



CONCORDE CAPITAL



Ukrainian Equity Book

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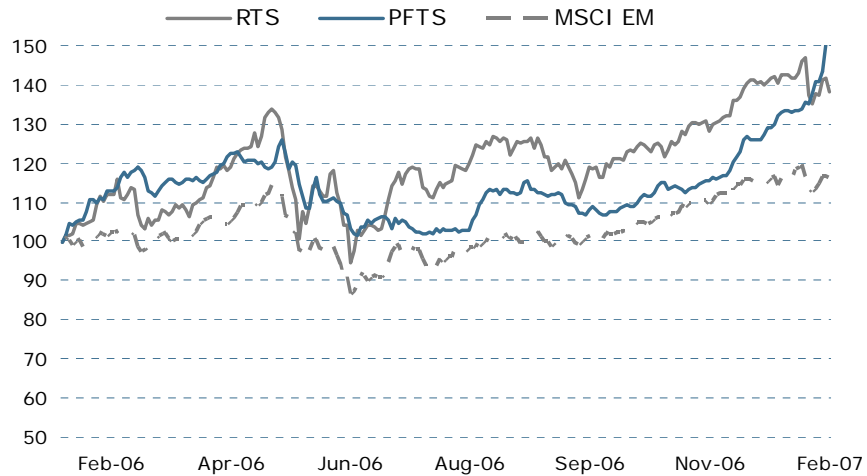
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MARKET PROFILE

PFTS Relative Performance



Source: Bloomberg, PFTS

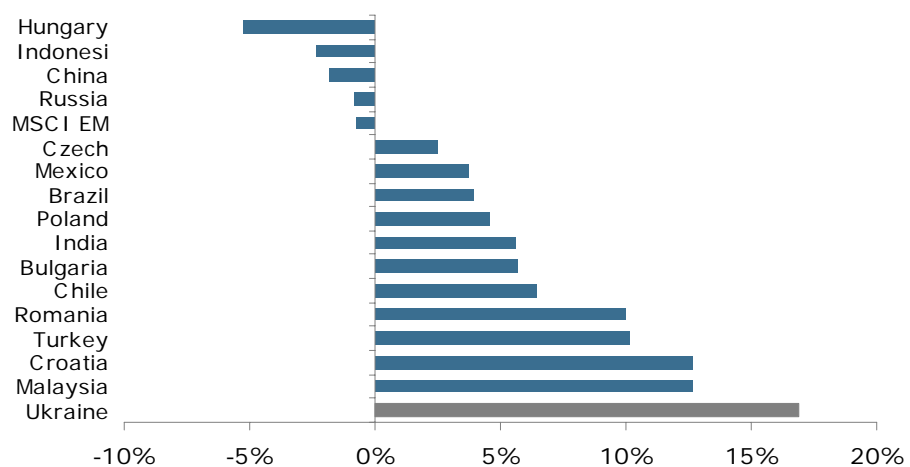
Ukrainian Market At A Glance

| | |
|-------------------------------|--------------|
| Investable Universe MCap | USD 46.6 bln |
| Free Float | USD 3.2 bln |
| PFTS avg daily trading volume | |
| 2006 | USD 4.7 mln |
| 2007 YTD | USD 4.6 mln |
| PFTS-Index P/E | 14.96 |
| MSCI EM Index P/E | 15.62 |

Note: As of February 5, 2007

Source: PFTS, Concorde Capital, Bloomberg

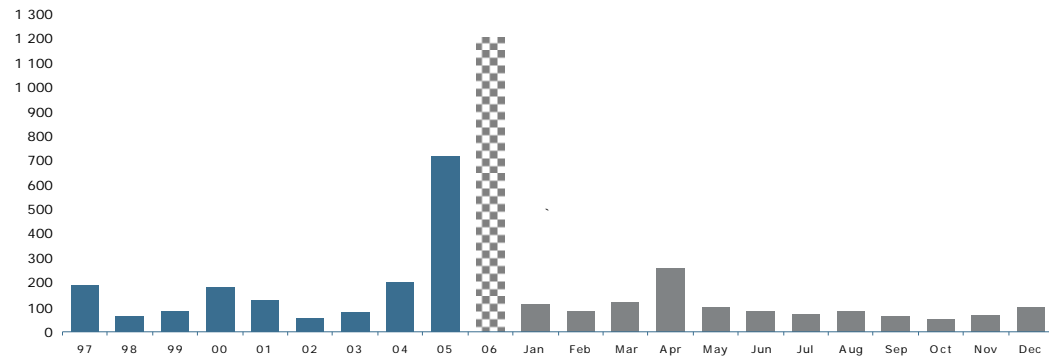
EM Equity Returns, 2007 YTD



Note: As of February 5, 2007

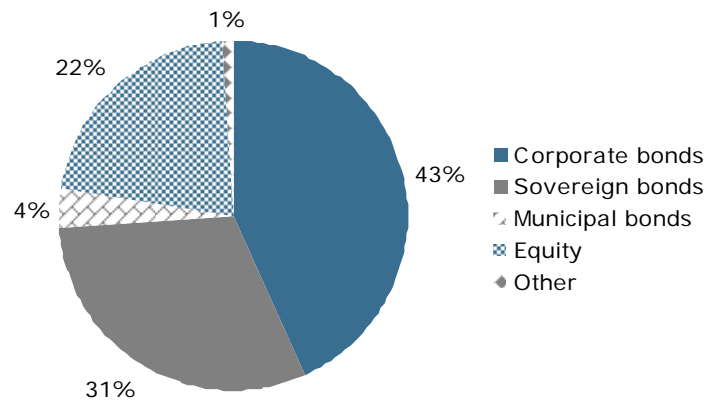
Source: Bloomberg

Equity Trading Volumes, USD mln



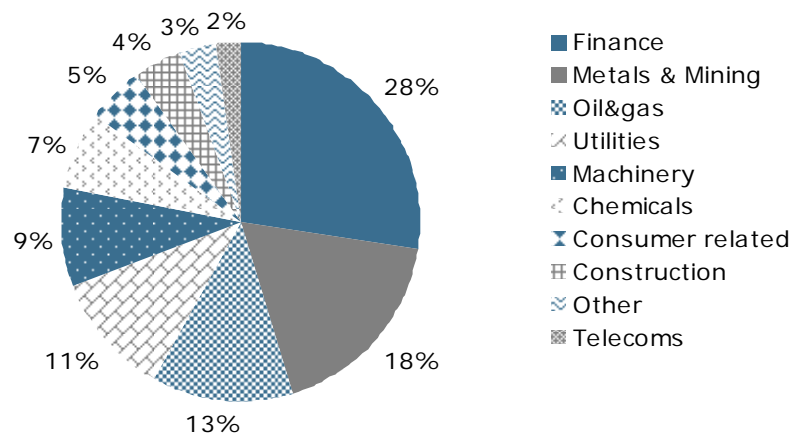
Note: Monthly volumes refer to 2006
Source: PFTS

PFTS Trading Breakdown, 2006



Source: PFTS

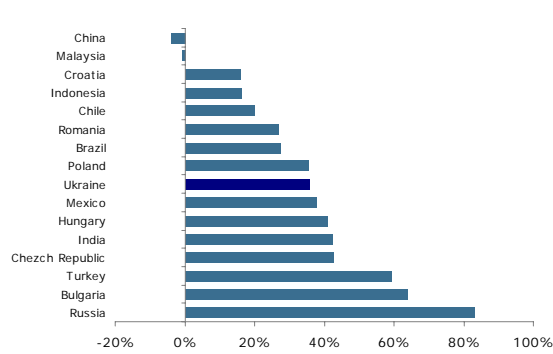
Equity Trading by Sector, 2006



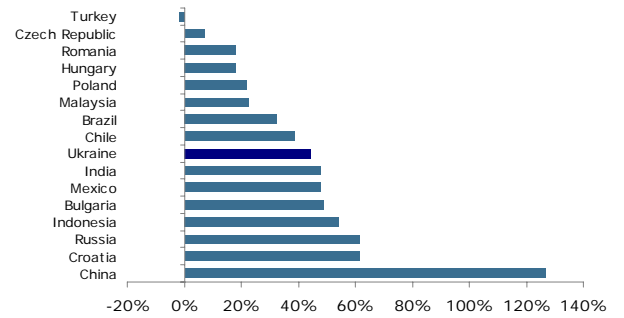
Note: Including private placements reported on the PFTS
Source: PFTS, Concorde Capital

Global Emerging Markets Performance

2005

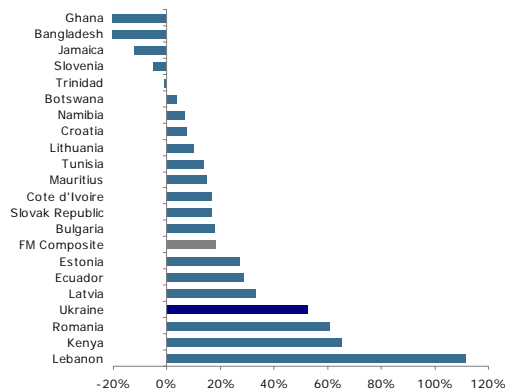


2006

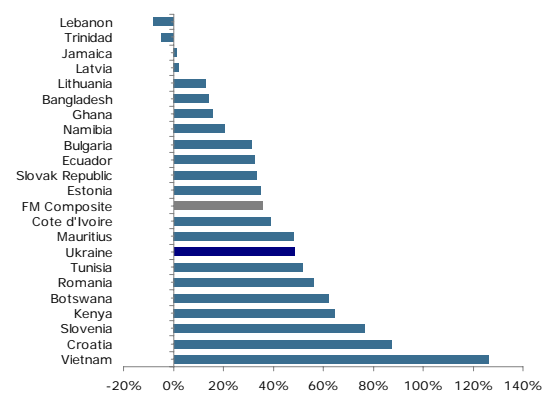


S&P/IFC Frontier Markets

2005

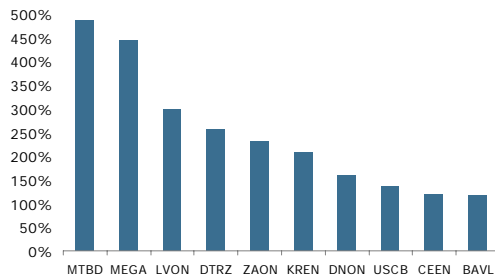


2006



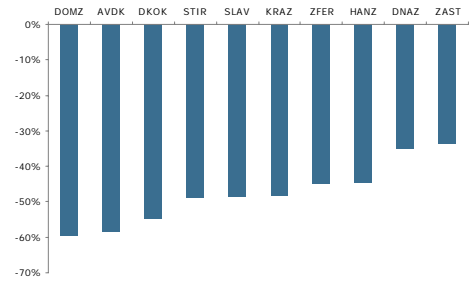
Note: Measured by the S&P/IFCF Total Return Index
Source: Standard & Poor's

Best performance



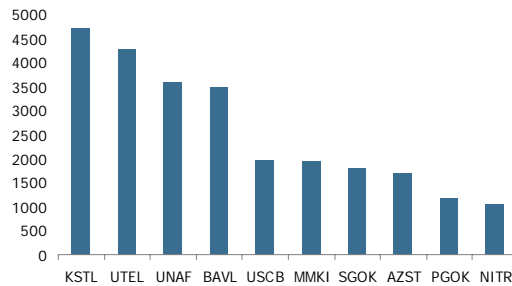
Note: Calculated based on PFTS mid prices, stocks with an annual trading volume of less than \$ 1 mln excluded

Worst Performers

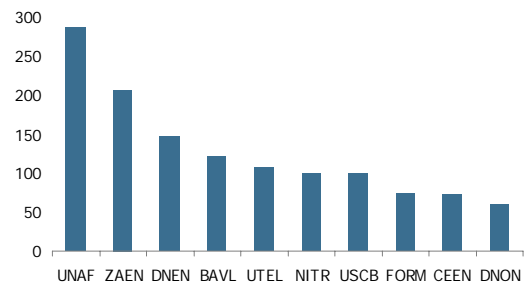


Note: Calculated based on PFTS mid prices except for ZPST's prices which are taken from the Frankfurt SE; stocks with an annual trading volume of less than \$ 1 mln are excluded

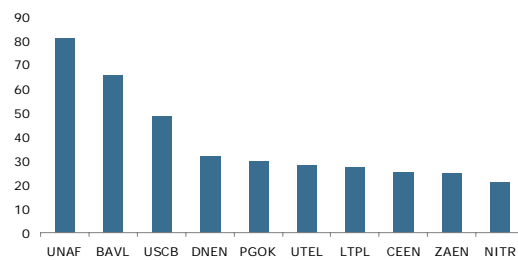
Largest MCap, USD mln



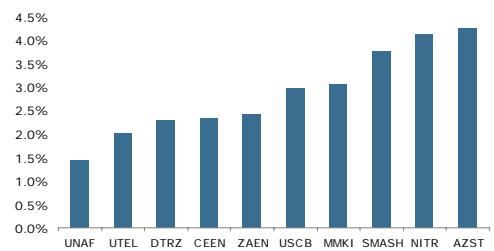
Largest Free Float, USD mln



Most Traded Stocks, USD mln



Tightest Spreads, 2H06 avg



Note: 2006 annual volumes, excluding technical trades and private placements

Source: PFTS, Bloomberg, Concorde Capital

BASIC MATERIALS

Iron & Steel

Alchevsk Iron & Steel
Azovstal
Centralny Iron Ore
DMK Dzerzhinskogo Steel
DMP Petrovskogo Steel
Dniprospetsstal
Donetsk Metal Rolling
Donetsk Steel Plant
Enakievo Steel
Energomashspetsstal
Inguletsky Iron Ore
Mittal Steel Kryviy Rih
MMKI Illicha Steel
Pivdenny Iron Ore
Pivnichny Iron Ore
Poltava Iron Ore
Sukha Balka
Zaporizhstal

Mining

Marganets Manganese Ore
Ordzhonikidze Manganese Ore

Coal

Chervonoarmiyska Zakhidna Coal
Komsomolets Donbasa Coal
Krasnodon Coal
Pavlograd Coal

Chemicals

Azot Cherkasy
Chernigiv Khimvolokno
Dniproazot
Stirol
Krymsoda
Zaporizhya Abrasives

Chemicals/Coke

Alchevsk Coke
Avdiyivka Coke
Bagliy Coke
Donetsk Coke
Yasynivsky Coke
Zaporizh Coke

Forest Products & Paper

Koryukivka Paper
Kyiv Cardboard and Paper
Zhydachiv Pulp and Paper

Alchevsk Iron & Steel

ALMK UZ

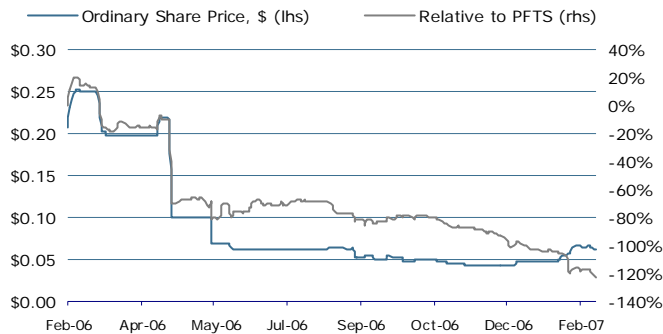
Iron & Steel

<http://www.amk.lg.ua>
Target Price (USD)
0.07
Upside
12%

INVESTMENT CASE

- Extensive modernization (USD 1.8 bln) will double capacity by 2010: state-of-the-art concaster already installed, second concaster and two BOFs with a total capacity of 5 mln mt will be installed in 2007 or early 2008
- Improving financials
- In-house combined cycle plant constructed by Mitsubishi will fully meet its electricity needs
- Parent company, the IUD, is an IPO candidate in 2009-2010

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Alchevsk Iron & Steel (ALMK) is the fifth largest steel producer in Ukraine with a 9.1% share of domestic steel output in 2006. The company has six sintering machines, four blast furnaces, six open-hearth furnaces, two plate mills, a heavy-section mill and a booming-slabbing mill. The Industrial Union of the Donbass (IUD) owns 95% of the company's shares. Alchevsk Iron & Steel receives sufficient coke supplies through Alchevsk Coke (affiliated with IUD) but lacks an integrated iron ore supplier.

In early December 2006, the EBRD's Board of Directors approved a USD 150 mln loan for the construction of a combined heat & power (CHP) unit. With an estimated project cost of USD 383 mln and nameplate capacity of 303 MWt, the unit is expected to be put into operation in 2009. This project will make Alchevsk Iron & Steel and its coke supplier, Alchevsk Coke (ALKZ), fully self-sufficient in electricity. The company also hopes to raise its steel production capacity by 88% to 7.5 mln mt p.a. by 2009. The company produced 3.7 mln mt of steel in 2006, on par with 2005.

In 9M06 ALMK posted a 23.2% yoy growth of net revenues to USD 897 mln, EBITDA and net margins worsened to 12.1% and 4.6%, respectively, from 14.3% and 8.5% in 9M05.

MARKET INFORMATION

| | |
|---------------------------|-------------------|
| Market price*, USD | 0.06 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.25 / 0.04 |
| Chg 3m/6m/52w | 45% / -2% / -70% |
| Chg vs PFTS 3m/6m/52w | 2% / -49% / -128% |
| Chg YTD | 28% |
| Avg Mo Tr Vol 6M, USD ths | 932.05 |
| MCap, USD mln | 674.4 |
| Free float, % | 5.0% |
| FF MCap, USD mln | 33.7 |
| No of shares, mln | 10775.3 |
| Par Value, UAH | 0.1 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-------|-------|
| ISD | 95.0% |
| Other | 5.0% |

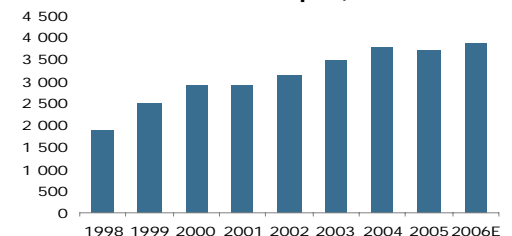
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.8 | 0.7 |
| EV/EBITDA | 6.3 | 5.6 |
| P/E | 11.5 | 8.8 |
| P/B | 3.1 | 2.3 |
| P/CF | 6.6 | 8.1 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 14% | 12% | 13% |
| Net Margin | 8% | 5% | 6% |
| ROE | 107% | 37% | 36% |
| Net Debt/Equity | 1.1 | 1.1 | 0.9 |

Crude Steel Output, ths mt



* PFTS MID Price 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)

INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|---------------|--------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 369.7 | 480.9 | 803.0 | 993.6 | 897.0 | n/a | n/a |
| <i>Change y-o-y</i> | - | 30.1% | 67.0% | 23.7% | 23.2% | n/a | n/a |
| Gross Profit | 30.3 | 47.8 | 49.4 | 182.3 | 155.4 | n/a | n/a |
| EBITDA | 10.2 | 29.1 | 40.7 | 136.6 | 108.6 | n/a | n/a |
| <i>margin, %</i> | 2.8% | 6.0% | 5.1% | 13.7% | 12.1% | n/a | n/a |
| Depreciation | (18.5) | (22.0) | (17.5) | (20.5) | (22.1) | n/a | n/a |
| EBIT | (8.3) | 7.0 | 23.3 | 116.0 | 86.5 | n/a | n/a |
| <i>margin, %</i> | -2.2% | 1.5% | 2.9% | 11.7% | 9.6% | n/a | n/a |
| Interest Expense | (1.1) | (1.3) | (1.0) | (5.7) | (15.8) | n/a | n/a |
| Other income/(expense) | (1.6) | (1.3) | (0.8) | (1.0) | (2.0) | n/a | n/a |
| PBT | (10.9) | 4.4 | 21.4 | 109.3 | 68.7 | n/a | n/a |
| Tax | (0.8) | (3.0) | (12.9) | (30.9) | (27.0) | n/a | n/a |
| <i>Effective tax rate</i> | -7.5% | 66.7% | 60.4% | 28.3% | 39.3% | n/a | n/a |
| Net Income | (11.7) | 1.5 | 8.5 | 78.3 | 41.7 | n/a | n/a |
| <i>Net Margin, %</i> | -3.2% | 0.3% | 1.1% | 7.9% | 4.6% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 76.2 | 99.6 | 102.3 | 292.3 | 445.1 | n/a | n/a |
| Cash & Equivalents | 0.1 | 0.1 | 3.6 | 3.1 | 2.2 | n/a | n/a |
| Trade Receivables | 23.0 | 19.7 | 22.5 | 42.1 | 108.1 | n/a | n/a |
| Inventories | 33.3 | 58.5 | 42.4 | 88.4 | 116.9 | n/a | n/a |
| Other | 19.9 | 21.3 | 33.7 | 158.7 | 217.9 | n/a | n/a |
| Fixed Assets | 132.8 | 121.0 | 141.5 | 263.1 | 535.6 | n/a | n/a |
| PP&E, net | 128.3 | 112.1 | 108.8 | 177.4 | 182.4 | n/a | n/a |
| Other | 4.5 | 8.9 | 32.7 | 85.7 | 353.2 | n/a | n/a |
| Total Assets | 209.0 | 220.6 | 243.8 | 555.4 | 980.6 | n/a | n/a |
| Shareholders' Equity | 75.0 | 67.1 | 73.5 | 157.6 | 377.6 | n/a | n/a |
| Share Capital | 23.3 | 23.3 | 23.4 | 24.6 | 218.5 | n/a | n/a |
| Retained Earnings | (94.9) | (58.8) | (45.4) | 33.9 | 59.2 | n/a | n/a |
| Other | 146.6 | 102.6 | 95.5 | 99.1 | 99.9 | n/a | n/a |
| Current Liabilities | 134.0 | 153.5 | 170.3 | 222.8 | 403.8 | n/a | n/a |
| ST Interest Bearing Debt | 4.9 | 7.1 | 4.9 | 5.1 | 34.7 | n/a | n/a |
| Trade Payables | 110.8 | 122.8 | 131.8 | 194.6 | 303.8 | n/a | n/a |
| Other | 18.2 | 23.6 | 33.6 | 23.1 | 69.8 | n/a | n/a |
| LT Liabilities | 0.0 | - | - | 175.0 | 199.3 | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | 175.0 | 198.2 | n/a | n/a |
| Other | 0.0 | - | - | - | 1.1 | n/a | n/a |
| Total Liabilities & Equity | 209.0 | 220.6 | 243.8 | 555.4 | 980.6 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 152.5 | 192.5 | 219.9 | 238.1 | 222.1 | 272.1 | 233.8 | 265.6 | 188.1 | 367.1 | 341.7 |
| <i>Change y-o-y</i> | 35.5% | 111.2% | 55.7% | 75.1% | 45.6% | 41.3% | 6.3% | 11.5% | -15.3% | 34.9% | 46.1% |
| EBITDA | 12.3 | 6.1 | 13.4 | 8.9 | 28.9 | 48.5 | 26.3 | 32.8 | 12.5 | 32.3 | 63.8 |
| <i>margin, %</i> | 8.1% | 3.2% | 6.1% | 3.7% | 13.0% | 17.8% | 11.3% | 12.4% | 6.6% | 8.8% | 18.7% |
| EBIT | 8.3 | 1.5 | 9.3 | 4.2 | 24.9 | 43.6 | 21.0 | 26.5 | 4.9 | 25.3 | 56.3 |
| <i>margin, %</i> | 5.4% | 0.8% | 4.2% | 1.8% | 11.2% | 16.0% | 9.0% | 10.0% | 2.6% | 6.9% | 16.5% |
| Net Income | 3.5 | (1.3) | 4.6 | 1.6 | 18.6 | 31.6 | 11.8 | 16.3 | (1.0) | 10.2 | 32.4 |
| <i>Net Margin, %</i> | 2.3% | -0.7% | 2.1% | 0.7% | 8.4% | 11.6% | 5.0% | 6.1% | -0.5% | 2.8% | 9.5% |

Azovstal

AZST UZ

Iron & Steel

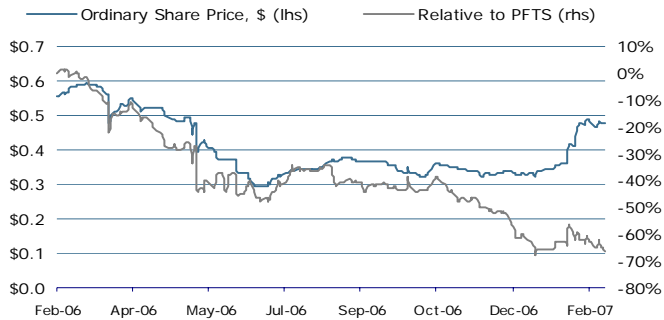
<http://www.azovstal.com.ua>

Target Price (USD) 0.51
Upside 6.5%

INVESTMENT CASE

- Completed a merger with coke producer Markokhim in 2005
- Business re-structuring done through two share issues in 2005 and 2006, which were tolerably dilutive to minority investors
- Integration into Metinvest, an IPO candidate in 2008-09, should put an end to adverse corporate governance actions
- Placed Eurobonds in Feb 2006 worth USD 175 mln
- Embarked on USD 800 mln investment program to upgrade equipment

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Azovstal is the third largest steel producer in Ukraine, accounting for 14.4% of domestic steel output in 2006. The company operates a blast furnace shop (six furnaces, total capacity of 6 mln mt of pig iron a year), sinter plant with a capacity in excess of 1.5 mln mt per year, coke plant and steel making facilities (two basic oxygen furnaces and 11 open hearth furnaces, total capacity of 6.5 mln mt). Azovstal's product portfolio includes slabs, plate, strips, square billets, sections and pipes. The company's main suppliers of iron ore and pellets are Pivnichny and Centralny Iron Ore, which are controlled by System Capital Management (SCM).

Azovstal produced 1.44 mln mt of iron ore agglomerate (down 7.4% yoy), 2.1 mln mt of gross coke (up 40.6% yoy) and 4.8 mln mt of steel (up 0.8% yoy) in 10M06. In 2006, the company increased its charter fund by USD 97.23 mln to USD 278.3 mln. The company's net revenues decreased in 9M06 by 3% yoy to USD 1,759.3 mln, its EBITDA margin grew to 16.4% from 13.9% in 9M05, and its net margin improved to 8% from 7.3% in 9M05.

MARKET INFORMATION

| | |
|---------------------------|-------------------|
| Market price*, USD | 0.48 |
| Price impact** | 2 |
| 52 Wk H/L, USD | 0.59 / 0.29 |
| Chg 3m/6m/52w | 41% / 30% / -3% |
| Chg vs PFTS 3m/6m/52w | -2% / -17% / -61% |
| Chg YTD | 26% |
| Avg Mo Tr Vol 6M, USD ths | 961.60 |
| MCap, USD mln | 2691.2 |
| Free float, % | 1.7% |
| FF MCap, USD mln | 45.8 |
| No of shares, mln | 5621.8 |
| Par Value, UAH | 0.25 |
| XETRA | DZ8 |
| DR Ratio | 1:10 |
| Avg Mo Tr Vol 6M, USD ths | 244.82 |

STOCK OWNERSHIP

| | |
|-------|-------|
| SCM | 98.3% |
| Other | 1.7% |

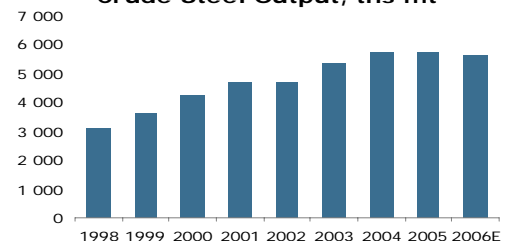
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.2 | 1.2 |
| EV/EBITDA | 7.2 | 7.0 |
| P/E | 14.1 | 13.6 |
| P/B | 2.0 | 1.7 |
| P/CF | 11.0 | 10.7 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 16% | 17% | 17% |
| Net Margin | 9% | 8% | 8% |
| ROE | 28% | 16% | 14% |
| Net Debt/Equity | -0.1 | 0.1 | 0.1 |

Crude Steel Output, ths mt



* PFTS MID Price 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)

INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|----------------|----------------|----------------|----------------|------------|------------|
| Net Revenues | 690.1 | 1 025.8 | 1 745.1 | 2 417.9 | 1 759.3 | n/a | n/a |
| <i>Change y-o-y</i> | - | 48.6% | 70.1% | 38.6% | -3.0% | n/a | n/a |
| Gross Profit | 99.2 | 186.5 | 348.8 | 595.0 | 400.1 | n/a | n/a |
| EBITDA | 60.0 | 127.1 | 270.5 | 377.9 | 288.9 | n/a | n/a |
| <i>margin, %</i> | 8.7% | 12.4% | 15.5% | 15.6% | 16.4% | n/a | n/a |
| Depreciation | (38.9) | (29.6) | (31.6) | (37.2) | (38.3) | n/a | n/a |
| EBIT | 21.1 | 97.4 | 238.9 | 340.6 | 250.7 | n/a | n/a |
| <i>margin, %</i> | 3.1% | 9.5% | 13.7% | 14.1% | 14.2% | n/a | n/a |
| Interest Expense | (0.8) | (1.8) | (11.4) | (17.5) | (21.0) | n/a | n/a |
| Other income/(expense) | (0.0) | 0.8 | 10.7 | (13.0) | 6.7 | n/a | n/a |
| PBT | 20.2 | 96.5 | 238.2 | 310.1 | 236.4 | n/a | n/a |
| Tax | (10.2) | (48.5) | (57.6) | (83.9) | (95.9) | n/a | n/a |
| <i>Effective tax rate</i> | 50.4% | 50.2% | 24.2% | 27.1% | 40.6% | n/a | n/a |
| Net Income | 10.0 | 48.1 | 180.6 | 226.4 | 140.5 | n/a | n/a |
| <i>Net Margin, %</i> | 1.5% | 4.7% | 10.4% | 9.4% | 8.0% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|----------------|----------------|----------------|------------|------------|
| Current Assets | 302.7 | 380.2 | 697.0 | 962.2 | 1 102.3 | n/a | n/a |
| Cash & Equivalents | 0.4 | 6.8 | 57.7 | 246.4 | 256.0 | n/a | n/a |
| Trade Receivables | 76.7 | 75.4 | 237.9 | 236.9 | 331.3 | n/a | n/a |
| Inventories | 78.7 | 107.3 | 192.4 | 275.0 | 277.6 | n/a | n/a |
| Other | 146.9 | 190.8 | 209.0 | 203.9 | 237.4 | n/a | n/a |
| Fixed Assets | 349.0 | 418.8 | 755.4 | 804.4 | 896.4 | n/a | n/a |
| PP&E, net | 310.2 | 331.3 | 319.9 | 396.1 | 433.8 | n/a | n/a |
| Other | 38.8 | 87.5 | 435.5 | 408.3 | 462.6 | n/a | n/a |
| Total Assets | 651.7 | 799.0 | 1 452.4 | 1 766.6 | 1 998.7 | n/a | n/a |
| Shareholders' Equity | 507.8 | 591.0 | 819.2 | 1 187.1 | 1 323.0 | n/a | n/a |
| Share Capital | 148.8 | 148.9 | 149.6 | 181.1 | 181.1 | n/a | n/a |
| Retained Earnings | 142.4 | 245.3 | 463.5 | 754.0 | 889.8 | n/a | n/a |
| Other | 216.5 | 196.9 | 206.1 | 252.0 | 252.2 | n/a | n/a |
| Current Liabilities | 136.6 | 192.8 | 453.4 | 402.8 | 319.0 | n/a | n/a |
| ST Interest Bearing Debt | 12.6 | 24.5 | - | 46.0 | 0.0 | n/a | n/a |
| Trade Payables | 97.2 | 110.7 | 254.8 | 73.8 | 49.8 | n/a | n/a |
| Other | 26.8 | 57.6 | 198.5 | 283.0 | 320.0 | n/a | n/a |
| LT Liabilities | 7.4 | 15.2 | 179.9 | 176.7 | 356.7 | n/a | n/a |
| LT Interest Bearing Debt | - | - | 173.1 | 138.9 | 350.6 | n/a | n/a |
| Other | 7.4 | 15.2 | 6.8 | 37.8 | 6.1 | n/a | n/a |
| Total Liabilities & Equity | 651.7 | 799.0 | 1 452.4 | 1 766.6 | 1 998.7 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 336.5 | 393.1 | 443.8 | 571.7 | 570.7 | 707.9 | 535.4 | 603.9 | 481.7 | 553.7 | 723.7 |
| <i>Change y-o-y</i> | 77.4% | 55.9% | 67.7% | 79.0% | 69.6% | 80.1% | 20.6% | 5.6% | -15.6% | -21.8% | 35.2% |
| EBITDA | 57.8 | 61.0 | 72.1 | 79.6 | 94.0 | 132.6 | 25.6 | 125.7 | 46.7 | 98.5 | 143.6 |
| <i>margin, %</i> | 17.2% | 15.5% | 16.2% | 13.9% | 16.5% | 18.7% | 4.8% | 20.8% | 9.7% | 17.8% | 19.8% |
| EBIT | 49.9 | 53.0 | 64.6 | 71.4 | 86.2 | 123.5 | 15.5 | 115.3 | 34.8 | 85.9 | 129.9 |
| <i>margin, %</i> | 14.8% | 13.5% | 14.5% | 12.5% | 15.1% | 17.5% | 2.9% | 19.1% | 7.2% | 15.5% | 17.9% |
| Net Income | 26.5 | 36.5 | 36.9 | 80.8 | 54.8 | 83.9 | (6.7) | 94.4 | 10.5 | 62.1 | 67.9 |
| <i>Net Margin, %</i> | 7.9% | 9.3% | 8.3% | 14.1% | 9.6% | 11.8% | -1.2% | 15.6% | 2.2% | 11.2% | 9.4% |

Centralny Iron Ore

CGOK UZ

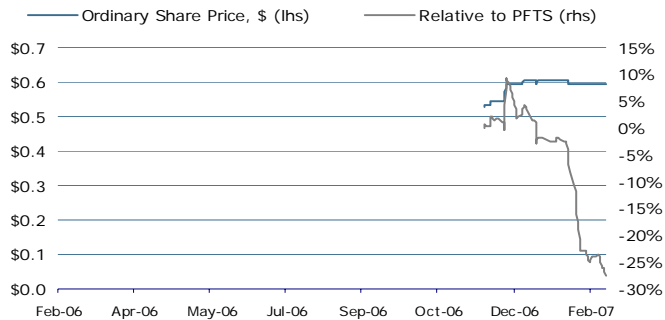
Iron & Steel

<http://www.cgzk.com.ua>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



*listed on PFTS since 14 Nov 2006

BUSINESS OVERVIEW

A medium-sized Ukrainian producer of iron ore sinter feed, Centralny Iron Ore is one of three domestic producers of pellets. The company's share in domestic output of pellets and sinter feed in 10M06 accounts for 10.5% and 9.9%, respectively. It owns the rights to four deposits of iron ore, but only three of them are processed. Ore from the Petrovsk mine has 68% iron content – the highest of any Ukrainian producer. The company supplies its products mostly to steel mills Azovstal and Enakievo/Metalen, which is owned by its holding company, Metinvest.

In 9M06 the company reported a 26.6% yoy decline of net revenues to USD 262.3 mln, a decrease in its EBITDA margin to 21.1% from 33.5% in 9M05, and a reduction in its net margin to 13.3% from 21.% in 9M05.

The company's long-term plans call for USD 400 mln in investments to more than double sinter feed production by 2015.

