, USD

WACC to perpetuity	Perpetuity Growth Rate				
	-1.5%	-0.5%	0.5%	1.5%	2.5%
9.0%	0.72	0.76	0.82	0.89	0.98
10.0%	0.69	0.72	0.77	0.83	0.90
11.0%	0.66	0.69	0.73	0.78	0.83
12.0%	0.64	0.66	0.70	0.73	0.78
13.0%	0.62	0.64	0.67	0.70	0.74

We clarified the implications of the deal that YASK and MMKI concluded in early 2006 and now understand that the so-called "lease" of YASK's coke batteries by MMKI is more of an opportunity than a risk. The way the two companies structured the agreement does not seem to imply fixed lease payments instead of revenue from coke sale, which would have adversely affected YASK's reported top line. On the contrary, YASK's 9M06 reported sales demonstrated impressive 12.5% yoy growth. We believe that the deal was misinterpreted by the market, and is, in fact, simply a long-term contract to supply coke to MMKI.

The Donetskstal group, which owns Yasynivsky Coke and coal mining assets, confirmed to us that they are not planning to exit YASK's business in the near future and will continue to develop YASK by switching to highly demanded premium-grade coke thanks to their access to high quality coal. Given that YASK now has the power of a supplier over coke-strapped MMKI, it is very unlikely YASK's owners would have to strip YASK's assets and form a separate entity to control it together with MMKI, as we hypothesized in our previous report. This finding calls us to lift the 50% discount previously applied to YASK's valuation. The new target price is 0.73, an upside of 78%, which warrants a BUY recommendation.

Bagliy Coke

As of Feb 28, 2007

For the purpose of forecasting, local currency is used (UAH mln) unless otherwise noted

	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E
EBITDA	16	25	31	42	43	43	43	43	43
EBIT	9	17	23	35	36	36	36	36	37
Tax Rate	25%	25%	25%	25%	25%	25%	25%	25%	25%
Taxed EBIT	7	13	17	26	27	27	27	27	27
Plus D&A	8	8	7	7	7	7	7	7	7
Less CapEx	(15)	(9)	(9)	(7)	(7)	(7)	(7)	(7)	(7)
Less change in OWC	(120)	(45)	(15)	4	(2)	(1)	-	-	-
FCFF	-	(33)	1	31	25	26	27	27	27
WACC	17.0%	14.8%	13.8%	13.1%	12.7%	12.4%	11.2%	11.1%	11.1%

WACC to Perpetuity									11%
Perpetuity Growth Rate									0%
Terminal Value									250
Implied Exit EBITDA Multiple									x5.8
Disc. Terminal Value		99	113						
Firm Value		156	213						
Less Net Debt		(21)	(54)						
Equity Value, UAH mln		135	159						
Implied Share Price, USD		0.039	0.046						

Sensitivity analysis: Implied share price, USD

WACC to perpetuity	Perpetuity Growth Rate				
	-2.0%	-1.0%	0.0%	1.0%	2.0%
9.0%	0.045	0.049	0.053	0.058	0.065
10.0%	0.042	0.045	0.049	0.053	0.059
11.0%	0.040	0.043	0.046	0.049	0.054
12.0%	0.038	0.041	0.043	0.046	0.050
13.0%	0.037	0.039	0.041	0.044	0.047

Donetsk Coke (Best Case Scenario)

As of Feb 28, 2007

For the purpose of forecasting, local currency is used (UAH mln) unless otherwise noted

	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E
EBITDA	35	34	31	32	27	27	27	27	27
EBIT	23	22	19	19	14	14	14	14	14
Tax Rate	25%	25%	25%	25%	25%	25%	25%	25%	25%
Taxed EBIT	17	16	14	14	11	11	11	10	10
Plus D&A	12	12	13	13	13	13	13	13	13
Less CapEx	(79)	(24)	(19)	(13)	(13)	(13)	(13)	(13)	(14)
Less change in OWC	37	1	(10)	11	(14)	4	-	-	-
FCFF	(14)	6	(2)	26	(3)	15	10	10	10
WACC	17.9%	16.6%	15.5%	15.0%	14.5%	13.9%	13.4%	13.3%	13.3%

WACC to Perpetuity									13%
Perpetuity Growth Rate									0.0%
Terminal Value									78
Implied Exit EBITDA Multiple									X2.9
Disc. Terminal Value		27	31						
Firm Value		65	70						
Less Net Debt		4	5						
Plus Non-Operating Assets		47	47						
Equity Value, UAH mln		117	122						
Implied Share Price, USD		0.09	0.10						

Sensitivity analysis: Implied share price, USD

WACC to perpetuity	Perpetuity Growth Rate				
	-2.0%	-1.0%	0.0%	1.0%	2.0%
11.0%	0.096	0.099	0.101	0.105	0.109
12.0%	0.095	0.097	0.099	0.102	0.105
13.0%	0.093	0.095	0.097	0.099	0.102
14.0%	0.092	0.093	0.095	0.097	0.100
15.0%	0.091	0.092	0.094	0.095	0.097

Our target for DKOK is probability weighted based on two scenarios. The best case scenario yields a fair stock value of USD 0.10 per share, while the worst-case scenario implies bankruptcy and ultimately liquidation. The latter case appears quite probable as indicated by the shut-down of eight batteries in 2006 and uproar by employees in October 2006 in protest of the plant's possible closure. Like in our note on DKOK of October 2006, we assign an 80% probability to the worst case scenario, derive a target price of 0.02 USD and a downside of 82%. SELL.

Company Profiles

** Net debt calculated in company profiles below includes 'Other LT liabilities', as we believe this item in essence corresponds to intra-group loans for most coke makers owned by large business groups*

Avdiyivka Coke

AVDK UZ

BUY

Target Price (USD) **5.14**

Upside **135%**

INVESTMENT CASE

Production stabilized at a sustainable level

In 2H06, Avdiyivka Coke stabilized its coke production with a yoy decline to a tolerable 1.2% from 21.0% in 1H06. For the whole year, output dropped 11.5%. We think it's time for Avdiyivka Coke to recover and forecast 4% production growth in 2007. The growth will be fuelled by domestic orders, which will increase in line with the pig iron production of Avdiyivka Coke's main customers. In our view, the company's exports (which are already low at an est. 3-6% of total sales) might provide surprises, positively impacting production.

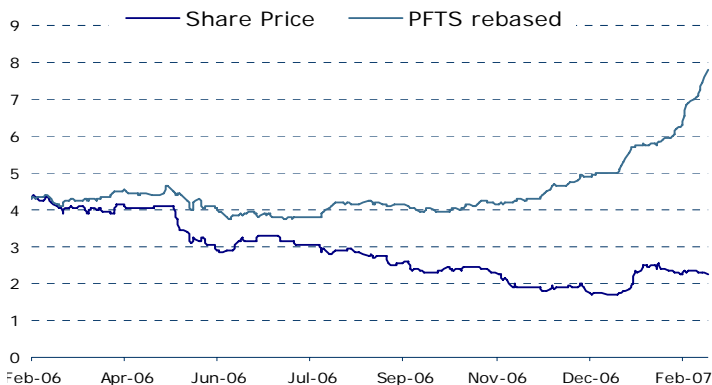
Financials cleaning up

Avdiyivka Coke is integrated with Metinvest, Ukraine's largest private corporation that is preparing for an IPO. As a result, in 2006 Avdiyivka Coke made serious efforts to improve the quality of its P&L. In 9M06, the company excluded most of the revenues from non-coke products (coal and steel), which in the past inflated its top-line, from reported sales. We estimate that despite the reported drop of 50% yoy, Avdiyivka Coke's real sales from coke only declined by 27% for the period, in line with production and price decreases. In 2007, we project Avdiyivka Coke's revenues to grow 12% yoy.

Sum-of-the-parts suggests attractive valuation

Our valuation consists of a combined valuation of Avdiyivka Coke's coke business with the book value of its financial investments and implies a target price of USD 5.14/share, with an upside of 135%. We recommend BUY.

SHARE PRICE PERFORMANCE*



* PFTS MID Price in USD is used

** Price "impact" is the opinion of Concorde's trading desk on stocks to help investors estimate the reliability of quoted prices:

- 1: Market price reaction remains within 10% in execution of a market order of about USD 10 mln in size
- 2: Market price reaction remains within 10% in execution of a market order of about USD 1 mln in size
- 3: All other stocks (quoted price is less reliable and should be considered indicative)

MARKET INFORMATION

Market price*, USD	2.19
Price impact**	2
52 Wk H/L, USD	4.40 / 1.68
Chg 3m/6m/52w	15% / -21% / -49%
Chg vs PFTS 3m/6m/52w	-66% / -105% / -135%
Chg YTD	27%
Avg Mo Tr Vol 6M, USD ths	541.37
MCap, USD mln	423.6
Free float, %	3.2%
FF MCap, USD mln	13.6
No of shares, mln	193.6
Par Value (UAH)	1.76
XETRA	n/a
DR Ratio	n/a
Avg Mo Tr Vol 6M, USD ths	n/a

STOCK OWNERSHIP

SCM	66.0%
ARS	24.9%
Mariupol Illicha	5.9%
Other	3.2%

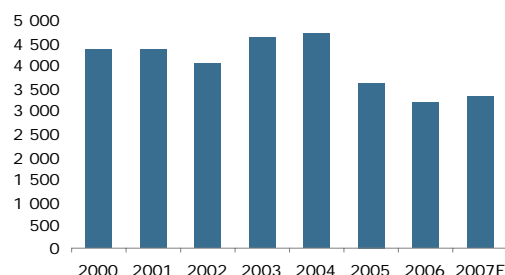
MARKET MULTIPLES

	2006E	2007E
EV/Sales	1.3	1.1
EV/EBITDA	10.3	8.5
P/E	24.1	14.1
P/B	0.7	0.7
P/CF	12.8	9.4

KEY RATIOS

	2006E	2007E
EBITDA margin	13%	13%
Net Margin	3%	5%
ROE	3%	5%
Net Debt/Equity	0.4	0.4

Gross Coke Output, ths mt



INCOME STATEMENT SUMMARY, USD mln

	2002	2003	2004	2005	2006E	2007E	2008E
Net Revenues	245.8	376.5	1 402.4	1 119.8	543.2	607.0	625.2
<i>Change y-o-y</i>	-	53.2%	272.5%	-20.2%	-51.9%	11.8%	3.0%
Gross Profit	34.8	47.0	302.4	182.2	81.5	97.1	103.2
EBITDA	26.7	33.4	210.9	189.0	67.9	78.9	81.3
<i>margin, %</i>	10.9%	8.9%	15.0%	16.9%	12.5%	13.0%	13.0%
Depreciation	(5.2)	(17.1)	(16.1)	(16.9)	(16.3)	(16.0)	(15.7)
EBIT	21.4	16.3	194.7	172.0	51.6	62.9	65.5
<i>margin, %</i>	8.7%	4.3%	13.9%	15.4%	9.5%	10.4%	10.5%
Interest Expense	(1.1)	(0.2)	(15.5)	(49.4)	(26.9)	(20.6)	(18.8)
Other income/(expense)	0.1	(4.8)	59.7	(6.8)	-	-	-
PBT	20.4	11.3	239.0	115.8	24.7	42.3	46.7
Tax	(8.8)	(10.0)	(50.1)	(43.5)	(6.2)	(10.6)	(11.7)
<i>Effective tax rate</i>	43.0%	88.9%	21.0%	37.6%	25.0%	25.0%	25.0%
Net Income	11.6	1.3	189.1	72.5	18.5	31.7	35.0
<i>Net Margin, %</i>	4.7%	0.3%	13.5%	6.5%	3.4%	5.2%	5.6%

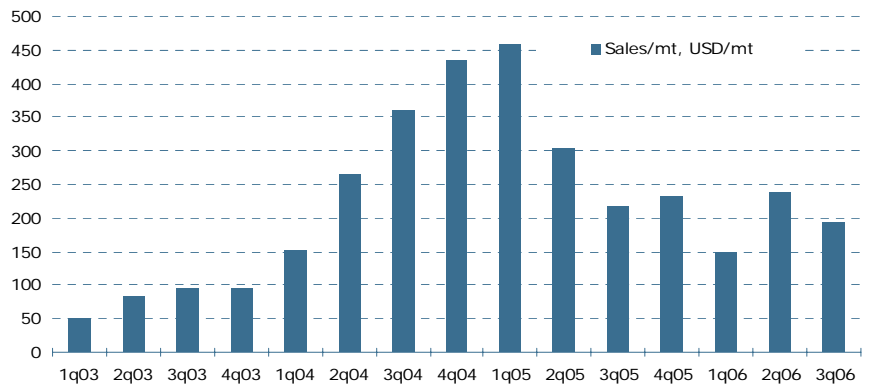
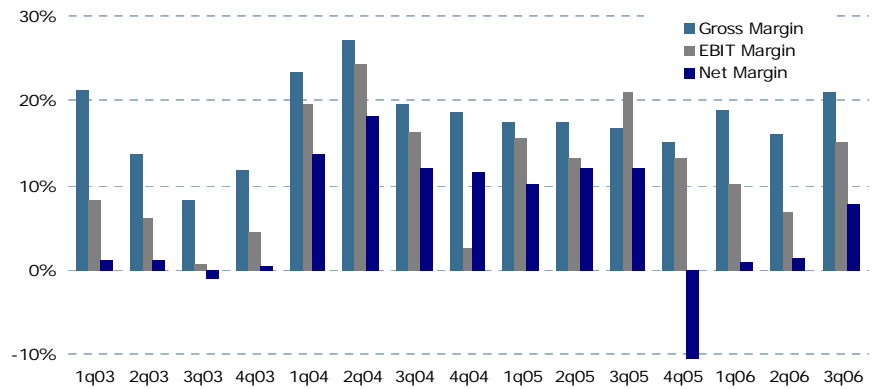
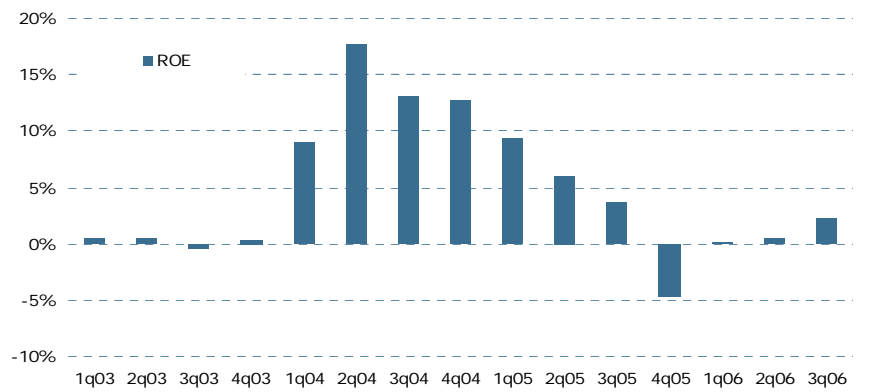
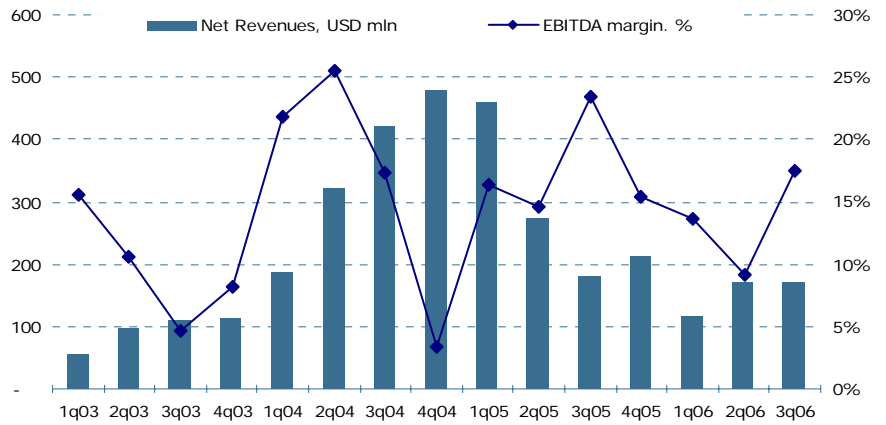
BALANCE SHEET SUMMARY, USD mln

	2002	2003	2004	2005	2006E	2007E	2008E
Current Assets	143.1	211.1	302.9	200.3	113.5	126.6	130.3
Cash & Equivalents	0.3	3.7	13.1	36.1	8.1	9.1	9.4
Trade Receivables	69.4	92.4	100.6	46.3	48.9	54.6	56.3
Inventories	8.5	19.4	32.7	35.1	18.5	20.4	20.9
Other	64.9	95.6	156.5	82.7	38.0	42.5	43.8
Fixed Assets	97.1	168.7	955.8	844.1	835.5	846.2	855.0
PP&E, net	71.4	140.3	131.3	134.6	139.2	144.6	150.6
Other	25.7	28.5	824.5	709.5	696.4	701.6	704.4
Total Assets	240.1	379.8	1 258.7	1 044.3	949.1	972.8	985.3
Shareholders' Equity	191.2	271.8	470.7	578.8	597.3	629.0	653.6
Share Capital	63.9	63.9	64.2	67.5	63.9	63.9	63.9
Retained Earnings	119.1	119.0	299.8	389.0	407.5	439.3	463.8
Other	8.2	88.8	106.6	122.3	125.9	125.9	125.9
Current Liabilities	47.3	96.9	282.4	144.3	153.0	180.6	185.5
ST Interest Bearing Debt	4.0	-	-	-	60.5	67.8	69.9
Trade Payables	34.2	80.1	168.4	94.3	64.6	81.6	83.5
Other	9.1	16.8	114.0	50.0	27.9	31.2	32.1
LT Liabilities	1.7	11.2	505.6	321.2	198.7	163.1	146.2
LT Interest Bearing Debt	-	-	479.0	297.7	175.1	139.6	122.6
Other	1.7	11.2	26.6	23.6	23.6	23.6	23.6
Total Liabilities & Equity	240.1	379.8	1 258.7	1 044.3	949.1	972.8	985.3

QUARTERLY ANALYSIS, USD mln

	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06
Net Revenues	185.5	320.9	418.9	477.2	458.4	272.3	178.5	210.6	116.6	170.1	170.3
<i>Change y-o-y</i>	233.4%	229.5%	281.7%	319.6%	147.2%	-15.1%	-57.4%	-55.9%	-74.6%	-37.5%	-4.6%
EBITDA	40.3	81.8	72.5	16.2	75.1	39.8	41.8	32.3	16.0	15.6	29.8
<i>margin, %</i>	21.7%	25.5%	17.3%	3.4%	16.4%	14.6%	23.4%	15.3%	13.7%	9.2%	17.5%
EBIT	36.4	77.8	68.5	12.1	70.9	35.6	37.5	27.9	11.9	11.5	25.6
<i>margin, %</i>	19.6%	24.2%	16.3%	2.5%	15.5%	13.1%	21.0%	13.3%	10.2%	6.7%	15.0%
Net Income	25.5	58.0	50.1	55.5	46.6	32.5	21.3	(28.0)	1.1	2.4	13.2
<i>Net Margin, %</i>	13.8%	18.1%	12.0%	11.6%	10.2%	11.9%	11.9%	-13.3%	1.0%	1.4%	7.8%

AVDK Quarterly analysis



Note: ROE is annualized

Alchevsk Coke

ALKZ UZ

BUY

Target Price (USD) **0.12**

Upside **20%**

INVESTMENT CASE

Merger talks as a catalyst

Last week, ALKZ's price jumped up 19% on the news of merger negotiations between its controlling shareholder, the Industrial Union of Donbas (IUD), and Russian Gazmetal, owned by Alisher Usmanov. Moreover, Usmanov told the Financial Times that an IPO is likely for the company created as a result of the merger.

Sales surge by three times yoy in 9M06

ALKZ's sales tripled to USD 290 mln yoy in 9M06. We ascribe this hike to phasing out tolling schemes, which plagued its top line in the past. This view is supported by coke production remaining the same as it was in 9M05 even though the market price for coke slid 19%. ALKZ's reported sales and margins are close to our estimate of its true financials. While the risk of backtracking still exists, we expect to see more transparency in ALKZ's P&L accounting due to evolution in the corporate governance standards of IUD, as it prepares for the merger and subsequent IPO.

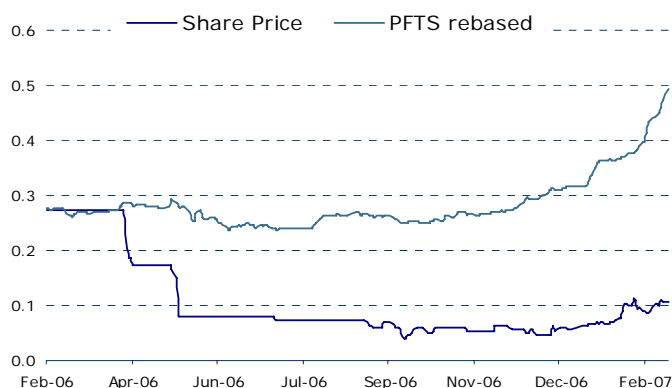
Capacity upgraded in 2006

In September 2006, ALKZ launched a modern battery to produce high quality coke, bringing its total production capacity to 3.6 mln mt/year from 2.6 mln mt/year.

Valuation suggests upside

Unlike in our previous report, we believe ALKZ will open up in the mid-term and its business is valued based on real cash flows from coke business rather than reported. Our target of USD 0.12/share yields a 20% upside. We upgrade recommendation from SELL to BUY.