* PFTS BID Price 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 | 0.59 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.60 / 0.53 |
| Chg 3m/6m/52w | n/a / n/a / n/a |
| Chg vs PFTS 3m/6m/52w | -43% / -47% / -58% |
| Chg YTD | -2% |
| Avg Mo Tr Vol 6M, USD ths | 67.82 |
| MCap, USD mln | 696.1 |
| Free float, % | 0.5% |
| FF MCap, USD mln | 3.5 |
| No of shares, mln | 1171.8 |
| Par Value (UAH) | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-------------|-------|
| SCM-related | 99.5% |
| Other | 0.5% |

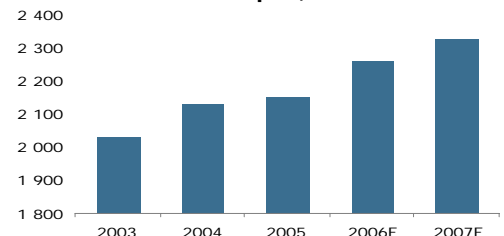
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 2.1 | n/a |
| EV/EBITDA | 9.7 | n/a |
| P/E | 15.0 | n/a |
| P/B | 3.6 | n/a |
| P/CF | 11.3 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | 32% | 21% | n/a |
| Net Margin | 21% | 13% | n/a |
| ROE | 121% | 32% | n/a |
| Net Debt/Equity | -0.03 | 0.1 | n/a |

Pellets Output, ths ton



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|------------------------|-------------|--------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 80.2 | 101.5 | 200.0 | 451.9 | 262.3 | n/a | n/a |
| Change y-o-y | - | 26.6% | 97.1% | 125.9% | -26.6% | n/a | n/a |
| Gross Profit | 29.4 | 42.7 | 99.4 | 162.0 | 71.4 | n/a | n/a |
| EBITDA | 11.4 | 19.1 | 93.3 | 144.0 | 55.3 | n/a | n/a |
| margin, % | 14.2% | 18.9% | 46.7% | 31.9% | 21.1% | n/a | n/a |
| Depreciation | (6.7) | (6.3) | (6.9) | (9.4) | (11.3) | n/a | n/a |
| EBIT | 4.7 | 12.8 | 86.4 | 134.6 | 44.1 | n/a | n/a |
| margin, % | 5.9% | 12.6% | 43.2% | 29.8% | 16.8% | n/a | n/a |
| Interest Expense | (3.1) | (19.5) | (1.4) | (0.1) | (1.7) | n/a | n/a |
| Other income/(expense) | (0.4) | (1.3) | (0.3) | 0.2 | 0.5 | n/a | n/a |
| PBT | 1.2 | (8.0) | 84.8 | 134.7 | 42.9 | n/a | n/a |
| Tax | - | - | (21.2) | (38.5) | (8.0) | n/a | n/a |
| Effective tax rate | 0.0% | 0.0% | 25.0% | 28.6% | 18.6% | n/a | n/a |
| Net Income | 1.2 | (8.0) | 63.6 | 96.7 | 34.9 | n/a | n/a |
| Net Margin, % | 1.5% | -7.9% | 31.8% | 21.4% | 13.3% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 24.6 | 34.7 | 136.3 | 180.9 | 242.3 | n/a | n/a |
| Cash & Equivalents | 0.2 | 0.8 | 8.7 | 8.8 | 81.3 | n/a | n/a |
| Trade Receivables | 7.9 | 16.1 | 96.6 | 112.2 | 31.0 | n/a | n/a |
| Inventories | 10.4 | 11.8 | 18.8 | 24.5 | 25.9 | n/a | n/a |
| Other | 6.2 | 6.0 | 12.2 | 35.3 | 104.2 | n/a | n/a |
| Fixed Assets | 102.3 | 99.5 | 113.4 | 153.1 | 174.4 | n/a | n/a |
| PP&E, net | 97.2 | 92.7 | 93.5 | 120.1 | 119.7 | n/a | n/a |
| Other | 5.0 | 6.8 | 19.9 | 33.1 | 54.7 | n/a | n/a |
| Total Assets | 126.9 | 134.2 | 249.7 | 334.0 | 416.7 | n/a | n/a |
| Shareholders' Equity | 15.1 | 7.2 | 80.1 | 147.4 | 127.9 | n/a | n/a |
| Share Capital | 25.8 | 25.9 | 26.0 | 55.0 | 58.0 | n/a | n/a |
| Retained Earnings | (102.7) | (110.7) | (38.4) | (6.4) | (33.8) | n/a | n/a |
| Other | 92.0 | 92.0 | 92.4 | 98.9 | 103.7 | n/a | n/a |
| Current Liabilities | 95.6 | 117.2 | 166.6 | 184.6 | 186.8 | n/a | n/a |
| ST Interest Bearing Debt | 18.0 | 10.7 | 4.9 | 2.0 | 2.1 | n/a | n/a |
| Trade Payables | 48.0 | 52.7 | 94.7 | 122.0 | 87.6 | n/a | n/a |
| Other | 29.6 | 53.9 | 67.0 | 60.6 | 100.0 | n/a | n/a |
| LT Liabilities | 16.2 | 9.8 | 3.1 | 2.0 | 102.0 | n/a | n/a |
| LT Interest Bearing Debt | 15.8 | 9.6 | 3.0 | 1.9 | 101.9 | n/a | n/a |
| Other | 0.4 | 0.2 | 0.1 | 0.1 | 0.1 | n/a | n/a |
| Total Liabilities & Equity | 126.9 | 134.2 | 249.7 | 334.0 | 416.7 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|---------------------|-------------|-------------|-------------|-------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|
| Net Revenues | 23.8 | 28.1 | 59.2 | 88.8 | 151.9 | 121.0 | 84.3 | 94.7 | 90.0 | 82.7 | 89.6 |
| Change y-o-y | 12.8% | 11.8% | 122.3% | 211.2% | 537.1% | 330.5% | 42.3% | 6.6% | -40.8% | -31.6% | 6.3% |
| EBITDA | 2.8 | 4.3 | 32.0 | 54.3 | 60.8 | 39.2 | 19.6 | 24.3 | 20.8 | 13.3 | 21.2 |
| margin, % | 11.5% | 15.4% | 54.0% | 61.1% | 40.1% | 32.4% | 23.3% | 25.7% | 23.2% | 16.0% | 23.7% |
| EBIT | 1.2 | 2.7 | 30.1 | 52.5 | 58.9 | 37.0 | 17.0 | 21.6 | 17.2 | 9.5 | 17.4 |
| margin, % | 4.9% | 9.5% | 50.8% | 59.1% | 38.8% | 30.6% | 20.2% | 22.9% | 19.1% | 11.5% | 19.4% |
| Net Income | 0.1 | 1.5 | 22.2 | 39.8 | 42.0 | 22.4 | 10.7 | 21.5 | 12.2 | 8.3 | 14.4 |
| Net Margin, % | 0.3% | 5.3% | 37.5% | 44.8% | 27.7% | 18.5% | 12.7% | 22.7% | 13.6% | 10.0% | 16.1% |

Dniprospetsstal

DNSS UZ

Iron & Steel

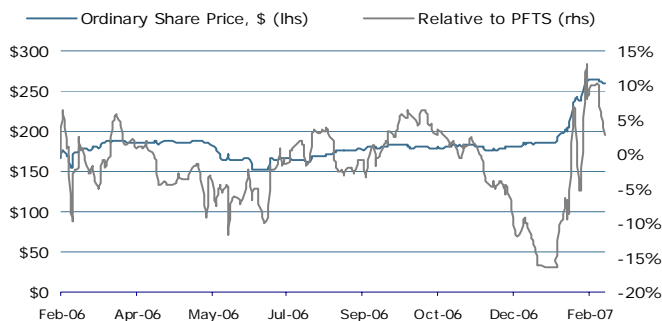
<http://www.dss.com.ua>

Target Price (USD) 210.00
Upside -19%

INVESTMENT CASE

- Only producer of specialty steel in Ukraine
- Uses EAF steel smelting process that is not reliant on gas
- Competition thinner than for ordinary steel
- Long-standing shareholder conflicts are close to being resolved

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Dniprospetsstal is the only producer of specialty steel in Ukraine and its leading producer in the CIS. The company makes tool, stainless, high-speed, bearing and structural steel. The plant produces up to 800 grades of high quality alloyed and stainless steel and around 1000 profiles of rolled products. Machine and aircraft-building companies and petrochemical producers are Dniprospetsstal's major customers. The company exports up to 60% of its output, mainly to Europe. Dniprospetsstal's products are certified in accordance with domestic and international standards.

In 2006, Dniprospetsstal produced 312 ths mt of rolled steel (up 4.3% yoy) and 519 ths mt of crude steel (up 2.6% yoy). The company plans to invest USD 2.4 mln in building and launching a gas-purifying system in 2007.

In 9M06 the company posted 2.3% yoy growth in its net revenues to USD 350 mln, an increase in its EBITDA margin to 11.5% from 6.9% in 9M05, and improved its net margin to 6.8% from 3.1% in 9M05.

UPCOMING EVENTS

14 Mar 2007 AGM

* PFTS MID Price 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 | 260.40 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 269 / 152 |
| Chg 3m/6m/52w | 42% / 50% / 60% |
| Chg vs PFTS 3m/6m/52w | -1% / 2% / 1% |
| Chg YTD | 28% |
| Avg Mo Tr Vol 6M, USD ths | 690.82 |
| MCap, USD mln | 279.9 |
| Free float, % | 5.8% |
| FF MCap, USD mln | 16.2 |
| No of shares, mln | 1.1 |
| Par Value, UAH | 46.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|--------------|-------|
| Interpipe | 60.0% |
| Privat Group | 34.2% |
| Other | 5.8% |

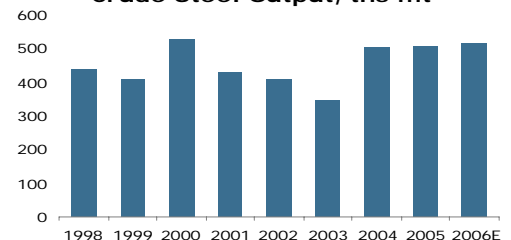
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.7 | 0.7 |
| EV/EBITDA | 6.3 | 5.8 |
| P/E | 8.5 | 7.9 |
| P/B | 2.1 | 1.9 |
| P/CF | 6.8 | 6.4 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 6% | 11% | 11% |
| Net Margin | 1% | 7% | 7% |
| ROE | 6% | 30% | 26% |
| Net Debt/Equity | 0.6 | 0.4 | 0.3 |

Crude Steel Output, ths mt



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 141.2 | 150.5 | 305.1 | 441.5 | 492.3 | 544.5 | 587.5 |
| <i>Change y-o-y</i> | - | 7% | 103% | 45% | 5% | 11% | 8% |
| Gross Profit | 8.7 | 20.8 | 65.6 | 70.4 | 83.7 | 92.6 | 94.0 |
| EBITDA | (9.4) | 8.1 | 31.8 | 27.7 | 49.2 | 54.4 | 52.9 |
| <i>margin, %</i> | -6.7% | 5.4% | 10.4% | 6.3% | 10.0% | 10.0% | 9.0% |
| Depreciation | (7.1) | (8.0) | (8.1) | (8.7) | (8.0) | (7.8) | (7.7) |
| EBIT | (16.6) | 0.1 | 23.7 | 19.0 | 41.3 | 46.6 | 45.2 |
| <i>margin, %</i> | -11.7% | 0.1% | 7.8% | 4.3% | 8.4% | 8.6% | 7.7% |
| Interest Expense | (4.6) | (4.8) | (5.5) | (6.3) | (7.1) | (5.8) | (5.9) |
| Other income/(expense) | (2.0) | 0.3 | 1.1 | 2.2 | - | - | - |
| PBT | (23.1) | (4.4) | 19.2 | 14.9 | 34.2 | 40.9 | 39.2 |
| Tax | - | (0.3) | (2.3) | (8.6) | (8.6) | (10.2) | (9.8) |
| <i>Effective tax rate</i> | 0.0% | -7.6% | 12.0% | 57.9% | 25.0% | 25.0% | 25.0% |
| Net Income | (23.1) | (4.8) | 16.9 | 6.2 | 25.7 | 30.7 | 29.4 |
| <i>Net Margin, %</i> | -16.4% | -3.2% | 5.5% | 1.4% | 5.2% | 5.6% | 5.0% |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Current Assets | 45.4 | 49.6 | 110.4 | 115.3 | 141.8 | 156.8 | 175.1 |
| Cash & Equivalents | 0.6 | 1.0 | 1.2 | 1.8 | 1.5 | 1.6 | 1.8 |
| Trade Receivables | 9.7 | 4.7 | 21.1 | 23.7 | 22.2 | 24.5 | 26.4 |
| Inventories | 23.7 | 25.7 | 46.0 | 55.8 | 59.1 | 65.3 | 70.5 |
| Other | 11.5 | 18.2 | 42.0 | 34.0 | 59.1 | 65.3 | 76.4 |
| Fixed Assets | 109.9 | 101.8 | 95.0 | 101.1 | 99.2 | 101.2 | 103.0 |
| PP&E, net | 78.2 | 78.9 | 75.5 | 75.9 | 76.6 | 77.4 | 79.3 |
| Other | 31.7 | 22.8 | 19.5 | 25.2 | 22.6 | 23.7 | 23.7 |
| Total Assets | 155.3 | 151.4 | 205.4 | 216.4 | 241.0 | 258.0 | 278.0 |
| Shareholders' Equity | 90.5 | 82.4 | 99.3 | 111.7 | 134.7 | 147.0 | 158.8 |
| Share Capital | 9.3 | 9.3 | 9.4 | 9.8 | 9.3 | 9.3 | 9.3 |
| Retained Earnings | (17.7) | (26.2) | (9.3) | (2.6) | 19.6 | 31.8 | 43.6 |
| Other | 98.8 | 99.3 | 99.2 | 104.5 | 105.8 | 105.8 | 105.8 |
| Current Liabilities | 60.7 | 60.9 | 104.4 | 89.7 | 88.2 | 92.9 | 101.2 |
| ST Interest Bearing Debt | 28.3 | 28.4 | 45.5 | 51.2 | 35.7 | 34.9 | 38.6 |
| Trade Payables | 20.1 | 13.2 | 20.4 | 19.1 | 24.6 | 32.7 | 41.1 |
| Other | 12.3 | 19.3 | 38.5 | 19.4 | 28.0 | 25.3 | 21.4 |
| LT Liabilities | 4.1 | 8.1 | 1.7 | 15.0 | 18.1 | 18.1 | 18.1 |
| LT Interest Bearing Debt | 2.3 | 8.0 | 1.6 | 14.9 | 18.0 | 18.0 | 18.0 |
| Other | 1.8 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Total Liabilities & Equity | 155.3 | 151.4 | 205.4 | 216.4 | 241.0 | 258.0 | 278.0 |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|
| Net Revenues | 49.2 | 72.2 | 87.7 | 96.0 | 102.2 | 121.9 | 118.0 | 99.4 | 96.0 | 118.9 | 135.1 |
| <i>Change y-o-y</i> | 61.8% | 147.7% | 97.7% | 106.3% | 107.7% | 68.9% | 34.6% | 3.5% | -6.0% | -2.5% | 14.5% |
| EBITDA | 3.2 | 9.0 | 10.6 | 9.0 | 9.6 | 6.4 | 7.6 | 4.1 | 7.5 | 14.0 | 18.9 |
| <i>margin, %</i> | 6.4% | 12.4% | 12.1% | 9.4% | 9.4% | 5.3% | 6.4% | 4.1% | 7.8% | 11.7% | 14.0% |
| EBIT | 1.1 | 7.0 | 8.6 | 7.0 | 7.6 | 4.2 | 5.3 | 1.9 | 5.4 | 11.8 | 16.8 |
| <i>margin, %</i> | 2.3% | 9.7% | 9.8% | 7.3% | 7.4% | 3.5% | 4.5% | 1.9% | 5.6% | 9.9% | 12.4% |
| Net Income | 0.1 | 5.8 | 7.2 | 3.8 | 6.3 | 3.1 | 1.2 | (4.5) | 3.4 | 8.4 | 11.9 |
| <i>Net Margin, %</i> | 0.2% | 8.1% | 8.2% | 3.9% | 6.2% | 2.6% | 1.0% | -4.5% | 3.6% | 7.0% | 8.8% |

Donetsk Metal Rolling

DMPZ UZ

Iron & Steel

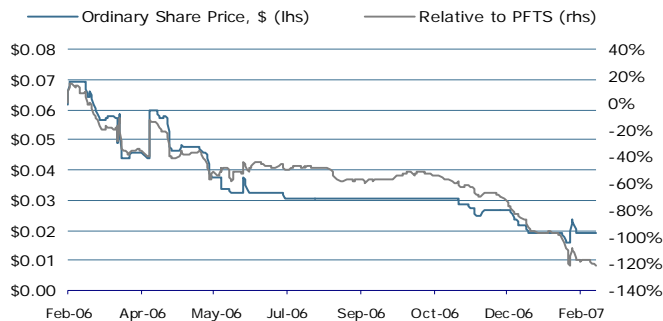
<http://www.dmpz.chat.ru>

Target Price (USD) 0.03
Upside 56%

INVESTMENT CASE

- Pure steel rolling mill with no smelting capacities
- Strong niche player with superior distribution
- Its owners plan to construct an electric mini steel mill with a capacity of 280 ths mt in 2007-2008, which would meet its needs for semis
- Transfer pricing not detected
- Highly non-transparent
- Acquisition candidate

SHARE PRICE PERFORMANCE*



* listed on PFTS since 7 Feb 2006

BUSINESS OVERVIEW

The Donetsk Metal Rolling Plant is a small-sized rolled steel producer without its own steel smelting capacities. It has section rolling, metal wares and casting shops. The plant manufactures long steel products such as rounds, squares, strip, angles, re-bars and hexahedrons. Donetsk Metal Rolling also produces pig iron sewage tubes with outer diameters of 50 mm and 100 mm. Around 70% of its total output is supplied to domestic customers, with the other 30% being exported to Russia, Georgia, Turkmenistan, Slovakia, Moldova, Syria, Baltic countries, African countries and elsewhere.

The plant reduced its production of rolled iron by 9.1% yoy in 11M06 to 122.5 ths mt. In 2006 the company made a decision to increase its charter fund by 70% to USD 1.92 mln in order to replenish working capital.

In 9M06 the company reported a 1.2% yoy decline of net revenues to USD 45 mln, a decrease of its EBITDA margin to 5.5% from 9.3% in 9M05, and a drop in its net margin to 6.8% from 3.1% in 9M05.

* PFTS MID Price 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 | 0.02 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.07 / 0.02 |
| Chg 3m/6m/52w | -33% / -37% / -69% |
| Chg vs PFTS 3m/6m/52w | -76% / -85% / -127% |
| Chg YTD | 2% |
| Avg Mo Tr Vol 6M, USD ths | 0.79 |
| MCap, USD mln | 18.7 |
| Free float, % | 7.2% |
| FF MCap, USD mln | 1.3 |
| No of shares, mln | 971.8 |
| Par Value, UAH | 0.01 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|---------------|-------|
| Vtorsyrovyna | 79.0% |
| Bumprom Ltd. | 9.4% |
| Board members | 4.4% |
| Others | 7.2% |

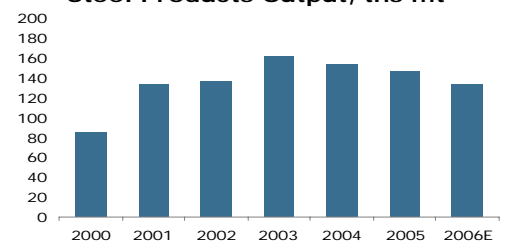
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.3 | 0.3 |
| EV/EBITDA | 4.9 | 4.8 |
| P/E | 26.7 | 26.7 |
| P/B | 0.7 | 0.7 |
| P/CF | 18.7 | 18.7 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | 10% | 6% | 6% |
| Net Margin | 8% | 1% | 1% |
| ROE | 26% | 3% | 3% |
| Net Debt/Equity | -0.02 | 0.00 | 0.00 |

Steel Products Output, ths mt



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Net Revenues | 20.3 | 40.2 | 60.4 | 61.3 | 45.0 | n/a | n/a |
| <i>Change y-o-y</i> | - | 98.2% | 50.5% | 1.4% | -1.2% | n/a | n/a |
| Gross Profit | 3.5 | 8.1 | 11.4 | 9.0 | 4.7 | n/a | n/a |
| EBITDA | 2.0 | 6.2 | 9.3 | 5.8 | 2.5 | n/a | n/a |
| <i>margin, %</i> | 10.1% | 15.5% | 15.4% | 9.5% | 5.5% | n/a | n/a |
| Depreciation | (0.3) | (0.3) | (0.4) | (0.6) | (0.3) | n/a | n/a |
| EBIT | 1.8 | 5.9 | 8.9 | 5.3 | 2.2 | n/a | n/a |
| <i>margin, %</i> | 8.8% | 14.6% | 14.7% | 8.6% | 4.9% | n/a | n/a |
| Interest Expense | (0.0) | (0.0) | - | - | - | n/a | n/a |
| Other income/(expense) | (0.0) | (0.1) | (0.0) | 0.1 | 0.1 | n/a | n/a |
| PBT | 1.7 | 5.8 | 8.9 | 5.4 | 2.2 | n/a | n/a |
| Tax | (0.0) | (0.2) | (0.1) | (0.7) | (0.1) | n/a | n/a |
| <i>Effective tax rate</i> | 2.3% | 2.8% | 1.6% | 13.8% | 6.6% | n/a | n/a |
| Net Income | 1.7 | 5.6 | 8.7 | 4.7 | 2.1 | n/a | n/a |
| <i>Net Margin, %</i> | 8.3% | 14.1% | 14.5% | 7.6% | 4.7% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 7.4 | 11.5 | 18.8 | 23.6 | 26.7 | n/a | n/a |
| Cash & Equivalents | 0.3 | 0.2 | 1.3 | 0.6 | 0.1 | n/a | n/a |
| Trade Receivables | 3.2 | 3.8 | 7.2 | 8.5 | 14.6 | n/a | n/a |
| Inventories | 2.8 | 5.1 | 8.1 | 12.0 | 9.7 | n/a | n/a |
| Other | 1.2 | 2.5 | 2.1 | 2.5 | 2.3 | n/a | n/a |
| Fixed Assets | 2.5 | 2.8 | 3.6 | 11.4 | 5.4 | n/a | n/a |
| PP&E, net | 1.9 | 2.4 | 2.8 | 3.6 | 3.9 | n/a | n/a |
| Other | 0.6 | 0.4 | 0.9 | 7.8 | 1.4 | n/a | n/a |
| Total Assets | 9.9 | 14.3 | 22.4 | 35.0 | 32.1 | n/a | n/a |
| Shareholders' Equity | 3.8 | 9.4 | 18.2 | 23.9 | 26.0 | n/a | n/a |
| Share Capital | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | n/a | n/a |
| Retained Earnings | 2.3 | 7.7 | 16.5 | 22.2 | 24.3 | n/a | n/a |
| Other | 0.5 | 0.5 | 0.5 | 0.6 | 0.6 | n/a | n/a |
| Current Liabilities | 5.3 | 4.9 | 4.2 | 10.9 | 5.9 | n/a | n/a |
| ST Interest Bearing Debt | - | 0.1 | 0.1 | 0.1 | 0.3 | n/a | n/a |
| Trade Payables | 4.7 | 3.8 | 3.1 | 3.9 | 3.5 | n/a | n/a |
| Other | 0.6 | 1.0 | 1.1 | 7.0 | 2.2 | n/a | n/a |
| LT Liabilities | 0.8 | 0.1 | - | 0.2 | 0.2 | n/a | n/a |
| LT Interest Bearing Debt | 0.7 | - | - | - | - | n/a | n/a |
| Other | 0.1 | 0.1 | - | 0.2 | 0.2 | n/a | n/a |
| Total Liabilities & Equity | 9.9 | 14.3 | 22.4 | 35.0 | 32.1 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net Revenues | 15.4 | 13.1 | 15.5 | 16.4 | 15.9 | 14.7 | 15.0 | 15.8 | 14.2 | 15.3 | 15.5 |
| <i>Change y-o-y</i> | 98.8% | 65.0% | 51.7% | 15.3% | 2.8% | 11.9% | -3.4% | -3.9% | -10.8% | 4.7% | 3.3% |
| EBITDA | 2.7 | 2.1 | 2.2 | 2.2 | 1.4 | 1.5 | 1.3 | 1.6 | 1.0 | 0.6 | 0.9 |
| <i>margin, %</i> | 17.5% | 16.3% | 14.4% | 13.6% | 9.1% | 10.0% | 8.9% | 10.2% | 6.9% | 4.0% | 5.7% |
| EBIT | 2.6 | 2.1 | 2.1 | 2.1 | 1.4 | 1.4 | 1.3 | 1.3 | 0.9 | 0.5 | 0.8 |
| <i>margin, %</i> | 17.0% | 15.9% | 13.8% | 12.6% | 8.6% | 9.4% | 8.4% | 8.2% | 6.2% | 3.4% | 5.1% |
| Net Income | 2.6 | 2.0 | 2.1 | 2.1 | 1.3 | 1.2 | 1.1 | 1.0 | 0.8 | 0.5 | 0.8 |
| <i>Net Margin, %</i> | 16.7% | 15.5% | 13.4% | 12.5% | 8.5% | 8.2% | 7.6% | 6.2% | 5.7% | 3.2% | 5.2% |

Donetsk Steel Plant

DOMZ UZ

Iron & Steel

<http://www.dmz.donbass.com>

Target Price (USD) 0.10
Upside -15%

INVESTMENT CASE

- Small-sized producer of rolled steel products and metal wire
- Does not have its own steel making capacities and buys semis from Donetskstal, which operates assets previously spun off from it
- Controlled by the second-tier Donetskstal business group, which does not have iron ore assets, thus it is a potential acquisition target together with Donetskstal
- Among the least transparent steel makers in Ukraine

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Donetsk Steel Plant's product portfolio includes 290 types of flat and long-steel products. The plant has two blast furnaces and six open-hearth furnaces. The company is EN ISO 9001:2000 certified by the German certifying agency TUV NORD CERT. The plant's rolling capacity is 1 mln mt of rolled steel. Currently, the company sells about 55% of its output domestically and has a good market position due to its ability to execute relatively small orders and its wide product range. In addition, the Donetsk Steel Plant exports its products to 45 countries in Europe, Asia and Africa.

In 2006, the company increased production of finished and crude steel to 951 ths mt, good for growth of 4% yoy. In 2007, Donetsk Steel plans to produce 1.03 mln mt of steel, up another 8.6% yoy. In 9M06 the company reported a 66.8% yoy decline in net revenues to USD 79.8 mln, an increase in its EBITDA margin to 3.6% from 1.6% in 9M05, and improvement in its net margin to 1% from 0.8% in 9M05.

* PFTS MID Price 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 | 0.12 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.23 / 0.09 |
| Chg 3m/6m/52w | 7% / -17% / -44% |
| Chg vs PFTS 3m/6m/52w | -36% / -64% / -103% |
| Chg YTD | 24% |
| Avg Mo Tr Vol 6M, USD ths | 65.71 |

| | |
|----------------------|-------------|
| MCap, USD mln | 42.7 |
| Free float, % | 30.0% |
| FF MCap, USD mln | 12.8 |

| | |
|--------------------------|--------------|
| No of shares, mln | 362.2 |
| Par Value, UAH | 0.25 |

| | |
|---------------------------|------------|
| XETRA | D2K |
| DR Ratio | 1:100 |
| Avg Mo Tr Vol 6M, USD ths | 0.00 |

STOCK OWNERSHIP

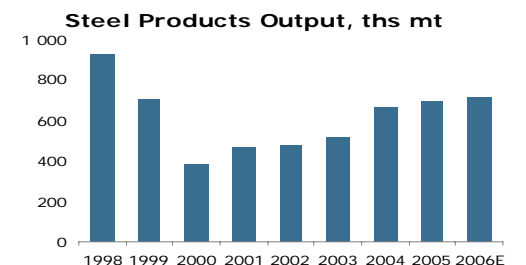
| | |
|----------------|-----|
| Concern Energy | 70% |
| Other | 30% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.5 | 0.4 |
| EV/EBITDA | 12.2 | 9.7 |
| P/E | 15.8 | 12.9 |
| P/B | 0.5 | 0.5 |
| P/CF | 11.3 | 9.8 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 2% | 4% | 4% |
| Net Margin | 1% | 3% | 3% |
| ROE | 2% | 3% | 4% |
| Net Debt/Equity | 0.1 | 0.1 | 0.1 |



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|--------------|-------------|------------|------------|
| Net Revenues | 204.2 | 248.2 | 356.1 | 269.4 | 79.8 | n/a | n/a |
| <i>Change y-o-y</i> | - | 21.6% | 43.5% | -24.4% | -66.8% | n/a | n/a |
| Gross Profit | 25.4 | 41.9 | 45.1 | 20.3 | 12.6 | n/a | n/a |
| EBITDA | 9.2 | 26.6 | 25.8 | 4.5 | 2.9 | n/a | n/a |
| <i>margin, %</i> | 4.5% | 10.7% | 7.2% | 1.7% | 3.6% | n/a | n/a |
| Depreciation | (5.0) | (4.9) | (4.6) | (2.2) | (1.6) | n/a | n/a |
| EBIT | 4.2 | 21.7 | 21.2 | 2.3 | 1.3 | n/a | n/a |
| <i>margin, %</i> | 2.0% | 8.7% | 6.0% | 0.8% | 1.6% | n/a | n/a |
| Interest Expense | (2.9) | (2.0) | (1.0) | (0.5) | (0.7) | n/a | n/a |
| Other income/(expense) | (3.6) | (0.8) | 4.3 | 3.6 | 2.1 | n/a | n/a |
| PBT | (2.3) | 18.9 | 24.5 | 5.3 | 2.7 | n/a | n/a |
| Tax | (0.6) | (8.4) | (8.2) | (4.0) | (2.0) | n/a | n/a |
| <i>Effective tax rate</i> | -25.0% | 44.5% | 33.4% | 75.0% | 71.7% | n/a | n/a |
| Net Income | (2.9) | 10.5 | 16.3 | 1.4 | 0.8 | n/a | n/a |
| <i>Net Margin, %</i> | -1.4% | 4.2% | 4.6% | 0.5% | 1.0% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 95.7 | 75.9 | 115.9 | 83.2 | 82.8 | n/a | n/a |
| Cash & Equivalents | 0.0 | 1.6 | 2.8 | 0.1 | 0.2 | n/a | n/a |
| Trade Receivables | 58.5 | 42.9 | 85.2 | 68.4 | 74.2 | n/a | n/a |
| Inventories | 18.1 | 15.3 | 18.1 | 7.7 | 5.7 | n/a | n/a |
| Other | 19.1 | 16.1 | 9.9 | 6.9 | 2.7 | n/a | n/a |
| Fixed Assets | 68.7 | 75.5 | 48.6 | 40.7 | 39.2 | n/a | n/a |
| PP&E, net | 48.5 | 55.2 | 28.3 | 22.5 | 21.8 | n/a | n/a |
| Other | 20.1 | 20.3 | 20.3 | 18.3 | 17.3 | n/a | n/a |
| Total Assets | 164.3 | 151.4 | 164.5 | 123.9 | 122.0 | n/a | n/a |
| Shareholders' Equity | 51.2 | 60.9 | 77.1 | 82.6 | 82.7 | n/a | n/a |
| Share Capital | 17.0 | 17.0 | 17.1 | 17.9 | 17.9 | n/a | n/a |
| Retained Earnings | (14.2) | (4.3) | 29.1 | 35.8 | 35.9 | n/a | n/a |
| Other | 48.4 | 48.2 | 30.9 | 28.9 | 28.9 | n/a | n/a |
| Current Liabilities | 103.8 | 81.1 | 78.1 | 32.2 | 30.2 | n/a | n/a |
| ST Interest Bearing Debt | 14.8 | 10.7 | 6.1 | 6.1 | 6.4 | n/a | n/a |
| Trade Payables | 76.2 | 61.6 | 65.5 | 23.4 | 21.6 | n/a | n/a |
| Other | 12.7 | 8.8 | 6.4 | 2.8 | 2.9 | n/a | n/a |
| LT Liabilities | 9.4 | 9.4 | 9.4 | 9.1 | 9.1 | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Other | 9.4 | 9.4 | 9.4 | 9.1 | 9.1 | n/a | n/a |
| Total Liabilities & Equity | 164.3 | 151.4 | 164.5 | 123.9 | 122.0 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|-------------|-------------|--------------|-------------|--------------|--------------|--------------|-------------|--------------|
| Net Revenues | 75.7 | 90.5 | 98.9 | 91.0 | 112.8 | 97.3 | 30.1 | 29.1 | 28.2 | 24.5 | 27.0 |
| <i>Change y-o-y</i> | 29.4% | 51.4% | 62.3% | 32.0% | 49.0% | 7.5% | -69.5% | -68.0% | -75.0% | -74.8% | -10.3% |
| EBITDA | 6.9 | 5.6 | 7.0 | 6.3 | 4.4 | 0.6 | (1.1) | 0.6 | 0.7 | 1.4 | 0.8 |
| <i>margin, %</i> | 9.2% | 6.2% | 7.1% | 6.9% | 3.9% | 0.6% | -3.6% | 1.9% | 2.4% | 5.9% | 2.9% |
| EBIT | 5.6 | 4.4 | 5.8 | 5.5 | 3.8 | 0.1 | (1.6) | 0.0 | 0.2 | 0.9 | 0.2 |
| <i>margin, %</i> | 7.4% | 4.8% | 5.9% | 6.0% | 3.4% | 0.1% | -5.4% | 0.0% | 0.6% | 3.7% | 0.9% |
| Net Income | 3.4 | 2.7 | 4.9 | 5.4 | 2.6 | 2.1 | (2.6) | (0.7) | (0.6) | 1.9 | (0.5) |
| <i>Net Margin, %</i> | 4.5% | 2.9% | 5.0% | 5.9% | 2.3% | 2.2% | -8.7% | -2.3% | -2.3% | 7.7% | -1.8% |

DMK Dzerzhinskogo Steel

DMKD UZ

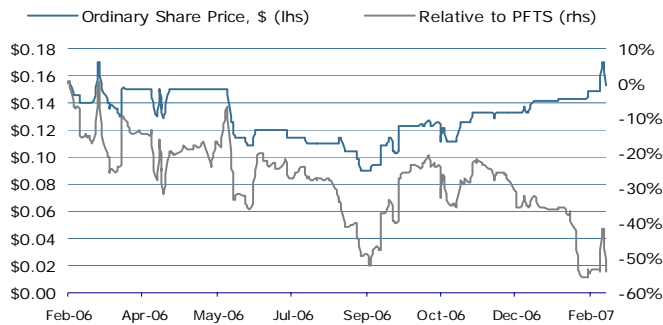
Iron & Steel

<http://www.dmkd.dp.ua>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

DMK Dzerzhinskogo Steel is the sixth largest Ukrainian steel producer in terms of output, with 8.9% of total domestic steel production in 2006. Last year, DMK Dzerzhinskogo Steel increased output of finished steel by 8.8% yoy to 3.165 mln mt, pig iron by 11.5% yoy to 3.210 mln mt, crude steel by 12.4% yoy to 3.630 mln mt and sinter by 8.6% yoy to 5.37 mln mt. The company's product mix consists of steel, pig iron, sinter, hot-rolled long and flat products for machine-building and transport industries. Moreover, the company has a monopoly in Ukraine in the production of rolled axial billets and rails for railway transport. DMK Dzerzhinskogo Steel is controlled by the Industrial Union of Donbass.

The company reported solid financial results in 9M06: net revenue increased by 25.5% yoy to USD 868.6 mln, EBITDA increased by 78% yoy to USD 112 mln, and net income grew by 85% yoy to USD 66.7 mln. The company's margins also have shown a positive upward trend; EBITDA grew from 9.1% in 9M05 to 12.9% in 9M06 and its net margin improved from 5.2% in 9M05 to 7.7% in 9M06. In 2007, the company plans to increase the production of pig iron and steel by 2.7% and 11.8%, respectively.