SHARE PRICE PERFORMANCE*



* PFTS MID Price in USD is used

** Price "impact" is the opinion of Concorde's trading desk on stocks to help investors estimate the reliability of quoted prices:

- 1: Market price reaction remains within 10% in execution of a market order of about USD 10 mln in size
- 2: Market price reaction remains within 10% in execution of a market order of about USD 1 mln in size
- 3: All other stocks (quoted price is less reliable and should be considered indicative)

MARKET INFORMATION

Market price*, USD	0.10
Price impact**	3
52 Wk H/L, USD	0.27 / 0.04
Chg 3m/6m/52w	78% / 37% / -63%
Chg vs PFTS 3m/6m/52w	-4% / -47% / -148%
Chg YTD	61%
Avg Mo Tr Vol 6M, USD ths	78.58
MCap, USD mln	307.2
Free float, %	2.0%
FF MCap, USD mln	6.1
No of shares, mln	3012.0
Par Value (UAH)	0.25
XETRA	n/a
DR Ratio	n/a
Avg Mo Tr Vol 6M, USD ths	n/a

STOCK OWNERSHIP

IUD	98.0%
Other	2.0%

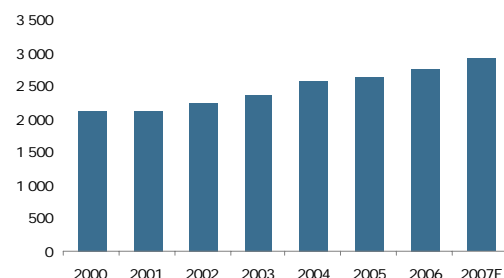
MARKET MULTIPLES

	2006E	2007E
EV/Sales	0.8	0.8
EV/EBITDA	7.9	7.7
P/E	11.8	11.1
P/B	0.7	0.6
P/CF	9.1	8.2

KEY RATIOS

	2006E	2007E
EBITDA margin	10%	10%
Net Margin	6%	5%
ROE	35%	6%
Net Debt/Equity	0.1	0.2

Gross Coke Output, ths mt



INCOME STATEMENT SUMMARY, USD mln

	2002	2003	2004	2005	2006E	2007E	2008E
Net Revenues	103.8	181.5	168.4	170.8	463.7	528.2	559.9
<i>Change y-o-y</i>	-	28.7%	-7.2%	1.4%	171.5%	13.9%	6.0%
Gross Profit	5.5	16.1	26.8	29.5	60.3	68.7	72.8
EBITDA	2.2	5.7	10.3	20.8	46.4	52.8	56.0
<i>margin, %</i>	2.1%	3.1%	6.1%	12.2%	10.0%	10.0%	10.0%
Depreciation	(3.0)	(3.2)	(3.7)	(4.1)	(7.9)	(9.1)	(10.1)
EBIT	(0.8)	2.5	6.5	16.7	38.5	43.7	45.9
<i>margin, %</i>	-0.8%	1.4%	3.9%	9.8%	8.3%	8.3%	8.2%
Interest Expense	(0.0)	(0.0)	(0.3)	(3.9)	(3.8)	(4.7)	(5.5)
Other income/(expense)	(0.1)	(0.4)	(0.6)	(0.7)	-	-	-
PBT	(0.9)	2.0	5.8	12.3	34.7	39.0	40.4
Tax	(0.2)	(1.2)	(2.2)	(4.8)	(8.7)	(10)	(10)
<i>Effective tax rate</i>	-24.9%	59.9%	37.6%	38.7%	25.0%	25.0%	25.0%
Net Income	(1.2)	0.8	3.6	7.5	26.0	29.3	30.3
<i>Net Margin, %</i>	-1.1%	0.4%	2.1%	4.4%	5.6%	5.5%	5.4%

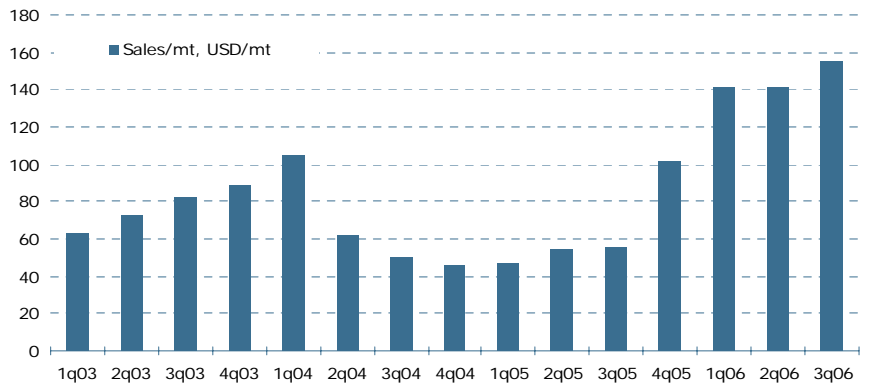
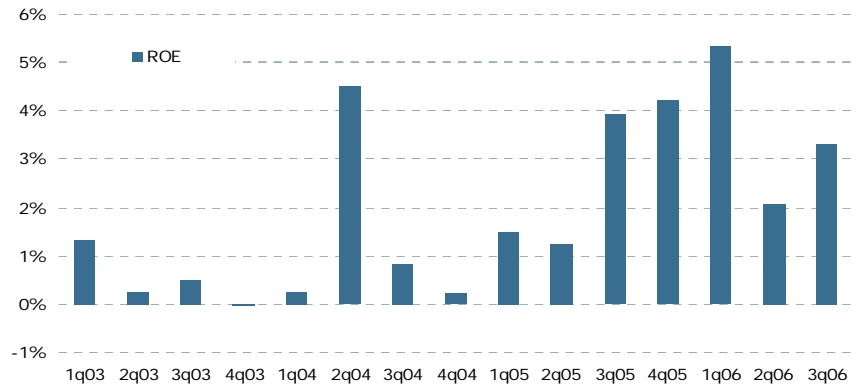
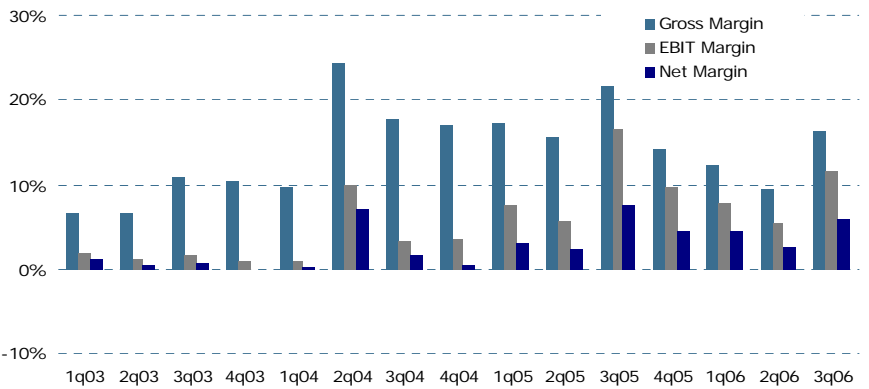
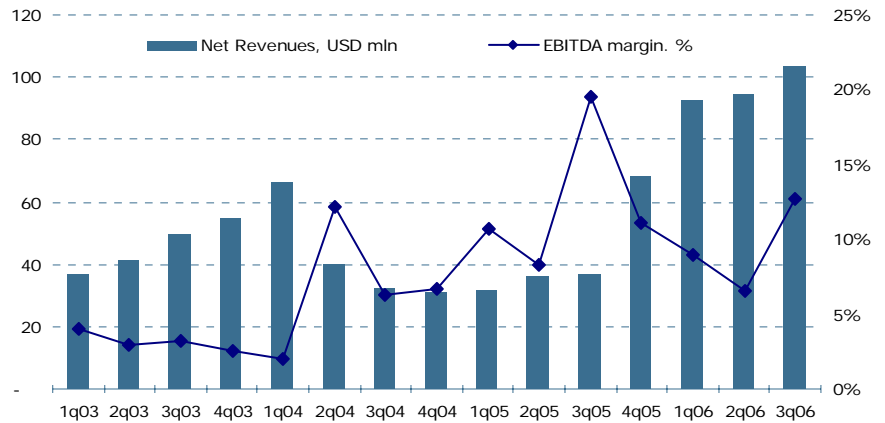
BALANCE SHEET SUMMARY, USD mln

	2002	2003	2004	2005	2006E	2007E	2008E
Current Assets	24.1	91.0	69.2	155.2	155.6	159.4	166.2
Cash & Equivalents	0.8	1.2	5.2	8.2	9.3	10.6	11.2
Trade Receivables	12.3	34.4	38.6	58.9	74.2	73.9	75.6
Inventories	9.5	30.1	19.5	72.8	60.5	64.3	68.2
Other	1.4	25.2	6.0	15.3	11.6	10.6	11.2
Fixed Assets	43.0	47.3	83.3	132.1	294.8	327.1	330.2
PP&E, net	38.8	40.7	42.1	44.4	131.8	164.1	186.3
Other	4.2	6.6	41.2	87.6	163.0	163.1	143.9
Total Assets	67.1	138.3	152.5	287.3	450.3	486.5	496.4
Shareholders' Equity	60.0	60.4	63.6	74.7	239.4	268.7	298.9
Share Capital	9.9	9.9	9.9	9.9	141.2	141.2	141.2
Retained Earnings	(1.1)	0.4	3.9	11.6	37.7	66.9	97.2
Other	51.2	50.0	49.7	53.2	60.5	60.5	60.5
Current Liabilities	7.1	77.9	50.7	136.0	168.4	145.4	149.0
ST Interest Bearing Debt	-	1.9	0.8	1.9	27.9	24.8	24.1
Trade Payables	6.7	73.1	45.5	93.6	100.9	96.5	102.3
Other	0.4	2.6	4.0	39.6	37.1	21.1	19.6
LT Liabilities	0.0	0.0	38.3	76.6	42.6	72.5	48.4
LT Interest Bearing Debt	-	-	3.8	34.2	3.0	32.9	28.6
Other	0.0	0.0	34.5	42.3	39.6	39.6	19.8
Total Liabilities & Equity	67.1	138.3	152.5	287.3	450.3	486.5	496.4

QUARTERLY ANALYSIS, USD mln

	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06
Net Revenues	66.2	39.6	32.0	30.5	31.2	36.1	36.4	67.8	92.7	94.2	103.1
<i>Change y-o-y</i>	80.4%	-3.0%	-35.4%	-44.0%	-52.9%	-8.9%	13.8%	122.1%	197.3%	160.9%	183.4%
EBITDA	1.4	4.8	2.0	2.1	3.3	3.0	7.1	7.5	8.3	6.2	13.1
<i>margin, %</i>	2.1%	12.2%	6.3%	6.7%	10.7%	8.3%	19.5%	11.1%	9.0%	6.6%	12.7%
EBIT	0.5	3.9	1.0	1.1	2.3	2.0	6.0	6.5	7.3	5.1	11.9
<i>margin, %</i>	0.8%	9.9%	3.2%	3.5%	7.5%	5.6%	16.5%	9.6%	7.9%	5.4%	11.6%
Net Income	0.2	2.8	0.5	0.1	0.9	0.8	2.8	3.1	4.1	2.3	6.1
<i>Net Margin, %</i>	0.2%	7.1%	1.7%	0.4%	3.0%	2.3%	7.6%	4.5%	4.4%	2.5%	5.9%

ALKZ Quarterly analysis



Note: ROE is annualized

Zaporizh Coke

ZACO UZ

BUY

Target Price (USD) **2.53**

Upside **109%**

INVESTMENT CASE

Stable source of coal supplies found

In the late 2006, Zaporizhstal (ZPST), which owns a 41.8% stake in Zaporizh Coke, announced plans to develop its Bystrianskaya coking coal mine in Russia. Zaporizhstal already repaired a coal processing plant (Sholokhivsky) located near the planned mine. We estimate the mine will meet nearly 25% of Zaporizh Coke's annual need for coal. Moreover, Bystrianskaya's coal is high grade (low sulphur content), which should improve the quality of ZACO's coke mix.

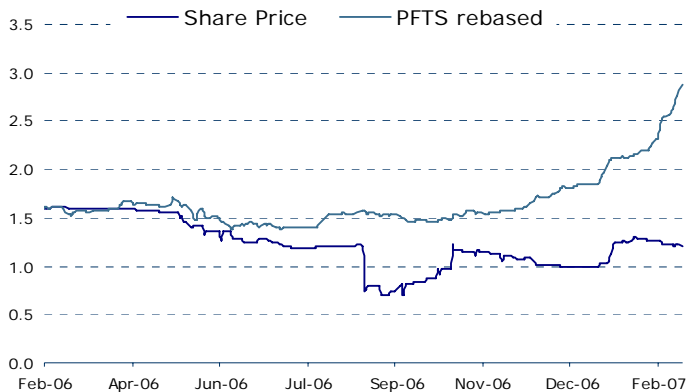
Production growth will continue

Zaporizh Coke is insulated from trouble with exports, as its key consumer is the steel mill owned by its major shareholder. In 2006, Zaporizh Coke increased its output 3% yoy to 1.93 mln mt. We expect the same growth rate in 2007, with output forecast at 1.99 mln mt.