* PFTS MID Price 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 | 0.16 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.17 / 0.09 |
| Chg 3m/6m/52w | 17% / 41% / 1% |
| Chg vs PFTS 3m/6m/52w | -26% / -6% / -58% |
| Chg YTD | 8% |
| Avg Mo Tr Vol 6M, USD ths | 46.17 |
| MCap, USD mln | 36.9 |
| Free float, % | 1.0% |
| FF MCap, USD mln | 0.4 |
| No of shares, mln | 237.7 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

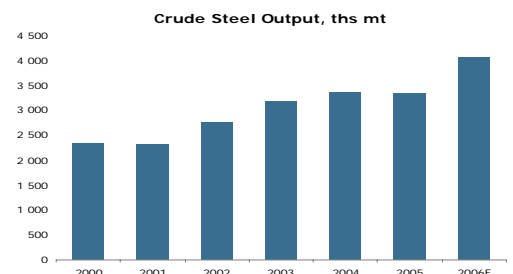
| | |
|-------|-------|
| IUD | 99.0% |
| Other | 1.0% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.1 | n/a |
| EV/EBITDA | 0.8 | n/a |
| P/E | 0.4 | n/a |
| P/B | 0.1 | n/a |
| P/CF | 0.4 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 11% | 13% | n/a |
| Net Margin | 7% | 8% | n/a |
| ROE | 25% | 26% | n/a |
| Net Debt/Equity | 0.04 | 0.2 | n/a |



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 416.4 | 556.7 | 873.0 | 921.4 | 868.6 | n/a | n/a |
| <i>Change y-o-y</i> | - | 33.7% | 56.8% | 5.5% | 25.2% | n/a | n/a |
| Gross Profit | 79.2 | 57.7 | 72.5 | 133.1 | 160.0 | n/a | n/a |
| EBITDA | 86.0 | 27.1 | 51.2 | 102.5 | 112.0 | n/a | n/a |
| <i>margin, %</i> | 20.7% | 4.9% | 5.9% | 11.1% | 12.9% | n/a | n/a |
| Depreciation | (18.4) | (16.4) | (12.2) | (12.6) | (11.3) | n/a | n/a |
| EBIT | 67.6 | 10.8 | 39.0 | 89.9 | 100.7 | n/a | n/a |
| <i>margin, %</i> | 16.2% | 1.9% | 4.5% | 9.8% | 11.6% | n/a | n/a |
| Interest Expense | (7.3) | (5.1) | (2.1) | (2.0) | (6.0) | n/a | n/a |
| Other income/(expense) | (1.7) | (1.1) | (13.5) | (4.3) | (6.1) | n/a | n/a |
| PBT | 58.6 | 4.5 | 23.5 | 83.6 | 88.5 | n/a | n/a |
| Tax | (4.2) | - | (11.5) | (21.8) | (21.8) | n/a | n/a |
| <i>Effective tax rate</i> | 7.2% | 0.0% | 49.2% | 26.0% | 24.6% | n/a | n/a |
| Net Income | 54.3 | 4.5 | 11.8 | 61.7 | 66.7 | n/a | n/a |
| <i>Net Margin, %</i> | 13.0% | 0.8% | 1.4% | 6.7% | 7.7% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 165.2 | 212.8 | 276.9 | 287.6 | 337.6 | n/a | n/a |
| Cash & Equivalents | 0.3 | 0.2 | 0.4 | 0.5 | 4.2 | n/a | n/a |
| Trade Receivables | 68.5 | 113.3 | 144.3 | 69.0 | 93.7 | n/a | n/a |
| Inventories | 51.0 | 70.6 | 85.1 | 130.5 | 134.6 | n/a | n/a |
| Other | 45.3 | 28.6 | 47.2 | 87.6 | 105.1 | n/a | n/a |
| Fixed Assets | 337.0 | 318.1 | 301.9 | 334.3 | 351.5 | n/a | n/a |
| PP&E, net | 170.5 | 162.1 | 149.8 | 164.8 | 168.0 | n/a | n/a |
| Other | 166.5 | 156.0 | 152.1 | 169.5 | 183.5 | n/a | n/a |
| Total Assets | 502.3 | 530.9 | 578.9 | 622.0 | 689.1 | n/a | n/a |
| Shareholders' Equity | 257.3 | 243.5 | 243.3 | 347.0 | 403.9 | n/a | n/a |
| Share Capital | 111.4 | 116.3 | 112.0 | 137.5 | 137.5 | n/a | n/a |
| Retained Earnings | (24.5) | (36.5) | (26.2) | 38.0 | 89.8 | n/a | n/a |
| Other | 170.4 | 163.7 | 157.5 | 171.6 | 176.7 | n/a | n/a |
| Current Liabilities | 237.4 | 271.6 | 326.8 | 270.7 | 228.2 | n/a | n/a |
| ST Interest Bearing Debt | 24.4 | 5.4 | 15.0 | 13.0 | 34.9 | n/a | n/a |
| Trade Payables | 88.7 | 125.0 | 157.0 | 125.1 | 105.0 | n/a | n/a |
| Other | 124.3 | 141.2 | 154.8 | 132.6 | 103.4 | n/a | n/a |
| LT Liabilities | 7.6 | 15.9 | 8.7 | 4.3 | 56.9 | n/a | n/a |
| LT Interest Bearing Debt | 6.5 | 15.8 | 8.6 | 1.2 | 56.7 | n/a | n/a |
| Other | 1.1 | 0.0 | 0.1 | 3.1 | 0.2 | n/a | n/a |
| Total Liabilities & Equity | 502.3 | 530.9 | 578.9 | 622.0 | 689.1 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 151.4 | 218.4 | 240.4 | 262.8 | 228.4 | 248.3 | 217.1 | 227.6 | 223.1 | 310.7 | 334.7 |
| <i>Change y-o-y</i> | 34.2% | 85.4% | 60.7% | 48.9% | 50.9% | 13.7% | -9.7% | -13.4% | -2.3% | 25.2% | 54.2% |
| EBITDA | 16.0 | 12.2 | 16.1 | 6.8 | 13.8 | 27.1 | 22.0 | 39.7 | 25.2 | 45.8 | 41.0 |
| <i>margin, %</i> | 10.6% | 5.6% | 6.7% | 2.6% | 6.0% | 10.9% | 10.1% | 17.4% | 11.3% | 14.7% | 12.2% |
| EBIT | 13.1 | 9.2 | 13.1 | 3.6 | 10.9 | 24.2 | 18.9 | 36.0 | 21.6 | 42.1 | 37.0 |
| <i>margin, %</i> | 8.6% | 4.2% | 5.4% | 1.4% | 4.8% | 9.7% | 8.7% | 15.8% | 9.7% | 13.5% | 11.1% |
| Net Income | 1.3 | 5.0 | 10.3 | (4.8) | 6.5 | 17.1 | 12.4 | 25.7 | 13.7 | 30.6 | 22.4 |
| <i>Net Margin, %</i> | 0.9% | 2.3% | 4.3% | -1.8% | 2.8% | 6.9% | 5.7% | 11.3% | 6.2% | 9.9% | 6.7% |

Enakievo Steel

ENMZ UZ

Iron & Steel

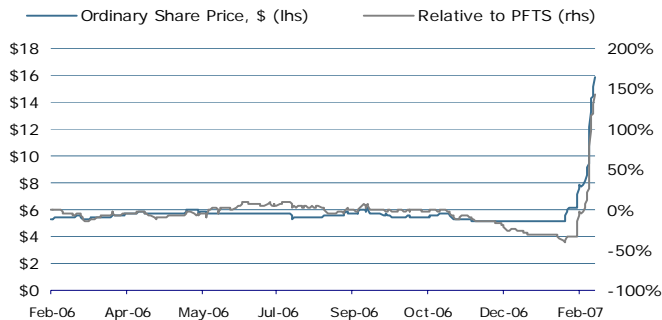
<http://www.emz.com.ua>

Target Price (USD) 14.00
Upside 2%

INVESTMENT CASE

- Controls only a part of steel making product cycle -pig iron production and long steel products rolling
- Improving reported financials and disclosure
- Integration into Metinvest, an IPO candidate in 2008-09, will result in a merger with Metalen and improve corporate governance
- Risk of dilutive share issue as means of integration with Metalen exists

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Enakievo Steel produces more than 50 types of products including pig iron, steel channels, billets, steel angles, railway rails, round steel bars, rolled products, etc. It operates three blast furnaces, three sinter machines and two rolling shops. Steel smelting unit is not a part of the company starting from 2000 and is operated by a related closely held JV Metalen in which Enakievo Steel has a 38% stake. The company's key export markets are CIS & Baltic countries, Europe, the Middle East, Africa and South America. Enakievo Steel and Metalen jointly account for 7% of the total Ukrainian output of metal products and 7.5% of the world's billet production.

In 2006, Enakievo Steel produced 2.2 mln mt of pig iron (up 13% yoy) and 2.1 mln mt of sinter (down 11% yoy). In 9M06 the company posted a 6.2% yoy growth of net revenues to USD 479.9 mln, increase of EBITDA margin to 6.6% from negative 3.6% in 9M05, and improvement of net margin to 1.6% from negative 5.1% in 9M05.

MARKET INFORMATION

| | |
|---------------------------|--------------------|
| Market price*, USD | 13.66 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 15.8 / 4.5 |
| Chg 3m/6m/52w | 156% / 146% / 156% |
| Chg vs PFTS 3m/6m/52w | 113% / 99% / 97% |
| Chg YTD | 165% |
| Avg Mo Tr Vol 6M, USD ths | 626.15 |
| MCap, USD mln | 141.7 |
| Free float, % | 13.8% |
| FF MCap, USD mln | 19.6 |
| No of shares, mln | 10.4 |
| Par Value, UAH | 15.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|------------|-------|
| SCM | 68.6% |
| Azgard LLC | 17.9% |
| Other | 13.6% |

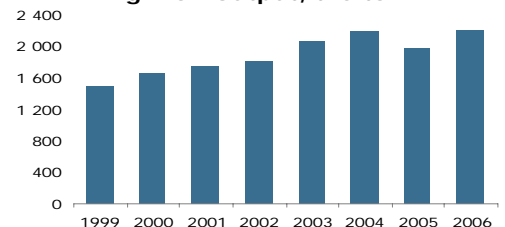
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.2 | 0.2 |
| EV/EBITDA | 3.4 | 3.3 |
| P/E | 10.1 | 9.8 |
| P/B | 1.1 | n/a |
| P/CF | 5.0 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | -3% | 7% | 7% |
| Net Margin | -2% | 2% | 2% |
| ROE | -32% | 13% | 12% |
| Net Debt/Equity | 0.33 | 0.0 | n/a |

Pig Iron Output, ths tonn



* PFTS BID Price is used

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 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)

INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|---------------|---------------|---------------|--------------|------------|------------|
| Net Revenues | 106.0 | 289.1 | 592.8 | 603.2 | 479.9 | n/a | n/a |
| <i>Change y-o-y</i> | - | 172.8% | 105.0% | 1.8% | 6.2% | n/a | n/a |
| Gross Profit | 9.0 | 6.9 | 15.7 | 26.7 | 36.9 | n/a | n/a |
| EBITDA | (2.0) | (5.4) | (7.9) | (16.3) | 31.8 | n/a | n/a |
| <i>margin, %</i> | -1.9% | -1.9% | -1.3% | -2.7% | 6.6% | n/a | n/a |
| Depreciation | (3.8) | (3.8) | (3.9) | (6.0) | (10.6) | n/a | n/a |
| EBIT | (5.8) | (9.2) | (11.8) | (22.3) | 21.2 | n/a | n/a |
| <i>margin, %</i> | -5.5% | -3.2% | -2.0% | -3.7% | 4.4% | n/a | n/a |
| Interest Expense | (0.4) | (0.1) | (0.2) | (0.4) | (0.4) | n/a | n/a |
| Other income/(expense) | 0.4 | (1.1) | 5.1 | 10.7 | 0.2 | n/a | n/a |
| PBT | (5.8) | (10.4) | (6.9) | (12.0) | 20.9 | n/a | n/a |
| Tax | - | - | - | - | (13.3) | n/a | n/a |
| <i>Effective tax rate</i> | 0.0% | 0.0% | 0.0% | 0.0% | 63.4% | n/a | n/a |
| Net Income | (5.8) | (10.5) | (6.9) | (11.9) | 7.6 | n/a | n/a |
| <i>Net Margin, %</i> | -5.5% | -3.6% | -1.2% | -2.0% | 1.6% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 37.4 | 101.2 | 161.4 | 261.4 | 214.9 | n/a | n/a |
| Cash & Equivalents | 0.1 | 0.1 | 0.0 | 0.3 | 8.0 | n/a | n/a |
| Trade Receivables | 22.0 | 75.9 | 112.9 | 188.7 | 103.3 | n/a | n/a |
| Inventories | 10.0 | 16.9 | 28.2 | 39.9 | 44.5 | n/a | n/a |
| Other | 5.2 | 8.2 | 20.2 | 32.5 | 59.1 | n/a | n/a |
| Fixed Assets | 55.8 | 52.9 | 74.8 | 160.2 | 159.4 | n/a | n/a |
| PP&E, net | 30.6 | 29.7 | 28.2 | 62.0 | 57.8 | n/a | n/a |
| Other | 25.2 | 23.3 | 46.6 | 98.1 | 101.6 | n/a | n/a |
| Total Assets | 93.1 | 154.1 | 236.2 | 421.6 | 374.3 | n/a | n/a |
| Shareholders' Equity | 43.4 | 35.0 | 36.5 | 110.1 | 121.9 | n/a | n/a |
| Share Capital | 29.7 | 29.7 | 29.8 | 31.3 | 31.3 | n/a | n/a |
| Retained Earnings | 12.6 | 4.2 | 4.9 | 49.1 | 57.8 | n/a | n/a |
| Other | 1.1 | 1.1 | 1.8 | 29.7 | 32.8 | n/a | n/a |
| Current Liabilities | 43.1 | 116.7 | 197.9 | 278.9 | 249.0 | n/a | n/a |
| ST Interest Bearing Debt | 1.0 | 0.6 | 1.7 | 5.1 | 5.1 | n/a | n/a |
| Trade Payables | 39.0 | 111.6 | 87.3 | 242.1 | 176.7 | n/a | n/a |
| Other | 3.1 | 4.5 | 108.9 | 31.7 | 73.9 | n/a | n/a |
| LT Liabilities | 6.7 | 2.4 | 1.8 | 32.5 | 3.4 | n/a | n/a |
| LT Interest Bearing Debt | - | - | 1.6 | 31.1 | 2.0 | n/a | n/a |
| Other | 6.7 | 2.4 | 0.2 | 1.4 | 1.4 | n/a | n/a |
| Total Liabilities & Equity | 93.1 | 154.1 | 236.2 | 421.6 | 374.3 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|
| Net Revenues | 89.6 | 114.4 | 185.0 | 203.8 | 177.7 | 133.0 | 141.2 | 151.3 | 150.1 | 154.1 | 175.6 |
| <i>Change y-o-y</i> | 56.7% | 56.5% | 145.6% | 143.8% | 98.4% | 16.3% | -23.7% | -25.8% | -15.5% | 15.9% | 24.4% |
| EBITDA | (0.6) | (3.2) | 0.1 | (4.2) | (3.6) | (5.4) | (7.3) | 0.1 | 6.1 | 11.4 | 14.2 |
| <i>margin, %</i> | -0.7% | -2.8% | 0.1% | -2.1% | -2.0% | -4.1% | -5.2% | 0.1% | 4.1% | 7.4% | 8.1% |
| EBIT | (1.6) | (4.2) | (0.8) | (5.1) | (4.8) | (6.9) | (9.2) | (1.5) | 2.6 | 7.9 | 10.7 |
| <i>margin, %</i> | -1.8% | -3.7% | -0.5% | -2.5% | -2.7% | -5.2% | -6.5% | -1.0% | 1.7% | 5.1% | 6.1% |
| Net Income | (1.7) | (4.3) | (1.6) | 0.8 | (5.0) | (7.6) | (10.4) | 11.1 | 2.0 | 5.0 | 0.6 |
| <i>Net Margin, %</i> | -1.9% | -3.8% | -0.9% | 0.4% | -2.8% | -5.7% | -7.4% | 7.4% | 1.4% | 3.2% | 0.4% |

Energomashspetsstal

ENMA UZ

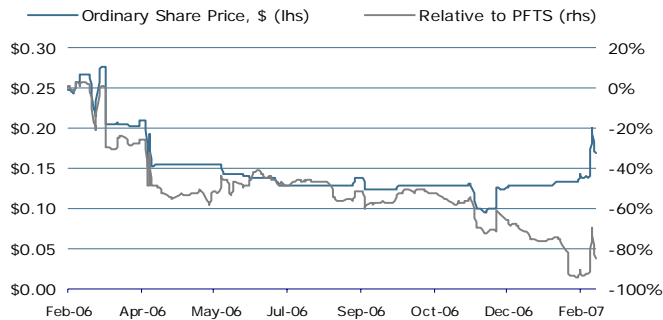
Iron & Steel

<http://www.emss.krm.net.ua>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



*listed on PFTS since 11 Jan 2006

BUSINESS OVERVIEW

Energomashspetsstal was established in 1964 as a basic enterprise to provide the nuclear power and energy industry with special cast and forged billets for nuclear plants, reactor equipment, special pumps, steam and water turbines and high-pressure plants. Currently, the company produces castings and forgings for machine-building, metallurgic, iron ore and other industries. Energomashspetsstal has a steel-smelting complex, smith-forging shop, steel-casting shop and a complex of machine shops. The company exports to the United Kingdom, Italy, the U.S.A., Germany, Hungary, Turkey, Bulgaria, Thailand and the Dominican Republic. The plant obtained an ISO 9001:2000 certificate in 2004.

The company improved its financial results in 9M06, reporting net revenues of USD 49 mln (up 36% yoy), an EBITDA of USD 5 mln (up 266% yoy), and net income of USD 1.6 mln (up 141% yoy). Currently, Energomashspetsstal is modernizing production and plans to invest USD 80 mln in modernization by 2009.

* PFTS MID Price is used

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- 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 | 0.16 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.28 / 0.09 |
| Chg 3m/6m/52w | 29% / 29% / -32% |
| Chg vs PFTS 3m/6m/52w | -14% / -19% / -91% |
| Chg YTD | 24% |
| Avg Mo Tr Vol 6M, USD ths | 9.22 |
| MCap, USD mln | 25.9 |
| Free float, % | 10.2% |
| FF MCap, USD mln | 2.6 |
| No of shares, mln | 157.4 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|------------------------|-------|
| Bondline Ltd | 25.0% |
| Ganado Trade | 24.0% |
| Loofray Investment Ltd | 17.0% |
| Vizavi | 10.3% |
| Other | 23.7% |

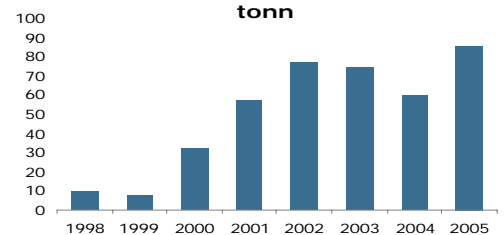
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.3 | n/a |
| EV/EBITDA | 13.0 | n/a |
| P/E | 12.0 | n/a |
| P/B | 0.4 | n/a |
| P/CF | 5.8 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 7% | 10% | n/a |
| Net Margin | 2% | 3% | n/a |
| ROE | 2% | 3% | n/a |
| Net Debt/Equity | 0.21 | 0.9 | n/a |

Steel Products Output, ths tonn



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|-------------|-------------|-------------|--------------|------------|------------|
| Net Revenues | 29.2 | 24.9 | 44.4 | 51.7 | 36.3 | n/a | n/a |
| <i>Change y-o-y</i> | - | -14.9% | 78.3% | 16.4% | 13.7% | n/a | n/a |
| Gross Profit | 3.6 | 8.8 | 10.8 | 14.4 | 9.8 | n/a | n/a |
| EBITDA | 3.1 | 4.3 | 4.2 | 3.8 | 1.4 | n/a | n/a |
| <i>margin, %</i> | 10.7% | 17.3% | 9.6% | 7.3% | 3.8% | n/a | n/a |
| Depreciation | (2.6) | (3.9) | (2.8) | (2.3) | (1.7) | n/a | n/a |
| EBIT | 0.6 | 0.4 | 1.4 | 1.5 | (0.3) | n/a | n/a |
| <i>margin, %</i> | 1.9% | 1.8% | 3.2% | 2.8% | -0.9% | n/a | n/a |
| Interest Expense | (0.1) | (0.2) | (0.3) | (0.5) | (0.3) | n/a | n/a |
| Other income/(expense) | (0.0) | (0.0) | (0.8) | 2.0 | 0.1 | n/a | n/a |
| PBT | 0.4 | 0.2 | 0.4 | 2.9 | (0.5) | n/a | n/a |
| Tax | - | (0.0) | (0.1) | (1.9) | (0.1) | n/a | n/a |
| <i>Effective tax rate</i> | 0.0% | 0.1% | 35.1% | 66.9% | -24.4% | n/a | n/a |
| Net Income | 0.4 | 0.2 | 0.3 | 1.0 | (0.7) | n/a | n/a |
| <i>Net Margin, %</i> | 1.4% | 0.8% | 0.6% | 1.9% | -1.9% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|--------------|-------------|------------|------------|
| Current Assets | 26.5 | 16.4 | 19.6 | 36.4 | 31.0 | n/a | n/a |
| Cash & Equivalents | 0.1 | 0.1 | 0.2 | 0.9 | 0.1 | n/a | n/a |
| Trade Receivables | 15.2 | 6.6 | 6.2 | 5.2 | 5.2 | n/a | n/a |
| Inventories | 10.4 | 8.0 | 10.1 | 12.7 | 12.4 | n/a | n/a |
| Other | 0.8 | 1.7 | 3.2 | 17.5 | 13.2 | n/a | n/a |
| Fixed Assets | 42.4 | 41.4 | 42.4 | 72.7 | 44.5 | n/a | n/a |
| PP&E, net | 37.3 | 37.3 | 34.6 | 66.4 | 39.1 | n/a | n/a |
| Other | 5.1 | 4.1 | 7.8 | 6.3 | 5.4 | n/a | n/a |
| Total Assets | 68.9 | 57.8 | 62.0 | 109.1 | 75.4 | n/a | n/a |
| Shareholders' Equity | 45.6 | 43.7 | 43.9 | 63.8 | 44.2 | n/a | n/a |
| Share Capital | 7.4 | 7.4 | 7.4 | 7.8 | 7.8 | n/a | n/a |
| Retained Earnings | (5.9) | (1.6) | (1.3) | (0.1) | (2.0) | n/a | n/a |
| Other | 44.1 | 37.9 | 37.8 | 56.1 | 38.4 | n/a | n/a |
| Current Liabilities | 22.7 | 13.3 | 17.2 | 22.5 | 25.8 | n/a | n/a |
| ST Interest Bearing Debt | 0.6 | 0.8 | 1.9 | - | 1.6 | n/a | n/a |
| Trade Payables | 18.1 | 8.4 | 10.1 | 10.6 | 11.8 | n/a | n/a |
| Other | 4.0 | 4.0 | 5.2 | 12.0 | 13.0 | n/a | n/a |
| LT Liabilities | 0.7 | 0.9 | 1.0 | 22.8 | 5.5 | n/a | n/a |
| LT Interest Bearing Debt | 0.2 | 0.9 | 0.9 | 14.2 | 5.4 | n/a | n/a |
| Other | 0.4 | 0.0 | 0.1 | 8.6 | 0.1 | n/a | n/a |
| Total Liabilities & Equity | 68.9 | 57.8 | 62.0 | 109.1 | 75.4 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|------------|------------|-------------|--------------|--------------|--------------|--------------|-------------|--------------|-------------|--------------|
| Net Revenues | 7.6 | 9.6 | 14.7 | 12.5 | 7.9 | 13.9 | 14.4 | 15.4 | 13.6 | 18.3 | 17.5 |
| <i>Change y-o-y</i> | -19.1% | 0.1% | 41.6% | -377.1% | 3.7% | 45.5% | -1.8% | 23.1% | 71.4% | 31.1% | 21.1% |
| EBITDA | 1.4 | 1.0 | 1.1 | 0.8 | 0.5 | 0.3 | 0.5 | 2.4 | 1.0 | 2.8 | 1.3 |
| <i>margin, %</i> | 17.8% | 10.3% | 7.7% | 6.2% | 6.6% | 2.3% | 3.7% | 15.8% | 7.2% | 15.1% | 7.2% |
| EBIT | 0.1 | 0.5 | 0.6 | 0.3 | 0.0 | (0.3) | (0.1) | 1.8 | (0.9) | 0.9 | (0.7) |
| <i>margin, %</i> | 1.3% | 4.8% | 4.2% | 2.1% | 0.0% | -2.0% | -0.5% | 11.7% | -6.5% | 4.7% | -3.8% |
| Net Income | 0.0 | 0.3 | 0.6 | (0.7) | (0.1) | (1.3) | 0.7 | 1.6 | (0.3) | 1.2 | 0.7 |
| <i>Net Margin, %</i> | 0.6% | 2.8% | 4.2% | -5.4% | -1.1% | -9.2% | 4.9% | 10.7% | -2.4% | 6.7% | 4.1% |

Inguletsky Iron Ore

IGOK UZ

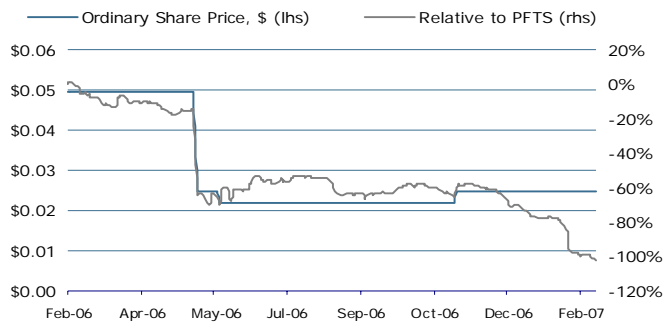
Iron & Steel

<http://www.ingok.com.ua>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Inguletsky Iron Ore is the largest sinter feed producer in Ukraine, with 23.2% of domestic iron ore sinter feed output in 10M06 (10,786 ths mt). The company is located in Ukraine's largest iron ore basin – Kryviy Rih. It has 26 departments, including iron ore mining, grinding and ore enrichment factories. The plant's nominal capacity is 36 mln mt of iron ore and 14 mln mt of sinter feed. Inguletsky Iron Ore uses cost-efficient open-pit mines. The company has no pellet or sintering capacities and delivers its sinter feed to Ukrainian steel mills with their own sintering factories. In 9M06 the company posted 2.9% yoy growth of net revenues, a decline in its EBITDA margin to 19.4% from 26.4% in 9M05, and a decrease in its net margin to 9.5% from 15.7% in 9M05.

Under its development strategy, the company will upgrade its transportation equipment, expand production of high-grade sinter feed and install capacity for oxidized ore enrichment by 2010.

* PFTS MID Price 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 | n/a |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.05 / 0.02 |
| Chg 3m/6m/52w | n/a / n/a / n/a |
| Chg vs PFTS 3m/6m/52w | -43% / -47% / -58% |
| Chg YTD | n/a |
| Avg Mo Tr Vol 6M, USD ths | 0.00 |
| MCap, USD mln | n/a |
| Free float, % | 0.5% |
| FF MCap, USD mln | n/a |
| No of shares, mln | 2751.6 |
| Par Value (UAH) | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-------------|-------|
| Smart Group | 99.5% |
| Other | 0.5% |

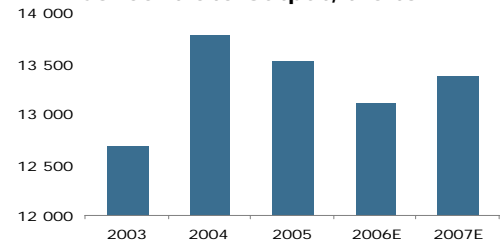
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | n/a | n/a |
| EV/EBITDA | n/a | n/a |
| P/E | n/a | n/a |
| P/B | n/a | n/a |
| P/CF | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 24% | 19% | n/a |
| Net Margin | 14% | 9% | n/a |
| ROE | 41% | 17% | n/a |
| Net Debt/Equity | 0.14 | 0.0 | n/a |

Concentrate Output, ths ton



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 166.4 | 213.1 | 272.0 | 401.0 | 307.0 | n/a | n/a |
| <i>Change y-o-y</i> | - | 28.0% | 27.6% | 47.5% | 2.9% | n/a | n/a |
| Gross Profit | 38.8 | 48.4 | 68.3 | 128.8 | 78.7 | n/a | n/a |
| EBITDA | 24.5 | 28.0 | 36.5 | 96.1 | 59.5 | n/a | n/a |
| <i>margin, %</i> | 14.7% | 13.1% | 13.4% | 24.0% | 19.4% | n/a | n/a |
| Depreciation | (15.8) | (16.3) | (25.4) | (27.3) | (19.8) | n/a | n/a |
| EBIT | 8.8 | 11.6 | 11.1 | 68.8 | 39.7 | n/a | n/a |
| <i>margin, %</i> | 5.3% | 5.5% | 4.1% | 17.2% | 12.9% | n/a | n/a |
| Interest Expense | (3.1) | (4.6) | (4.4) | (3.6) | (2.1) | n/a | n/a |
| Other income/(expense) | 0.8 | 2.3 | 2.1 | 5.5 | 3.8 | n/a | n/a |
| PBT | 6.5 | 9.4 | 8.7 | 70.7 | 41.3 | n/a | n/a |
| Tax | (4.0) | (6.7) | (5.7) | (14.5) | (12.2) | n/a | n/a |
| <i>Effective tax rate</i> | 61.8% | 71.1% | 65.7% | 20.5% | 29.5% | n/a | n/a |
| Net Income | 2.5 | 2.7 | 3.0 | 56.5 | 29.1 | n/a | n/a |
| <i>Net Margin, %</i> | 1.5% | 1.3% | 1.1% | 14.1% | 9.5% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 65.4 | 98.8 | 76.9 | 165.8 | 145.7 | n/a | n/a |
| Cash & Equivalents | 0.4 | 0.3 | 0.8 | 0.6 | 0.0 | n/a | n/a |
| Trade Receivables | 30.6 | 68.4 | 29.7 | 31.4 | 23.3 | n/a | n/a |
| Inventories | 26.4 | 23.7 | 36.5 | 66.3 | 58.3 | n/a | n/a |
| Other | 7.9 | 6.3 | 9.8 | 67.5 | 64.1 | n/a | n/a |
| Fixed Assets | 169.3 | 197.3 | 189.6 | 236.4 | 257.8 | n/a | n/a |
| PP&E, net | 148.7 | 171.8 | 138.6 | 160.8 | 159.7 | n/a | n/a |
| Other | 20.6 | 25.5 | 51.0 | 75.6 | 98.1 | n/a | n/a |
| Total Assets | 234.7 | 296.1 | 266.5 | 402.2 | 403.4 | n/a | n/a |
| Shareholders' Equity | 140.8 | 153.3 | 138.5 | 226.9 | 253.8 | n/a | n/a |
| Share Capital | 25.5 | 34.0 | 44.4 | 71.7 | 71.7 | n/a | n/a |
| Retained Earnings | 15.0 | 17.5 | 27.9 | 81.6 | 109.2 | n/a | n/a |
| Other | 100.2 | 101.9 | 66.2 | 73.7 | 73.0 | n/a | n/a |
| Current Liabilities | 78.9 | 129.8 | 106.4 | 149.0 | 133.3 | n/a | n/a |
| ST Interest Bearing Debt | 11.7 | 25.2 | 17.8 | 21.6 | 3.6 | n/a | n/a |
| Trade Payables | 43.8 | 68.5 | 60.9 | 90.6 | 95.0 | n/a | n/a |
| Other | 23.3 | 36.1 | 27.7 | 36.9 | 41.3 | n/a | n/a |
| LT Liabilities | 15.1 | 12.9 | 21.6 | 26.2 | 16.3 | n/a | n/a |
| LT Interest Bearing Debt | 6.2 | 0.7 | 5.8 | 10.4 | 1.7 | n/a | n/a |
| Other | 8.9 | 12.2 | 15.8 | 15.8 | 14.6 | n/a | n/a |
| Total Liabilities & Equity | 234.7 | 296.1 | 266.5 | 402.2 | 403.4 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|---------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|--------------|
| Net Revenues | 61.3 | 69.7 | 69.1 | 71.9 | 89.6 | 122.1 | 86.8 | 102.6 | 93.6 | 105.9 | 107.5 |
| <i>Change y-o-y</i> | 22.3% | 32.5% | 28.1% | 27.3% | 46.2% | 75.2% | 25.5% | 42.7% | 4.5% | -13.3% | 23.9% |
| EBITDA | 13.1 | 13.0 | (11.5) | 21.8 | 20.8 | 41.0 | 17.1 | 17.3 | 18.4 | 24.1 | 17.0 |
| <i>margin, %</i> | 21.4% | 18.7% | -16.6% | 30.4% | 23.2% | 33.6% | 19.7% | 16.8% | 19.7% | 22.7% | 15.8% |
| EBIT | 6.4 | 6.9 | 1.5 | (3.7) | 13.6 | 34.5 | 10.4 | 10.3 | 11.9 | 17.4 | 10.4 |
| <i>margin, %</i> | 10.4% | 9.8% | 2.1% | -5.1% | 15.2% | 28.3% | 11.9% | 10.1% | 12.7% | 16.5% | 9.6% |
| Net Income | 4.2 | 4.1 | (0.9) | (4.5) | 5.8 | 32.5 | 8.5 | 9.7 | 8.6 | 12.4 | 8.2 |
| <i>Net Margin, %</i> | 6.9% | 5.9% | -1.3% | -6.2% | 6.5% | 26.6% | 9.8% | 9.4% | 9.1% | 11.7% | 7.6% |

MMK Ilicha Steel

MMKI UZ

Iron & Steel

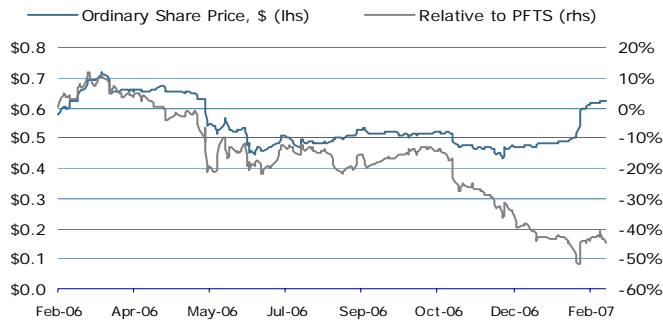
<http://www.ilyich.ua>

Target Price (USD) 0.65
Upside 6.2%

INVESTMENT CASE

- Reduced dependency on external coke suppliers leasing capacities of Yasynivsky Coke since Jan 2006
- Completed acquisition of a coal mine in 2006 which sets the base for vertical integration in the future
- Dependant of external iron ore suppliers
- Investment in gas free technologies (projected USD 139 mln in 2006)
- Controlled by the management; attractive takeover target for steel majors

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

MMK Ilicha Steel is Ukraine's second largest steel maker with crude steel output of 7.0 mln mt and a share in Ukraine's production of 17.1% in 2006. The company manufactures crude and rolled steel, pig iron, sinter, steel plates, seamless and welded pipes, etc. The plant's products are exported to around 50 countries.

In 2006, MMK Ilicha Steel assumed control over the lease of the state-owned Menzhynski coking coal mine in Luhansk region (through 2012), taking the company one further step toward vertical integration.

According to its preliminary 2006 results, MMK Ilicha Steel produced 5.82 mln mt of rolled steel (up 2%), 6.98 mln mt of steel (up 0.5% yoy), 5.43 mln mt of pig iron (up 3.7% yoy), 111 ths mt of pipes (up 13% yoy), 11.26 mln mt of sinter (down 16% yoy). In 9M06 the company reported a 6.4% yoy decline of net revenues to USD 2 bln, a decrease in its EBITDA margin to 13% from 18.2% in 9M05, and a drop in its net margin by 6.4% from 10.5% in 9M05.

The company plans to increase steel production in 2007 by 1.8% to 7.1 mln mt and reduce pig iron production by 1.2% to 5.3 mln mt.

MARKET INFORMATION

| | |
|---------------------------|--------------------|
| Market price*, USD | 0.61 |
| Price impact** | 2 |
| 52 Wk H/L, USD | 0.71 / 0.43 |
| Chg 3m/6m/52w | 29% / 24% / 9% |
| Chg vs PFTS 3m/6m/52w | -14% / -23% / -50% |
| Chg YTD | 25% |
| Avg Mo Tr Vol 6M, USD ths | 557.85 |

| | |
|----------------------|---------------|
| MCap, USD mln | 2050.8 |
| Free float, % | 2.0% |
| FF MCap, USD mln | 41.0 |

| | |
|--------------------------|---------------|
| No of shares, mln | 3351.7 |
| Par Value, UAH | 0.25 |

| | |
|---------------------------|------------|
| XETRA | IWD |
| DR Ratio | 1:20 |
| Avg Mo Tr Vol 6M, USD ths | 9.5 |

STOCK OWNERSHIP

| | |
|-------------|-------|
| Illych Stal | 91.0% |
| SCM | 7.0% |
| Other | 2.0% |

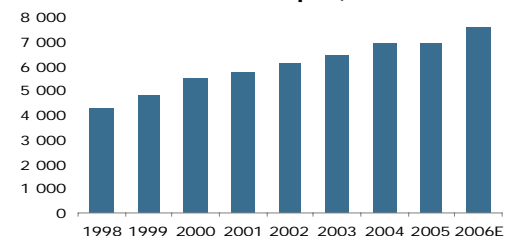
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.7 | 0.7 |
| EV/EBITDA | 5.4 | 5.1 |
| P/E | 10.6 | 10.0 |
| P/B | 1.2 | 1.1 |
| P/CF | 7.3 | 7.0 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 16% | 13% | 13% |
| Net Margin | 9% | 7% | 7% |
| ROE | 21% | 13% | 12% |
| Net Debt/Equity | -0.1 | -0.1 | -0.1 |

Crude Steel Output, ths mt



* PFTS MID Price 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)

INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|----------------|----------------|----------------|----------------|----------------|------------|------------|
| Net Revenues | 1 063.8 | 1 553.5 | 2 631.3 | 2 791.6 | 2 000.5 | n/a | n/a |
| <i>Change y-o-y</i> | - | 46.0% | 69.4% | 6.1% | -6.4% | n/a | n/a |
| Gross Profit | 269.0 | 472.8 | 799.8 | 723.9 | 505.8 | n/a | n/a |
| EBITDA | 145.6 | 312.2 | 583.5 | 438.2 | 260.8 | n/a | n/a |
| <i>margin, %</i> | 13.7% | 20.1% | 22.2% | 15.7% | 13.0% | n/a | n/a |
| Depreciation | (34.4) | (35.2) | (40.2) | (59.2) | (57.6) | n/a | n/a |
| EBIT | 111.2 | 277.0 | 543.3 | 379.0 | 203.2 | n/a | n/a |
| <i>margin, %</i> | 10.4% | 17.8% | 20.6% | 13.6% | 10.2% | n/a | n/a |
| Interest Expense | (4.3) | (1.3) | (1.1) | (0.0) | (0.5) | n/a | n/a |
| Other income/(expense) | (1.1) | (12.0) | 1.2 | (13.9) | 10.3 | n/a | n/a |
| PBT | 105.8 | 263.6 | 543.4 | 365.1 | 213.0 | n/a | n/a |
| Tax | (57.4) | (108.4) | (165.4) | (120.4) | (84.4) | n/a | n/a |
| <i>Effective tax rate</i> | 54.3% | 41.1% | 30.4% | 33.0% | 39.6% | n/a | n/a |
| Net Income | 48.2 | 153.8 | 377.2 | 245.6 | 128.5 | n/a | n/a |
| <i>Net Margin, %</i> | 4.5% | 9.9% | 14.3% | 8.8% | 6.4% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|----------------|----------------|----------------|------------|------------|
| Current Assets | 304.1 | 372.1 | 656.2 | 766.5 | 874.2 | n/a | n/a |
| Cash & Equivalents | 2.1 | 15.6 | 135.0 | 168.2 | 162.0 | n/a | n/a |
| Trade Receivables | 78.9 | 77.1 | 82.8 | 102.6 | 124.8 | n/a | n/a |
| Inventories | 128.3 | 151.9 | 240.3 | 293.2 | 354.9 | n/a | n/a |
| Other | 94.7 | 127.5 | 198.1 | 202.5 | 232.5 | n/a | n/a |
| Fixed Assets | 515.9 | 583.2 | 733.7 | 987.8 | 1 083.8 | n/a | n/a |
| PP&E, net | 400.5 | 418.3 | 457.5 | 573.9 | 638.0 | n/a | n/a |
| Other | 115.4 | 164.9 | 276.2 | 413.8 | 445.9 | n/a | n/a |
| Total Assets | 820.0 | 955.3 | 1 390.0 | 1 754.3 | 1 958.1 | n/a | n/a |
| Shareholders' Equity | 661.6 | 821.6 | 1 204.7 | 1 515.3 | 1 652.7 | n/a | n/a |
| Share Capital | 157.1 | 157.2 | 157.9 | 165.9 | 165.9 | n/a | n/a |
| Retained Earnings | 52.3 | 156.9 | 378.8 | 250.7 | 129.6 | n/a | n/a |
| Other | 452.2 | 507.5 | 668.0 | 1 098.6 | 1 357.2 | n/a | n/a |
| Current Liabilities | 153.0 | 128.8 | 180.6 | 235.6 | 302.6 | n/a | n/a |
| ST Interest Bearing Debt | 37.0 | 0.8 | 0.8 | 4.0 | 15.8 | n/a | n/a |
| Trade Payables | 54.6 | 43.9 | 58.8 | 115.8 | 113.6 | n/a | n/a |
| Other | 61.4 | 84.1 | 121.0 | 115.7 | 195.6 | n/a | n/a |
| LT Liabilities | 5.4 | 5.0 | 4.7 | 3.3 | 2.7 | n/a | n/a |
| LT Interest Bearing Debt | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | n/a | n/a |
| Other | 5.4 | 5.0 | 4.7 | 3.3 | 2.7 | n/a | n/a |
| Total Liabilities & Equity | 820.0 | 955.3 | 1 390.0 | 1 754.3 | 1 958.1 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|
| Net Revenues | 554.8 | 607.5 | 688.8 | 780.1 | 776.6 | 774.6 | 585.3 | 655.0 | 550.0 | 689.1 | 761.2 |
| <i>Change y-o-y</i> | 64.9% | 68.7% | 72.4% | 70.5% | 40.0% | 27.5% | -15.0% | -16.0% | -29.2% | -11.0% | 30.1% |
| EBITDA | 151.1 | 128.3 | 126.6 | 177.5 | 174.3 | 168.2 | 45.6 | 50.1 | 14.3 | 97.7 | 148.9 |
| <i>margin, %</i> | 27.2% | 21.1% | 18.4% | 22.8% | 22.4% | 21.7% | 7.8% | 7.7% | 2.6% | 14.2% | 19.6% |
| EBIT | 142.7 | 119.4 | 116.5 | 164.7 | 162.9 | 137.5 | 45.3 | 33.3 | (3.5) | 79.9 | 126.8 |
| <i>margin, %</i> | 25.7% | 19.7% | 16.9% | 21.1% | 21.0% | 17.8% | 7.7% | 5.1% | -0.6% | 11.6% | 16.7% |
| Net Income | 99.6 | 82.4 | 71.4 | 123.8 | 111.7 | 89.5 | 22.6 | 21.7 | (12.2) | 49.9 | 90.8 |
| <i>Net Margin, %</i> | 18.0% | 13.6% | 10.4% | 15.9% | 14.4% | 11.6% | 3.9% | 3.3% | -2.2% | 7.2% | 11.9% |

Mittal Steel Kryviy Rih KSTL UZ

Iron & Steel

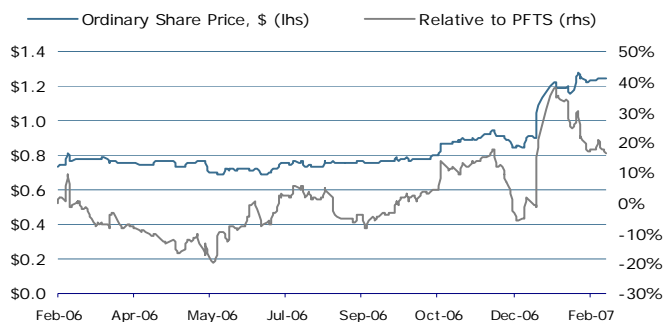
<http://www.mittalsteel.com>

Target Price (USD) 1.22
Upside -2.2%

INVESTMENT CASE

- Across-the-board cost saving measures and production expansion carried out by a strategic investor Mittal Steel
- Synergy with other Mittal plants (coal from Kazakhstan, coke from Poland/Kazakhstan, sale of semis to Europe)
- Poised to be the first Ukrainian steel major to adopt gas free technologies
- Benefits from nearly complete vertical integration unseen at other Ukrainian mills

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Mittal Steel Kryviy Rih (KSTL) is Ukraine's largest steel maker and produced 18.6% (7.6 mln mt) of domestic output in 2006. KSTL's current crude steel capacity stands at ~8 mln mt. The company's core products are rebar, wire rod, billets and merchant bar from bulk and low-alloyed steel. Mittal Steel Kryviy Rih is 90% self-sufficient in iron and coke. In addition, iron ore pellets and met coke are supplied by Poltava Iron Ore and Bagliy Coke, respectively. Mittal Steel Kryviy Rih produced 6.86 mln mt of rolled steel products (12.2%), 7.56 mln mt of crude steel (up 8.9% yoy), 6.80 mln mt of pig iron (up 10.4%), 1.88 mln mt of sintering ore (up 12.9% yoy), 7.77 mln mt of iron ore concentrate (up 10.5% yoy), 2.70 mln tones of gross coke (up 1.3% yoy), and 11.33 mln mt of sinter (up 13.1% yoy) during 2006.

In 9M06 the company posted 27.3% yoy growth of net revenues to USD 2.05 bln, an increase in its EBITDA margin to 28.9% from 22.2% in 9M05, and improved its net margin to 19.8% from 12.6% in 9M05.

In 2006, the State Property Fund sold 1.3% of its 1.74% stake in KSTL in four installments for a total of USD 43.47 mln. Mittal Steel Kryviy Rih plans to invest about USD 1.2 bln by 2011 into modernization of its production facilities and increase the annual output of crude steel to 10 mln mt.

MARKET INFORMATION

| | |
|---------------------------|-----------------|
| Market price*, USD | 1.25 |
| Price impact** | 2 |
| 52 Wk H/L, USD | 1.28 / 0.69 |
| Chg 3m/6m/52w | 40% / 64% / 70% |
| Chg vs PFTS 3m/6m/52w | -3% / 16% / 12% |
| Chg YTD | 4% |
| Avg Mo Tr Vol 6M, USD ths | 762.21 |

| | |
|----------------------|---------------|
| MCap, USD mln | 4814.9 |
| Free float, % | 1.1% |
| FF MCap, USD mln | 52.0 |

| | |
|--------------------------|---------------|
| No of shares, mln | 3859.5 |
| Par Value, UAH | 1.0 |

| | |
|---------------------------|-----|
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

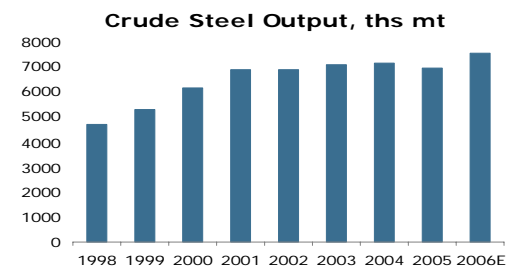
| | |
|----------------------|-------|
| Mittal Steel | 94.0% |
| Invest. & Met. Union | 4.5% |
| SPFU | 0.4% |
| Other | 1% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.6 | 1.5 |
| EV/EBITDA | 5.3 | 5.2 |
| P/E | 7.7 | 7.6 |
| P/B | 2.5 | 1.9 |
| P/CF | 6.9 | 6.9 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 22% | 31% | 29% |
| Net Margin | 15% | 22% | 20% |
| ROE | 32% | 49% | 33% |
| Net Debt/Equity | -0.2 | -0.07 | -0.03 |



* PFTS MID Price 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)

INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|------------------------|----------------|----------------|----------------|----------------|------------|------------|
| Net Revenues | 1 412.6 | 1 899.1 | 2 155.5 | 2 049.9 | n/a | n/a |
| Change y-o-y | - | 34.4% | 13.5% | 27.3% | n/a | n/a |
| Gross Profit | 420.6 | 643.3 | 627.4 | 748.0 | n/a | n/a |
| EBITDA | 342.1 | 551.8 | 482.6 | 592.0 | n/a | n/a |
| margin, % | 24.2% | 29.1% | 22.4% | 28.9% | n/a | n/a |
| Depreciation | (32.2) | (46.8) | (60.3) | (40.3) | n/a | n/a |
| EBIT | 309.9 | 505.0 | 422.3 | 551.6 | n/a | n/a |
| margin, % | 21.9% | 26.6% | 19.6% | 26.9% | n/a | n/a |
| Interest Expense | (2.0) | (0.1) | - | (5.5) | n/a | n/a |
| Other income/(expense) | (12.2) | (6.0) | (12.7) | 4.1 | n/a | n/a |
| PBT | 295.6 | 498.9 | 409.6 | 550.2 | n/a | n/a |
| Tax | (132.4) | (120.5) | (98.0) | (144.0) | n/a | n/a |
| Effective tax rate | 44.8% | 24.2% | 23.9% | 26.2% | n/a | n/a |
| Net Income | 163.3 | 378.3 | 312.3 | 406.2 | n/a | n/a |
| Net Margin, % | 11.6% | 19.9% | 14.5% | 19.8% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|----------------|----------------|----------------|------------|------------|
| Current Assets | 336.0 | 592.8 | 647.1 | 1 274.3 | n/a | n/a |
| Cash & Equivalents | 92.1 | 207.4 | 258.5 | 325.6 | n/a | n/a |
| Trade Receivables | 0.5 | 25.2 | 67.9 | 317.2 | n/a | n/a |
| Inventories | 131.7 | 227.4 | 230.0 | 191.3 | n/a | n/a |
| Other | 111.7 | 132.8 | 90.7 | 440.2 | n/a | n/a |
| Fixed Assets | 625.8 | 636.8 | 744.3 | 772.2 | n/a | n/a |
| PP&E, net | 505.6 | 496.2 | 486.4 | 465.8 | n/a | n/a |
| Other | 120.2 | 140.6 | 257.9 | 306.3 | n/a | n/a |
| Total Assets | 961.8 | 1 229.6 | 1 391.3 | 2 046.5 | n/a | n/a |
| Shareholders' Equity | 841.8 | 1 107.2 | 1 270.9 | 1 653.8 | n/a | n/a |
| Share Capital | 673.1 | 727.5 | 764.3 | 764.3 | n/a | n/a |
| Retained Earnings | 152.2 | 351.4 | 457.5 | 829.4 | n/a | n/a |
| Other | 16.6 | 28.3 | 49.1 | 60.1 | n/a | n/a |
| Current Liabilities | 120.0 | 120.8 | 120.4 | 188.2 | n/a | n/a |
| ST Interest Bearing Debt | 9.3 | - | - | - | n/a | n/a |
| Trade Payables | 40.1 | 29.3 | 44.9 | 44.7 | n/a | n/a |
| Other | 70.6 | 91.5 | 75.6 | 204.5 | n/a | n/a |
| LT Liabilities | 0.0 | 1.6 | - | 204.5 | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | 200.0 | n/a | n/a |
| Other | 0.0 | 1.6 | - | 4.5 | n/a | n/a |
| Total Liabilities & Equity | 961.8 | 1 229.6 | 1 391.3 | 2 046.5 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 412.7 | 465.8 | 499.7 | 520.9 | 559.8 | 501.4 | 548.5 | 545.8 | 558.8 | 717.9 | 773.0 |
| Change y-o-y | 20.3% | 29.3% | 41.5% | 46.3% | 35.6% | 7.6% | 9.8% | 4.8% | -0.2% | 43.2% | 40.9% |
| EBITDA | 123.0 | 153.2 | 128.7 | 146.9 | 156.4 | 101.4 | 100.2 | 124.6 | 141.0 | 200.3 | 250.5 |
| margin, % | 29.8% | 32.9% | 25.8% | 28.2% | 27.9% | 20.2% | 18.3% | 22.8% | 25.2% | 27.9% | 32.4% |
| EBIT | 115.6 | 142.8 | 116.0 | 130.5 | 141.2 | 85.0 | 84.8 | 111.3 | 127.6 | 186.8 | 237.3 |
| margin, % | 28.0% | 30.7% | 23.2% | 25.1% | 25.2% | 17.0% | 15.5% | 20.4% | 22.8% | 26.0% | 30.7% |
| Net Income | 90.1 | 112.8 | 84.6 | 90.8 | 100.1 | 51.0 | 52.5 | 108.8 | 87.9 | 138.8 | 179.5 |
| Net Margin, % | 21.8% | 24.2% | 16.9% | 17.4% | 17.9% | 10.2% | 9.6% | 19.9% | 15.7% | 19.3% | 23.2% |

DMP Petrovskogo Steel

DMZP UZ

Iron & Steel

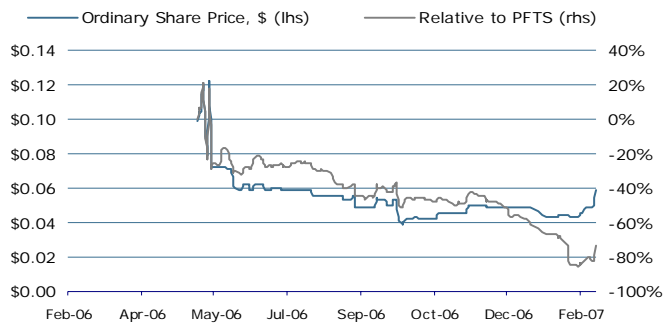
<http://www.dnepr-petrovka.dp.ua>

Target Price (USD) 0.05
Upside -17%

INVESTMENT CASE

- Access to iron ore supplied by related ore producers also controlled by Privat group
- First candidate for shutdown if adverse market conditions affect Ukrainian steel mills
- Heavy transfer pricing and low quality reported financials
- Highly non-transparent
- Might be rehabilitated if Privat sells it to a strategic investor

SHARE PRICE PERFORMANCE*



*listed on PFTS since 28.04.06

BUSINESS OVERVIEW

DMK Petrovskogo Steel is among Ukraine's oldest steel makers. The company has a blast-furnace shop, two rolling shops, shape-casting, blast oxygen furnace and metal reclamation shops. DMK Petrovskogo Steel specializes in producing crude and rolled steel, pig iron, box iron, crane rails and other steel products. Most of the plant's products are supplied to CIS countries, Europe, Asia, Africa and the U.S.A. Currently, Privat Group is the majority owner of DMK Petrovskogo Steel, controlling an 89.6% stake in the plant.

According to 2006 preliminary results the plant produced 1.47 mln mt of pig iron (down 1.9% yoy), 1.22 mln mt of rolled steel (up 10.6% yoy), and 1.33 mln mt of crude steel (up 6.6% yoy). In 9M06 the company posted 25.8% yoy growth in its net revenues to USD 324.3 mln, a decrease in its EBITDA margin to negative 1.1% from 5.9% in 9M05, and a decline in its net margin to negative 3.1% from 0.3% in 9M05.

* PFTS MID Price 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 | 0.06 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.12 / 0.04 |
| Chg 3m/6m/52w | 33% / 9% / n/a |
| Chg vs PFTS 3m/6m/52w | -10% / -38% / -58% |
| Chg YTD | 39% |
| Avg Mo Tr Vol 6M, USD ths | 3.78 |
| MCap, USD mln | 51.3 |
| Free float, % | 10.4% |
| FF MCap, USD mln | 5.3 |
| No of shares, mln | 849.4 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|--------------|-------|
| Privat Group | 89.6% |
| Other | 10.4% |

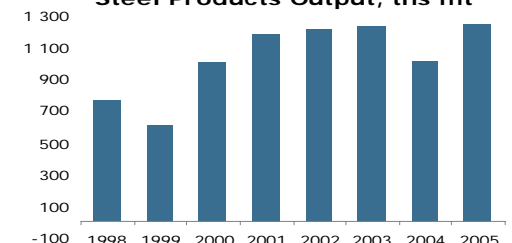
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.3 | 0.3 |
| EV/EBITDA | 49.8 | 18.7 |
| P/E | 17.1 | 12.8 |
| P/B | -6.4 | n/a |
| P/CF | 16.1 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | 1% | 1% | 2% |
| Net Margin | -2% | 1% | 1% |
| ROE | 345% | -27% | -50% |
| Net Debt/Equity | -1.36 | -12.3 | n/a |

Steel Products Output, ths mt



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|---------------|--------------|---------------|------------|------------|
| Net Revenues | 191.6 | 208.8 | 283.0 | 389.3 | 324.3 | n/a | n/a |
| <i>Change y-o-y</i> | - | 9.0% | 35.5% | 37.5% | 25.8% | n/a | n/a |
| Gross Profit | 8.7 | 20.8 | (24.0) | 24.3 | 13.8 | n/a | n/a |
| EBITDA | (2.2) | 7.2 | (37.9) | 3.0 | (3.4) | n/a | n/a |
| <i>margin, %</i> | -1.1% | 3.5% | -13.4% | 0.8% | -1.1% | n/a | n/a |
| Depreciation | (6.7) | (7.2) | (5.4) | (6.2) | (4.9) | n/a | n/a |
| EBIT | (8.9) | 0.0 | (43.3) | (3.1) | (8.3) | n/a | n/a |
| <i>margin, %</i> | -4.6% | 0.0% | -15.3% | -0.8% | -2.6% | n/a | n/a |
| Interest Expense | (0.0) | (2.4) | (1.9) | (5.0) | (3.2) | n/a | n/a |
| Other income/(expense) | (0.0) | 3.3 | 4.0 | 1.3 | 1.4 | n/a | n/a |
| PBT | (8.9) | 0.9 | (41.2) | (6.8) | (10.1) | n/a | n/a |
| Tax | (0.0) | (0.2) | - | - | - | n/a | n/a |
| <i>Effective tax rate</i> | -0.1% | 23.6% | 0.0% | 0.0% | 0.0% | n/a | n/a |
| Net Income | (8.9) | 0.7 | (41.2) | (6.8) | (10.1) | n/a | n/a |
| <i>Net Margin, %</i> | -4.7% | 0.3% | -14.5% | -1.8% | -3.1% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|---------------|---------------|------------|------------|
| Current Assets | 153.5 | 221.3 | 182.2 | 250.3 | 473.6 | n/a | n/a |
| Cash & Equivalents | 0.5 | 0.5 | 0.7 | 3.0 | 0.8 | n/a | n/a |
| Trade Receivables | 59.4 | 50.9 | 34.6 | 66.3 | 65.6 | n/a | n/a |
| Inventories | 19.7 | 33.2 | 28.3 | 36.5 | 59.5 | n/a | n/a |
| Other | 73.8 | 136.7 | 118.6 | 144.5 | 347.7 | n/a | n/a |
| Fixed Assets | 87.8 | 88.8 | 94.9 | 108.1 | 119.0 | n/a | n/a |
| PP&E, net | 72.0 | 66.7 | 73.0 | 74.1 | 74.0 | n/a | n/a |
| Other | 15.7 | 22.1 | 21.8 | 34.0 | 45.0 | n/a | n/a |
| Total Assets | 241.3 | 310.1 | 277.0 | 358.4 | 592.6 | n/a | n/a |
| Shareholders' Equity | 28.3 | 34.9 | (1.6) | (11.2) | (20.7) | n/a | n/a |
| Share Capital | 39.8 | 39.8 | 40.0 | 42.0 | 42.0 | n/a | n/a |
| Retained Earnings | (58.5) | (53.2) | (90.5) | (105.4) | (114.9) | n/a | n/a |
| Other | 47.0 | 48.2 | 49.0 | 52.1 | 52.2 | n/a | n/a |
| Current Liabilities | 199.5 | 270.1 | 278.0 | 368.3 | 612.0 | n/a | n/a |
| ST Interest Bearing Debt | 18.7 | 16.9 | 19.6 | 18.0 | 98.0 | n/a | n/a |
| Trade Payables | 127.1 | 20.3 | 36.2 | 81.5 | 91.3 | n/a | n/a |
| Other | 53.7 | 232.9 | 222.2 | 268.8 | 425.4 | n/a | n/a |
| LT Liabilities | 13.5 | 5.2 | 0.5 | 1.3 | 1.3 | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Other | 13.5 | 5.2 | 0.5 | 1.3 | 1.3 | n/a | n/a |
| Total Liabilities & Equity | 241.3 | 310.1 | 277.0 | 358.4 | 592.6 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|---------------|---------------|--------------|--------------|-------------|--------------|---------------|---------------|--------------|--------------|
| Net Revenues | 72.5 | 78.3 | 65.9 | 66.3 | 90.1 | 97.4 | 70.3 | 131.5 | 94.7 | 116.2 | 113.4 |
| <i>Change y-o-y</i> | 40.3% | 56.2% | 18.7% | 28.8% | 24.2% | 24.3% | 6.7% | 98.4% | 5.1% | 19.3% | 61.2% |
| EBITDA | (3.7) | (20.0) | (14.1) | (0.0) | (1.6) | 10.3 | 6.4 | (12.1) | (13.3) | 1.7 | 8.2 |
| <i>margin, %</i> | -5.1% | -25.6% | -21.4% | -0.1% | -1.8% | 10.6% | 9.1% | -9.2% | -14.0% | 1.5% | 7.2% |
| EBIT | (5.5) | (21.4) | (15.4) | (1.0) | (3.0) | 5.4 | 0.1 | (5.7) | (14.9) | 0.1 | 6.5 |
| <i>margin, %</i> | -7.5% | -27.4% | -23.4% | -1.5% | -3.3% | 5.6% | 0.2% | -4.4% | -15.7% | 0.1% | 5.7% |
| Net Income | (5.7) | (21.5) | (14.7) | 0.8 | (4.0) | 4.8 | (0.2) | (7.5) | (14.8) | (0.7) | 5.4 |
| <i>Net Margin, %</i> | -7.8% | -27.5% | -22.3% | 1.2% | -4.4% | 5.0% | -0.2% | -5.7% | -15.7% | -0.6% | 4.8% |

Pivdenny Iron Ore

PGZK UZ

Iron & Steel

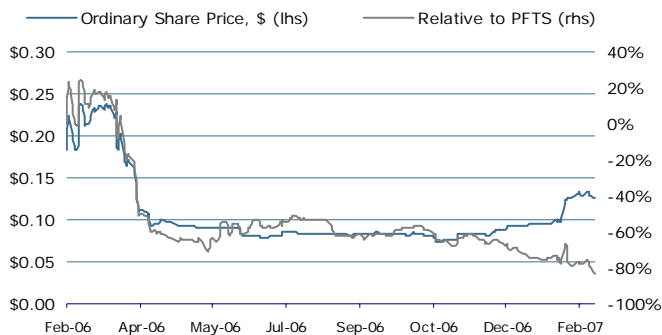
<http://ugok.com.ua>

Target Price (USD) 0.14
Upside 11%

INVESTMENT CASE

- Expanding demand on the domestic and export markets for iron ore will lead to enhanced output
- Improving transparency due to government pressure to eliminate tax minimization schemes

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Pivdenny Iron Ore is the fifth sinter feed producer in Ukraine by output. The company operates iron ore mines, two grinding and two ore enrichment factories, a sinter shop and 26 support departments. It is the only iron ore producer in Ukraine that makes iron ore sinter. The plant's annual production capacity for iron ore sinter feed and sinter is 9 mln mt and 5 mln mt, respectively. Pivdenny Iron Ore's main customers are domestic steel mills controlled by Privat Group, Donetskstal group (former concern Energo) and the IUD.

In 10M06, Pivdenny Iron Ore increased its production of iron ore sinter feed (7,233 ths mt) and sinter (3,879 ths mt) by 7.9% yoy and 18% yoy, respectively. In 9M06 the company posted 34.3% yoy growth of net revenues to USD 244 mln, a decrease of its EBITDA margin to 10.1% from 17.8% in 9M05, and a decline in its net margin to negative 3.2% from 2.2% in 9M05.

* PFTS MID Price is used

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

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

MARKET INFORMATION

| | |
|---------------------------|------------------|
| Market price*, USD | 0.13 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.24 / 0.07 |
| Chg 3m/6m/52w | 49% / 51% / -31% |
| Chg vs PFTS 3m/6m/52w | 7% / 3% / -90% |
| Chg YTD | 27% |
| Avg Mo Tr Vol 6M, USD ths | 131.46 |

| | |
|----------------------|--------------|
| MCap, USD mln | 269.5 |
| Free float, % | 7.5% |
| FF MCap, USD mln | 20.2 |

| | |
|--------------------------|---------------|
| No of shares, mln | 2143.7 |
| Par Value (UAH) | 0.25 |

| | |
|---------------------------|-----|
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

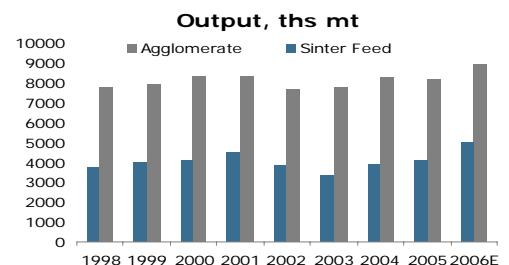
| | |
|--------------|-------|
| Privat Group | 48.0% |
| Smart Group | 44.3% |
| Other | 7.7% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.1 | 0.9 |
| EV/EBITDA | 12.2 | 6.8 |
| P/E | 154.0 | 13.8 |
| P/B | 1.4 | 1.3 |
| P/CF | 13.0 | 6.9 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 14% | 9% | 13% |
| Net Margin | 2% | 1% | 5% |
| ROE | 3% | 1% | 10% |
| Net Debt/Equity | 0.25 | 0.47 | 0.46 |



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|
| Net Revenues | 155.8 | 165.5 | 161.0 | 266.8 | 315.7 | 397.8 | 425.0 |
| <i>Change y-o-y</i> | - | 6.2% | -2.7% | 65.7% | 18.4% | 26.0% | 6.8% |
| Gross Profit | 52.5 | 60.5 | 0.5 | 80.8 | 69.9 | 102.9 | 115.3 |
| EBITDA | 38.8 | 41.2 | (21.6) | 37.7 | 29.2 | 53.2 | 61.6 |
| <i>margin, %</i> | 24.9% | 24.9% | -13.4% | 14.1% | 9.3% | 13.4% | 14.5% |
| Depreciation | (15.6) | (14.8) | (14.3) | (18.2) | (19.0) | (19.4) | (19.8) |
| EBIT | 23.2 | 26.4 | (35.9) | 19.5 | 10.2 | 33.8 | 41.8 |
| <i>margin, %</i> | 14.9% | 15.9% | -22.3% | 7.3% | 3.2% | 8.5% | 9.8% |
| Interest Expense | (2.5) | (2.2) | (1.3) | (5.0) | (7.9) | (7.7) | (8.3) |
| Other income/(expense) | 0.1 | 0.1 | (16.6) | (0.1) | - | - | - |
| PBT | 20.8 | 24.2 | (53.8) | 14.4 | 2.3 | 26.1 | 33.5 |
| Tax | (11.1) | (12.1) | - | (9.0) | (0.6) | (6.5) | (8.4) |
| <i>Effective tax rate</i> | 53.2% | 49.9% | 0.0% | 62.5% | 25.0% | 25.0% | 25.0% |
| Net Income | 9.8 | 12.1 | (53.8) | 5.3 | 1.7 | 19.6 | 25.1 |
| <i>Net Margin, %</i> | 6.3% | 7.3% | -33.4% | 2.0% | 0.6% | 4.9% | 5.9% |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Current Assets | 156.7 | 201.3 | 185.9 | 181.1 | 180.6 | 195.7 | 213.3 |
| Cash & Equivalents | 1.0 | 0.6 | 0.9 | 1.3 | 0.6 | 0.8 | 0.8 |
| Trade Receivables | 50.9 | 37.6 | 33.2 | 22.3 | 25.3 | 31.8 | 36.1 |
| Inventories | 29.2 | 35.1 | 33.2 | 49.2 | 44.2 | 51.7 | 59.5 |
| Other | 75.7 | 127.9 | 118.6 | 108.2 | 110.5 | 111.4 | 116.9 |
| Fixed Assets | 193.4 | 193.4 | 193.1 | 204.6 | 208.1 | 220.3 | 230.8 |
| PP&E, net | 175.7 | 176.7 | 166.9 | 178.1 | 187.5 | 198.1 | 208.0 |
| Other | 17.7 | 16.7 | 26.2 | 26.5 | 20.6 | 22.2 | 22.8 |
| Total Assets | 350.1 | 394.7 | 379.0 | 385.7 | 388.7 | 416.1 | 444.1 |
| Shareholders' Equity | 206.9 | 219.8 | 171.4 | 186.4 | 187.1 | 206.7 | 226.1 |
| Share Capital | 100.5 | 100.5 | 101.0 | 106.1 | 106.1 | 106.1 | 106.1 |
| Other | 106.4 | 119.3 | 70.4 | 80.3 | 81.0 | 100.5 | 120.0 |
| Current Liabilities | 131.1 | 150.7 | 164.1 | 152.6 | 157.4 | 159.7 | 167.0 |
| ST Interest Bearing Debt | 2.8 | 7.9 | 22.1 | 48.4 | 44.4 | 45.9 | 51.4 |
| Trade Payables | 109.8 | 85.6 | 89.9 | 72.2 | 78.9 | 79.6 | 80.7 |
| Other | 18.5 | 57.3 | 52.0 | 32.0 | 34.1 | 34.2 | 34.8 |
| LT Liabilities | 12.1 | 24.2 | 43.5 | 46.7 | 44.2 | 49.7 | 51.0 |
| LT Interest Bearing Debt | - | - | - | - | - | - | - |
| Other | 12.1 | 24.2 | 43.5 | 46.7 | 44.2 | 49.7 | 51.0 |
| Total Liabilities & Equity | 350.1 | 394.7 | 379.0 | 385.7 | 388.7 | 416.1 | 444.1 |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|---------------|---------------|---------------|--------------|-------------|--------------|-------------|--------------|--------------|--------------|
| Net Revenues | 43.5 | 36.1 | 38.0 | 43.4 | 56.0 | 73.3 | 52.5 | 85.0 | 78.2 | 73.8 | 92.0 |
| <i>Change y-o-y</i> | 21.3% | -11.5% | -9.4% | -7.3% | 28.7% | 103.0% | 38.2% | 95.8% | 39.7% | 0.7% | 75.2% |
| EBITDA | 0.2 | (9.4) | (6.4) | (6.0) | (1.8) | 28.8 | 5.3 | 5.4 | 7.0 | 8.4 | 9.2 |
| <i>margin, %</i> | 0.4% | -25.9% | -16.9% | -13.8% | -3.1% | 39.3% | 10.1% | 6.3% | 9.0% | 11.3% | 10.0% |
| EBIT | (3.5) | (12.7) | (9.4) | (10.3) | (6.0) | 24.3 | 0.8 | 0.4 | 2.0 | 3.9 | 4.5 |
| <i>margin, %</i> | -8.1% | -35.1% | -24.8% | -23.7% | -10.7% | 33.1% | 1.5% | 0.5% | 2.6% | 5.2% | 4.8% |
| Net Income | (3.4) | (21.2) | (18.3) | (10.8) | (6.9) | 17.0 | (6.1) | 1.2 | (2.5) | (2.0) | (3.2) |
| <i>Net Margin, %</i> | -7.9% | -58.9% | -48.2% | -24.9% | -12.3% | 23.2% | -11.6% | 1.5% | -3.2% | -2.7% | -3.5% |

Pivnichny Iron Ore

SGOK UZ

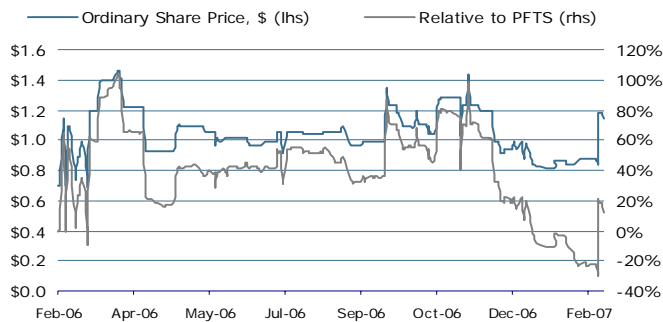
Iron & Steel

<http://www.sevgok.com.ua>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Pivnichny Iron Ore, a Ukrainian producer of iron ore sinter feed and pellets, captured 48.7% of the pellet market and 21.2% of the iron ore sinter feed market in 10M06. The plant was established in 1963 with a production design capacity of 25 mln mt of iron ore, 11 mln mt of sinter feed, and 9.6 mln mt of pellets. Pivnichny Iron Ore's domestic customers are metallurgic plants and steel mills. Its major export markets are Russia, Poland, Romania, Czech Republic, Slovakia, Austria, Bulgaria, Serbia, Turkey and China.

In 2006, the first stage of modernization was completed, with total investments of USD 335.6 mln.

In 9M06 the company reported a 33.7% yoy decrease of net revenues to USD 513.8 mln, a decline of EBITDA margin to 28.1% from 39.1% in 9M05, and a reduction of net margin to 19.1% from 27.2% in 9M05.