Valuation suggests upside

ZACO's target price is USD 2.53/share, which implies a 109% upside. We stick to our BUY recommendation.

SHARE PRICE PERFORMANCE*



* PFTS MID Price in USD is used

** Price "impact" is the opinion of Concorde's trading desk on stocks to help investors estimate the reliability of quoted prices:

- 1: Market price reaction remains within 10% in execution of a market order of about USD 10 mln in size
- 2: Market price reaction remains within 10% in execution of a market order of about USD 1 mln in size
- 3: All other stocks (quoted price is less reliable and should be considered indicative)

MARKET INFORMATION

Market price*, USD	1.21
Price impact**	3
52 Wk H/L, USD	1.61 / 0.69
Chg 3m/6m/52w	13% / 0% / -24%
Chg vs PFTS 3m/6m/52w	-68% / -84% / -110%
Chg YTD	21%
Avg Mo Tr Vol 6M, USD ths	169.81
MCap, USD mln	144.1
Free float, %	7.2%
FF MCap, USD mln	10.4
No of shares, mln	119.3
Par Value (UAH)	0.01
XETRA	n/a
DR Ratio	n/a
Avg Mo Tr Vol 6M, USD ths	n/a

STOCK OWNERSHIP

Zaporizhstal	41.8%
SCM	35.7%
ARS	15.3%
Other	7.2%

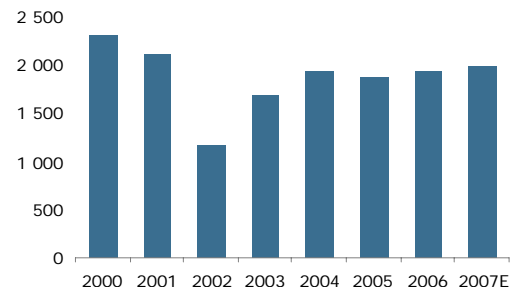
MARKET MULTIPLES

	2006E	2007E
EV/Sales	0.6	0.4
EV/EBITDA	7.0	5.1
P/E	8.9	7.3
P/B	1.5	1.3
P/CF	7.4	6.2

KEY RATIOS

	2006E	2007E
EBITDA margin	8%	8%
Net Margin	5%	5%
ROE	20%	20%
Net Debt/Equity	0.31	0.07

Gross Coke Output, ths mt



INCOME STATEMENT SUMMARY, USD mln

	2002	2003	2004	2005	2006E	2007E	2008E
Net Revenues	83.0	155.2	344.8	335.4	311.2	362.6	369.8
<i>Change y-o-y</i>	-	87.0%	122.2%	-2.7%	-7.3%	16.5%	2.0%
Gross Profit	5.3	21.9	60.3	35.7	32.7	39.9	48.1
EBITDA	(2.1)	12.9	47.9	27.6	24.9	30.1	37.0
<i>margin, %</i>	-2.5%	8.3%	13.9%	8.2%	8.0%	8.3%	10.0%
Depreciation	(2.4)	(2.7)	(2.6)	(3.2)	(3.3)	(3.3)	(3.3)
EBIT	(4.5)	10.2	45.3	24.4	21.6	26.8	33.7
<i>margin, %</i>	-5.4%	6.6%	13.1%	7.3%	6.9%	7.4%	9.1%
Interest Expense	(2.3)	(1.6)	(0.4)	(0.1)	-	(0.4)	(1.0)
Other income/(expense)	(1.1)	0.2	(0.0)	0.7	-	-	-
PBT	(7.9)	8.8	44.9	25.0	21.6	26.4	32.7
Tax	-	(3.2)	(11.3)	(6.6)	(5.4)	(6.6)	(8.2)
<i>Effective tax rate</i>	0.0%	36.9%	25.3%	26.4%	25.0%	25.0%	25.0%
Net Income	(7.9)	5.5	33.5	18.4	16.2	19.8	24.5
<i>Net Margin, %</i>	-9.6%	3.6%	9.7%	5.5%	5.2%	5.5%	6.6%

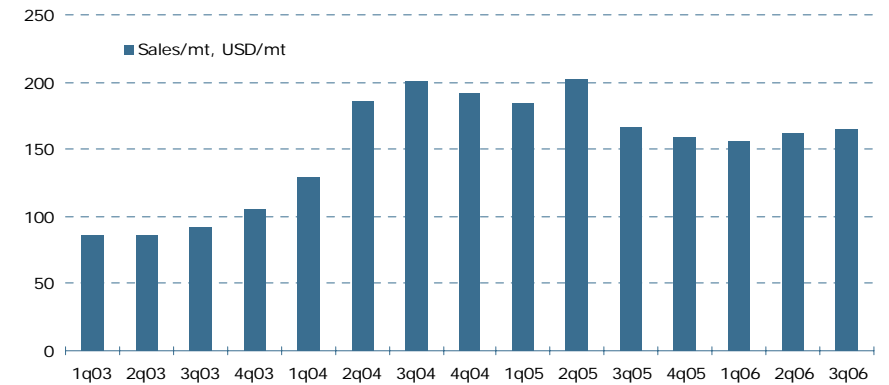
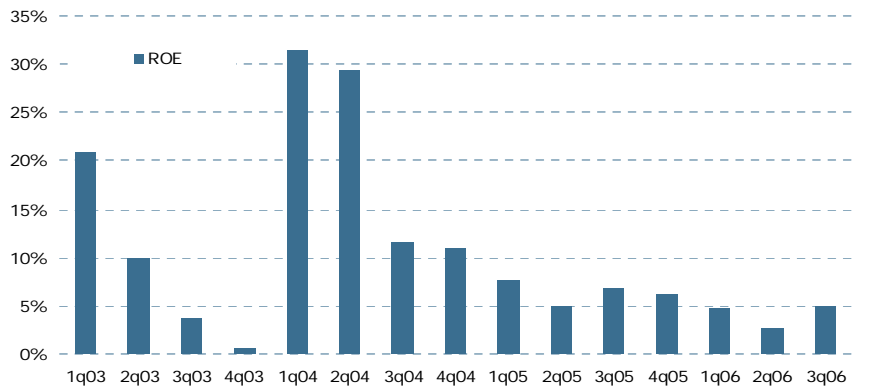
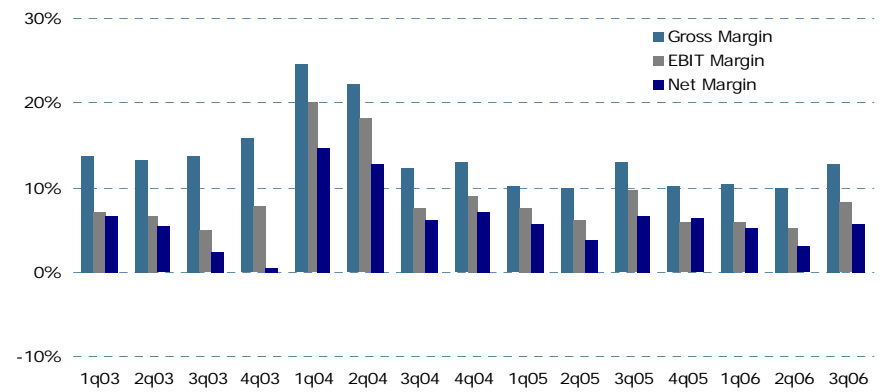
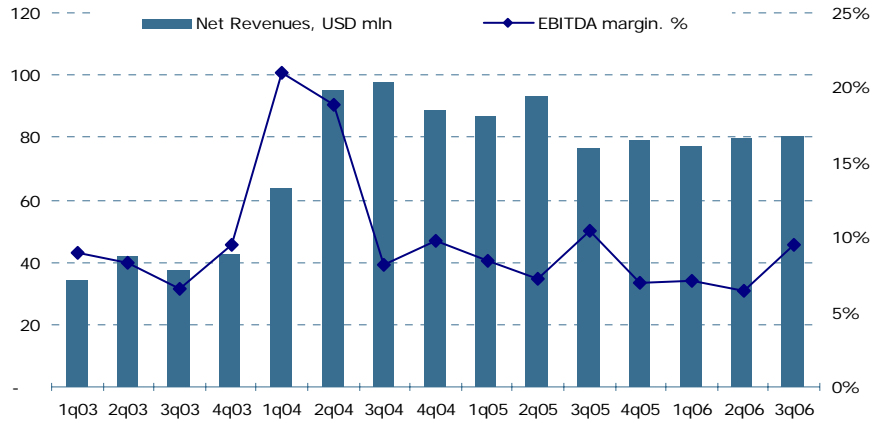
BALANCE SHEET SUMMARY, USD mln

	2002	2003	2004	2005	2006E	2007E	2008E
Current Assets	16.9	24.8	60.5	53.6	56.8	68.3	67.4
Cash & Equivalents	0.0	0.4	4.5	1.1	7.8	9.1	9.2
Trade Receivables	6.5	9.7	4.6	17.2	18.7	29.0	27.7
Inventories	6.4	7.6	36.9	22.8	16.7	19.4	19.3
Other	4.0	7.1	14.4	12.5	13.6	10.9	11.1
Fixed Assets	61.2	57.7	60.7	74.2	81.6	76.2	79.7
PP&E, net	30.8	28.8	30.4	32.4	33.5	34.7	36.4
Other	30.4	28.9	30.3	41.8	48.0	41.4	43.2
Total Assets	78.1	82.5	121.2	127.8	138.3	144.5	147.0
Shareholders' Equity	19.1	24.7	60.1	81.0	97.3	111.1	120.9
Share Capital	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Retained Earnings	(20.4)	(14.9)	20.8	39.3	55.5	69.4	79.2
Other	39.2	39.3	39.0	41.5	41.5	41.5	41.5
Current Liabilities	58.3	57.7	61.1	8.5	3.1	23.5	26.1
ST Interest Bearing Debt	3.8	-	0.4	-	-	7.2	9.5
Trade Payables	19.2	22.6	19.7	5.9	1.6	14.5	14.8
Other	35.3	35.1	41.0	2.6	1.5	1.8	1.8
LT Liabilities	0.7	0.1	0.0	38.2	38.0	9.9	-
LT Interest Bearing Debt	-	-	-	-	-	-	-
Other	0.7	0.1	0.0	38.2	38.0	9.9	-
Total Liabilities & Equity	78.1	82.5	121.2	127.8	138.3	144.5	147.0

QUARTERLY ANALYSIS, USD mln

	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06
Net Revenues	63.6	94.9	97.6	88.7	86.5	93.2	76.5	79.2	76.9	79.8	80.1
<i>Change y-o-y</i>	85.8%	127.6%	163.2%	110.4%	36.1%	-1.8%	-21.6%	-10.8%	-11.1%	-14.4%	4.8%
EBITDA	13.4	17.9	8.0	8.7	7.3	6.8	8.0	5.5	5.5	5.1	7.6
<i>margin, %</i>	21.0%	18.9%	8.2%	9.8%	8.5%	7.3%	10.5%	6.9%	7.1%	6.4%	9.5%
EBIT	12.7	17.3	7.3	8.0	6.6	5.7	7.4	4.6	4.5	4.2	6.6
<i>margin, %</i>	20.0%	18.2%	7.5%	9.0%	7.6%	6.1%	9.7%	5.9%	5.9%	5.2%	8.2%
Net Income	9.3	12.1	5.9	6.3	4.8	3.5	5.1	5.0	3.9	2.3	4.4
<i>Net Margin, %</i>	14.6%	12.8%	6.0%	7.1%	5.6%	3.7%	6.7%	6.3%	5.1%	2.9%	5.6%

ZACO Quarterly analysis



Note: ROE is annualized

Yasynivsky Coke

YASK UZ

BUY

Target Price (USD) 0.73
Upside 78%

INVESTMENT CASE

Growth leader thanks to secured sales

Last year Yasynivsky Coke, a premium coke producer, was the industry leader with 20% yoy growth vs. a 0.3% yoy growth in total Ukrainian output. Yasynivsky Coke has an agreement with MMK Ilicha (MMKI), Ukraine's second-largest domestic steel smelter, to send it 3/4 of YASK's shipments. The rest is sold within the parent business group to the Donetskstal steel mill. We think MMK Ilicha, which lacks high-grade coke, will be increasing shipments from Yasynivsky Coke and forecast a 10% growth in total coke output for 2007.