UPCOMING EVENTS

27 Feb 2007 AGM

* PFTS MID Price 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 | 1.14 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 1.47 / 0.64 |
| Chg 3m/6m/52w | -8% / 7% / 62% |
| Chg vs PFTS 3m/6m/52w | -51% / -40% / 4% |
| Chg YTD | 35% |
| Avg Mo Tr Vol 6M, USD ths | 843.11 |
| MCap, USD mln | 2623.5 |
| Free float, % | 0.6% |
| FF MCap, USD mln | 15.7 |
| No of shares, mln | 2304.1 |
| Par Value (UAH) | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-------------|-------|
| SCM-related | 99.4% |
| Other | 0.6% |

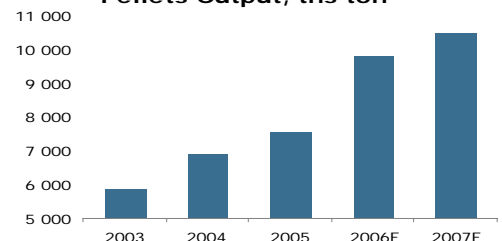
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 3.8 | n/a |
| EV/EBITDA | 13.5 | n/a |
| P/E | 20.1 | n/a |
| P/B | 4.8 | n/a |
| P/CF | 17.6 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | 39% | 28% | n/a |
| Net Margin | 27% | 19% | n/a |
| ROE | 139% | 31% | n/a |
| Net Debt/Equity | -0.03 | 0.0 | n/a |

Pellets Output, ths ton



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 134.4 | 145.9 | 471.3 | 957.7 | 513.8 | n/a | n/a |
| <i>Change y-o-y</i> | - | 8.6% | 222.9% | 103.2% | -33.7% | n/a | n/a |
| Gross Profit | 30.7 | 26.0 | 175.1 | 396.3 | 173.1 | n/a | n/a |
| EBITDA | 20.2 | 18.4 | 152.8 | 368.9 | 144.6 | n/a | n/a |
| <i>margin, %</i> | 15.0% | 12.6% | 32.4% | 38.5% | 28.1% | n/a | n/a |
| Depreciation | (10.9) | (10.7) | (11.4) | (14.7) | (14.0) | n/a | n/a |
| EBIT | 9.3 | 7.7 | 141.3 | 354.2 | 130.6 | n/a | n/a |
| <i>margin, %</i> | 6.9% | 5.3% | 30.0% | 37.0% | 25.4% | n/a | n/a |
| Interest Expense | (4.1) | (1.4) | (1.4) | (0.0) | (0.2) | n/a | n/a |
| Other income/(expense) | (3.5) | (1.9) | 0.7 | (3.0) | (0.1) | n/a | n/a |
| PBT | 1.6 | 4.4 | 140.7 | 351.2 | 130.3 | n/a | n/a |
| Tax | - | (1.5) | (37.7) | (89.8) | (32.2) | n/a | n/a |
| <i>Effective tax rate</i> | 0.0% | 33.6% | 26.8% | 25.6% | 24.7% | n/a | n/a |
| Net Income | 1.6 | 2.9 | 102.9 | 262.2 | 98.1 | n/a | n/a |
| <i>Net Margin, %</i> | 1.2% | 2.0% | 21.8% | 27.4% | 19.1% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 119.4 | 115.9 | 235.1 | 278.4 | 577.8 | n/a | n/a |
| Cash & Equivalents | 0.1 | 0.3 | 27.7 | 19.8 | 320.7 | n/a | n/a |
| Trade Receivables | 88.8 | 82.1 | 127.7 | 138.4 | 33.3 | n/a | n/a |
| Inventories | 24.0 | 27.5 | 74.0 | 61.1 | 50.0 | n/a | n/a |
| Other | 6.6 | 6.0 | 5.6 | 59.0 | 173.8 | n/a | n/a |
| Fixed Assets | 152.9 | 155.5 | 169.0 | 322.4 | 299.6 | n/a | n/a |
| PP&E, net | 134.9 | 131.4 | 140.5 | 160.0 | 169.4 | n/a | n/a |
| Other | 18.0 | 24.1 | 28.4 | 162.4 | 130.2 | n/a | n/a |
| Total Assets | 272.4 | 271.5 | 404.0 | 600.8 | 877.4 | n/a | n/a |
| Shareholders' Equity | 91.5 | 89.6 | 188.7 | 417.2 | 300.7 | n/a | n/a |
| Share Capital | 45.5 | 169.0 | 45.8 | 108.7 | 114.1 | n/a | n/a |
| Retained Earnings | (78.7) | (79.4) | 27.3 | 182.3 | 47.5 | n/a | n/a |
| Other | 124.6 | 0.0 | 115.6 | 126.2 | 139.2 | n/a | n/a |
| Current Liabilities | 170.7 | 181.8 | 215.3 | 182.9 | 275.9 | n/a | n/a |
| ST Interest Bearing Debt | 3.8 | 17.9 | 7.3 | 6.1 | 6.1 | n/a | n/a |
| Trade Payables | 81.4 | 73.9 | 166.7 | 103.4 | 57.9 | n/a | n/a |
| Other | 85.5 | 90.0 | 41.2 | 73.5 | 220.4 | n/a | n/a |
| LT Liabilities | 10.2 | 0.1 | 0.1 | 0.7 | 300.7 | n/a | n/a |
| LT Interest Bearing Debt | 9.8 | - | 0.1 | 0.1 | 300.1 | n/a | n/a |
| Other | 0.4 | 0.1 | 0.0 | 0.6 | 0.6 | n/a | n/a |
| Total Liabilities & Equity | 272.4 | 271.5 | 404.0 | 600.8 | 877.4 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 48.8 | 58.7 | 132.7 | 231.1 | 318.6 | 274.8 | 182.0 | 182.2 | 164.0 | 172.9 | 176.9 |
| <i>Change y-o-y</i> | 41.7% | 61.1% | 256.8% | 510.1% | 552.6% | 368.5% | 37.2% | -21.2% | -48.5% | -37.1% | -2.8% |
| EBITDA | 2.9 | 4.3 | 55.9 | 89.7 | 133.1 | 114.7 | 55.7 | 65.5 | 41.8 | 44.1 | 58.6 |
| <i>margin, %</i> | 5.9% | 7.3% | 42.1% | 38.8% | 41.8% | 41.7% | 30.6% | 35.9% | 25.5% | 25.5% | 33.2% |
| EBIT | (0.4) | 1.8 | 53.2 | 86.8 | 129.9 | 111.2 | 51.9 | 61.2 | 37.3 | 39.4 | 53.9 |
| <i>margin, %</i> | -0.9% | 3.0% | 40.1% | 37.6% | 40.8% | 40.5% | 28.5% | 33.6% | 22.7% | 22.8% | 30.5% |
| Net Income | (0.7) | 0.8 | 37.7 | 65.2 | 94.6 | 79.2 | 37.0 | 51.4 | 30.9 | 25.6 | 41.6 |
| <i>Net Margin, %</i> | -1.4% | 1.4% | 28.4% | 28.2% | 29.7% | 28.8% | 20.3% | 28.2% | 18.9% | 14.8% | 23.5% |

Poltava Iron Ore

PGOK UZ

Iron & Steel

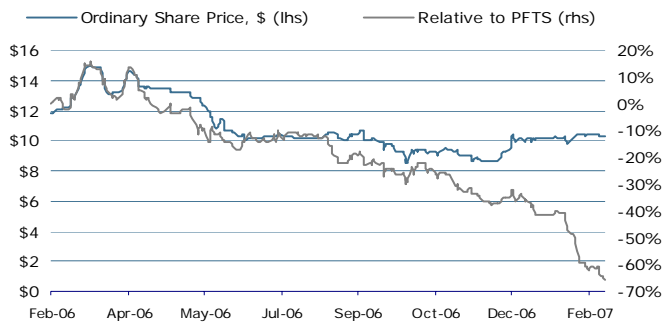
<http://www.ferrexpo.poltava.ua>

Target Price (USD) 8.80
Upside -14%

INVESTMENT CASE

- A crushing/floatation mill for sinter feed production, planned to be completed by 2010, will eliminate the company's dependency on external sinter feed suppliers
- Prospective construction of Kryviy Rih Oxidized Iron Ore in 2008-2009 threatens its markets
- Slow transparency progress expected
- Remains a pre-IPO story

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Poltava Iron Ore is the largest producer of pellets in Ukraine, accounting for 45% of total domestic pellet output. The company is located in the city of Komsomolsk in Poltava region, which borders Dnipropetrovsk and is close to Zaporizhyya, Donetsk and Luhansk regions – the heart of Ukraine's steel production industry. Poltava Iron Ore is the largest Ukrainian exporter of iron ore. While Ukraine exports 28% of its iron ore, Poltava Iron Ore exports 90% of its output. The company's main export markets are in Central and Eastern Europe.

In 9M06, Poltava Iron Ore increased pellet production to 6.2 mln mt. According to the company, it developed more long-term relationships on China's growing market, notably with Shaoguan Iron and Steel. In 2006, Poltava Iron Ore planned to sell its products to China for USD 43-44 mln (or 10% of total sales in 2005).

In 9M06 the company reported a 3.6% yoy decrease of net revenues to USD 332.2 mln, a decline of EBITDA margin to 17.5% from 28.9% in 9M05 and a reduction of net margin to 4.3% from 16% in 9M05.

UPCOMING EVENTS

27 Feb 2007 AGM

* PFTS MID Price 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 | 10.22 |
| Price impact** | 2 |
| 52 Wk H/L, USD | 15.0 / 8.5 |
| Chg 3m/6m/52w | 13% / -2% / -13% |
| Chg vs PFTS 3m/6m/52w | -29% / -49% / -72% |
| Chg YTD | -1% |
| Avg Mo Tr Vol 6M, USD ths | 764.77 |
| MCap, USD mln | 1179.7 |
| Free float, % | 4.0% |
| FF MCap, USD mln | 47.2 |
| No of shares, mln | 115.4 |
| Par Value (UAH) | 0.25 |
| XETRA | UVT |
| DR Ratio | 1:1 |
| Avg Mo Tr Vol 6M, USD ths | 4.30 |

STOCK OWNERSHIP

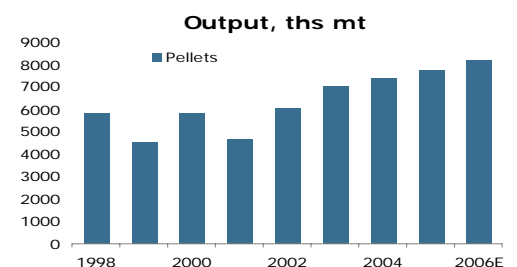
| | |
|-------------|-------|
| Ferrexpo AG | 85.8% |
| Other | 14.2% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 3.1 | 2.6 |
| EV/EBITDA | 14.3 | 11.0 |
| P/E | 35.1 | 22.5 |
| P/B | 3.9 | 3.3 |
| P/CF | 21.9 | 15.1 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 24% | 22% | 24% |
| Net Margin | 13% | 7% | 9% |
| ROE | 35% | 13% | 17% |
| Net Debt/Equity | 0.74 | 0.74 | 0.82 |



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 164.0 | 205.7 | 273.3 | 434.2 | 451.7 | 564.8 | 663.3 |
| <i>Change y-o-y</i> | - | 25.4% | 32.9% | 58.9% | 3.8% | 25.0% | 17.4% |
| Gross Profit | 53.7 | 70.6 | 100.1 | 178.8 | 184.8 | 223.9 | 271.6 |
| EBITDA | 26.6 | 34.8 | 47.2 | 104.6 | 97.9 | 133.6 | 179.8 |
| <i>margin, %</i> | 16.2% | 16.9% | 17.3% | 24.1% | 21.7% | 23.7% | 27.1% |
| Depreciation | (12.8) | (14.0) | (15.0) | (18.1) | (20.3) | (25.8) | (31.1) |
| EBIT | 13.8 | 20.7 | 32.3 | 86.4 | 77.6 | 107.8 | 148.7 |
| <i>margin, %</i> | 8.4% | 10.1% | 11.8% | 19.9% | 17.2% | 19.1% | 22.4% |
| Interest Expense | (10.6) | (11.4) | (14.0) | (15.4) | (33.8) | (39.0) | (44.5) |
| Other income/(expense) | (1.5) | (2.4) | (2.3) | 1.9 | (1.0) | (1.0) | (1.0) |
| PBT | 1.7 | 6.9 | 16.0 | 73.0 | 44.8 | 69.8 | 105.1 |
| Tax | (0.8) | (3.5) | (8.7) | (16.8) | (11.2) | (17.4) | (26.3) |
| <i>Effective tax rate</i> | 44.6% | 51.1% | 54.7% | 23.1% | 25.0% | 25.0% | 25.0% |
| Net Income | 1.0 | 3.4 | 7.2 | 56.2 | 33.6 | 52.3 | 78.8 |
| <i>Net Margin, %</i> | 0.6% | 1.7% | 2.6% | 13.0% | 7.4% | 9.3% | 11.9% |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Current Assets | 65.8 | 80.2 | 117.6 | 147.8 | 164.9 | 192.0 | 189.0 |
| Cash & Equivalents | 0.3 | 5.4 | 18.5 | 13.4 | 13.5 | 16.9 | 19.9 |
| Trade Receivables | 22.9 | 12.1 | 8.9 | 16.3 | 31.6 | 33.9 | 36.5 |
| Inventories | 17.1 | 18.5 | 33.9 | 54.7 | 56.5 | 62.1 | 59.7 |
| Other | 25.4 | 44.2 | 56.3 | 63.3 | 63.2 | 79.1 | 73.0 |
| Fixed Assets | 165.8 | 165.2 | 182.3 | 368.7 | 404.3 | 508.9 | 603.7 |
| PP&E, net | 147.8 | 147.2 | 162.7 | 201.9 | 237.7 | 340.1 | 433.0 |
| Other | 18.0 | 18.0 | 19.7 | 166.8 | 166.6 | 168.8 | 170.8 |
| Total Assets | 231.5 | 245.4 | 300.0 | 516.5 | 569.1 | 701.0 | 792.8 |
| Shareholders' Equity | 109.6 | 111.7 | 132.3 | 267.3 | 300.1 | 352.4 | 431.2 |
| Share Capital | 123.1 | 123.2 | 137.6 | 217.0 | 217.0 | 217.0 | 217.0 |
| Other | (13.5) | (11.4) | (5.3) | 6.6 | 83.1 | 135.4 | 214.3 |
| Current Liabilities | 77.9 | 107.3 | 97.6 | 173.7 | 171.8 | 221.3 | 229.4 |
| ST Interest Bearing Debt | 57.0 | 93.1 | 70.8 | 137.3 | 137.5 | 178.4 | 182.3 |
| Trade Payables | 16.5 | 10.2 | 19.1 | 24.9 | 24.8 | 31.1 | 33.2 |
| Other | 4.4 | 4.0 | 7.6 | 11.5 | 9.4 | 11.8 | 13.9 |
| LT Liabilities | 44.0 | 26.4 | 70.1 | 75.4 | 97.2 | 127.2 | 132.2 |
| LT Interest Bearing Debt | 35.9 | 26.1 | 70.0 | 74.7 | 74.7 | 99.0 | 99.0 |
| Other | 8.1 | 0.3 | 0.1 | 0.8 | 22.6 | 28.2 | 33.2 |
| Total Liabilities & Equity | 231.5 | 245.4 | 300.0 | 516.5 | 569.1 | 701.0 | 792.8 |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 57.4 | 68.9 | 71.7 | 75.3 | 110.8 | 139.2 | 94.4 | 89.7 | 97.3 | 117.2 | 117.7 |
| <i>Change y-o-y</i> | 34.2% | 36.8% | 29.5% | 31.8% | 93.0% | 102.0% | 31.7% | 19.2% | -12.2% | -15.8% | 24.6% |
| EBITDA | 8.5 | 15.1 | 13.5 | 10.2 | 27.3 | 57.1 | 15.2 | 5.0 | 12.0 | 22.2 | 24.1 |
| <i>margin, %</i> | 14.7% | 21.8% | 18.9% | 13.5% | 24.7% | 41.0% | 16.1% | 5.5% | 12.3% | 18.9% | 20.5% |
| EBIT | 4.7 | 11.3 | 9.8 | 6.4 | 23.2 | 52.8 | 10.5 | (0.1) | 6.9 | 17.0 | 18.7 |
| <i>margin, %</i> | 8.2% | 16.4% | 13.7% | 8.5% | 21.0% | 37.9% | 11.1% | -0.1% | 7.1% | 14.5% | 15.9% |
| Net Income | 0.2 | 4.6 | 5.5 | (3.1) | 15.0 | 41.1 | (0.9) | 1.1 | (1.3) | 7.3 | 8.3 |
| <i>Net Margin, %</i> | 0.4% | 6.7% | 7.7% | -4.1% | 13.5% | 29.5% | -1.0% | 1.2% | -1.3% | 6.2% | 7.0% |

Sukha Balka

SUBA UZ

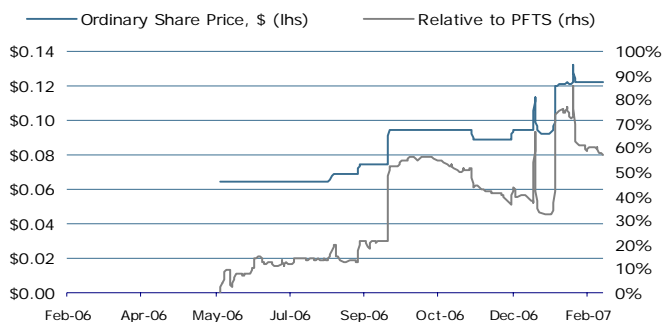
Iron & Steel

Target Price (USD) 0.19
Upside 43%

INVESTMENT CASE

- Strong demand for lump ore will ensure stable output in the mid-term
- Improving financials reporting standards

SHARE PRICE PERFORMANCE*



listed on PFTS since 19 May 2006

BUSINESS OVERVIEW

Sukha Balka is a Ukrainian iron ore company that specializes in underground mining. The company operates two mines with 2.25 mn mt and 1.05 mn mt capacities and iron content ranging from 56% to 59%. Depth in the mines reaches 1,500–2,000m. In 10M06 the company ranked third among the four Ukrainian iron ore producers, with 18.7% (2,513 ths mt) of overall domestic output. The company's major exports markets include Austria, Bulgaria, Hungary, Poland, Romania, Slovakia and the Czech Republic. We expect Sukha Balka's production to grow by 2% yoy to 3.1 mln mt in 2007 due to an increase in domestic and export deliveries. In 9M06 the company reported a 31.6% yoy increase in its net revenues to USD 52 mln, a decline in its EBITDA margin to 12.3% from 23.7% in 9M05, and a reduction in its net margin to 3.1% from 15.6% in 9M05.

* PFTS MID Price 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 | 0.13 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.13 / 0.06 |
| Chg 3m/6m/52w | 41% / 91% / n/a |
| Chg vs PFTS 3m/6m/52w | -2% / 44% / -58% |
| Chg YTD | 10% |
| Avg Mo Tr Vol 6M, USD ths | 2.41 |
| MCap, USD mln | 111.1 |
| Free float, % | 3.3% |
| FF MCap, USD mln | 3.7 |
| No of shares, mln | 837.4 |
| Par Value (UAH) | 0.05 |
| XETRA | S6D1 |
| DR Ratio | 1:25 |
| Avg Mo Tr Vol 6M, USD ths | 0 |

STOCK OWNERSHIP

| | |
|--------------|-------|
| Privat Group | 94.0% |
| Other | 6.0% |

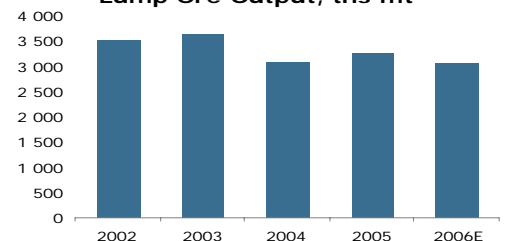
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.7 | 1.7 |
| EV/EBITDA | 10.6 | 8.9 |
| P/E | 21.2 | 16.6 |
| P/B | 1.5 | 1.4 |
| P/CF | 13.5 | 11.3 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 20% | 16% | 19% |
| Net Margin | 11% | 7% | 9% |
| ROE | 13% | 8% | 9% |
| Net Debt/Equity | 0.2 | 0.2 | 0.1 |

Lump Ore Output, ths mt



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|------------------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|
| Net Revenues | 33.5 | 33.7 | 28.1 | 58.6 | 71.2 | 71.9 | 72.0 |
| Change y-o-y | - | 0.6% | -16.5% | 108.0% | 22.0% | 0.9% | 0.2% |
| Gross Profit | 14.3 | 13.0 | 6.0 | 22.3 | 26.8 | 27.4 | 25.2 |
| EBITDA | 5.1 | 5.7 | 0.4 | 12.0 | 11.7 | 13.5 | 12.3 |
| margin, % | 15.1% | 16.8% | 1.6% | 20.5% | -2.1% | 15.9% | -8.7% |
| Depreciation | (3.0) | (3.1) | (2.2) | (2.7) | 0.2 | 0.2 | 0.2 |
| EBIT | 2.1 | 2.6 | (1.8) | 9.3 | 8.7 | 10.4 | 9.1 |
| margin, % | 6.3% | 7.6% | -6.4% | 15.8% | 12.2% | 14.4% | 12.6% |
| Interest Expense | (0.5) | (0.8) | (2.4) | (0.9) | (1.7) | (1.4) | (0.7) |
| Other income/(expense) | 0.2 | 0.1 | 1.3 | (0.0) | - | - | - |
| PBT | 1.8 | 1.8 | (2.8) | 8.3 | 7.0 | 8.9 | 8.4 |
| Tax | (1.7) | (0.4) | - | (1.6) | (1.7) | (2.2) | (2.1) |
| Effective tax rate | 95.5% | 23.4% | 0.0% | 18.9% | 25.0% | 25.0% | 25.0% |
| Net Income | 0.1 | 1.4 | (2.8) | 6.7 | 5.2 | 6.7 | 6.3 |
| Net Margin, % | 0.2% | 4.1% | -10.1% | 11.5% | 7.3% | 9.3% | 8.7% |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Current Assets | 27.3 | 29.6 | 25.8 | 40.9 | 42.2 | 42.5 | 39.0 |
| Cash & Equivalents | 0.4 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Trade Receivables | 10.7 | 7.3 | 4.8 | 12.3 | 12.8 | 12.2 | 10.4 |
| Inventories | 3.5 | 3.5 | 7.6 | 12.4 | 12.8 | 12.2 | 10.4 |
| Other | 12.6 | 18.7 | 13.2 | 16.0 | 16.4 | 18.0 | 18.0 |
| Fixed Assets | 34.2 | 36.0 | 40.0 | 47.0 | 48.4 | 51.3 | 53.0 |
| PP&E, net | 22.0 | 22.0 | 27.0 | 29.6 | 32.7 | 35.6 | 37.3 |
| Other | 12.2 | 14.0 | 13.0 | 17.3 | 15.7 | 15.7 | 15.7 |
| Total Assets | 61.5 | 65.7 | 65.8 | 87.9 | 90.6 | 93.8 | 92.0 |
| Shareholders' Equity | 52.4 | 53.8 | 51.8 | 69.0 | 72.9 | 79.6 | 82.8 |
| Share Capital | 0.4 | 0.4 | 0.4 | 8.3 | 8.3 | 8.3 | 8.3 |
| Other | 52.0 | 53.4 | 51.4 | 60.7 | 64.6 | 71.3 | 74.5 |
| Current Liabilities | 7.1 | 9.4 | 12.1 | 16.9 | 15.2 | 11.8 | 6.8 |
| ST Interest Bearing Debt | 4.4 | 5.3 | 0.1 | 9.9 | 10.0 | 6.7 | 1.9 |
| Trade Payables | 0.4 | 0.6 | 1.9 | 1.7 | 1.8 | 1.8 | 1.8 |
| Other | 2.3 | 3.5 | 10.1 | 5.3 | 3.4 | 3.4 | 3.2 |
| LT Liabilities | 2.0 | 2.4 | 1.9 | 2.0 | 2.4 | 2.4 | 2.4 |
| LT Interest Bearing Debt | - | - | - | - | - | - | - |
| Other | 2.0 | 2.4 | 1.9 | 2.0 | 2.4 | 2.4 | 2.4 |
| Total Liabilities & Equity | 61.5 | 65.7 | 65.8 | 87.9 | 90.6 | 93.8 | 92.0 |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|---------------------|------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Net Revenues | 9.9 | 5.0 | 6.0 | 7.3 | 10.0 | 16.6 | 13.0 | 19.0 | 17.8 | 17.5 | 16.7 |
| Change y-o-y | 4.2% | -17.0% | -32.7% | -22.0% | 0.3% | 234.1% | 117.2% | 161.4% | 78.7% | 5.3% | 29.1% |
| EBITDA | 1.2 | (0.2) | (0.2) | (0.3) | 0.7 | 6.0 | 2.6 | 2.6 | 2.7 | 2.2 | 1.6 |
| margin, % | 11.8% | -3.9% | -4.2% | -3.9% | 7.0% | 36.3% | 20.4% | 13.7% | 15.0% | 12.3% | 9.3% |
| EBIT | 0.7 | (0.6) | (0.7) | (1.1) | 0.1 | 5.4 | 2.0 | 1.8 | 1.9 | 1.4 | 0.6 |
| margin, % | 6.6% | -11.9% | -12.1% | -15.7% | 0.9% | 32.5% | 15.3% | 9.4% | 10.7% | 7.9% | 3.7% |
| Net Income | 0.5 | (0.7) | (1.3) | (1.3) | 0.0 | 5.2 | 1.0 | 0.5 | 1.6 | 0.4 | (0.3) |
| Net Margin, % | 4.8% | -15.0% | -21.1% | -18.2% | 0.0% | 31.4% | 7.4% | 2.8% | 9.0% | 2.1% | -2.0% |

Zaporizhstal

ZPST UZ

Iron & Steel

<http://www.zaporizhstal.com>

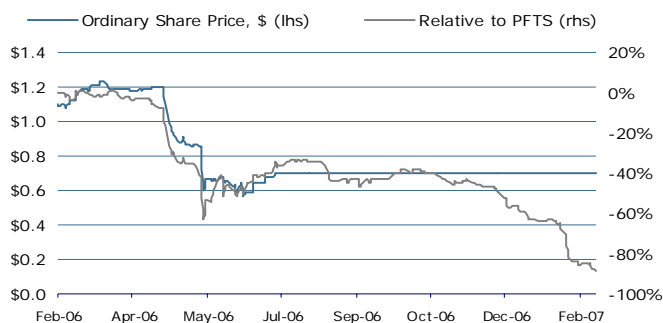
Target Price (USD)
Upside

Susp
n/a

INVESTMENT CASE

- Controlled by a second-tier business group, attractive takeover target for steel majors
- Ownership restructuring in progress
- Corporate governance risk is high; highly dilutive share issue likely to be finalized in 2007
- Modernization program in 2007-2013 (est. USD 2.0 bln) to improve production efficiency will replace open hearths with a converter shop
- Should implementation of its CapEx program fail, the company will remain among Ukraine's least efficient steel makers

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Zaporizhstal is Ukraine's fourth largest steel producer with output of 4.40 mln mt of steel (up 0.4% yoy) and a capacity of 4.5 mln mt of crude steel p.a. The company has five blast furnaces, six sintering machines, nine open-hearth furnaces and four rolling mills. Iron ore and coke is partly supplied by companies in which Zaporizhstal is a minority shareholder. The main domestic customers of the company's products are machine-building plants, car manufacturers, pipe producers, spare parts manufacturers and construction companies. Zaporizhstal sells over 30% of its output domestically, while around 70% of production is exported mainly to the CIS, the Middle East, Southeast Asia and the EU.

In 9M06 the company reported a 2.5% yoy decline in its net revenues to USD 1.15 bln, an increase in its EBITDA margin to 18.6% from 16% in 9M05, and an improved net margin by 10.7% from 8.5% in 9M05.

In 11M06 the company invested USD 100 mln to modernize production and plans to invest an additional USD 282 mln in 2007. According to Zaporizhstal's plans, a new BOF casting-rolling box for hot rolling with a capacity of 2 mln mt will be constructed and launched by 2010. The company also plans to abandon using natural gas for its blast furnace and will replace it with coal-fired injection technology in 2008.

* PFTS MID Price is used

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

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

MARKET INFORMATION

| | |
|-------------------------------------|--------------------|
| Market price*, USD | n/a |
| Price impact** | n/a |
| 52 Wk H/L, USD | 1.23 / 0.57 |
| Chg 3m/6m/52w | n/a / n/a / n/a |
| Chg vs PFTS 3m/6m/52w | -43% / -47% / -58% |
| Chg YTD | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |
| * Trading suspended from 30.06.2006 | |
| MCap, USD mln | n/a |
| Free float, % | 4.0% |
| FF MCap, USD mln | n/a |
| No of shares, mln | 843.7 |
| Par Value, UAH | 0.25 |
| XETRA | UWP |
| DR Ratio | 1:10 |
| Avg Mo Tr Vol 6M, USD ths | 76.3 |

STOCK OWNERSHIP

| | |
|------------------------------|-------|
| Zakhid-Reserv | 28.5% |
| Global Steel Investment Ltd. | 22.6% |
| Mawerton Ltd. | 12.4% |
| Airol Beteiligungen | 12.1% |
| Densec Ltd. | 7.9% |
| Other | 16.5% |

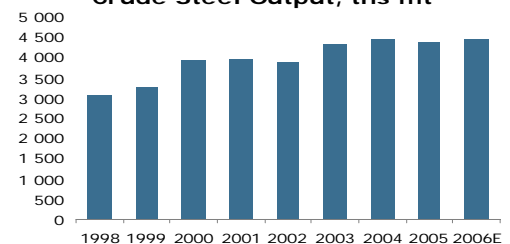
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | n/a | n/a |
| EV/EBITDA | n/a | n/a |
| P/E | n/a | n/a |
| P/B | n/a | n/a |
| P/CF | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | 16% | 19% | 19% |
| Net Margin | 10% | 11% | 11% |
| ROE | 22% | 19% | 19% |
| Net Debt/Equity | -0.02 | -0.1 | -0.1 |

Crude Steel Output, ths mt



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|----------------|----------------|----------------|------------|------------|
| Net Revenues | 630.5 | 886.2 | 1 327.9 | 1 554.9 | 1 151.3 | n/a | n/a |
| <i>Change y-o-y</i> | - | 40.6% | 49.8% | 17.1% | -2.5% | n/a | n/a |
| Gross Profit | 163.6 | 271.0 | 306.2 | 358.1 | 296.9 | n/a | n/a |
| EBITDA | 110.6 | 206.3 | 235.7 | 251.1 | 214.3 | n/a | n/a |
| <i>margin, %</i> | 17.5% | 23.3% | 17.7% | 16.1% | 18.6% | n/a | n/a |
| Depreciation | (24.4) | (27.8) | (30.0) | (43.3) | (36.5) | n/a | n/a |
| EBIT | 86.2 | 178.5 | 205.7 | 207.7 | 177.7 | n/a | n/a |
| <i>margin, %</i> | 13.7% | 20.1% | 15.5% | 13.4% | 15.4% | n/a | n/a |
| Interest Expense | (2.0) | (0.3) | (1.4) | (4.4) | (1.8) | n/a | n/a |
| Other income/(expense) | (4.8) | (0.7) | 3.2 | 3.2 | (8.2) | n/a | n/a |
| PBT | 79.4 | 177.6 | 207.5 | 206.4 | 167.7 | n/a | n/a |
| Tax | (27.6) | (57.7) | (55.2) | (57.8) | (44.3) | n/a | n/a |
| <i>Effective tax rate</i> | 34.8% | 32.5% | 26.6% | 28.0% | 26.4% | n/a | n/a |
| Net Income | 51.8 | 119.9 | 152.3 | 148.6 | 123.4 | n/a | n/a |
| <i>Net Margin, %</i> | 8.2% | 13.5% | 11.5% | 9.6% | 10.7% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|----------------|----------------|------------|------------|
| Current Assets | 158.8 | 188.2 | 274.4 | 300.3 | 371.3 | n/a | n/a |
| Cash & Equivalents | 27.9 | 62.3 | 72.1 | 54.0 | 119.7 | n/a | n/a |
| Trade Receivables | 17.6 | 14.4 | 19.1 | 29.6 | 21.8 | n/a | n/a |
| Inventories | 57.1 | 66.3 | 118.0 | 130.5 | 138.3 | n/a | n/a |
| Other | 56.2 | 45.1 | 65.1 | 86.3 | 91.6 | n/a | n/a |
| Fixed Assets | 376.1 | 465.3 | 571.0 | 721.5 | 788.8 | n/a | n/a |
| PP&E, net | 243.1 | 252.9 | 321.3 | 367.1 | 384.0 | n/a | n/a |
| Other | 133.0 | 212.5 | 249.8 | 354.4 | 404.8 | n/a | n/a |
| Total Assets | 534.9 | 653.5 | 845.4 | 1 021.8 | 1 160.1 | n/a | n/a |
| Shareholders' Equity | 418.3 | 536.0 | 694.9 | 888.0 | 1 013.2 | n/a | n/a |
| Share Capital | 39.3 | 39.6 | 39.8 | 41.8 | 41.8 | n/a | n/a |
| Retained Earnings | 46.3 | 157.8 | 306.5 | 464.4 | 583.5 | n/a | n/a |
| Other | 332.8 | 338.6 | 348.6 | 381.9 | 387.9 | n/a | n/a |
| Current Liabilities | 83.0 | 83.9 | 119.8 | 99.4 | 106.3 | n/a | n/a |
| ST Interest Bearing Debt | 5.0 | 11.8 | 8.8 | - | - | n/a | n/a |
| Trade Payables | 43.2 | 37.1 | 88.7 | 68.9 | 68.3 | n/a | n/a |
| Other | 34.7 | 35.0 | 22.3 | 30.5 | 49.2 | n/a | n/a |
| LT Liabilities | 33.6 | 33.6 | 30.7 | 34.4 | 40.7 | n/a | n/a |
| LT Interest Bearing Debt | - | - | 3.7 | 32.7 | 39.0 | n/a | n/a |
| Other | 33.6 | 33.6 | 27.1 | 1.7 | 1.6 | n/a | n/a |
| Total Liabilities & Equity | 534.9 | 653.5 | 845.4 | 1 021.8 | 1 160.1 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 268.0 | 319.2 | 343.8 | 396.8 | 404.3 | 405.6 | 371.5 | 373.5 | 332.0 | 386.6 | 432.6 |
| <i>Change y-o-y</i> | 19.7% | 48.2% | 59.6% | 71.5% | 50.8% | 27.0% | 8.1% | -5.9% | -17.9% | -4.7% | 16.4% |
| EBITDA | 63.8 | 54.2 | 43.5 | 74.2 | 70.0 | 60.8 | 58.2 | 62.1 | 47.0 | 75.9 | 91.3 |
| <i>margin, %</i> | 23.8% | 17.0% | 12.6% | 18.7% | 17.3% | 15.0% | 15.7% | 16.6% | 14.2% | 19.6% | 21.1% |
| EBIT | 56.9 | 47.2 | 35.9 | 65.7 | 60.4 | 50.3 | 46.6 | 50.4 | 35.7 | 63.3 | 78.7 |
| <i>margin, %</i> | 21.2% | 14.8% | 10.4% | 16.6% | 14.9% | 12.4% | 12.5% | 13.5% | 10.8% | 16.4% | 18.2% |
| Net Income | 40.0 | 28.4 | 23.0 | 60.9 | 46.6 | 31.2 | 22.8 | 48.0 | 21.4 | 46.7 | 55.3 |
| <i>Net Margin, %</i> | 14.9% | 8.9% | 6.7% | 15.3% | 11.5% | 7.7% | 6.1% | 12.9% | 6.5% | 12.1% | 12.8% |

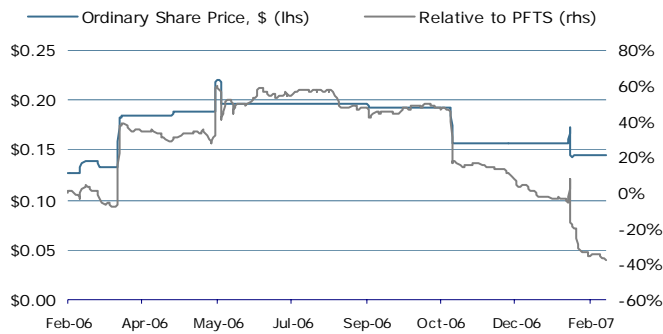
Marganets Manganese Ore MGZC UZ

Mining

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



MARKET INFORMATION

| | |
|---------------------------|--------------------|
| Market price*, USD | 0.15 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.22 / 0.13 |
| Chg 3m/6m/52w | -8% / -26% / 15% |
| Chg vs PFTS 3m/6m/52w | -50% / -73% / -44% |
| Chg YTD | -8% |
| Avg Mo Tr Vol 6M, USD ths | 0.00 |
| MCap, USD mln | 213.4 |
| Free float, % | 2.0% |
| FF MCap, USD mln | 4.3 |
| No of shares, mln | 1466.5 |
| Par Value (UAH) | 0.25 |
| XETRA | NQ8 |
| DR Ratio | 1:100 |
| Avg Mo Tr Vol 6M, USD ths | 0.42 |

BUSINESS OVERVIEW

Marganets Manganese Ore is one of the two (second by output) domestic manganese ore concentrate producers and the only one in Ukraine producing manganese ore from an underground mine. Currently, it mines around 80% of the company's total manganese ore output underground. The company has five underground mines, two open-cast mines and two enrichment plants. Its major consumers are the Zaporizhya and Nikopol ferroalloy plants and domestic steel mills. The company exports around 10% of its total output, up to 70% of which is sent to CIS and Baltic countries.

In 1H06, Marganets Manganese Ore produced 440.5 ths mt of manganese ore concentrate, good for growth of 3.1% yoy. According to the company's plans, manganese ore output will be increased to 2.95 mln mt by 2010.

In 9M06 the company posted a 15.8% yoy growth of net revenues to USD 87.3 mln, increase of EBITDA margin to 7.5% from 5.3% in 9M05, and improvement of net margin to 1% from 0.3% in 9M05.