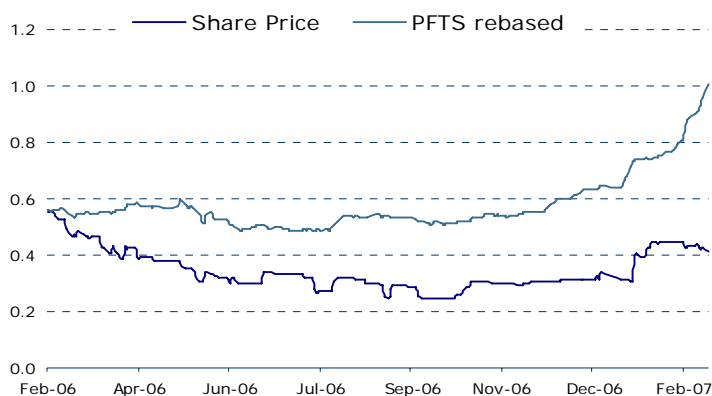
9M06 Financials improved, outlook positive

In the first three quarters of 2006, Yasynivsky Coke reported higher sales than we expected for all of 2006: USD 193 mln in 9M06 vs. USD 171 mln that we forecasted for FY2006. The company reported robust margins in 9M06: EBITDA margin rose to 10.5% from 8.1% in 9M05 and net margin grew to 5.2% from 4.3% in 9M05. Guaranteed supplies of high-grade coal from the related Chervonoarmiyska-Zakhidna mine serves as a good hedge against coal price inflation.

Solid upside exists

Our new target price of USD 0.73/share is free of a previously applied 50% discount and yields a 78% upside. Our previous HOLD recommendation is upgraded to BUY.

SHARE PRICE PERFORMANCE*



* PFTS MID Price in USD is used

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- 3: All other stocks (quoted price is less reliable and should be considered indicative)

MARKET INFORMATION

Market price*, USD	0.41
Price impact**	2
52 Wk H/L, USD	0.55 / 0.24
Chg 3m/6m/52w	35% / 38% / -23%
Chg vs PFTS 3m/6m/52w	-46% / -46% / -109%
Chg YTD	30%
Avg Mo Tr Vol 6M, USD ths	279.30
MCap, USD mln	112.4
Free float, %	9.0%
FF MCap, USD mln	10.1
No of shares, mln	273.6
Par Value (UAH)	0.25
XETRA	n/a
DR Ratio	n/a
Avg Mo Tr Vol 6M, USD ths	n/a

STOCK OWNERSHIP

Donetskstal group	91.0%
Other	9.0%

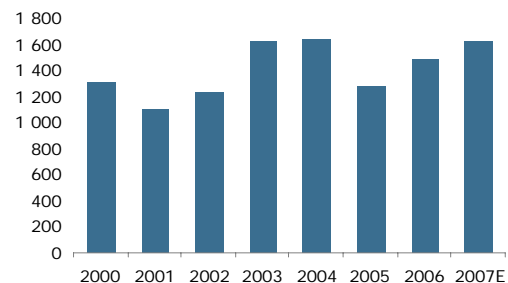
MARKET MULTIPLES

	2006E	2007E
EV/Sales	0.5	0.4
EV/EBITDA	5.3	3.7
P/E	9.1	5.5
P/B	1.5	1.3
P/CF	6.6	4.5

KEY RATIOS

	2006E	2007E
EBITDA margin	9%	11%
Net Margin	5%	7%
ROE	19%	26%
Net Debt/Equity	-0.01	0.10

Gross Coke Output, ths mt



INCOME STATEMENT SUMMARY, USD mln

	2002	2003	2004	2005	2006E	2007E	2008E
Net Revenues	64.3	44.5	192.2	212.6	235.1	295.6	301.5
<i>Change y-o-y</i>	-	-30.8%	331.8%	10.6%	10.1%	25.7%	2.0%
Gross Profit	5.7	11.7	28.0	25.8	28.2	41.4	46.7
EBITDA	2.6	3.8	20.5	16.4	21.2	32.5	36.2
<i>margin, %</i>	4.0%	8.6%	10.7%	7.7%	9.0%	11.0%	12.0%
Depreciation	(1.9)	(3.4)	(3.4)	(4.1)	(4.6)	(4.7)	(4.8)
EBIT	0.7	0.4	17.1	12.3	16.6	27.8	31.3
<i>margin, %</i>	1.1%	1.0%	8.9%	5.8%	7.1%	9.4%	10.4%
Interest Expense	(0.3)	(0.8)	(0.6)	(0.2)	(0.0)	(0.7)	(1.5)
Other income/(expense)	0.0	0.0	0.0	(0.1)	-	-	-
PBT	0.4	(0.3)	16.5	12.0	16.6	27.0	29.8
Tax	(0.6)	(1.0)	(4.8)	(4.0)	(4.1)	(6.8)	(7.5)
<i>Effective tax rate</i>	184.2%	-309.4%	29.4%	33.4%	25.0%	25.0%	25.0%
Net Income	(0.3)	(1.3)	11.6	8.1	12.4	20.3	22.4
<i>Net Margin, %</i>	-0.5%	-3.0%	6.1%	3.8%	5.3%	6.9%	7.4%

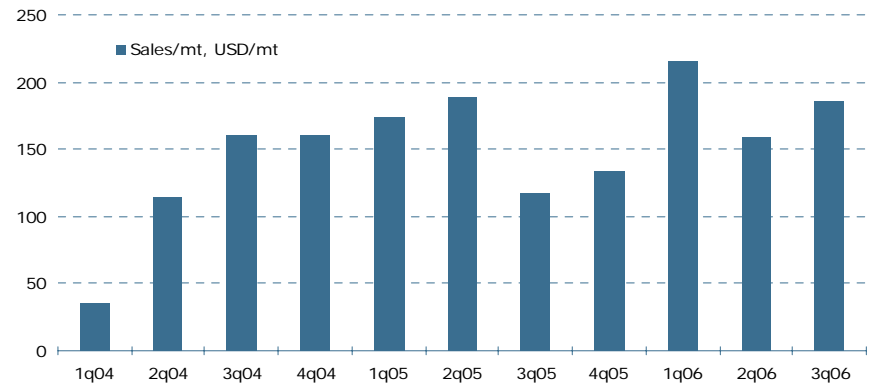
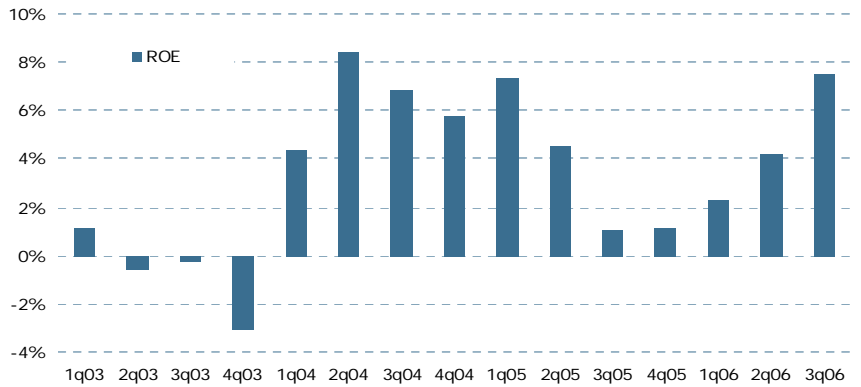
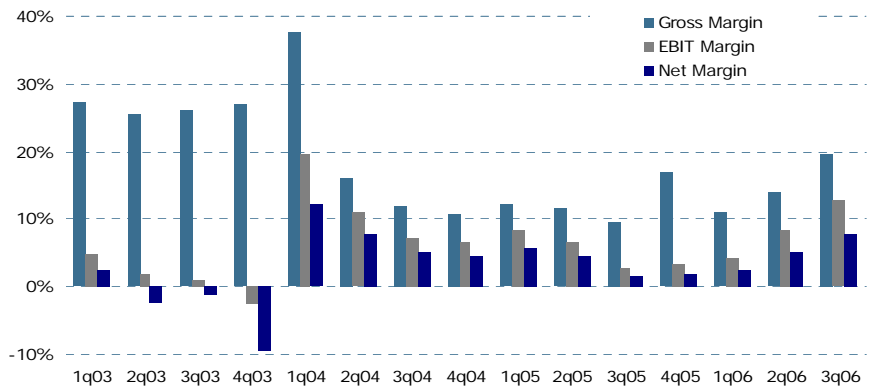
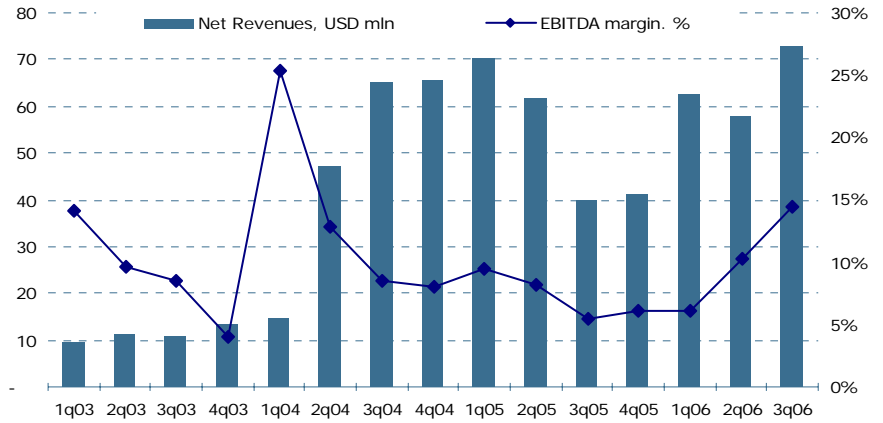
BALANCE SHEET SUMMARY, USD mln