STOCK OWNERSHIP

| | |
|-----------|-------|
| Fianex | 24.0% |
| Mosfiliya | 24.0% |
| Kuttenmax | 24.0% |
| Humex | 24.0% |
| Other | 4.0% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.9 | n/a |
| EV/EBITDA | 25.1 | n/a |
| P/E | 191.3 | n/a |
| P/B | 1.5 | n/a |
| P/CF | 26.9 | n/a |

KEY RATIOS

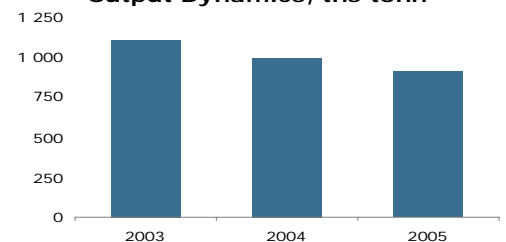
| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 6% | 8% | n/a |
| Net Margin | 5% | 1% | n/a |
| ROE | 4% | 1% | n/a |
| Net Debt/Equity | 0.01 | 0.0 | n/a |

* PFTS MID Price 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)

Output Dynamics, ths tonn



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|---------------|--------------|-------------|------------|------------|
| Net Revenues | 137.4 | 162.4 | 162.9 | 104.5 | 87.3 | n/a | n/a |
| <i>Change y-o-y</i> | - | 18.2% | 0.3% | -35.9% | 15.8% | n/a | n/a |
| Gross Profit | 22.0 | 10.4 | 0.2 | 18.2 | 10.9 | n/a | n/a |
| EBITDA | 16.2 | 5.3 | (8.1) | 6.6 | 6.6 | n/a | n/a |
| <i>margin, %</i> | 11.8% | 3.3% | -5.0% | 6.3% | 7.5% | n/a | n/a |
| Depreciation | (4.5) | (5.1) | (5.0) | (6.7) | (5.1) | n/a | n/a |
| EBIT | 11.8 | 0.2 | (13.1) | (0.1) | 1.4 | n/a | n/a |
| <i>margin, %</i> | 8.6% | 0.1% | -8.0% | -0.1% | 1.7% | n/a | n/a |
| Interest Expense | (0.2) | (0.2) | (1.1) | (0.1) | (0.4) | n/a | n/a |
| Other income/(expense) | (0.7) | (0.1) | 0.1 | 6.9 | (0.2) | n/a | n/a |
| PBT | 10.8 | (0.1) | (14.1) | 6.6 | 0.9 | n/a | n/a |
| Tax | (3.6) | - | - | (1.8) | - | n/a | n/a |
| <i>Effective tax rate</i> | 33.0% | 0.0% | 0.0% | 26.5% | 0.0% | n/a | n/a |
| Net Income | 7.2 | (0.1) | (14.1) | 4.9 | 0.8 | n/a | n/a |
| <i>Net Margin, %</i> | 5.3% | -0.1% | -8.7% | 4.7% | 1.0% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 68.3 | 104.2 | 77.2 | 101.2 | 113.2 | n/a | n/a |
| Cash & Equivalents | 0.6 | 0.3 | 8.0 | 1.2 | 0.7 | n/a | n/a |
| Trade Receivables | 14.1 | 37.3 | 18.9 | 23.7 | 39.8 | n/a | n/a |
| Inventories | 7.8 | 14.2 | 11.9 | 32.0 | 27.8 | n/a | n/a |
| Other | 45.8 | 52.3 | 38.5 | 44.3 | 44.9 | n/a | n/a |
| Fixed Assets | 54.1 | 64.3 | 88.8 | 59.7 | 76.8 | n/a | n/a |
| PP&E, net | 48.8 | 52.0 | 58.8 | 53.6 | 50.7 | n/a | n/a |
| Other | 5.3 | 12.3 | 30.0 | 6.1 | 26.1 | n/a | n/a |
| Total Assets | 122.4 | 168.5 | 166.1 | 160.9 | 190.0 | n/a | n/a |
| Shareholders' Equity | 93.8 | 128.0 | 133.9 | 144.7 | 145.5 | n/a | n/a |
| Share Capital | 30.5 | 51.6 | 69.1 | 72.6 | 72.6 | n/a | n/a |
| Retained Earnings | 13.2 | 19.7 | 7.4 | 12.8 | 13.8 | n/a | n/a |
| Other | 50.2 | 56.7 | 57.4 | 59.2 | 59.1 | n/a | n/a |
| Current Liabilities | 25.9 | 38.1 | 31.7 | 14.1 | 42.4 | n/a | n/a |
| ST Interest Bearing Debt | - | 23.9 | - | 3.0 | 7.2 | n/a | n/a |
| Trade Payables | 11.9 | 3.1 | 26.1 | 4.2 | 21.5 | n/a | n/a |
| Other | 13.9 | 11.1 | 5.6 | 6.9 | 16.2 | n/a | n/a |
| LT Liabilities | 2.7 | 2.4 | 0.5 | 2.1 | 2.1 | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Other | 2.7 | 2.4 | 0.5 | 2.1 | 2.1 | n/a | n/a |
| Total Liabilities & Equity | 122.4 | 168.5 | 166.1 | 160.9 | 190.0 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|--------------|-------------|
| Net Revenues | 31.5 | 60.2 | 27.2 | 43.9 | 14.8 | 30.4 | 30.1 | 29.1 | 18.1 | 30.0 | 39.2 |
| <i>Change y-o-y</i> | -30.0% | 17.9% | -35.9% | 84.4% | -53.0% | -49.4% | 10.4% | -33.7% | 22.1% | -1.4% | 30.1% |
| EBITDA | 1.5 | (2.7) | (3.3) | (3.6) | (0.1) | 2.2 | 1.9 | 2.6 | 3.6 | 0.7 | 2.3 |
| <i>margin, %</i> | 4.7% | -4.4% | -12.2% | -8.2% | -0.7% | 7.2% | 6.4% | 9.0% | 19.6% | 2.4% | 5.8% |
| EBIT | 0.2 | (3.9) | (4.5) | (4.9) | (1.5) | 0.5 | 0.2 | 0.7 | 2.0 | (1.1) | 0.5 |
| <i>margin, %</i> | 0.7% | -6.5% | -16.7% | -11.2% | -9.8% | 1.5% | 0.6% | 2.4% | 11.3% | -3.7% | 1.3% |
| Net Income | (0.3) | (3.9) | (4.6) | (5.3) | (1.4) | 1.5 | 0.1 | 4.7 | 1.7 | (1.3) | 0.5 |
| <i>Net Margin, %</i> | -1.0% | -6.6% | -16.8% | -12.0% | -9.2% | 4.9% | 0.3% | 16.1% | 9.3% | -4.3% | 1.2% |

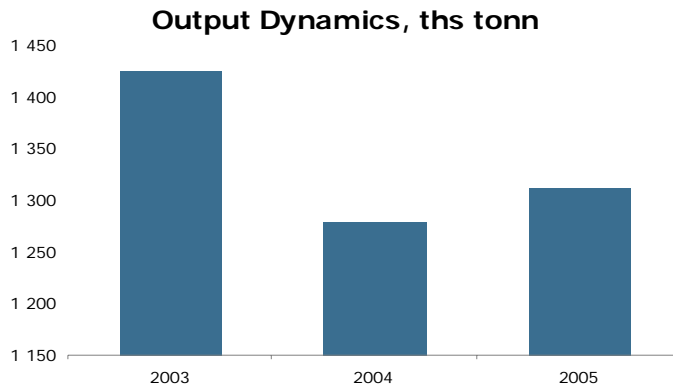
Ordzhonikidze Manganese Ore

Mining

Target Price (USD) N/R
Upside (%) n/a

BUSINESS OVERVIEW

Ordzhonikidze Manganese Ore is the largest manganese ore producer in Ukraine and uses only open-pit mining (around 70% of total domestic output). The company's core products are manganese ore, agglomerate and concentrate of different types with manganese content from 26% to 43%. The company is the major supplier of the core input for manganese-based ferroalloy production. In 8M06, Ordzhonikidze Manganese Ore produced 666 ths mt of manganese concentrate, a 6.5% yoy decrease. In 9M06 the company posted a 32.9% yoy growth of net revenues to USD 102.7 mln, increase of EBITDA margin to 6.7% from 5.5% in 9M05, and decline of net margin to negative 0.4% from 0.2% in 9M05.



* The stock is not listed on PFTS

** 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 | n/a |
| Price impact** | 3 |
| 52 Wk H/L, USD | n/a |
| Chg 3m/6m/52w | n/a |
| Chg vs PFTS 3m/6m/52w | n/a |
| Chg YTD | |
| Avg Mo Tr Vol 6M, USD ths | n/a |
| MCap, USD mln | n/a |
| Free float, % | 2.8% |
| FF MCap, USD mln | n/a |
| No of shares, mln | 2944.5 |
| Par Value (UAH) | 0.25 |
| XETRA | OAC |
| DR Ratio | 1:100 |
| Avg Mo Tr Vol 6M, USD ths | 0 |

STOCK OWNERSHIP

| | |
|--------------------------|-------|
| Alexton Ltd | 24.3% |
| Clemente Enterprises Ltd | 24.3% |
| Profetis Enterprises Ltd | 24.3% |
| Exid Investments Ltd | 24.3% |
| Other | 2.8% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | n/a | n/a |
| EV/EBITDA | n/a | n/a |
| P/E | n/a | n/a |
| P/B | n/a | n/a |
| P/CF | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | 5.8% | 7% | n/a |
| Net Margin | 0.3% | 0% | n/a |
| ROE | 0.2% | 0% | n/a |
| Net Debt/Equity | -0.02 | 0.1 | n/a |

INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|-------------|---------------|--------------|--------------|------------|------------|
| Net Revenues | 102.5 | 76.1 | 162.0 | 101.1 | 102.7 | n/a | n/a |
| <i>Change y-o-y</i> | - | -25.8% | 113.0% | -37.6% | 32.9% | n/a | n/a |
| Gross Profit | 14.1 | 16.6 | (3.9) | 13.0 | 11.0 | n/a | n/a |
| EBITDA | 9.9 | 12.7 | (7.9) | 5.8 | 6.8 | n/a | n/a |
| <i>margin, %</i> | 9.6% | 16.7% | -4.9% | 5.8% | 6.7% | n/a | n/a |
| Depreciation | (5.5) | (6.8) | (7.1) | (5.4) | (4.3) | n/a | n/a |
| EBIT | 4.4 | 5.9 | (15.0) | 0.4 | 2.5 | n/a | n/a |
| <i>margin, %</i> | 4.3% | 7.8% | -9.2% | 0.4% | 2.4% | n/a | n/a |
| Interest Expense | (0.4) | (0.9) | (0.0) | (0.0) | (2.1) | n/a | n/a |
| Other income/(expense) | (0.0) | (1.8) | 0.4 | (0.1) | (0.0) | n/a | n/a |
| PBT | 4.0 | 3.3 | (14.6) | 0.3 | 0.4 | n/a | n/a |
| Tax | (3.2) | - | - | - | (0.8) | n/a | n/a |
| <i>Effective tax rate</i> | 79.7% | 0.0% | 0.0% | 0.0% | 203.3% | n/a | n/a |
| Net Income | 0.8 | 3.3 | (14.6) | 0.3 | (0.4) | n/a | n/a |
| <i>Net Margin, %</i> | 0.8% | 4.3% | -9.0% | 0.3% | -0.4% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 131.2 | 152.1 | 187.4 | 183.1 | 160.1 | n/a | n/a |
| Cash & Equivalents | 0.0 | 0.3 | 14.4 | 3.4 | 1.5 | n/a | n/a |
| Trade Receivables | 74.3 | 79.3 | 68.7 | 54.3 | 53.6 | n/a | n/a |
| Inventories | 12.5 | 20.5 | 17.1 | 19.1 | 19.4 | n/a | n/a |
| Other | 44.3 | 52.0 | 87.3 | 106.3 | 85.5 | n/a | n/a |
| Fixed Assets | 49.4 | 61.6 | 58.5 | 60.1 | 121.8 | n/a | n/a |
| PP&E, net | 37.4 | 59.0 | 56.5 | 57.5 | 55.9 | n/a | n/a |
| Other | 12.0 | 2.6 | 2.0 | 2.5 | 65.9 | n/a | n/a |
| Total Assets | 180.6 | 213.7 | 245.9 | 243.2 | 281.9 | n/a | n/a |
| Shareholders' Equity | 130.4 | 194.9 | 216.5 | 227.7 | 226.5 | n/a | n/a |
| Share Capital | 69.0 | 103.6 | 138.8 | 145.8 | 145.8 | n/a | n/a |
| Retained Earnings | 11.5 | 15.0 | 1.3 | 2.2 | 1.9 | n/a | n/a |
| Other | 49.9 | 76.3 | 76.4 | 79.7 | 78.9 | n/a | n/a |
| Current Liabilities | 46.7 | 15.4 | 27.6 | 13.8 | 53.6 | n/a | n/a |
| ST Interest Bearing Debt | 8.6 | 0.8 | 0.1 | - | 20.6 | n/a | n/a |
| Trade Payables | 20.5 | 4.0 | 12.5 | 6.0 | 24.2 | n/a | n/a |
| Other | 17.5 | 10.7 | 15.0 | 7.8 | 12.0 | n/a | n/a |
| LT Liabilities | 3.5 | 3.3 | 1.9 | 1.7 | 1.7 | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Other | 3.5 | 3.3 | 1.9 | 1.7 | 1.7 | n/a | n/a |
| Total Liabilities & Equity | 180.6 | 213.7 | 245.9 | 243.2 | 281.9 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Net Revenues | 31.1 | 44.8 | 36.2 | 50.0 | 44.6 | 18.0 | 14.7 | 23.8 | 28.9 | 38.0 | 35.7 |
| <i>Change y-o-y</i> | 48.7% | 109.4% | 144.5% | 163.0% | 43.4% | -76.3% | -59.3% | -52.5% | -35.1% | 111.4% | 142.8% |
| EBITDA | (0.0) | (0.1) | (2.8) | (5.0) | (0.6) | 2.3 | 2.6 | 1.6 | 2.2 | 1.8 | 2.9 |
| <i>margin, %</i> | -0.1% | -0.2% | -7.6% | -10.1% | -1.4% | 12.8% | 17.4% | 6.7% | 7.6% | 4.6% | 8.0% |
| EBIT | (1.5) | (2.1) | (4.5) | (6.8) | (1.9) | 0.9 | 1.2 | 0.2 | 0.8 | 0.3 | 1.4 |
| <i>margin, %</i> | -4.7% | -4.8% | -12.5% | -13.6% | -4.3% | 5.1% | 8.1% | 1.0% | 2.7% | 0.8% | 3.9% |
| Net Income | (1.3) | (1.9) | (4.4) | (7.0) | (1.9) | 0.6 | 1.4 | 0.2 | 0.4 | 0.2 | (1.0) |
| <i>Net Margin, %</i> | -4.2% | -4.2% | -12.3% | -14.0% | -4.3% | 3.4% | 9.8% | 0.9% | 1.3% | 0.5% | -2.7% |

Chervonarmiyska Zakhidna

SHCHZ UZ

Coal

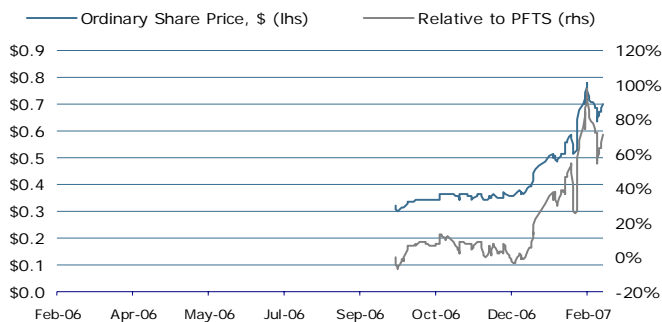
<http://www.kz1.donetsk.ua>

Target Price (USD) 0.80
Upside 18%

INVESTMENT CASE

- Will benefit from the 14-16 mln mt deficit for hard coking coal in Ukraine, twice their capacity
- Competitive to Russia in terms of cost/quality
- Current investment program will increase the company's output by 40% by 2010
- Reports healthy margins

SHARE PRICE PERFORMANCE*



* listed on PFTS since 19 Sep 2006

BUSINESS OVERVIEW

Chervonoarmiyska Zakhidna is Ukraine's largest maker of coking coal. The mine also produces value-added coking concentrate at an in-house enrichment plant. Its major consumers are the related Yasinivsky and Makiyivka coke plants. The company boosted its coal extraction by 10% yoy in 9M06 to 5.1 mln mt.

In 9M06 the company reported a decline in net revenues by 1% yoy to USD 204.6 mln, a decrease in EBITDA margin to 31.8% from 48.1% in 9M05, and a reduction in its net margin to 12.6% from 28.5% in 9M05.

Chervonoarmiyska Zakhidna plans to invest more than USD 230 mln to almost double its output to 10 mln mt by 2010. Specifically, the company will complete construction of Groove #2 (diameter 8m, depth 850m) and buy new mining equipment, which will increase the production capacity of coking coal concentrate to ~6.5 mln mt (up 60%).

* PFTS MID Price 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 | 0.68 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.78 / 0.30 |
| Chg 3m/6m/52w | 90% / n/a / n/a |
| Chg vs PFTS 3m/6m/52w | 47% /n/a / n/a |
| Chg YTD | 31% |
| Avg Mo Tr Vol 6M, USD ths | 268.32 |
| MCap, USD mln | 575.5 |
| Free float, % | 2.1% |
| FF MCap, USD mln | 12.1 |
| No of shares, mln | 848.5 |
| Par Value (UAH) | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|---------------------|-------|
| Donetskstal | 46.0% |
| Investorozvytok LTD | 41.0% |
| Other | 13.0% |

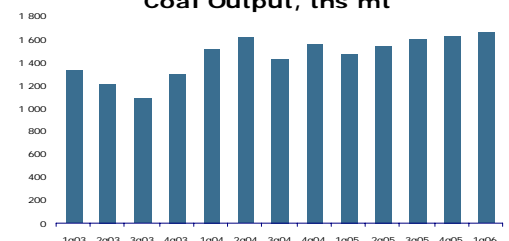
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 2.1 | 1.8 |
| EV/EBITDA | 5.7 | 4.8 |
| P/E | 12.3 | 10.1 |
| P/B | 1.9 | 1.6 |
| P/CF | 7.5 | 6.6 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|--------|--------|
| EBITDA margin | 43% | 37% | 38% |
| Net Margin | 23% | 17% | 18% |
| ROE | 34% | 18% | 19% |
| Net Debt/Equity | 0.000 | -0.001 | -0.001 |

Coal Output, ths mt



INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 95.7 | 134.9 | 276.8 | 204.6 | n/a | n/a |
| <i>Change y-o-y</i> | - | 41.0% | 105.2% | -1.0% | n/a | n/a |
| Gross Profit | 29.4 | 36.9 | 132.7 | 79.8 | n/a | n/a |
| EBITDA | 21.1 | 27.2 | 117.4 | 65.0 | n/a | n/a |
| <i>margin, %</i> | 22.1% | 20.2% | 42.4% | 31.8% | n/a | n/a |
| Depreciation | (16.3) | (17.1) | (24.8) | (23.8) | n/a | n/a |
| EBIT | 4.9 | 10.1 | 92.6 | 41.2 | n/a | n/a |
| <i>margin, %</i> | 5.1% | 7.5% | 33.4% | 20.1% | n/a | n/a |
| Interest Expense | (1.1) | (0.6) | (0.0) | (0.0) | n/a | n/a |
| Other income/(expense) | (3.8) | (0.8) | (1.3) | (5.0) | n/a | n/a |
| PBT | (0.1) | 8.7 | 91.2 | 36.2 | n/a | n/a |
| Tax | - | - | (27.8) | (10.4) | n/a | n/a |
| <i>Effective tax rate</i> | 0.0% | 0.0% | 30.5% | 28.6% | n/a | n/a |
| Net Income | (0.1) | 8.7 | 63.0 | 25.9 | n/a | n/a |
| <i>Net Margin, %</i> | -0.1% | 6.4% | 22.8% | 12.6% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 46.5 | 35.0 | 26.3 | 51.2 | n/a | n/a |
| Cash & Equivalents | 0.0 | 0.1 | 0.2 | 0.3 | n/a | n/a |
| Trade Receivables | 26.3 | 5.9 | 4.8 | 23.7 | n/a | n/a |
| Inventories | 7.1 | 13.9 | 16.9 | 23.1 | n/a | n/a |
| Other | 13.1 | 15.1 | 4.3 | 4.2 | n/a | n/a |
| Fixed Assets | 152.4 | 195.5 | 271.1 | 306.6 | n/a | n/a |
| PP&E, net | 129.5 | 160.3 | 209.6 | 224.8 | n/a | n/a |
| Other | 22.9 | 35.2 | 61.5 | 81.7 | n/a | n/a |
| Total Assets | 198.8 | 230.5 | 297.4 | 357.8 | n/a | n/a |
| Shareholders' Equity | 176.3 | 185.0 | 252.3 | 290.3 | n/a | n/a |
| Share Capital | 39.8 | 38.5 | 42.0 | 42.0 | n/a | n/a |
| Retained Earnings | 46.7 | 54.6 | 109.0 | 134.1 | n/a | n/a |
| Other | 89.7 | 91.8 | 101.3 | 114.2 | n/a | n/a |
| Current Liabilities | 19.7 | 45.4 | 45.1 | 67.5 | n/a | n/a |
| ST Interest Bearing Debt | 5.8 | 0.5 | - | - | n/a | n/a |
| Trade Payables | 8.7 | 37.1 | 29.6 | 55.8 | n/a | n/a |
| Other | 5.2 | 7.8 | 15.5 | 17.6 | n/a | n/a |
| LT Liabilities | 2.9 | 0.1 | 0.0 | - | n/a | n/a |
| LT Interest Bearing Debt | 2.8 | - | - | - | n/a | n/a |
| Other | 0.1 | 0.1 | 0.0 | - | n/a | n/a |
| Total Liabilities & Equity | 198.8 | 230.5 | 297.4 | 357.8 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net Revenues | 29.6 | 32.1 | 28.4 | 44.7 | 66.3 | 71.4 | 68.9 | 70.2 | 69.6 | 67.7 | 67.3 |
| <i>Change y-o-y</i> | 16.9% | 37.8% | 32.3% | 75.2% | 123.7% | 122.3% | 142.4% | 57.1% | 4.9% | -5.2% | -2.3% |
| EBITDA | 8.1 | 7.5 | 1.8 | 9.7 | 31.7 | 35.7 | 32.1 | 17.9 | 28.8 | 20.3 | 15.9 |
| <i>margin, %</i> | 27.3% | 23.5% | 6.5% | 21.7% | 47.8% | 50.0% | 46.5% | 25.5% | 41.3% | 30.0% | 23.7% |
| EBIT | 4.2 | 3.4 | (2.5) | 5.0 | 26.5 | 29.5 | 25.5 | 11.1 | 20.7 | 12.3 | 8.2 |
| <i>margin, %</i> | 14.2% | 10.7% | -8.9% | 11.1% | 40.0% | 41.3% | 37.0% | 15.8% | 29.7% | 18.2% | 12.2% |
| Net Income | 3.6 | 3.5 | (3.4) | 5.0 | 25.5 | 20.6 | 12.7 | 4.2 | 17.7 | 7.4 | 0.8 |
| <i>Net Margin, %</i> | 12.2% | 10.8% | -12.0% | 11.2% | 38.5% | 28.9% | 18.4% | 6.0% | 25.5% | 10.9% | 1.1% |

Komsomolets Donbasa SHKD UZ

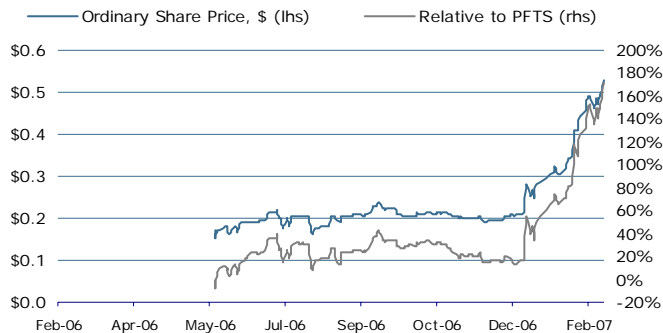
Coal

Target Price (USD) 0.60
Upside 10%

INVESTMENT CASE

- Robust growth and improved profitability
- Competitive on export markets in terms of cost/quality
- Due to its affiliation with SCM, will benefit from growing domestic demand for lean coal and see stable orders from power generators
- Part of SCM's energy holding, DFEC, which is likely to participate in its anticipated IPO

SHARE PRICE PERFORMANCE*



* listed on PFTS since 19 Jun 2006

BUSINESS OVERVIEW

Komsomolets Donbassa is a leading domestic producer of steam coal, with 6% of the country's steam coal production and steadily growing demand thanks to its link with thermal power generator Vostok Energo. The company controls nine coal seams with a maximum depth of 800 m. In late November 2006, the company launched a new coal seam equipped with modern extracting equipment (650 ths mt coal seam). According to management, the new seam will allow the mine to increase output to 3.35 mln mt in 2007 (up 8% yoy). The company demonstrated a robust 16% yoy increase in output to 2.3 mln mt in 9M06. Komsomolets Donbassa also improved its interim financial results in 9M06, sales by 34% yoy to USD 79 mln, EBITDA and net margins increased to 29.2% and 14.4% respectively, compared to 17.5% and 1.4% in 9M05. In July 2006, SCM bought a 26% stake in SHKD and now owns 87% of the mine.

* PFTS MID Price is used

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- 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 | 0.54 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.54 / 0.15 |
| Chg 3m/6m/52w | 169% / 163% / 214% |
| Chg vs PFTS 3m/6m/52w | 126% / 115% / 155% |
| Chg YTD | 70% |
| Avg Mo Tr Vol 6M, USD ths | 416.08 |
| MCap, USD mln | 182.0 |
| Free float, % | 2.5% |
| FF MCap, USD mln | 4.6 |
| No of shares, mln | 334.9 |
| Par Value (UAH) | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-------|-------|
| SCM | 87.0% |
| Other | 13.0% |

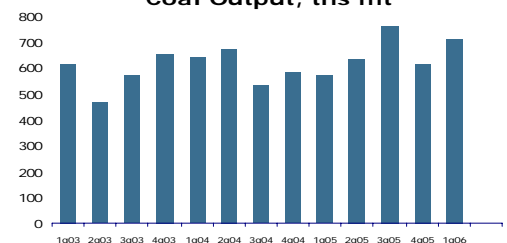
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.7 | 1.5 |
| EV/EBITDA | 5.9 | 5.2 |
| P/E | 12.3 | 10.3 |
| P/B | 3.7 | 2.7 |
| P/CF | 8.2 | 7.3 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | 17% | 29% | 30% |
| Net Margin | 1% | 14% | 15% |
| ROE | 2% | 42% | 35% |
| Net Debt/Equity | -0.02 | -0.01 | -0.01 |

Coal Output, ths mt



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|-------------|-------------|------------|------------|
| Net Revenues | 46.7 | 45.1 | 60.3 | 84.1 | 79.1 | n/a | n/a |
| <i>Change y-o-y</i> | - | -3.4% | 33.5% | 39.5% | 32.1% | n/a | n/a |
| Gross Profit | 10.7 | 7.7 | 16.2 | 24.8 | 30.4 | n/a | n/a |
| EBITDA | 4.0 | 1.7 | 7.7 | 14.4 | 23.1 | n/a | n/a |
| <i>margin, %</i> | 8.5% | 3.7% | 12.7% | 17.1% | 29.2% | n/a | n/a |
| Depreciation | (4.5) | (4.7) | (5.7) | (7.3) | (6.6) | n/a | n/a |
| EBIT | (0.6) | (3.1) | 1.9 | 7.1 | 16.6 | n/a | n/a |
| <i>margin, %</i> | -1.2% | -6.9% | 3.2% | 8.4% | 20.9% | n/a | n/a |
| Interest Expense | (0.0) | (0.1) | (0.2) | (0.0) | (0.1) | n/a | n/a |
| Other income/(expense) | (0.5) | 3.2 | (5.4) | (1.4) | (0.6) | n/a | n/a |
| PBT | (1.1) | 0.0 | (3.7) | 5.7 | 15.9 | n/a | n/a |
| Tax | (0.5) | (0.0) | (0.8) | (4.8) | (5.5) | n/a | n/a |
| <i>Effective tax rate</i> | -45.8% | 1052.9% | -20.7% | 85.6% | 34.5% | n/a | n/a |
| Net Income | (1.6) | 0.2 | (4.5) | 0.8 | 10.4 | n/a | n/a |
| <i>Net Margin, %</i> | -3.5% | 0.4% | -7.4% | 0.9% | 13.2% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|--------------|--------------|------------|------------|
| Current Assets | 16.3 | 12.9 | 17.1 | 19.7 | 30.7 | n/a | n/a |
| Cash & Equivalents | 0.1 | 0.0 | 0.1 | 0.6 | 0.5 | n/a | n/a |
| Trade Receivables | 11.8 | 7.7 | 10.4 | 10.0 | 17.0 | n/a | n/a |
| Inventories | 3.5 | 2.7 | 4.3 | 4.2 | 2.8 | n/a | n/a |
| Other | 0.9 | 2.5 | 2.2 | 4.9 | 10.3 | n/a | n/a |
| Fixed Assets | 58.1 | 62.7 | 72.1 | 80.8 | 82.1 | n/a | n/a |
| PP&E, net | 54.5 | 59.5 | 64.0 | 71.4 | 69.2 | n/a | n/a |
| Other | 3.7 | 3.2 | 8.1 | 9.4 | 12.9 | n/a | n/a |
| Total Assets | 74.4 | 75.6 | 89.2 | 100.4 | 112.8 | n/a | n/a |
| Shareholders' Equity | 41.5 | 37.0 | 32.6 | 35.4 | 45.9 | n/a | n/a |
| Share Capital | 15.7 | 15.7 | 15.8 | 16.6 | 16.6 | n/a | n/a |
| Retained Earnings | (11.8) | (1.8) | (6.4) | (6.2) | 4.1 | n/a | n/a |
| Other | 37.6 | 23.1 | 23.2 | 25.1 | 25.2 | n/a | n/a |
| Current Liabilities | 30.1 | 38.1 | 56.1 | 64.7 | 65.7 | n/a | n/a |
| ST Interest Bearing Debt | 0.8 | 1.7 | 0.0 | - | - | n/a | n/a |
| Trade Payables | 25.0 | 34.0 | 37.8 | 45.9 | 42.6 | n/a | n/a |
| Other | 4.3 | 2.4 | 18.3 | 18.7 | 28.3 | n/a | n/a |
| LT Liabilities | 2.8 | 0.5 | 0.4 | 0.3 | 1.2 | n/a | n/a |
| LT Interest Bearing Debt | 2.1 | - | - | - | - | n/a | n/a |
| Other | 0.7 | 0.5 | 0.4 | 0.3 | 1.2 | n/a | n/a |
| Total Liabilities & Equity | 74.4 | 75.6 | 89.2 | 100.4 | 112.8 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|-------------|-------------|-------------|
| Net Revenues | 15.1 | 17.3 | 13.0 | 14.9 | 14.1 | 20.3 | 25.5 | 24.2 | 25.3 | 24.4 | 29.4 |
| <i>Change y-o-y</i> | 23.4% | 86.2% | 23.7% | 13.3% | -6.4% | 17.0% | 96.6% | 62.7% | 78.9% | 20.4% | 15.3% |
| EBITDA | 3.0 | 4.5 | (0.3) | 0.5 | 1.4 | 2.2 | 6.8 | 3.9 | 7.4 | 7.0 | 8.7 |
| <i>margin, %</i> | 19.7% | 25.7% | -2.3% | 3.5% | 10.1% | 11.1% | 26.9% | 16.0% | 29.1% | 28.8% | 29.7% |
| EBIT | 1.6 | 3.0 | (1.7) | (1.0) | (0.3) | 0.4 | 4.9 | 2.1 | 5.3 | 5.1 | 6.2 |
| <i>margin, %</i> | 10.4% | 17.3% | -13.0% | -6.5% | -2.4% | 2.1% | 19.3% | 8.5% | 21.0% | 20.8% | 21.0% |
| Net Income | 1.2 | (1.2) | (2.2) | (2.2) | (1.3) | (0.4) | 2.6 | (0.1) | 3.7 | 3.2 | 3.5 |
| <i>Net Margin, %</i> | 7.8% | -6.8% | -17.1% | -15.1% | -9.0% | -2.2% | 10.2% | -0.5% | 14.5% | 13.0% | 12.1% |

Krasnodon Coal

Coal

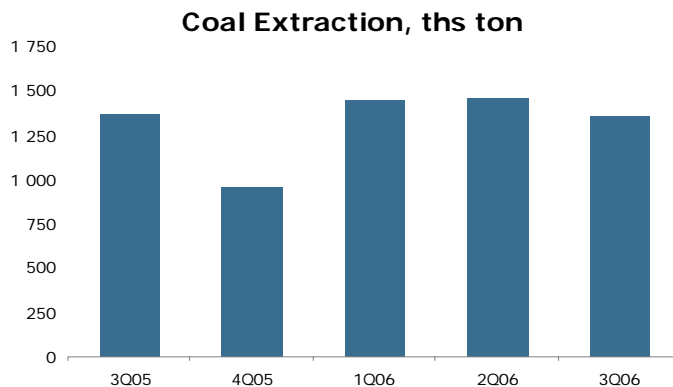
Target Price (USD)
Upside (%)

N/R
n/a

BUSINESS OVERVIEW

Krasnodon Coal was the fifth Ukrainian coking coal producer in terms of output in 2006. The company operates seven mines and one administration mine (with a total capacity of 4,830 ths mt of coal p.a.), two enrichment plants and several other subsidiaries. Krasnodon Coal has proved recoverable coal reserves of 388 mln mt. The company specializes in the production of semi-hard coking coal. System Capital Management owns a 99.9% stake in Krasnodon Coal, which it acquired in 2004-2005 via two privatization tenders. Krasnodon Coal supplies its products mainly to SCM and IUD-controlled coke companies.

Krasnodon Coal increased its charter fund in 2006 by USD 59.4 mln to USD 292.1 mln. In 2006, the mine produced 5.67 mln mt of coal. In 9M06 the company posted 13.8% yoy growth in its net revenues to USD 190.5 mln, a decline in its EBITDA margin to 7.4% from 20.2% in 9M05, and a decrease in its net margin to negative 5.4% from 0.4% in 9M05.



* The stock is not listed on PFTS

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

MARKET INFORMATION

| | |
|---------------------------|---------------|
| Market price*, USD | n/a |
| Price impact** | 3 |
| 52 Wk H/L, USD | n/a |
| Chg 3m/6m/52w | n/a |
| Chg vs PFTS 3m/6m/52w | n/a |
| Chg YTD | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |
| MCap, USD mln | n/a |
| Free float, % | 0.1% |
| FF MCap, USD mln | n/a |
| No of shares, mln | 1200.0 |
| Par Value (UAH) | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-------------|-------|
| SCM-related | 99.9% |
| Other | 0.1% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | n/a | n/a |
| EV/EBITDA | n/a | n/a |
| P/E | n/a | n/a |
| P/B | n/a | n/a |
| P/CF | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 15% | 7% | n/a |
| Net Margin | -8% | -5% | n/a |
| ROE | -8% | -6% | n/a |
| Net Debt/Equity | 0.24 | 0.2 | n/a |

INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|---------------|--------------|---------------|---------------|------------|------------|
| Net Revenues | 107.8 | 143.7 | 229.0 | 190.5 | n/a | n/a |
| <i>Change y-o-y</i> | - | 33.3% | 59.4% | 13.8% | n/a | n/a |
| Gross Profit | 15.1 | 47.6 | 66.8 | 29.7 | n/a | n/a |
| EBITDA | (3.2) | 23.1 | 35.3 | 14.1 | n/a | n/a |
| <i>margin, %</i> | -3.0% | 16.1% | 15.4% | 7.4% | n/a | n/a |
| Depreciation | (18.9) | (22.6) | (27.5) | (22.4) | n/a | n/a |
| EBIT | (22.2) | 0.5 | 7.9 | (8.3) | n/a | n/a |
| <i>margin, %</i> | -20.6% | 0.4% | 3.4% | -4.4% | n/a | n/a |
| Interest Expense | (1.9) | (0.2) | (0.6) | (1.7) | n/a | n/a |
| Other income/(expense) | 1.9 | 2.0 | (8.1) | (0.3) | n/a | n/a |
| PBT | (22.2) | 2.3 | (0.8) | (10.3) | n/a | n/a |
| Tax | (0.3) | (4.7) | (17.6) | - | n/a | n/a |
| <i>Effective tax rate</i> | -1.1% | 202.7% | -2271.7% | 0.0% | n/a | n/a |
| Net Income | (22.5) | (2.4) | (18.7) | (10.3) | n/a | n/a |
| <i>Net Margin, %</i> | -20.9% | -1.7% | -8.2% | -5.4% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 35.2 | 32.5 | 49.7 | 74.3 | n/a | n/a |
| Cash & Equivalents | 0.8 | 0.3 | 1.2 | 0.3 | n/a | n/a |
| Trade Receivables | 7.1 | 9.0 | 8.7 | 35.3 | n/a | n/a |
| Inventories | 7.0 | 12.0 | 23.4 | 18.2 | n/a | n/a |
| Other | 20.4 | 11.1 | 16.4 | 20.6 | n/a | n/a |
| Fixed Assets | 297.3 | 359.8 | 386.1 | 436.7 | n/a | n/a |
| PP&E, net | 213.9 | 258.5 | 293.4 | 318.4 | n/a | n/a |
| Other | 83.5 | 101.3 | 92.7 | 118.3 | n/a | n/a |
| Total Assets | 332.6 | 392.2 | 435.8 | 511.0 | n/a | n/a |
| Shareholders' Equity | 184.7 | 221.3 | 218.7 | 239.0 | n/a | n/a |
| Share Capital | 160.5 | 221.5 | 232.7 | 232.7 | n/a | n/a |
| Retained Earnings | (89.4) | (7.7) | (27.8) | (29.7) | n/a | n/a |
| Other | 113.7 | 7.5 | 13.8 | 36.0 | n/a | n/a |
| Current Liabilities | 138.4 | 160.9 | 172.5 | 238.2 | n/a | n/a |
| ST Interest Bearing Debt | 1.8 | 2.1 | 19.9 | 0.0 | n/a | n/a |
| Trade Payables | 69.7 | 95.1 | 86.3 | 150.6 | n/a | n/a |
| Other | 66.9 | 63.8 | 66.3 | 128.3 | n/a | n/a |
| LT Liabilities | 9.5 | 10.0 | 44.5 | 33.9 | n/a | n/a |
| LT Interest Bearing Debt | 0.0 | - | 33.6 | 33.6 | n/a | n/a |
| Other | 9.5 | 10.0 | 11.0 | 0.3 | n/a | n/a |
| Total Liabilities & Equity | 332.6 | 392.2 | 435.8 | 511.0 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|-------------|--------------|-------------|-------------|--------------|---------------|--------------|--------------|--------------|
| Net Revenues | 35.0 | 36.6 | 36.6 | 35.4 | 46.8 | 61.0 | 59.5 | 61.7 | 62.0 | 63.4 | 65.0 |
| <i>Change y-o-y</i> | - | -33.8% | 45.6% | 29.4% | 33.7% | 66.6% | 62.5% | 74.1% | 32.4% | 4.0% | 9.3% |
| EBITDA | 4.9 | 6.6 | 8.1 | 3.5 | 12.2 | 17.0 | 4.6 | 1.5 | 1.5 | 5.7 | 6.8 |
| <i>margin, %</i> | 14.1% | 18.0% | 22.1% | 9.9% | 26.1% | 27.9% | 7.7% | 2.4% | 2.5% | 9.0% | 10.5% |
| EBIT | 0.1 | 0.5 | 2.3 | (2.3) | 6.1 | 10.1 | (2.7) | (5.6) | (5.9) | (1.9) | (0.5) |
| <i>margin, %</i> | 0.2% | 1.3% | 6.3% | -6.6% | 12.9% | 16.5% | -4.5% | -9.1% | -9.6% | -3.0% | -0.8% |
| Net Income | 0.6 | 0.8 | 1.8 | (5.6) | 6.5 | 0.8 | (6.7) | (19.4) | (7.5) | (2.0) | (0.8) |
| <i>Net Margin, %</i> | 1.6% | 2.2% | 4.9% | -15.9% | 13.9% | 1.3% | -11.2% | -31.4% | -12.1% | -3.1% | -1.3% |

Pavlograd Coal

Coal

Target Price (USD) N/R
Upside (%) n/a

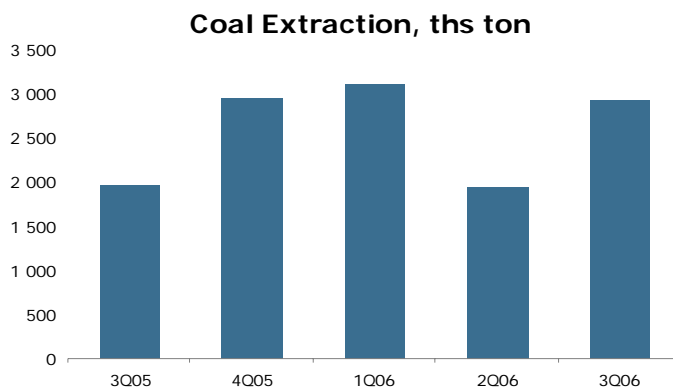
BUSINESS OVERVIEW

Pavlograd Coal is the largest privately-owned mining company in Ukraine and accounted for 15.3% of total domestic coal extraction in 2006. It has two coal enrichment plants, 10 coal mines, 11 servicing and trading companies, and other subsidiaries. Pavlograd Coal produces coal concentrate, coking and steam coal. According to the government's privatization requirements, System Capital Management, which bought a 92.1% stake, has to invest USD 119 mln in the company by 2008.