	2002	2003	2004	2005	2006E	2007E	2008E
Current Assets	17.1	17.5	46.5	39.4	41.2	55.8	60.8
Cash & Equivalents	0.0	0.1	0.3	0.5	1.2	3.0	3.0
Trade Receivables	9.1	10.6	19.2	1.4	16.5	23.6	27.1
Inventories	5.6	5.1	23.5	30.3	16.6	20.3	21.7
Other	2.5	1.7	3.5	7.1	7.1	8.9	9.0
Fixed Assets	39.1	42.9	57.5	76.7	86.9	98.6	104.6
PP&E, net	35.1	37.5	39.5	49.7	54.5	60.6	65.3
Other	4.0	5.5	18.1	27.0	32.4	37.9	39.3
Total Assets	56.3	60.4	104.0	116.1	128.2	154.4	165.5
Shareholders' Equity	39.0	40.3	51.9	64.9	77.3	89.3	97.8
Share Capital	14.5	12.8	12.9	14.4	13.7	13.7	13.7
Retained Earnings	5.9	4.1	15.8	24.3	36.7	48.7	57.2
Other	18.6	23.3	23.2	26.2	26.9	26.9	26.9
Current Liabilities	17.2	20.2	52.2	51.2	50.9	65.1	67.7
ST Interest Bearing Debt	1.3	8.2	0.9	-	0.5	12.0	13.1
Trade Payables	14.7	10.8	48.6	48.4	47.6	49.6	50.9
Other	1.2	1.1	2.7	2.8	2.9	3.6	3.7
LT Liabilities	-	-	-	-	-	-	-
LT Interest Bearing Debt	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Liabilities & Equity	56.3	60.4	104.0	116.1	128.2	154.4	165.5

QUARTERLY ANALYSIS, USD mln

	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06
Net Revenues	14.6	47.1	64.9	65.6	70.0	61.6	39.8	41.2	62.6	57.5	72.6
<i>Change y-o-y</i>	52.0%	324.6%	507.1%	399.0%	380.7%	30.7%	-38.7%	-37.1%	-10.6%	-6.5%	82.5%
EBITDA	3.7	6.0	5.5	5.2	6.6	5.1	2.2	2.5	3.8	5.9	10.5
<i>margin, %</i>	25.4%	12.8%	8.5%	8.0%	9.5%	8.2%	5.5%	6.2%	6.0%	10.2%	14.5%
EBIT	2.9	5.2	4.7	4.3	5.7	4.0	1.1	1.4	2.7	4.9	9.2
<i>margin, %</i>	19.6%	11.0%	7.2%	6.6%	8.2%	6.6%	2.8%	3.4%	4.3%	8.5%	12.7%
Net Income	1.8	3.7	3.3	2.9	4.0	2.7	0.7	0.7	1.5	2.9	5.6
<i>Net Margin, %</i>	12.2%	7.9%	5.0%	4.4%	5.7%	4.4%	1.7%	1.7%	2.4%	5.1%	7.8%

YASK Quarterly analysis



Note: ROE is annualized

Bagliy Coke

BKOK UZ

SELL

Target Price (USD) 0.05

Upside -44%

INVESTMENT CASE

Domestic sales under threat

In 2006, production dropped by 7% yoy and we forecast it will fall by 22% yoy in 2007. We think Bagliy Coke, a low quality coke producer, faces a real threat of losing large domestic clients, MMK Ilicha (MMKI) and Mittal Steel Kriviy Rih (KSTL), in 2007. Mittal Steel Kriviy Rih has already launched a third coke battery and is going to launch a fourth in 2007, which will make it self-sufficient in coke. In January MMK Ilicha signed a deal with high quality Russian coke producer Altai Coke for the delivery of 600 ths mt in 2007, which is likely to be a substitute for Bagliy Coke's low quality products.

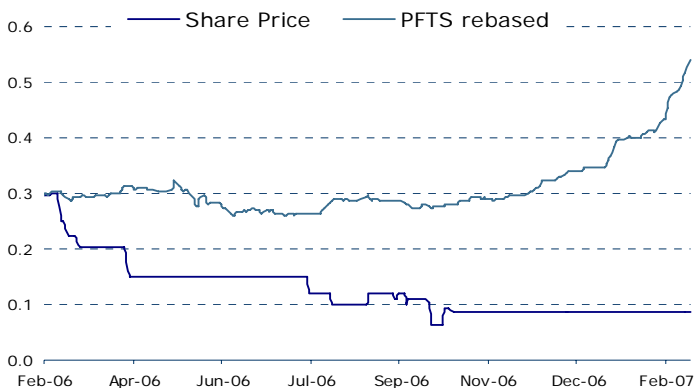
Asset for sale

We think that Bagliy Coke's shrinking market might spur on Privat group to dispose of Bagliy Coke's business (Privat has excess coke making capacity). Prospective buyers might be domestic steel mills short on stable coke supplies like Zaporizhstal and MMK Ilicha. In 2005, Privat's spokesmen openly stated the group's intent to sell Bagliy Coke.

Valuation indicates downside

Our new target price for BKOK is USD 0.05/share, down from our previous target of USD 0.12/share. The new target price suggests a 44% downside. We reiterate our SELL recommendation.

SHARE PRICE PERFORMANCE*



* PFTS MID Price in USD is used

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- 1: Market price reaction remains within 10% in execution of a market order of about USD 10 mln in size
- 2: Market price reaction remains within 10% in execution of a market order of about USD 1 mln in size
- 3: All other stocks (quoted price is less reliable and should be considered indicative)

MARKET INFORMATION

Market price*, USD	0.09
Price impact**	3
52 Wk H/L, USD	0.30 / 0.06
Chg 3m/6m/52w	0% / -11% / -70%
Chg vs PFTS 3m/6m/52w	-81% / -95% / -156%
Chg YTD	0%
Avg Mo Tr Vol 6M, USD ths	8.44
MCap, USD mln	60.5
Free float, %	6.0%
FF MCap, USD mln	3.6
No of shares, mln	686.3
Par Value (UAH)	0.25
XETRA	n/a
DR Ratio	n/a
Avg Mo Tr Vol 6M, USD ths	n/a

STOCK OWNERSHIP

Privat (apprx.)	94.0%
Other	6.0%

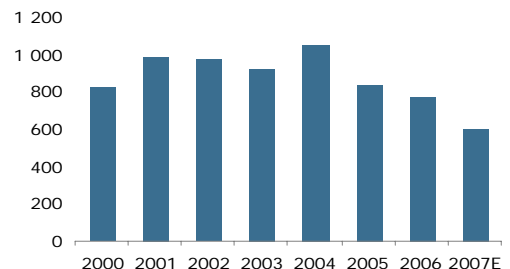
MARKET MULTIPLES

	2006E	2007E
EV/Sales	0.5	0.6
EV/EBITDA	19.5	14.4
P/E	49.0	29.9
P/B	1.3	1.2
P/CF	22.0	17.2

KEY RATIOS

	2006E	2007E
EBITDA margin	3%	4%
Net Margin	1%	2%
ROE	4%	4%
Net Debt/Equity	0.07	0.21

Gross Coke Output, ths mt



INCOME STATEMENT SUMMARY, USD mln

	2002	2003	2004	2005	2006E	2007E	2008E
Net Revenues	18.6	25.5	28.9	140.5	130.7	109.5	110.6
<i>Change y-o-y</i>	-	37.3%	13.6%	385.6%	-7.0%	-16.2%	1.0%
Gross Profit	1.2	0.4	3.2	9.7	6.5	7.7	8.8
EBITDA	0.1	(0.3)	2.0	7.9	3.3	4.9	6.1
<i>margin, %</i>	0.5%	-1.2%	6.9%	5.7%	2.5%	4.5%	5.5%
Depreciation	(1.2)	(1.1)	(1.3)	(1.3)	(1.5)	(1.5)	(1.5)
EBIT	(1.1)	(1.4)	0.7	6.7	1.8	3.4	4.6
<i>margin, %</i>	-5.8%	-5.4%	2.5%	4.7%	1.3%	3.1%	4.2%
Interest Expense	-	-	(0.0)	(0.1)	(0.1)	(0.7)	(1.5)
Other income/(expense)	(0.7)	(0.1)	(0.2)	(0.4)	-	-	-
PBT	(1.8)	(1.5)	0.5	6.2	1.6	2.7	3.2
Tax	(0.0)	-	-	(2.4)	(0.4)	(0.7)	(0.8)
<i>Effective tax rate</i>	-0.2%	0.0%	0.0%	39.4%	25.0%	25.0%	25.0%
Net Income	(1.8)	(1.5)	0.5	3.7	1.2	2.0	2.4
<i>Net Margin, %</i>	-9.6%	-6.0%	1.7%	2.6%	0.9%	1.8%	2.1%

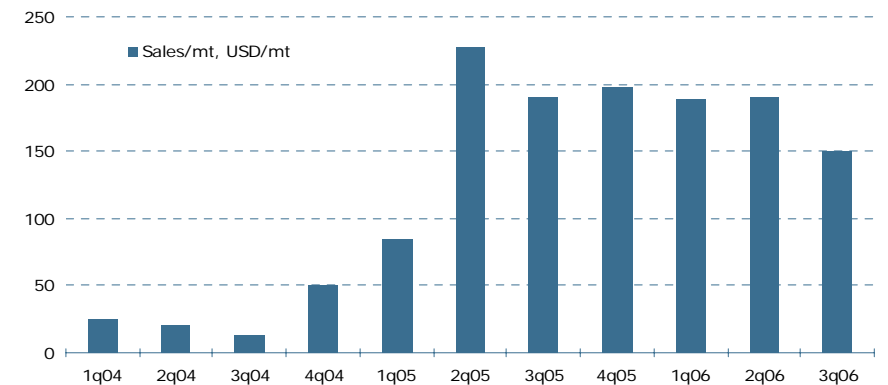
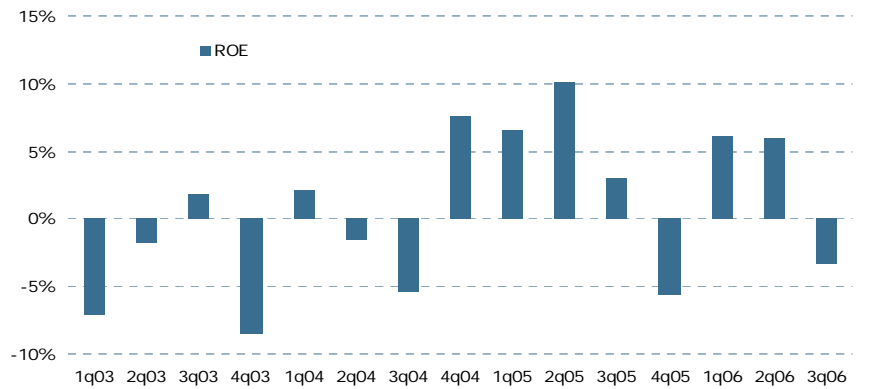
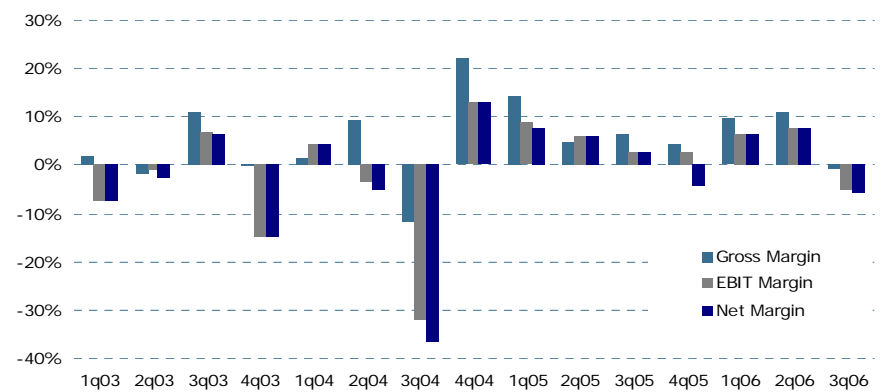
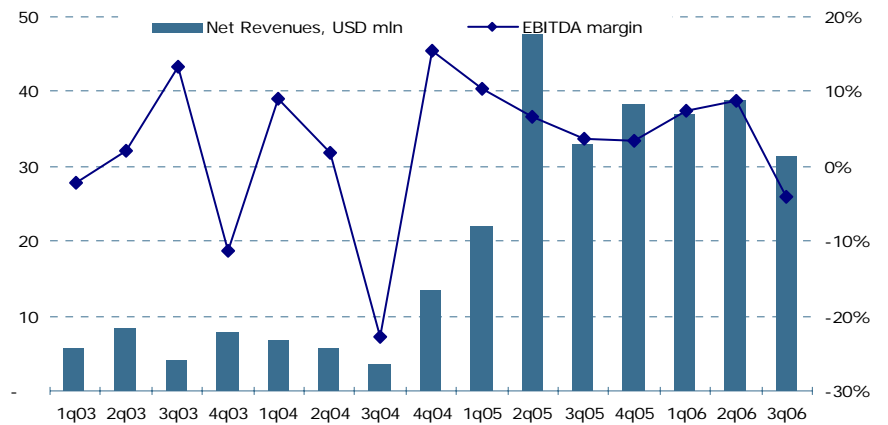
BALANCE SHEET SUMMARY, USD mln

	2002	2003	2004	2005	2006E	2007E	2008E
Current Assets	6.5	8.1	47.0	74.8	79.4	58.3	58.2
Cash & Equivalents	0.2	0.1	0.1	0.1	0.4	0.3	0.3
Trade Receivables	1.7	4.2	4.1	16.3	20.9	20.8	21.0
Inventories	2.7	1.6	20.1	10.2	12.4	12.2	15.3
Other	1.8	2.3	22.7	48.3	45.7	24.9	21.6
Fixed Assets	18.0	18.1	20.1	27.2	22.6	22.8	23.2
PP&E, net	14.0	14.5	14.0	14.0	15.4	15.7	16.0
Other	4.0	3.7	6.1	13.2	7.2	7.2	7.2
Total Assets	24.6	26.3	67.1	102.1	102.0	81.1	81.4
Shareholders' Equity	12.1	12.9	24.2	29.2	47.4	49.4	49.9
Share Capital	4.8	4.8	16.1	16.9	32.1	32.1	32.1
Retained Earnings	(6.1)	(5.4)	(4.9)	(0.9)	0.4	2.4	2.8
Other	13.5	13.4	12.9	13.2	15.0	15.0	15.0
Current Liabilities	12.4	13.4	42.9	70.5	52.6	31.7	31.4
ST Interest Bearing Debt	0.1	-	0.0	0.0	1.6	10.7	13.5
Trade Payables	3.7	7.0	33.0	47.7	37.2	20.4	17.3
Other	8.6	6.4	9.9	22.8	13.8	0.6	0.6
LT Liabilities	0.0	0.0	0.0	2.4	2.0	-	-
LT Interest Bearing Debt	-	-	-	-	-	-	-
Other	0.0	0.0	0.0	2.4	2.0	-	-
Total Liabilities & Equity	24.6	26.3	67.1	102.1	102.0	81.1	81.4

QUARTERLY ANALYSIS, USD mln

	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06
Net Revenues	6.6	5.6	3.4	13.4	21.9	47.5	32.8	38.3	37.0	38.6	31.3
<i>Change y-o-y</i>	16.1%	-32.3%	-13.9%	74.9%	234.7%	755.1%	867.0%	184.8%	68.8%	-18.7%	-4.4%
EBITDA	0.6	0.1	(0.8)	2.1	2.3	3.1	1.2	1.3	2.7	3.4	(1.3)
<i>margin, %</i>	9.0%	1.9%	-22.7%	15.4%	10.4%	6.6%	3.6%	3.5%	7.4%	8.8%	-4.2%
EBIT	0.3	(0.2)	(1.1)	1.7	2.0	2.8	0.9	1.0	2.4	3.0	(1.7)
<i>margin, %</i>	4.3%	-3.6%	-32.3%	13.0%	9.0%	5.9%	2.6%	2.6%	6.4%	7.7%	-5.4%
Net Income	0.3	(0.3)	(1.2)	1.8	1.6	2.8	0.9	(1.7)	2.4	3.0	(1.7)
<i>Net Margin, %</i>	4.3%	-5.2%	-36.7%	13.1%	7.5%	6.0%	2.7%	-4.4%	6.4%	7.8%	-5.4%

BKOK Quarterly analysis



Note: ROE is annualized

Donetsk Coke

DKOK UZ

SELL

Target Price (USD) 0.02

Upside -82%

INVESTMENT CASE

Production down, major client jumped ship

Last year the company lost its major client, the MMK Ilicha steel mill, which switched to Yasynivsky Coke in January 2006. As a result, DKOK operates only two of ten coke batteries and decreased output by 33% yoy in 2006.

Risk of idling capacity is high

We think Donetsk Coke's owner, SCM, might be considering shutting down the coke plant, which is not critical to the group's production chain. The group has excess coke production for its steel mills, while the export prospects for Donetsk Coke's low quality coke remains hazy. The plant's location in the city of Donetsk, which is attractive from a real estate development angle, might be a reason for its owner's rather relaxed attitude. At the same time, Donetsk Coke's largest customer, MMK Ilicha, is increasingly looking at other sources of coke, as their attempts to acquire Donetsk Coke from SCM failed.

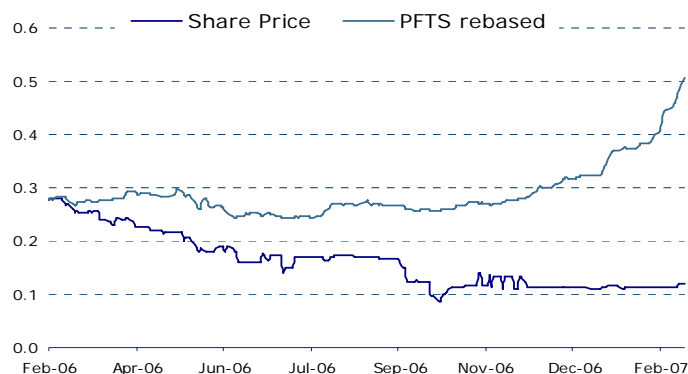
Transparency remains low

We think Donetsk Coke continues to practice tolling schemes with its coal suppliers as indicated by its tiny top line. The company's selling price was 60-65% lower than the market price for coke in 9M06, which translated into negligible sales for the same period. We believe SCM does not yet have a clear strategy with regard to Donetsk Coke and the company's transparency is not on the agenda.

Valuation Begs Sell

Although our best case scenario yields a fair value of USD 0.10/share, we consider the probability of idling its capacity at 80%. Our probability weighted target price is USD 0.02/share, which implies a 82% downside. SELL.

SHARE PRICE PERFORMANCE*



* PFTS MID Price in USD is used

** Price "impact" is the opinion of Concorde's trading desk on stocks to help investors estimate the reliability of quoted prices:

- 1: Market price reaction remains within 10% in execution of a market order of about USD 10 mln in size
- 2: Market price reaction remains within 10% in execution of a market order of about USD 1 mln in size
- 3: All other stocks (quoted price is less reliable and should be considered indicative)

MARKET INFORMATION

Market price*, USD	0.11
Price impact**	3
52 Wk H/L, USD	0.28 / 0.09
Chg 3m/6m/52w	-6% / -33% / -58%
Chg vs PFTS 3m/6m/52w	-87% / -117% / -144%
Chg YTD	3%
Avg Mo Tr Vol 6M, USD ths	19.74
MCap, USD mln	28.6
Free float, %	7.7%
FF MCap, USD mln	2.2
No of shares, mln	249.1
Par Value (UAH)	0.25
XETRA	D6N
DR Ratio	1:20
Avg Mo Tr Vol 6M, USD ths	0.00

STOCK OWNERSHIP

SCM	55.5%
ARS	23.8%
Illich Stal (MMKI)	13.0%
Other	7.7%

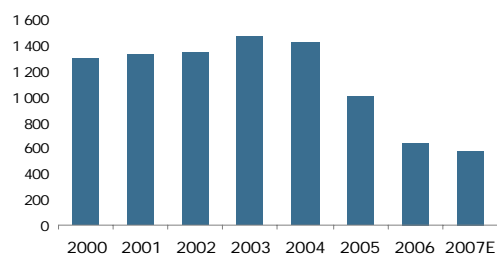
MARKET MULTIPLES

	2006E	2007E
EV/Sales	0.8	0.7
EV/EBITDA	4.1	3.9
P/E	8.6	7.2
P/B	0.3	0.3
P/CF	5.0	4.4

KEY RATIOS

	2006E	2007E
EBITDA margin	20%	19%
Net Margin	10%	9%
ROE	4%	5%
Net Debt/Equity	-0.01	0.03

Gross Coke Output, ths mt



INCOME STATEMENT SUMMARY, USD mln

	2002	2003	2004	2005	2006E	2007E	2008E
Net Revenues	61.5	89.9	109.1	56.6	34.2	35.3	31.8
<i>Change y-o-y</i>	-	-36.3%	21.4%	-48.2%	-39.6%	3.4%	-10.0%
Gross Profit	5.5	15.9	41.1	17.4	10.9	8.1	7.3
EBITDA	2.9	12.8	35.4	11.1	6.8	6.7	6.2
<i>margin, %</i>	4.8%	14.2%	32.4%	19.6%	20.0%	19.0%	19.5%
Depreciation	(1.5)	(1.5)	(1.3)	(1.7)	(2.3)	(2.4)	(2.5)
EBIT	1.4	11.2	34.1	9.4	4.5	4.3	3.7
<i>margin, %</i>	2.2%	12.5%	31.2%	16.5%	13.1%	12.1%	11.6%
Interest Expense	(0.7)	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)	(0.1)
Other income/(expense)	(0.0)	(0.5)	(0.0)	(0.2)	-	-	-
PBT	0.6	10.7	34.1	9.1	4.4	4.2	3.6
Tax	(0.2)	(2.7)	(9.7)	(4.4)	(1.1)	(1.1)	(0.9)
<i>Effective tax rate</i>	28.3%	25.2%	28.6%	48.5%	25.0%	25.0%	25.0%
Net Income	0.4	8.0	24.3	4.7	3.3	3.2	2.7
<i>Net Margin, %</i>	0.7%	8.9%	22.3%	8.3%	9.7%	9.0%	8.6%