During 9M06, Pavlograd Coal maintained an average daily coal extraction volume of 32.3 ths mts. The company also improved the ash content in its coal, reducing it by 0.4% yoy to 36.9% in 9M06. In 2006, Pavlograd Coal increased coal extraction by 1.4% yoy to 12.1 mln mt.

In 9M06 the company posted 36.4% yoy growth of net revenues to USD 313.3 mln, an increase in its EBITDA margin to 9% from 5% in 9M05, and a declining negative net margin of 0.3% from negative 5% in 9M05.

According to the company's plans, around USD 93 mln will be invested in technology modernization in 2007.



* The stock is not listed on PFTS

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- 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 | n/a |
| Price impact** | 3 |
| 52 Wk H/L, USD | n/a |
| Chg 3m/6m/52w | n/a |
| Chg vs PFTS 3m/6m/52w | n/a |
| Chg YTD | |
| Avg Mo Tr Vol 6M, USD ths | n/a |
| MCap, USD mln | n/a |
| Free float, % | 7.9% |
| FF MCap, USD mln | n/a |
| No of shares, mln | 554.6 |
| Par Value (UAH) | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-------------|-------|
| SCM-related | 92.1% |
| Other | 7.9% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | n/a | n/a |
| EV/EBITDA | n/a | n/a |
| P/E | n/a | n/a |
| P/B | n/a | n/a |
| P/CF | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 3% | 9% | n/a |
| Net Margin | -7% | 0% | n/a |
| ROE | -5% | 0% | n/a |
| Net Debt/Equity | 0.12 | 0.4 | n/a |

INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|---------------|--------------|------------|------------|
| Net Revenues | 5.9 | 5.1 | 243.7 | 311.6 | 313.3 | n/a | n/a |
| <i>Change y-o-y</i> | - | -12.6% | 4633.8% | 27.9% | 36.4% | n/a | n/a |
| Gross Profit | (1.6) | (1.4) | 43.8 | 51.5 | 69.1 | n/a | n/a |
| EBITDA | (3.0) | (3.3) | 88.6 | 9.6 | 28.6 | n/a | n/a |
| <i>margin, %</i> | -51.7% | -63.5% | 36.4% | 3.1% | 9.1% | n/a | n/a |
| Depreciation | (1.8) | (1.8) | (25.5) | (36.6) | (31.9) | n/a | n/a |
| EBIT | (4.8) | (5.0) | 63.1 | (27.1) | (3.4) | n/a | n/a |
| <i>margin, %</i> | -82.2% | -97.8% | 25.9% | -8.7% | -1.1% | n/a | n/a |
| Interest Expense | - | - | (3.8) | (0.9) | (1.7) | n/a | n/a |
| Other income/(expense) | (0.3) | (0.6) | 6.2 | 9.1 | 4.9 | n/a | n/a |
| PBT | (5.2) | (5.6) | 65.5 | (18.9) | (0.1) | n/a | n/a |
| Tax | (0.0) | (0.0) | (0.1) | (2.5) | (0.8) | n/a | n/a |
| <i>Effective tax rate</i> | -0.2% | -0.1% | 0.2% | -13.3% | -786.8% | n/a | n/a |
| Net Income | (5.2) | (5.7) | 65.4 | (21.4) | (1.0) | n/a | n/a |
| <i>Net Margin, %</i> | -88.1% | -109.8% | 26.8% | -6.9% | -0.3% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 26.7 | 26.7 | 73.9 | 68.5 | 122.6 | n/a | n/a |
| Cash & Equivalents | 0.0 | 2.8 | 0.1 | 1.7 | 4.1 | n/a | n/a |
| Trade Receivables | 10.7 | 3.5 | 23.6 | 25.4 | 54.8 | n/a | n/a |
| Inventories | 2.5 | 2.3 | 26.1 | 20.8 | 20.2 | n/a | n/a |
| Other | 13.5 | 18.1 | 24.1 | 20.5 | 43.5 | n/a | n/a |
| Fixed Assets | 92.2 | 274.7 | 514.2 | 576.8 | 565.8 | n/a | n/a |
| PP&E, net | 82.0 | 24.5 | 452.0 | 513.1 | 486.4 | n/a | n/a |
| Other | 10.1 | 250.2 | 62.2 | 63.8 | 79.4 | n/a | n/a |
| Total Assets | 118.9 | 301.4 | 588.1 | 645.3 | 688.4 | n/a | n/a |
| Shareholders' Equity | 77.5 | 256.9 | 413.7 | 407.3 | 383.0 | n/a | n/a |
| Share Capital | 58.3 | 260.1 | 261.3 | 274.5 | 274.5 | n/a | n/a |
| Retained Earnings | (15.9) | (109.7) | (48.9) | (63.4) | (80.2) | n/a | n/a |
| Other | 35.1 | 106.4 | 201.2 | 196.1 | 188.6 | n/a | n/a |
| Current Liabilities | 41.2 | 44.5 | 115.1 | 153.7 | 150.1 | n/a | n/a |
| ST Interest Bearing Debt | 11.3 | 18.4 | 3.1 | 6.4 | 22.3 | n/a | n/a |
| Trade Payables | 26.6 | 22.1 | 61.8 | 85.4 | 73.4 | n/a | n/a |
| Other | 3.3 | 4.0 | 50.3 | 61.9 | 65.8 | n/a | n/a |
| LT Liabilities | 0.1 | 0.1 | 59.3 | 84.3 | 155.3 | n/a | n/a |
| LT Interest Bearing Debt | - | - | 9.4 | 46.2 | 125.4 | n/a | n/a |
| Other | 0.1 | 0.1 | 49.9 | 38.1 | 29.9 | n/a | n/a |
| Total Liabilities & Equity | 118.9 | 301.4 | 588.1 | 645.3 | 688.4 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|--------------|-------------|--------------|--------------|---------------|---------------|--------------|--------------|--------------|
| Net Revenues | 56.8 | 58.9 | 59.3 | 68.8 | 74.3 | 80.6 | 74.7 | 82.0 | 94.3 | 87.2 | 131.7 |
| <i>Change y-o-y</i> | 3799.9% | 4027.8% | 4267.6% | 7468.7% | 30.9% | 37.0% | 26.0% | 19.2% | 26.9% | 8.1% | 76.4% |
| EBITDA | 9.2 | 7.6 | 0.9 | 71.0 | 6.9 | 5.3 | (0.9) | (1.8) | 9.8 | 10.1 | 8.7 |
| <i>margin, %</i> | 16.2% | 12.9% | 1.6% | 103.2% | 9.3% | 6.6% | -1.2% | -2.2% | 10.4% | 11.6% | 6.6% |
| EBIT | 2.9 | 1.2 | (5.8) | 64.9 | (1.9) | (2.5) | (10.0) | (12.7) | (0.6) | (0.2) | (2.6) |
| <i>margin, %</i> | 5.1% | 2.0% | -9.9% | 94.4% | -2.6% | -3.1% | -13.4% | -15.4% | -0.6% | -0.2% | -2.0% |
| Net Income | 3.3 | 1.6 | (5.3) | 65.8 | (0.5) | (2.5) | (8.6) | (9.7) | (1.7) | 1.6 | (1.0) |
| <i>Net Margin, %</i> | 5.7% | 2.8% | -9.0% | 95.7% | -0.7% | -3.1% | -11.6% | -11.8% | -1.8% | 1.9% | -0.7% |

Azot Cherkasy

AZOT UZ

Chemicals

<http://www.azot.cherkassy.net>

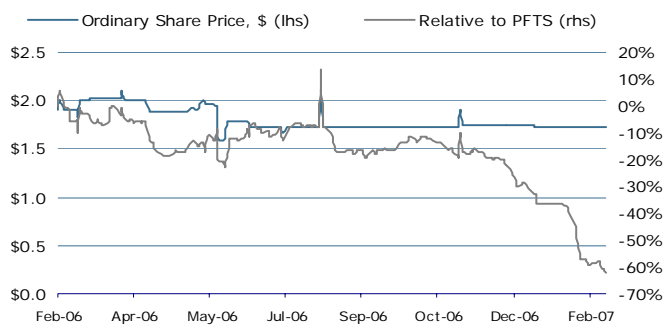
Target Price (USD)
Upside

Susp
n/a

INVESTMENT CASE

- Revealed true sales and profitability in 2006
- Diversified product mix (caprolactam brings in about 1/3 of total revenues) reduces the impact of increasing gas prices

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Azot Cherkasy is Ukraine's fourth largest producer of nitrogen fertilizers and the country's only producer of caprolactam (used in nylon production). The company exports about 45% of its output. Azot Cherkasy's major export destinations are countries in the CIS, Western and Eastern Europe, China and the U.S. In 2006, the company produced 753 ths mt of ammonia (-14% yoy), 688 ths mt of urea (-8% yoy) and 408 ths mt of ammonia nitrate (-20% yoy), accounting for 15%, 20% and 21% of total domestic output, respectively. The decrease was mainly due to a gas supply shortage in April-June and ammonia facility refurbishment in October-November. Investment plans call for USD 28 mln in 2007 to expand ammonia and urea capacity. In 9M06 AZOT posted growth in sales by 61% yoy to USD 277 mln, a four time increase in EBITDA to USD 48 mln and a record change in net income from USD 3 mln net loss in 9M05 to USD 22.5 net profit in 9M06.

* PFTS MID Price 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 | 1.73 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 2.13 / 1.58 |
| Chg 3m/6m/52w | -1% / 0% / -9% |
| Chg vs PFTS 3m/6m/52w | -43% / -47% / -68% |
| Chg YTD | 0% |
| Avg Mo Tr Vol 6M, USD ths | 0.00 |
| MCap, USD mln | 215.4 |
| Free float, % | 2.4% |
| FF MCap, USD mln | 5.2 |
| No of shares, mln | 124.3 |
| Par Value, UAH | 8.5 |
| XETRA | A9T |
| DR Ratio | 1:30 |
| Avg Mo Tr Vol 6M, USD ths | 0.0 |

STOCK OWNERSHIP

| | |
|--------------|-------|
| Privat Group | 97.6% |
| Other | 2.4% |

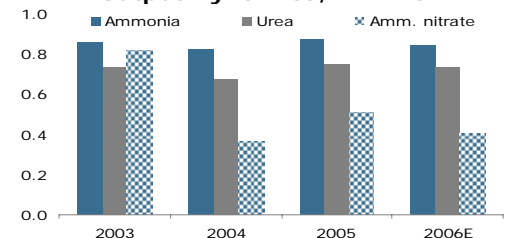
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.6 | 0.6 |
| EV/EBITDA | 3.1 | 5.1 |
| P/E | 5.3 | 12.3 |
| P/B | 1.0 | 0.9 |
| P/CF | 3.5 | 5.7 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 31% | 21% | 12% |
| Net Margin | 21% | 11% | 5% |
| ROE | 93% | 22% | 8% |
| Net Debt/Equity | 0.03 | 0.1 | 0.1 |

Output Dynamics, mln mt



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 145.5 | 232.7 | 233.8 | 267.6 | 276.7 | n/a | n/a |
| <i>Change y-o-y</i> | - | 59.9% | 0.5% | 14.5% | 60.7% | n/a | n/a |
| Gross Profit | 28.6 | 25.8 | 56.4 | 62.5 | 81.6 | n/a | n/a |
| EBITDA | 14.5 | 10.5 | 15.2 | 23.5 | 47.8 | n/a | n/a |
| <i>margin, %</i> | 9.9% | 4.5% | 6.5% | 8.8% | 17.3% | n/a | n/a |
| Depreciation | (5.8) | (5.9) | (6.4) | (13.5) | (15.3) | n/a | n/a |
| EBIT | 8.7 | 4.6 | 8.9 | 9.9 | 32.6 | n/a | n/a |
| <i>margin, %</i> | 6.0% | 2.0% | 3.8% | 3.7% | 11.8% | n/a | n/a |
| Interest Expense | (3.5) | (3.4) | (3.6) | (3.4) | (1.7) | n/a | n/a |
| Other income/(expense) | (0.7) | (0.9) | 0.2 | 1.8 | (0.1) | n/a | n/a |
| PBT | 4.5 | 0.3 | 5.5 | 8.3 | 30.7 | n/a | n/a |
| Tax | (2.8) | (0.1) | (4.3) | (3.1) | (8.3) | n/a | n/a |
| <i>Effective tax rate</i> | 61.9% | 46.0% | 78.1% | 37.8% | 26.9% | n/a | n/a |
| Net Income | 1.7 | 0.2 | 1.2 | 5.2 | 22.5 | n/a | n/a |
| <i>Net Margin, %</i> | 1.2% | 0.1% | 0.5% | 2.0% | 8.1% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 109.1 | 147.9 | 175.7 | 94.4 | 102.1 | n/a | n/a |
| Cash & Equivalents | 0.5 | 0.4 | 1.9 | 0.2 | 1.9 | n/a | n/a |
| Trade Receivables | 47.5 | 31.4 | 63.4 | 14.5 | 1.1 | n/a | n/a |
| Inventories | 32.6 | 28.7 | 40.7 | 48.0 | 47.6 | n/a | n/a |
| Other | 28.6 | 87.4 | 69.7 | 31.7 | 51.5 | n/a | n/a |
| Fixed Assets | 88.7 | 92.8 | 133.3 | 177.1 | 250.1 | n/a | n/a |
| PP&E, net | 84.7 | 86.8 | 113.7 | 162.0 | 230.7 | n/a | n/a |
| Other | 4.0 | 6.0 | 19.6 | 15.0 | 19.4 | n/a | n/a |
| Total Assets | 197.8 | 240.7 | 309.0 | 271.5 | 352.2 | n/a | n/a |
| Shareholders' Equity | 42.8 | 43.0 | 83.1 | 174.4 | 254.5 | n/a | n/a |
| Share Capital | 80.0 | 80.0 | 119.0 | 210.8 | 210.8 | n/a | n/a |
| Retained Earnings | (56.8) | (56.8) | (55.9) | (57.5) | (85.5) | n/a | n/a |
| Other | 19.7 | 19.8 | 19.9 | 21.1 | 129.3 | n/a | n/a |
| Current Liabilities | 123.3 | 160.3 | 181.0 | 96.9 | 49.3 | n/a | n/a |
| ST Interest Bearing Debt | 18.1 | 14.9 | 22.3 | 19.7 | 20.2 | n/a | n/a |
| Trade Payables | 81.3 | 120.3 | 136.5 | 61.4 | 13.4 | n/a | n/a |
| Other | 23.9 | 25.1 | 22.2 | 15.9 | 17.5 | n/a | n/a |
| LT Liabilities | 31.7 | 37.4 | 44.9 | 0.2 | 48.3 | n/a | n/a |
| LT Interest Bearing Debt | - | 5.6 | 9.3 | 0.2 | 29.8 | n/a | n/a |
| Other | 31.7 | 31.8 | 35.6 | - | 18.5 | n/a | n/a |
| Total Liabilities & Equity | 197.8 | 240.7 | 309.0 | 271.5 | 352.2 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|-------------|--------------|-------------|--------------|--------------|-------------|-------------|-------------|-------------|
| Net Revenues | 66.9 | 45.2 | 69.6 | 52.0 | 62.1 | 49.9 | 60.1 | 95.4 | 98.0 | 84.8 | 93.8 |
| <i>Change y-o-y</i> | 7.6% | -27.8% | 43.6% | -12.4% | -7.2% | 10.4% | -13.6% | 83.5% | 57.8% | 69.9% | 55.9% |
| EBITDA | 4.3 | 3.8 | 6.6 | 0.5 | 8.7 | 0.9 | 0.9 | 13.0 | 19.8 | 15.3 | 12.7 |
| <i>margin, %</i> | 6.5% | 8.5% | 9.5% | 0.9% | 13.9% | 1.8% | 1.5% | 13.6% | 20.2% | 18.1% | 13.6% |
| EBIT | 2.8 | 2.3 | 5.0 | (1.2) | 6.0 | (2.2) | (2.9) | 9.1 | 14.7 | 10.2 | 7.6 |
| <i>margin, %</i> | 4.1% | 5.0% | 7.2% | -2.3% | 9.6% | -4.5% | -4.8% | 9.5% | 15.0% | 12.1% | 8.2% |
| Net Income | 1.5 | 1.2 | 4.7 | (6.2) | 3.3 | (2.4) | (3.9) | 8.2 | 10.6 | 6.3 | 5.5 |
| <i>Net Margin, %</i> | 2.3% | 2.6% | 6.8% | -12.0% | 5.4% | -4.8% | -6.5% | 8.6% | 10.8% | 7.4% | 5.9% |

Chernigiv Khimvolokno CHIM UZ

Chemicals

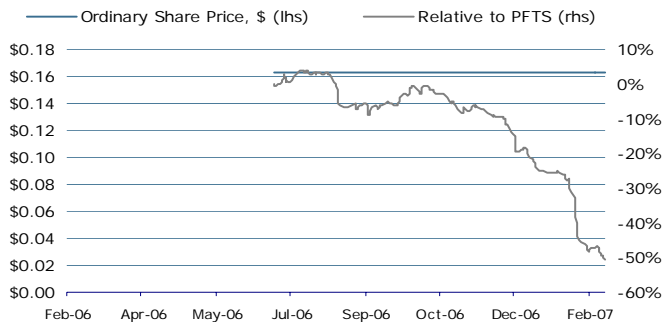
<http://www.him.com.ua>

Target Price (USD) 0.11
Upside -33%

INVESTMENT CASE

- Rapidly capturing the CIS market for tire cord thanks to its cost/quality advantage
- Clear-cut growth strategy; investment program currently in high gear
- Pending IPO and possible take-over are the main catalysts
- Major risk: possibility of a temporary decrease in margins caused by intensive CapEx and aggressively undercutting of its competition's prices

SHARE PRICE PERFORMANCE*



* listed on PFTS since 23 Jun 2006

BUSINESS OVERVIEW

Chernigiv Khimvolokno is the CIS's leading producer of chemical fiber and cord fabrics, mainly catering to tire producers. The company has a monopoly in the CIS on anide cord production. The plant specializes in polyamide fibers – kapron and anide. The company's range of products includes primary polyamide, yarn and tire cord fabrics. The latter is its major source of revenue, accounting for ~70% of the company's total revenue. Chernigiv Khimvolokno's capacities are loaded at close to 100%. Backed by strong global trends in the chemical fiber industry, the company has embarked upon a large-scale investment program to increase its capacities by ~60% and enable penetration into non-CIS markets with products that have 8-10% higher gross margins (kapron and anide dipped cord).

In 9M06 CHIM posted growth in sales by 16% yoy to USD 64 mln and change in net income from USD 2.1 mln in 9M05 to negative USD 1.5 mln in 9M06.

UPCOMING EVENTS

20 Mar 2007 AGM

* PFTS MID Price is used

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

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- 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 | 0.16 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.16 / 0.16 |
| Chg 3m/6m/52w | 0% / 0% / 0% |
| Chg vs PFTS 3m/6m/52w | -43% / -47% / -58% |
| Chg YTD | 0% |
| Avg Mo Tr Vol 6M, USD ths | 96.32 |
| MCap, USD mln | 112.1 |
| Free float, % | 12.0% |
| FF MCap, USD mln | 13.5 |
| No of shares, mln | 686.1 |
| Par Value, UAH | 0.25 |
| XETRA | CKU |
| DR Ratio | 1: 100 |
| Avg Mo Tr Vol 6M, USD ths | 0.0 |

STOCK OWNERSHIP

| | |
|-------------------------|-------|
| Energotransinvest Corp. | 88.0% |
| Other | 12.0% |

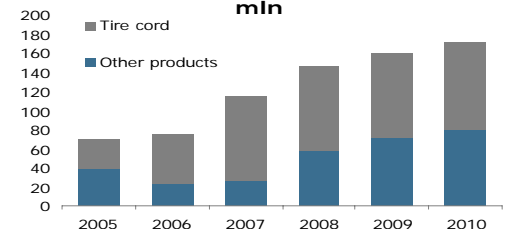
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.5 | 1.1 |
| EV/EBITDA | 15.3 | 8.1 |
| P/E | 36.2 | 11.9 |
| P/B | 2.8 | 2.4 |
| P/CF | 36.2 | 11.9 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 9% | 10% | 13% |
| Net Margin | 1.6% | 3.2% | 6.3% |
| ROE | 6% | 14% | 24% |
| Net Debt/Equity | 1.1 | 0.8 | 0.9 |

Revenues Dynamics, USD mln



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|-------------|-------------|--------------|--------------|
| Net Revenues | 13.0 | 22.4 | 40.5 | 73.8 | 96.7 | 148.4 | 188.2 |
| <i>Change y-o-y</i> | - | 72.5% | 81.0% | 82.1% | 30.9% | 53.5% | 26.9% |
| Gross Profit | 1.4 | 3.6 | 5.1 | 8.6 | 14.6 | 27.6 | 33.4 |
| EBITDA | (0.8) | 0.8 | 1.6 | 6.5 | 9.3 | 19.4 | 23.0 |
| <i>margin, %</i> | -6.1% | 3.5% | 4.0% | 8.8% | 9.6% | 13.1% | 12.2% |
| Depreciation | (1.3) | (1.3) | (1.5) | (1.7) | (2.4) | (3.4) | (4.1) |
| EBIT | (2.1) | (0.5) | 0.1 | 4.9 | 6.9 | 16.0 | 19.0 |
| <i>margin, %</i> | -16.0% | -2.2% | 0.3% | 6.6% | 7.1% | 10.8% | 10.1% |
| Interest Expense | (0.6) | (0.8) | (1.2) | (3.0) | (2.7) | (3.5) | (4.4) |
| Other income/(expense) | (0.3) | (0.0) | 0.1 | (0.4) | - | - | - |
| PBT | (2.9) | (1.3) | (0.9) | 1.5 | 4.2 | 12.5 | 14.6 |
| Tax | - | - | - | (0.2) | (1.0) | (3.1) | (3.6) |
| <i>Effective tax rate</i> | 0.0% | 0.0% | 0.0% | 15.4% | 25.0% | 25.0% | 25.0% |
| Net Income | (2.9) | (1.3) | (0.9) | 1.2 | 3.1 | 9.4 | 10.9 |
| <i>Net Margin, %</i> | -22.6% | -6.0% | -2.3% | 1.7% | 3.2% | 6.3% | 5.8% |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|
| Current Assets | 6.2 | 18.9 | 35.4 | 23.5 | 24.8 | 35.3 | 42.5 |
| Cash & Equivalents | 0.1 | 0.8 | 1.2 | 5.0 | 1.4 | 1.3 | 0.9 |
| Trade Receivables | 0.7 | 2.3 | 4.8 | 3.8 | 4.8 | 7.4 | 9.4 |
| Inventories | 3.8 | 10.1 | 15.6 | 10.8 | 12.8 | 19.3 | 23.7 |
| Other | 1.6 | 5.7 | 13.8 | 3.9 | 5.9 | 7.3 | 8.5 |
| Fixed Assets | 22.7 | 23.2 | 25.5 | 36.8 | 52.8 | 65.9 | 73.6 |
| PP&E, net | 22.2 | 21.1 | 24.8 | 25.6 | 49.9 | 65.9 | 73.6 |
| Other | 0.5 | 2.0 | 0.7 | 11.2 | 3.0 | 0.0 | 0.0 |
| Total Assets | 28.9 | 42.1 | 60.8 | 60.3 | 77.7 | 101.2 | 116.1 |
| Shareholders' Equity | 22.4 | 21.1 | 20.2 | 22.5 | 39.6 | 46.6 | 54.3 |
| Share Capital | 20.0 | 20.0 | 20.1 | 21.1 | 35.0 | 35.0 | 35.0 |
| Retained Earnings | (4.0) | (5.4) | (6.3) | (5.3) | (2.1) | 4.4 | 12.1 |
| Other | 6.5 | 6.5 | 6.4 | 6.7 | 6.7 | 6.8 | 6.8 |
| Current Liabilities | 6.2 | 20.3 | 19.6 | 8.7 | 6.7 | 13.5 | 17.1 |
| ST Interest Bearing Debt | 3.1 | 4.4 | - | - | 0.5 | 4.5 | 5.6 |
| Trade Payables | 1.7 | 5.8 | 11.1 | 6.0 | 4.8 | 7.4 | 9.4 |
| Other | 1.5 | 10.0 | 8.5 | 2.6 | 1.4 | 1.6 | 2.1 |
| LT Liabilities | 0.2 | 0.7 | 21.0 | 29.1 | 31.3 | 41.0 | 44.8 |
| LT Interest Bearing Debt | 0.1 | 0.6 | 20.9 | 28.2 | 31.3 | 41.0 | 44.8 |
| Other | 0.1 | 0.1 | 0.1 | 0.9 | - | - | - |
| Total Liabilities & Equity | 28.9 | 42.1 | 60.8 | 60.3 | 77.6 | 101.1 | 116.2 |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|------------|--------------|--------------|--------------|-------------|-------------|-------------|--------------|-------------|--------------|--------------|
| Net Revenues | 9.8 | 11.4 | 9.2 | 10.1 | 16.2 | 19.7 | 19.0 | 18.9 | 19.8 | 21.2 | 22.6 |
| <i>Change y-o-y</i> | 402.1% | 149.3% | 22.1% | 21.4% | 65.5% | 72.4% | 107.8% | 86.1% | 21.8% | 7.7% | 18.7% |
| EBITDA | 0.6 | 0.3 | 0.6 | 0.1 | 1.3 | 3.4 | 1.8 | 0.1 | 1.8 | 1.2 | (0.0) |
| <i>margin, %</i> | 5.7% | 3.0% | 6.5% | 1.1% | 7.9% | 17.1% | 9.3% | 0.6% | 8.9% | 5.6% | -0.2% |
| EBIT | 0.2 | (0.0) | 0.2 | (0.3) | 0.9 | 3.1 | 1.2 | (0.3) | 1.3 | 0.7 | (0.5) |
| <i>margin, %</i> | 2.3% | -0.2% | 2.4% | -2.9% | 5.6% | 15.7% | 6.3% | -1.7% | 6.7% | 3.5% | -2.1% |
| Net Income | 0.1 | (0.3) | (0.1) | (0.6) | 0.0 | 1.8 | 0.2 | (0.9) | 0.3 | (0.2) | (1.6) |
| <i>Net Margin, %</i> | 0.6% | -2.5% | -1.4% | -5.8% | 0.2% | 9.3% | 1.3% | -4.6% | 1.3% | -0.8% | -6.9% |

DniproAzot

DNAS UZ

Chemicals

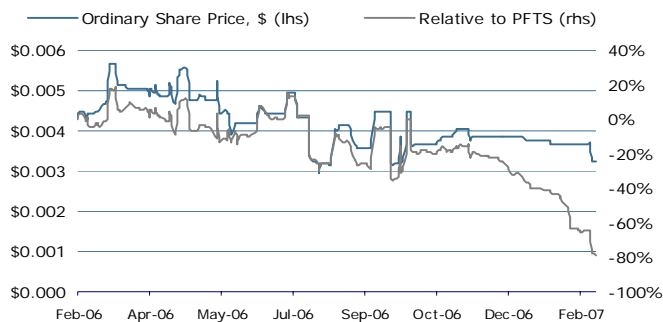
<http://www.azot.com.ua>

Target Price (USD) 0.003
Upside -22%

INVESTMENT CASE

- Compared to other fertilizer producers, less sensitive to gas prices due to lower per unit gas consumption and concentration on urea production, a more profitable product than ammonia
- Diversifying into caustic soda and chlorine (~15% of revenues)
- Export pricing transparency has improved

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Dniproazot ranks fifth out of Ukraine's six nitrogen fertilizer producers by output. The company's core products are urea (21% of Ukraine's total output in 2006), ammonia (10% of domestic output) and caustic soda (32% of domestic output); it also produces liquid chlorine and hydrochloric acid. Dniproazot exports 70% of its total output. In 2006, the company produced 739 ths mt of urea (-3% yoy) and 523 ths mt of ammonia (3% yoy). In 2006, Dniproazot planned to connect to the ammonia pipeline but then froze the project for undisclosed reasons. In 9M06 Dniproazot posted sales growth of 22.4% yoy to USD 158.3 mln and a decrease in net income by 40.8% yoy to USD 15.8 mln.

UPCOMING EVENTS

19 Mar 2007 AGM

* PFTS MID Price 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 | 0.004 |
| Price impact** | 3 |
| 9 Wk H/L, USD | 0.01 / 0.00 |
| Chg 3m/6m/52w | -5% / -7% / -9% |
| Chg vs PFTS 3m/6m/52w | -47% / -54% / -68% |
| Chg YTD | 5% |
| Avg Mo Tr Vol 6M, USD ths | 1168.77 |
| MCap, USD mln | 135.8 |
| Free float, % | 10.0% |
| FF MCap, USD mln | 13.6 |
| No of shares, mln | 35158.4 |
| Par Value, UAH | 0.01 |
| XETRA | UZBA |
| DR Ratio | 1:2500 |
| Avg Mo Tr Vol 6M, USD ths | 15.3 |

STOCK OWNERSHIP

| | |
|--------------|-------|
| Privat Group | 85.9% |
| Other | 14.1% |

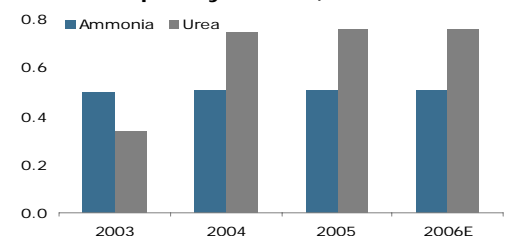
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.8 | 0.8 |
| EV/EBITDA | 3.9 | 10.4 |
| P/E | 5.3 | 21.5 |
| P/B | 0.5 | 0.5 |
| P/CF | 4.3 | 11.0 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 26% | 20% | 8% |
| Net Margin | 16% | 13% | 3% |
| ROE | 14% | 10% | 2% |
| Net Debt/Equity | 0.1 | 0.1 | 0.1 |

Output Dynamics, mln mt



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 82.5 | 126.6 | 156.2 | 186.4 | 158.3 | n/a | n/a |
| <i>Change y-o-y</i> | - | 53.5% | 23.3% | 19.4% | 22.4% | n/a | n/a |
| Gross Profit | 23.4 | 49.9 | 74.1 | 87.9 | 57.5 | n/a | n/a |
| EBITDA | 4.4 | 31.9 | 40.7 | 48.9 | 26.5 | n/a | n/a |
| <i>margin, %</i> | 5.3% | 25.2% | 26.0% | 26.2% | 16.7% | n/a | n/a |
| Depreciation | (6.0) | (5.7) | (5.4) | (5.9) | (4.6) | n/a | n/a |
| EBIT | (1.6) | 26.2 | 35.2 | 43.0 | 21.9 | n/a | n/a |
| <i>margin, %</i> | -2.0% | 20.7% | 22.6% | 23.1% | 13.8% | n/a | n/a |
| Interest Expense | (1.0) | (1.4) | (4.8) | (1.6) | (1.3) | n/a | n/a |
| Other income/(expense) | 0.0 | (0.1) | (1.6) | (1.6) | (1.9) | n/a | n/a |
| PBT | (2.7) | 24.8 | 28.8 | 39.9 | 18.6 | n/a | n/a |
| Tax | (0.4) | (8.2) | (8.9) | (10.4) | (2.9) | n/a | n/a |
| <i>Effective tax rate</i> | -16.9% | 33.0% | 31.0% | 26.1% | 15.4% | n/a | n/a |
| Net Income | (3.1) | 16.6 | 19.8 | 29.4 | 15.8 | n/a | n/a |
| <i>Net Margin, %</i> | -3.8% | 13.1% | 12.7% | 15.7% | 10.0% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 43.0 | 107.4 | 150.9 | 199.7 | 211.6 | n/a | n/a |
| Cash & Equivalents | 0.1 | 1.0 | 1.0 | 2.0 | 6.6 | n/a | n/a |
| Trade Receivables | 6.2 | 6.5 | 27.4 | 45.3 | 38.0 | n/a | n/a |
| Inventories | 13.4 | 11.9 | 12.3 | 13.3 | 12.8 | n/a | n/a |
| Other | 23.3 | 87.9 | 110.2 | 139.1 | 154.4 | n/a | n/a |
| Fixed Assets | 135.9 | 134.3 | 122.3 | 128.0 | 128.3 | n/a | n/a |
| PP&E, net | 110.0 | 109.0 | 106.8 | 111.2 | 109.4 | n/a | n/a |
| Other | 25.9 | 25.3 | 15.4 | 16.8 | 18.8 | n/a | n/a |
| Total Assets | 178.9 | 241.7 | 273.1 | 327.7 | 339.9 | n/a | n/a |
| Shareholders' Equity | 117.7 | 134.5 | 208.2 | 248.8 | 264.5 | n/a | n/a |
| Share Capital | 0.3 | 0.3 | 0.3 | 69.6 | 69.6 | n/a | n/a |
| Retained Earnings | 10.2 | 27.5 | 49.4 | 82.5 | 95.5 | n/a | n/a |
| Other | 107.2 | 106.6 | 158.5 | 96.6 | 99.4 | n/a | n/a |
| Current Liabilities | 60.8 | 71.1 | 21.0 | 54.9 | 53.1 | n/a | n/a |
| ST Interest Bearing Debt | 18.6 | 1.1 | 0.0 | 26.6 | 33.5 | n/a | n/a |
| Trade Payables | 37.4 | 33.0 | 3.0 | 9.9 | 1.6 | n/a | n/a |
| Other | 4.8 | 37.0 | 18.0 | 18.4 | 20.0 | n/a | n/a |
| LT Liabilities | 0.4 | 36.2 | 43.9 | 24.0 | 22.3 | n/a | n/a |
| LT Interest Bearing Debt | - | 28.2 | 27.1 | 1.6 | - | n/a | n/a |
| Other | 0.4 | 8.0 | 16.7 | 22.3 | 22.3 | n/a | n/a |
| Total Liabilities & Equity | 178.9 | 241.7 | 273.1 | 327.7 | 339.9 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net Revenues | 41.3 | 27.4 | 41.5 | 46.0 | 45.7 | 45.2 | 38.6 | 57.0 | 53.4 | 52.3 | 52.6 |
| <i>Change y-o-y</i> | 35.0% | -22.9% | 61.3% | 32.3% | 10.6% | 64.6% | -7.0% | 24.0% | 17.0% | 15.8% | 36.4% |
| EBITDA | 13.1 | 5.6 | 13.2 | 8.8 | 15.9 | 13.6 | 8.0 | 11.4 | 10.9 | 10.4 | 5.1 |
| <i>margin, %</i> | 31.6% | 20.6% | 31.7% | 19.2% | 34.9% | 30.1% | 20.7% | 20.0% | 20.5% | 19.9% | 9.7% |
| EBIT | 12.0 | 4.0 | 11.8 | 7.4 | 14.6 | 12.1 | 6.5 | 9.8 | 9.4 | 8.9 | 3.6 |
| <i>margin, %</i> | 29.0% | 14.8% | 28.4% | 16.2% | 31.9% | 26.9% | 16.8% | 17.2% | 17.6% | 17.0% | 6.8% |
| Net Income | 11.0 | 2.5 | 9.5 | (3.1) | 13.2 | 9.6 | 3.9 | 2.7 | 7.8 | 7.2 | 0.8 |
| <i>Net Margin, %</i> | 26.6% | 9.3% | 22.9% | -6.9% | 28.8% | 21.2% | 10.1% | 4.7% | 14.6% | 13.7% | 1.5% |

Krymsoda

KSOD UZ

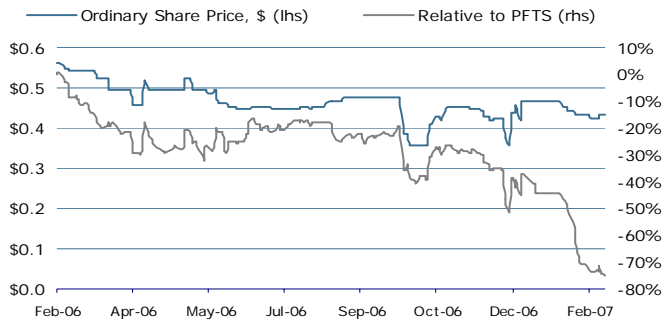
Chemicals

<http://www.cs.ua>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Krymsoda is Ukraine's largest soda ash producer, accounting for 80% of domestic output and 2.5% of global production. The plant's nameplate capacity is 698 ths mt/year. It is located in Crimea and is licensed to explore a 2000 sq km salt deposit in the Syvash Gulf - the only inexhaustible salt deposit of the world's five largest salt deposits. Krymsoda exports about 70% of its total output to Russia, Belarus, Spain, Italy and Turkey, while Europe accounts for 30% of the company's total exports. In 2006 the company produced 680 ths mt of soda ash, a 5% yoy decrease. In 9M06 the company posted net revenue growth of 13.6% yoy to USD 77.2 mln, an EBITDA margin decrease to 13.1% from 27% in 9M05 and a reduction in net margin to 3.9% from 15.3% in 9M05. Currently, Krymsoda is implementing a modernization program, which it expects to complete in 2009. It also plans to increase soda ash production to 760 ths mt in 2007.