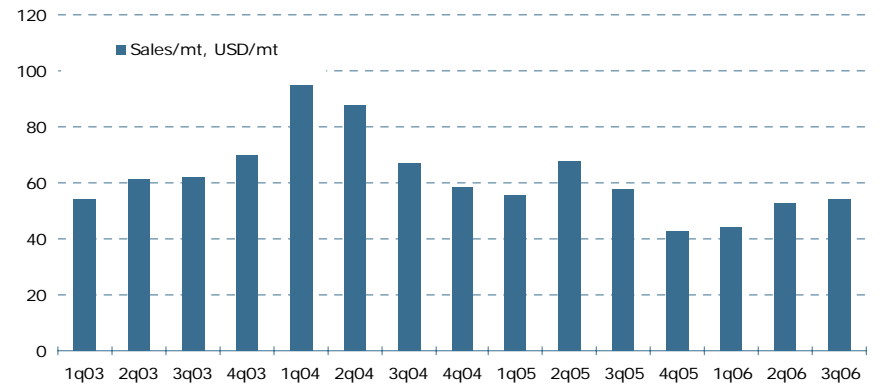
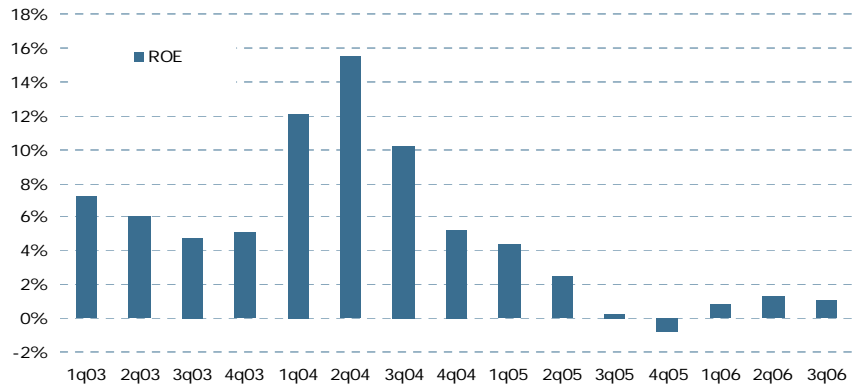
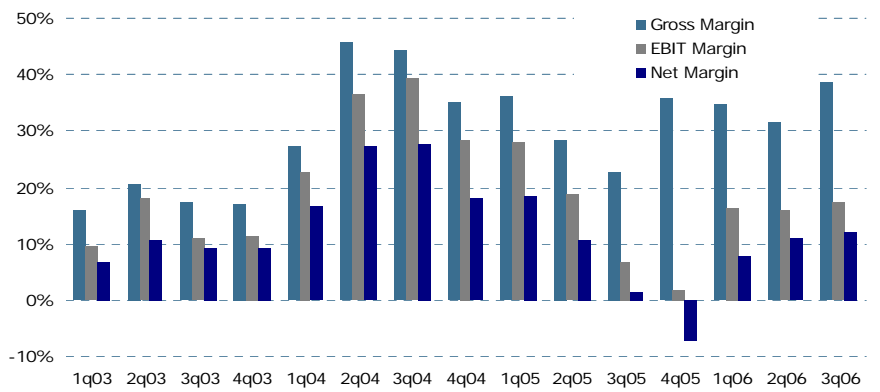
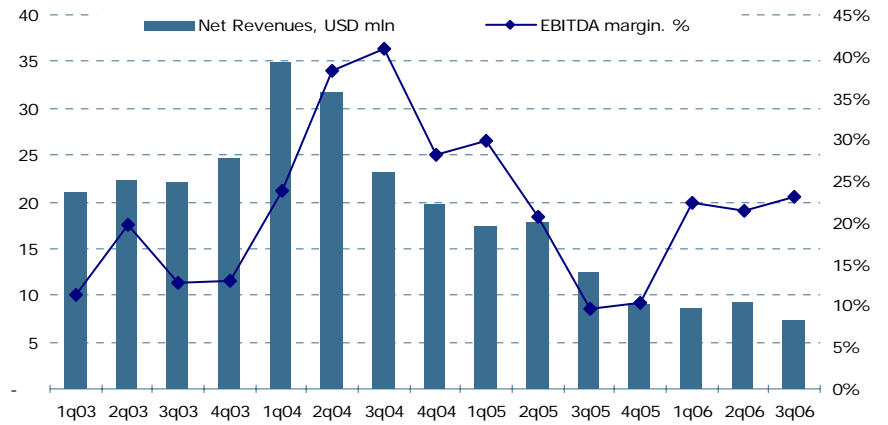
BALANCE SHEET SUMMARY, USD mln

	2002	2003	2004	2005	2006E	2007E	2008E
Current Assets	12.7	20.8	45.4	40.0	31.3	31.1	32.1
Cash & Equivalents	1.0	3.4	1.2	0.1	1.7	1.1	1.0
Trade Receivables	2.0	5.7	9.7	17.7	9.5	9.5	9.5
Inventories	6.4	6.7	7.1	5.1	3.0	3.5	4.4
Other	3.3	5.0	27.4	17.2	17.1	17.0	17.2
Fixed Assets	35.6	34.9	46.1	46.0	55.8	57.3	57.4
PP&E, net	20.3	20.8	21.4	23.5	33.4	36.1	37.9
Other	15.3	14.1	24.7	22.4	22.4	21.2	19.6
Total Assets	48.2	55.7	91.5	86.0	87.1	88.4	89.5
Shareholders' Equity	37.1	45.1	70.4	78.7	82.0	83.6	84.4
Share Capital	11.7	11.7	11.7	11.7	11.7	11.7	11.7
Retained Earnings	3.7	11.4	35.0	41.8	45.1	46.7	47.5
Other	21.7	22.1	23.7	25.2	25.2	25.2	25.2
Current Liabilities	9.0	10.6	21.1	7.3	5.1	4.9	5.1
ST Interest Bearing Debt	4.0	-	0.0	-	0.9	-	1.0
Trade Payables	4.1	9.6	18.2	6.5	3.7	4.4	3.9
Other	0.9	0.9	2.6	0.3	0.3	0.4	-
LT Liabilities	2.1	-	-	0.0	0.0	0.0	0.0
LT Interest Bearing Debt	2.1	-	-	-	-	-	-
Other	-	-	-	0.0	0.0	0.0	0.0
Total Liabilities & Equity	48.2	55.7	91.5	86.0	87.1	88.5	89.5

QUARTERLY ANALYSIS, USD mln

	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06
Net Revenues	34.8	31.6	23.1	19.6	17.4	17.7	12.3	8.9	8.5	9.2	7.3
<i>Change y-o-y</i>	66.7%	41.2%	4.8%	-20.3%	-49.9%	-43.9%	-46.6%	-54.7%	-51.2%	-47.8%	-40.5%
EBITDA	8.3	12.1	9.4	5.5	5.2	3.7	1.2	0.9	1.9	2.0	1.7
<i>margin, %</i>	23.8%	38.3%	40.9%	28.1%	29.8%	20.8%	9.6%	10.4%	22.4%	21.4%	23.2%
EBIT	7.9	11.6	9.1	5.5	4.9	3.3	0.8	0.2	1.4	1.5	1.3
<i>margin, %</i>	22.7%	36.7%	39.2%	28.2%	27.9%	18.9%	6.8%	1.9%	16.3%	16.0%	17.3%
Net Income	5.8	8.6	6.4	3.5	3.2	1.9	0.2	(0.6)	0.7	1.0	0.9
<i>Net Margin, %</i>	16.7%	27.2%	27.8%	17.9%	18.3%	10.7%	1.2%	-7.1%	7.9%	10.9%	12.0%

DKOK Quarterly analysis



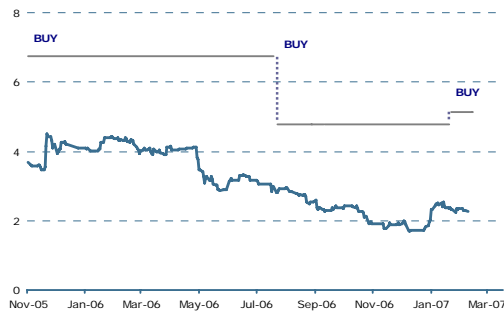
Note: ROE is annualized

Analyst certification

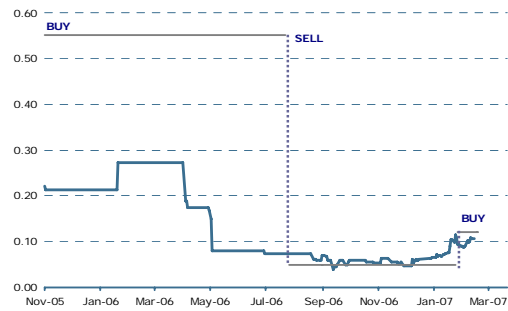
I, Eugene Cherviachenko, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

Date	AVDK price, USD		ALKZ price, USD		ZACO price, USD		YASK price, USD		BKOK price, USD		DKOK price, USD	
	Closing	Target	Closing	Target	Closing	Target	Closing	Target	Closing	Target	Closing	Target
23-Sep-05	4.12	6.74	0.37	0.55	1.45	3.55	0.35	0.73			0.16	0.80
23-Aug-06	2.47	4.79	0.07	0.05	1.20	2.47	0.29	0.30	0.13	0.12	0.17	0.19
29-Aug-06					0.73	Susp'						
6-Oct-06											0.16	0.08
19-Oct-06					0.82	2.47						
27-Feb-07	2.19	5.14	0.10	0.12	1.21	2.53	0.41	0.73	0.09	0.05	0.11	0.02

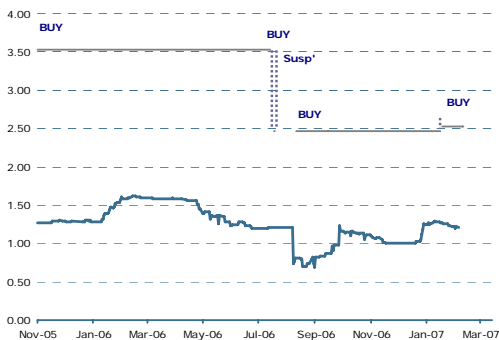
AVDK



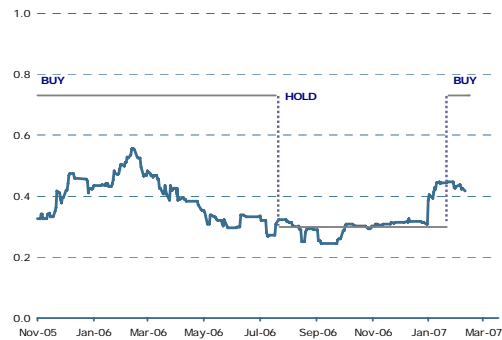
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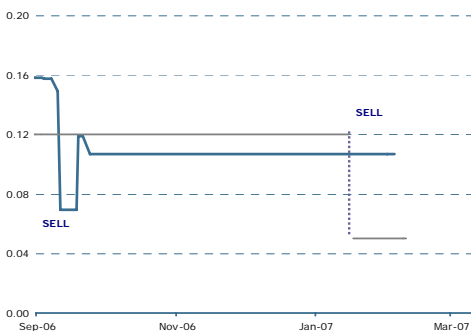
ZACO



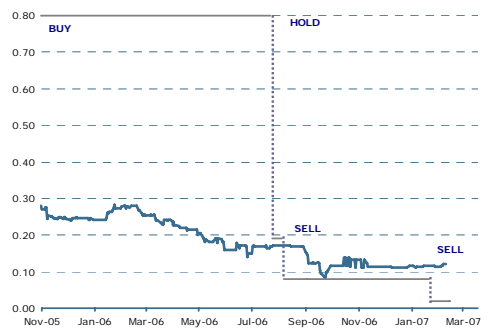
YASK



BKOK *



DKOK



* Since the bid-ask spread for BKOK is wide due to the stock's low liquidity, we use the ask prices, which we consider closer to transaction prices on the market

From May 2005 to October 2006, other analysts, Viktor Koval and Andriy Gostik, covered these companies. In February 2007, Eugene Cherviachenko joined Andriy Gostik in coverage of these companies. Koval is no longer an analyst with Concorde Capital.

Concorde Capital Rating Universe

Buy	35	47%
Hold	14	19%
Sell	9	12%
Pending/Suspended	16	22%
Total	74	100%

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