* PFTS MID Price 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 | 0.43 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.56 / 0.36 |
| Chg 3m/6m/52w | -2% / -7% / -23% |
| Chg vs PFTS 3m/6m/52w | -45% / -54% / -81% |
| Chg YTD | -4% |
| Avg Mo Tr Vol 6M, USD ths | 8.46 |
| MCap, USD mln | 95.5 |
| Free float, % | 11.0% |
| FF MCap, USD mln | 10.5 |
| No of shares, mln | 219.6 |
| Par Value, UAH | 1.00 |
| XETRA | C6Z |
| DR Ratio | 1:10 |
| Avg Mo Tr Vol 6M, USD ths | 2.1 |

STOCK OWNERSHIP

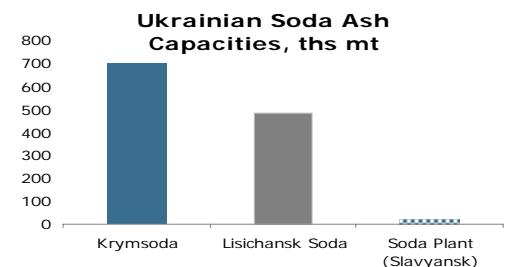
| | |
|------------------------------------|-------|
| RSI Erste Beteiligungsgesellschaft | 89.0% |
| Other | 11.0% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.0 | n/a |
| EV/EBITDA | 7.7 | n/a |
| P/E | 23.9 | n/a |
| P/B | 1.1 | n/a |
| P/CF | 9.2 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 25% | 13% | n/a |
| Net Margin | 13% | 4% | n/a |
| ROE | 20% | 5% | n/a |
| Net Debt/Equity | 0.1 | 0.10 | n/a |



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Net Revenues | 44.6 | 47.4 | 70.4 | 93.1 | 77.2 | n/a | n/a |
| <i>Change y-o-y</i> | - | 6.3% | 48.6% | 32.3% | 13.6% | n/a | n/a |
| Gross Profit | 10.1 | 10.0 | 22.2 | 31.5 | 21.8 | n/a | n/a |
| EBITDA | 6.6 | 5.4 | 16.8 | 23.2 | 10.1 | n/a | n/a |
| <i>margin, %</i> | 14.8% | 11.5% | 23.8% | 24.9% | 13.1% | n/a | n/a |
| Depreciation | (3.1) | (3.2) | (3.5) | (4.4) | (4.8) | n/a | n/a |
| EBIT | 3.5 | 2.2 | 13.2 | 18.8 | 5.3 | n/a | n/a |
| <i>margin, %</i> | 7.8% | 4.7% | 18.8% | 20.2% | 6.9% | n/a | n/a |
| Interest Expense | (1.1) | (1.3) | (1.2) | (1.3) | (0.9) | n/a | n/a |
| Other income/(expense) | (0.1) | (0.1) | (0.9) | 0.1 | (0.6) | n/a | n/a |
| PBT | 2.3 | 0.8 | 11.1 | 17.6 | 3.8 | n/a | n/a |
| Tax | (0.9) | (0.2) | (0.5) | (5.1) | (0.8) | n/a | n/a |
| <i>Effective tax rate</i> | 38.8% | 28.2% | 4.5% | 28.8% | 21.8% | n/a | n/a |
| Net Income | 1.4 | 0.6 | 10.6 | 12.6 | 3.0 | n/a | n/a |
| <i>Net Margin, %</i> | 3.2% | 1.3% | 15.1% | 13.5% | 3.9% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|--------------|------------|------------|
| Current Assets | 16.8 | 16.0 | 21.2 | 27.2 | 29.0 | n/a | n/a |
| Cash & Equivalents | 0.3 | 0.6 | 1.2 | 2.1 | 1.9 | n/a | n/a |
| Trade Receivables | 4.0 | 2.4 | 2.1 | 3.9 | 3.5 | n/a | n/a |
| Inventories | 10.7 | 9.7 | 12.1 | 14.8 | 15.1 | n/a | n/a |
| Other | 1.8 | 3.3 | 5.8 | 6.4 | 8.5 | n/a | n/a |
| Fixed Assets | 49.2 | 49.8 | 54.0 | 68.7 | 127.8 | n/a | n/a |
| PP&E, net | 46.1 | 46.2 | 49.9 | 64.8 | 121.5 | n/a | n/a |
| Other | 3.0 | 3.5 | 4.1 | 3.9 | 6.3 | n/a | n/a |
| Total Assets | 66.0 | 65.7 | 75.2 | 95.9 | 156.7 | n/a | n/a |
| Shareholders' Equity | 49.1 | 49.4 | 61.3 | 80.9 | 142.0 | n/a | n/a |
| Share Capital | 34.0 | 34.0 | 34.1 | 43.5 | 43.5 | n/a | n/a |
| Retained Earnings | 1.4 | 0.6 | 11.0 | 19.9 | 22.2 | n/a | n/a |
| Other | 13.7 | 14.8 | 16.2 | 17.5 | 76.4 | n/a | n/a |
| Current Liabilities | 16.1 | 15.8 | 13.8 | 15.0 | 14.7 | n/a | n/a |
| ST Interest Bearing Debt | 8.7 | 8.0 | 10.2 | 10.0 | 10.0 | n/a | n/a |
| Trade Payables | 6.2 | 4.2 | 1.5 | 2.1 | 3.0 | n/a | n/a |
| Other | 1.2 | 3.6 | 2.2 | 2.9 | 1.7 | n/a | n/a |
| LT Liabilities | 0.8 | 0.5 | 0.1 | - | - | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Other | 0.8 | 0.5 | 0.1 | - | - | n/a | n/a |
| Total Liabilities & Equity | 66.0 | 65.7 | 75.2 | 95.9 | 156.7 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Net Revenues | 19.9 | 22.8 | 25.3 | 25.2 | 25.5 | 26.4 | 25.3 |
| <i>Change y-o-y</i> | N/M | N/M | N/M | N/M | 28.3% | 15.7% | 0.2% |
| EBITDA | 6.3 | 6.4 | 5.7 | 4.8 | 3.2 | 3.9 | 3.0 |
| <i>margin, %</i> | 31.7% | 28.1% | 22.4% | 19.1% | 12.6% | 14.7% | 11.9% |
| EBIT | 5.3 | 5.4 | 4.6 | 3.5 | 2.1 | 2.7 | 0.6 |
| <i>margin, %</i> | 26.9% | 23.6% | 18.2% | 13.8% | 8.1% | 10.2% | 2.2% |
| Net Income | 3.7 | 3.7 | 3.0 | 2.2 | 1.5 | 1.9 | (0.5) |
| <i>Net Margin, %</i> | 18.5% | 16.2% | 12.0% | 8.6% | 6.1% | 7.3% | -1.8% |

Stirol

STIR UZ

Chemicals

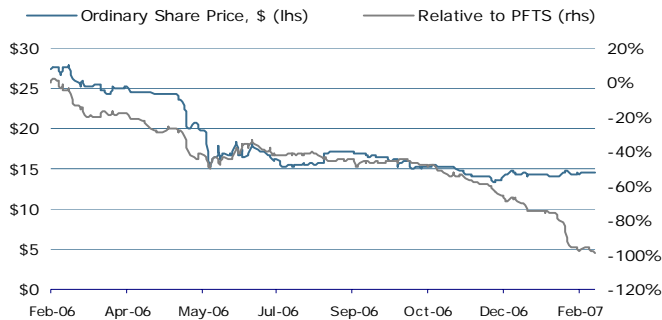
<http://www.stirol.net>

Target Price (USD) 12.50
Upside -25%

INVESTMENT CASE

- Largest Ukrainian producer of nitrogen fertilizers
- Less efficient in terms of gas consumption compared to local competitors
- Profitability was already affected by ~45% gas price hike in 2006 and will deteriorate further following an expected increase in the average gas price in 2007 by more than 30%
- Sales of non-fertilizer products account for about 20% of the company's revenue

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Stirol is the largest Ukrainian producer of nitrogen fertilizer. The company has the most diversified product portfolio of any domestic chemical producer, which includes nitrogen fertilizers, polystyrene, pharmaceuticals, consumer chemicals, etc. Stirol's current ammonia, urea and ammonia nitrate capacities total 1.5 mln mt, 1.0 mln mt, and 0.7 mln mt, respectively. The company exports about 80% of its output to CIS countries, Western and Eastern Europe, accounting for about 3% of worldwide ammonia exports and 2% of urea exports. In 2006, Stirol produced 1.3 mln mt of ammonia (-4% yoy), 0.82 mln mt of urea (-4% yoy), and 0.53 mln mt of ammonia nitrate (-6% yoy). A USD 280 mln modernization program is currently being implemented.

* PFTS MID Price 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 | 16.62 |
| Price impact** | 1 |
| 52 Wk H/L, USD | 27.8 / 13.4 |
| Chg 3m/6m/52w | 13% / 6% / -38% |
| Chg vs PFTS 3m/6m/52w | -30% / -42% / -97% |
| Chg YTD | 18% |
| Avg Mo Tr Vol 6M, USD ths | 894.93 |
| MCap, USD mln | 450.9 |
| Free float, % | 6.0% |
| FF MCap, USD mln | 27.1 |
| No of shares, mln | 27.1 |
| Par Value, UAH | 12.0 |
| XETRA | SVX |
| DR Ratio | 1:1 |
| Avg Mo Tr Vol 6M, USD ths | 267.5 |

STOCK OWNERSHIP

| | |
|---------------------------------------|-------|
| Stirolkhinvest and related securities | 94.0% |
| Other | 6.0% |

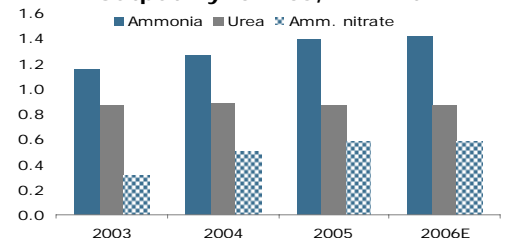
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.6 | 0.6 |
| EV/EBITDA | 3.1 | 5.1 |
| P/E | 5.3 | 12.3 |
| P/B | 1.0 | 0.9 |
| P/CF | 3.5 | 5.7 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 31% | 21% | 12% |
| Net Margin | 21% | 11% | 5% |
| ROE | 93% | 22% | 8% |
| Net Debt/Equity | 0.03 | 0.09 | 0.08 |

Output Dynamics, mln mt



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 118.4 | 245.4 | 351.5 | 448.7 | 480.6 | 498.3 | 281.6 |
| <i>Change y-o-y</i> | - | 107.2% | 43.3% | 27.7% | 7.1% | 3.7% | -43.5% |
| Gross Profit | 45.0 | 95.6 | 148.5 | 191.4 | 144.6 | 81.2 | 94.4 |
| EBITDA | 17.1 | 62.6 | 108.5 | 127.6 | 87.0 | 21.4 | 63.4 |
| <i>margin, %</i> | 14.5% | 25.5% | 30.9% | 28.4% | 18.1% | 4.3% | 22.5% |
| Depreciation | (11.2) | (11.6) | (11.1) | (14.0) | (13.3) | (16.6) | (21.5) |
| EBIT | 6.0 | 50.9 | 97.4 | 113.6 | 73.7 | 4.9 | 41.9 |
| <i>margin, %</i> | 5.1% | 20.8% | 27.7% | 25.3% | 15.3% | 1.0% | 14.9% |
| Interest Expense | (7.9) | (1.0) | (1.6) | (3.5) | (11.6) | (10.8) | (6.2) |
| Other income/(expense) | 7.3 | 0.6 | 7.2 | 18.5 | 23.0 | 14.0 | 2.0 |
| PBT | 5.3 | 50.6 | 103.0 | 128.7 | 85.1 | 8.0 | 37.6 |
| Tax | (1.4) | (15.2) | (25.7) | (32.2) | (21.3) | (2.0) | (9.4) |
| <i>Effective tax rate</i> | 25.7% | 30.0% | 25.0% | 25.0% | 25.0% | 25.0% | 25.0% |
| Net Income | 3.9 | 35.4 | 77.3 | 96.1 | 63.8 | 6.0 | 28.2 |
| <i>Net Margin, %</i> | 3.3% | 14.4% | 22.0% | 21.4% | 13.3% | 1.2% | 10.0% |

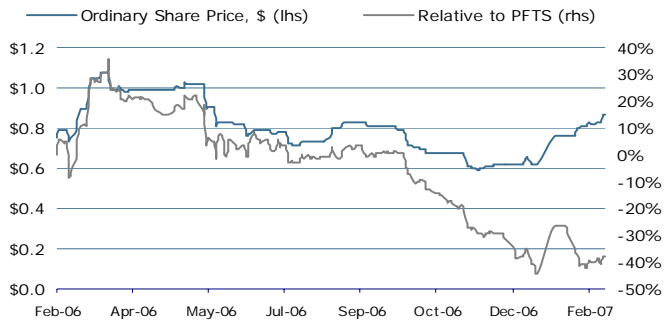
BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Current Assets | 57.8 | 91.5 | 165.1 | 397.5 | 367.6 | 282.6 | 98.6 |
| Cash & Equivalents | 16.9 | 43.8 | 85.2 | 282.0 | 230.7 | 138.8 | 19.7 |
| Trade Receivables | 8.4 | 7.4 | 8.9 | 21.2 | 19.2 | 19.8 | 11.3 |
| Inventories | 14.3 | 23.0 | 33.6 | 46.7 | 50.5 | 54.5 | 33.8 |
| Other | 18.2 | 17.3 | 37.4 | 47.7 | 67.3 | 69.4 | 33.8 |
| Fixed Assets | 124.3 | 124.3 | 139.2 | 170.5 | 244.1 | 332.6 | 360.7 |
| PP&E, net | 112.1 | 105.7 | 107.2 | 108.7 | 137.8 | 187.1 | 262.0 |
| Other | 12.2 | 18.6 | 32.0 | 61.9 | 106.4 | 145.5 | 98.7 |
| Total Assets | 182.0 | 215.8 | 304.3 | 568.1 | 611.8 | 615.2 | 459.3 |
| Shareholders' Equity | 142.3 | 177.1 | 241.6 | 342.6 | 362.4 | 362.4 | 379.4 |
| Share Capital | 60.1 | 59.6 | 51.9 | 64.5 | 64.5 | 64.5 | 64.5 |
| Retained Earnings | 3.9 | 35.4 | 77.4 | 98.0 | 45.0 | 48.1 | 65.0 |
| Other | 78.3 | 82.1 | 112.2 | 180.1 | 253.0 | 250.5 | 250.5 |
| Current Liabilities | 29.2 | 34.4 | 57.4 | 100.4 | 124.4 | 252.8 | 79.9 |
| ST Interest Bearing Debt | 0.6 | 4.2 | 14.2 | 16.9 | 4.3 | 131.3 | 12.3 |
| Trade Payables | 10.6 | 4.8 | 23.7 | 18.0 | 14.4 | 12.4 | 5.6 |
| Other | 18.0 | 25.4 | 19.5 | 65.5 | 105.7 | 109.1 | 62.0 |
| LT Liabilities | 10.5 | 4.2 | 5.3 | 125.1 | 125.0 | - | - |
| LT Interest Bearing Debt | 7.5 | 3.5 | 2.7 | 125.0 | 125.0 | - | - |
| Other | 3.0 | 0.8 | 2.6 | 0.1 | - | - | - |
| Total Liabilities & Equity | 182.0 | 215.8 | 304.3 | 568.1 | 611.8 | 615.2 | 459.3 |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 85.8 | 65.4 | 90.0 | 110.4 | 111.1 | 105.9 | 104.6 | 127.1 | 118.0 | 117.5 | 122.5 |
| <i>Change y-o-y</i> | 47.7% | 12.7% | 25.4% | 91.9% | 29.4% | 62.0% | 16.3% | 15.2% | 6.2% | 10.9% | 17.1% |
| EBITDA | 26.9 | 8.5 | 26.9 | 46.1 | 33.1 | 35.9 | 21.8 | 36.8 | 24.2 | 18.6 | 9.4 |
| <i>margin, %</i> | 31.4% | 13.0% | 29.9% | 41.8% | 29.8% | 33.9% | 20.8% | 29.0% | 20.5% | 15.8% | 7.7% |
| EBIT | 24.6 | 6.5 | 24.9 | 41.3 | 30.1 | 32.4 | 18.2 | 32.9 | 20.3 | 15.0 | 3.8 |
| <i>margin, %</i> | 28.7% | 10.0% | 27.7% | 37.5% | 27.1% | 30.6% | 17.4% | 25.9% | 17.2% | 12.8% | 3.1% |
| Net Income | 25.2 | 4.2 | 20.9 | 27.0 | 35.2 | 20.5 | 15.6 | 24.9 | 23.2 | 12.9 | (1.6) |
| <i>Net Margin, %</i> | 29.3% | 6.4% | 23.3% | 24.5% | 31.7% | 19.3% | 14.9% | 19.6% | 19.7% | 11.0% | -1.3% |

Zaporizhya Abrasives

ZABR UZ
Chemicals
<http://www.abrasive.zp.ua>
Target Price (USD)
Upside
N/R
n/a
SHARE PRICE PERFORMANCE*

BUSINESS OVERVIEW

Zaporizhya Abrasives is the only producer of grinding materials in Ukraine and one of the largest abrasive producers in Eastern Europe. The company's production is ISO 9001:2000 TNO certified. Zaporizhya Abrasives' major export markets are Russia, Poland, Austria, Czech Republic, Germany, Italy, Japan and the United States. Zaporizhya Abrasives plans to start producing bonded fabric materials for industrial use.

In September 2006, the State Property Fund failed to sell its 15% stake in Zaporizhya Abrasives on the Kyiv International Stock Exchange due to a comparatively high starting price of USD 4.2 mln and the absence of bids.

In 9M06 the company posted a 4.4% yoy growth of net revenue, decreased its EBITDA and net margins to 10.6% and 5.5%, respectively, from 17.9% and 9.9% in 9M05.

* PFTS BID Price 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 | 0.87 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 1.08 / 0.59 |
| Chg 3m/6m/52w | 44% / 10% / 16% |
| Chg vs PFTS 3m/6m/52w | 1% / -37% / -43% |
| Chg YTD | 15% |
| Avg Mo Tr Vol 6M, USD ths | 136.67 |
| MCap, USD mln | 26.3 |
| Free float, % | 12.0% |
| FF MCap, USD mln | 3.2 |
| No of shares, mln | 30.2 |
| Par Value, UAH | 0.05 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

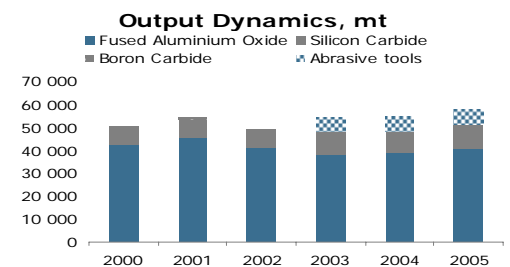
| | |
|---------------|-------|
| Brinkford Ltd | 65.0% |
| Steuermann | 8.0% |
| State | 15.0% |
| Other | 12.0% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.6 | n/a |
| EV/EBITDA | 5.3 | n/a |
| P/E | 10.1 | n/a |
| P/B | 0.7 | n/a |
| P/CF | 6.1 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 16% | 11% | n/a |
| Net Margin | 9% | 6% | n/a |
| ROE | 12% | 7% | n/a |
| Net Debt/Equity | 0.0 | 0.00 | n/a |



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Net Revenues | 31.5 | 33.1 | 41.8 | 45.7 | 35.4 | n/a | n/a |
| <i>Change y-o-y</i> | - | 5.2% | 26.2% | 9.2% | 4.4% | n/a | n/a |
| Gross Profit | 9.4 | 8.3 | 12.6 | 14.7 | 8.8 | n/a | n/a |
| EBITDA | 5.4 | 3.7 | 7.3 | 7.5 | 3.7 | n/a | n/a |
| <i>margin, %</i> | 17.3% | 11.1% | 17.4% | 16.3% | 10.6% | n/a | n/a |
| Depreciation | (1.7) | (1.6) | (1.6) | (1.7) | (1.3) | n/a | n/a |
| EBIT | 3.8 | 2.0 | 5.6 | 5.7 | 2.5 | n/a | n/a |
| <i>margin, %</i> | 12.0% | 6.2% | 13.5% | 12.5% | 6.9% | n/a | n/a |
| Interest Expense | (2.0) | (1.1) | (0.6) | (0.0) | (0.0) | n/a | n/a |
| Other income/(expense) | 0.6 | 0.2 | (0.7) | (0.4) | (0.1) | n/a | n/a |
| PBT | 2.4 | 1.1 | 4.3 | 5.3 | 2.4 | n/a | n/a |
| Tax | (0.6) | (1.0) | (0.2) | (1.4) | (0.4) | n/a | n/a |
| <i>Effective tax rate</i> | 24.0% | 88.8% | 4.8% | 25.9% | 17.2% | n/a | n/a |
| Net Income | 1.8 | 0.1 | 4.1 | 3.9 | 2.0 | n/a | n/a |
| <i>Net Margin, %</i> | 5.7% | 0.4% | 9.8% | 8.6% | 5.5% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 19.5 | 17.0 | 14.4 | 16.3 | 17.4 | n/a | n/a |
| Cash & Equivalents | 0.1 | 0.1 | 0.6 | 0.6 | 1.1 | n/a | n/a |
| Trade Receivables | 2.2 | 1.5 | 1.3 | 1.8 | 2.0 | n/a | n/a |
| Inventories | 6.9 | 10.2 | 7.6 | 9.5 | 8.7 | n/a | n/a |
| Other | 10.2 | 5.2 | 4.8 | 4.4 | 5.7 | n/a | n/a |
| Fixed Assets | 35.7 | 32.7 | 25.2 | 25.6 | 25.8 | n/a | n/a |
| PP&E, net | 32.1 | 28.0 | 22.7 | 22.9 | 22.5 | n/a | n/a |
| Other | 3.6 | 4.7 | 2.5 | 2.6 | 3.3 | n/a | n/a |
| Total Assets | 55.2 | 49.7 | 39.6 | 41.9 | 43.3 | n/a | n/a |
| Shareholders' Equity | 36.7 | 33.4 | 31.6 | 36.9 | 38.8 | n/a | n/a |
| Share Capital | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | n/a | n/a |
| Retained Earnings | 3.0 | 0.1 | 4.2 | 4.0 | 6.0 | n/a | n/a |
| Other | 33.5 | 32.9 | 27.1 | 32.6 | 32.5 | n/a | n/a |
| Current Liabilities | 11.4 | 11.3 | 4.7 | 3.4 | 2.9 | n/a | n/a |
| ST Interest Bearing Debt | 6.2 | 5.1 | 1.6 | 1.6 | 1.0 | n/a | n/a |
| Trade Payables | 0.7 | 2.0 | 0.4 | 0.6 | 0.7 | n/a | n/a |
| Other | 4.6 | 4.2 | 2.8 | 1.1 | 1.7 | n/a | n/a |
| LT Liabilities | 7.1 | 5.0 | 3.3 | 1.7 | 1.5 | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | 0.1 | - | n/a | n/a |
| Other | 7.1 | 5.0 | 3.3 | 1.6 | 1.5 | n/a | n/a |
| Total Liabilities & Equity | 55.2 | 49.7 | 39.6 | 41.9 | 43.3 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|
| Net Revenues | 9.7 | 10.6 | 10.5 | 11.0 | 11.8 | 10.7 | 11.4 | 11.7 | 10.5 | 12.6 | 12.4 |
| <i>Change y-o-y</i> | 32.1% | 31.1% | 18.7% | 24.2% | 21.4% | 1.4% | 8.5% | 6.6% | -11.0% | 17.1% | 8.4% |
| EBITDA | 1.0 | 1.6 | 2.1 | 2.6 | 2.9 | 1.7 | 1.6 | 1.4 | 0.4 | 1.6 | 1.7 |
| <i>margin, %</i> | 10.0% | 15.2% | 19.8% | 23.9% | 24.1% | 15.4% | 13.9% | 11.7% | 3.6% | 13.0% | 14.0% |
| EBIT | 0.6 | 1.2 | 1.7 | 2.1 | 2.5 | 1.2 | 1.2 | 0.8 | (0.0) | 1.2 | 1.3 |
| <i>margin, %</i> | 6.0% | 11.4% | 16.4% | 19.4% | 21.0% | 11.6% | 10.6% | 6.8% | -0.2% | 9.5% | 10.3% |
| Net Income | 0.3 | 1.0 | 1.6 | 1.2 | 1.8 | 0.8 | 0.7 | 0.6 | (0.1) | 0.9 | 1.2 |
| <i>Net Margin, %</i> | 3.2% | 9.6% | 15.2% | 10.8% | 15.1% | 7.6% | 6.6% | 4.8% | -0.8% | 7.0% | 9.4% |

Alchevsk Coke

ALKZ UZ

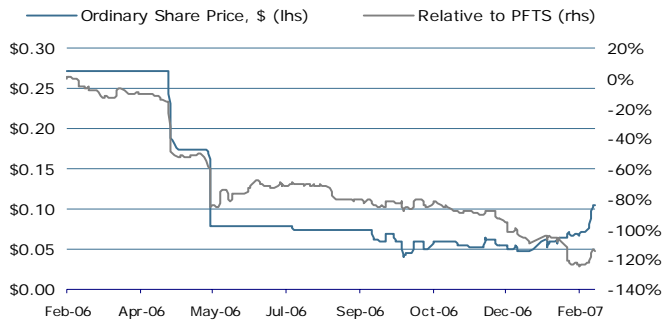
Chemicals/Coke

Target Price (USD) 0.05
Upside -56%

INVESTMENT CASE

- One of the least transparent coke makers with distorted financials
- Transparency unlikely to improve significantly
- Despite growing production, its holding company stands to benefit the most due to transfer pricing
- Additional share issue further drained free float
- On the positive note, assets have been renovated and new equipment installed

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Alchevsk Coke ranked second in terms of coke production in 2006, producing 2740 ths mt of coke and claiming 14.5% of production in the country. The company operates six batteries (one launched last year) with a total capacity of 3.5 mln mt. Although installed in 1955-1962, four of Alchevsk Coke's batteries were refurbished in 1982-1986 and one battery was upgraded in 1993, which prolonged its useful life. Alchevsk Coke enjoys stable domestic demand for its coke within its holding corporation, the IUD. Alchevsk Iron & Steel, DMK Dzerzhynskogo and Kramatorsk Iron & Steel consume all of Alchevsk Coke's coke production.

In 11M06 Alchevsk Coke produced 2.47 mln mt (up 2.1% yoy) of coke. In 9M06 the company posted growth in sales by 180% to USD 290 mln and increased its net income by 179% to USD 8.5 mln.

* PFTS MID Price 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 | 0.27 / 0.04 |
| Chg 3m/6m/52w | 109% / 53% / -58% |
| Chg vs PFTS 3m/6m/52w | 66% / 6% / -117% |
| Chg YTD | 80% |
| Avg Mo Tr Vol 6M, USD ths | 46.84 |

| | |
|----------------------|--------------|
| MCap, USD mln | 342.9 |
| Free float, % | 2.0% |
| FF MCap, USD mln | 6.9 |

| | |
|--------------------------|---------------|
| 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

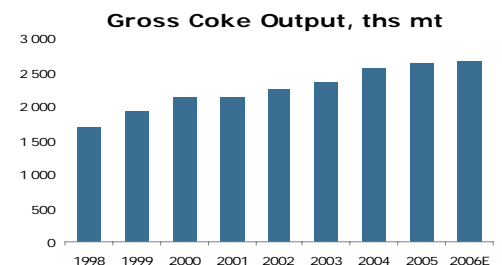
| | |
|-------|-------|
| IUD | 98.0% |
| Other | 2.0% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.0 | 0.9 |
| EV/EBITDA | 9.9 | 9.4 |
| P/E | 19.1 | 18.1 |
| P/B | 1.5 | 1.5 |
| P/CF | 13.2 | 11.9 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 12% | 10% | 10% |
| Net Margin | 4% | 5% | 5% |
| ROE | 12% | 24% | 8% |
| Net Debt/Equity | 0.4 | 0.1 | 0.1 |



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 103.8 | 181.5 | 168.3 | 171.4 | 390.0 | n/a | n/a |
| <i>Change y-o-y</i> | - | 74.9% | -7.3% | 1.8% | 127.5% | n/a | n/a |
| Gross Profit | 5.5 | 16.1 | 26.8 | 30.1 | 68.5 | n/a | n/a |
| EBITDA | 2.2 | 5.7 | 10.3 | 20.9 | 38.0 | n/a | n/a |
| <i>margin, %</i> | 2.1% | 3.1% | 6.1% | 12.2% | 9.7% | n/a | n/a |
| Depreciation | (3.0) | (3.2) | (3.7) | (4.1) | (4.1) | n/a | n/a |
| EBIT | (0.8) | 2.5 | 6.5 | 16.9 | 33.9 | n/a | n/a |
| <i>margin, %</i> | -0.8% | 1.4% | 3.9% | 9.8% | 8.7% | n/a | n/a |
| Interest Expense | (0.0) | (0.0) | (0.3) | (3.9) | (4.5) | n/a | n/a |
| Other income/(expense) | (0.1) | (0.4) | (0.4) | (0.5) | (0.5) | n/a | n/a |
| PBT | (0.9) | 2.0 | 5.8 | 12.4 | 28.9 | n/a | n/a |
| Tax | (0.2) | (1.2) | (2.2) | (4.8) | 10.9 | n/a | n/a |
| <i>Effective tax rate</i> | -24.9% | 60.0% | 37.6% | 38.4% | -37.7% | n/a | n/a |
| Net Income | (1.2) | 0.8 | 3.6 | 7.6 | 18.0 | n/a | n/a |
| <i>Net Margin, %</i> | -1.1% | 0.4% | 2.1% | 4.4% | 4.6% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 24.1 | 91.0 | 69.2 | 155.2 | 174.0 | n/a | n/a |
| Cash & Equivalents | 0.8 | 1.2 | 5.2 | 8.2 | 8.8 | n/a | n/a |
| Trade Receivables | 12.3 | 34.4 | 38.6 | 58.9 | 88.4 | n/a | n/a |
| Inventories | 9.5 | 30.1 | 19.5 | 72.8 | 66.8 | n/a | n/a |
| Other | 1.4 | 25.2 | 6.0 | 15.3 | 10.1 | n/a | n/a |
| Fixed Assets | 43.0 | 47.4 | 83.3 | 132.1 | 220.8 | n/a | n/a |
| PP&E, net | 38.8 | 40.7 | 42.1 | 44.4 | 47.1 | n/a | n/a |
| Other | 4.2 | 6.6 | 41.2 | 87.6 | 173.7 | n/a | n/a |
| Total Assets | 67.1 | 138.3 | 152.5 | 287.3 | 394.8 | n/a | n/a |
| Shareholders' Equity | 60.0 | 60.4 | 63.6 | 74.7 | 229.0 | n/a | n/a |
| Share Capital | 9.9 | 9.9 | 10.0 | 10.5 | 147.3 | n/a | n/a |
| Retained Earnings | (1.1) | 0.4 | 3.9 | 11.6 | 57.6 | n/a | n/a |
| Other | 51.2 | 50.0 | 49.7 | 52.6 | 24.2 | n/a | n/a |
| Current Liabilities | 7.1 | 78.0 | 50.7 | 136.0 | 148.1 | n/a | n/a |
| ST Interest Bearing Debt | - | 1.9 | 0.8 | 1.9 | 29.7 | n/a | n/a |
| Trade Payables | 6.7 | 73.1 | 45.5 | 93.6 | 105.5 | n/a | n/a |
| Other | 0.4 | 3.0 | 4.4 | 40.5 | 12.8 | n/a | n/a |
| LT Liabilities | 0.0 | 0.0 | 38.3 | 76.6 | 17.7 | n/a | n/a |
| LT Interest Bearing Debt | - | - | 3.8 | 34.2 | 6.3 | n/a | n/a |
| Other | 0.0 | 0.0 | 34.5 | 42.3 | 11.4 | n/a | n/a |
| Total Liabilities & Equity | 67.1 | 138.3 | 152.5 | 287.3 | 394.8 | n/a | n/a |

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% |

Avdiyivka Coke

AVDK UZ

Chemicals/Coke

<http://www.akhz.com.ua>

Target Price (USD) 4.79
Upside 103%

INVESTMENT CASE

- Transparency improving
- Operates the newest coke capacities in Ukraine
- Diversified order book
- Coking coal sourced primarily from related mines ensures stable supplies
- Non-coke business (coal) creates additional value
- Production to recover in 2007, fueled by domestic demand

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Avdiyivka Coke is Europe's largest coke maker, operating nine coke batteries with a total capacity of 6.87 mln mt annually. In 2006, it accounted for 17% of Ukraine's total coke output, having produced 3208 ths mt of coke. Most of the company's equipment was put in operation in the early 60s-late 70s and requires modernization, even though it is among the newest in Ukrainian coke industry. In an effort to upgrade the plant in 2004, Avdiyivka Coke replaced one of its old batteries.

The company delivers met coke and coke breeze primarily to MMK Illich Steel, Azovstal and Enakievo Iron & Steel (both controlled by SCM), and DMK Dzerzhynskogo steel mill (controlled by IUD).

Avdiyivka Coke processes both domestically mined coal (-80%) and high quality coal imported from Russia (~20%). In Ukraine, its key coking coal suppliers are SCM-related mines and the Donetskstal group, which operates Chervonoarmiyska-Zakhidna mine and has excess coal.

In 9M06 Avdiyivka Coke posted a decrease in sales by 50% to USD 457 mln and a decrease in net income by 83% to USD 16.8 mln, which we mainly attribute to the company scaling back related-party sale schemes.

MARKET INFORMATION

| | |
|---------------------------|---------------------|
| Market price*, USD | 2.36 |
| Price impact** | 2 |
| 52 Wk H/L, USD | 4.44 / 1.68 |
| Chg 3m/6m/52w | 4% / -21% / -45% |
| Chg vs PFTS 3m/6m/52w | -39% / -68% / -103% |
| Chg YTD | 34% |
| Avg Mo Tr Vol 6M, USD ths | 540.58 |
| MCap, USD mln | 456.2 |
| Free float, % | 3.2% |
| FF MCap, USD mln | 14.6 |
| 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 Illich | 5.9% |
| Other | 3.2% |

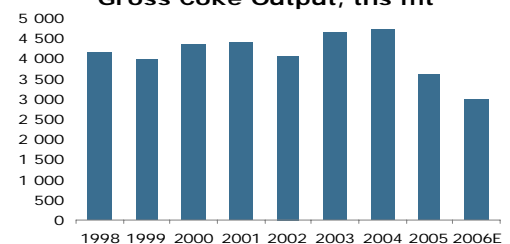
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.0 | 1.1 |
| EV/EBITDA | 7.5 | 8.7 |
| P/E | 18.0 | 17.8 |
| P/B | 0.8 | 0.7 |
| P/CF | 11.0 | 11.0 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 17% | 13% | 13% |
| Net Margin | 7% | 4% | 5% |
| ROE | 16% | 4% | 4% |
| Net Debt/Equity | 0.5 | 0.3 | 0.3 |

Gross Coke Output, ths mt



* PFTS MID Price 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)

INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|----------------|----------------|--------------|------------|------------|
| Net Revenues | 245.8 | 376.5 | 1 402.4 | 1 119.8 | 457.0 | n/a | n/a |
| <i>Change y-o-y</i> | - | 53.2% | 272.5% | -20.2% | -49.7% | n/a | n/a |
| Gross Profit | 34.8 | 47.0 | 302.4 | 182.2 | 84.8 | n/a | n/a |
| EBITDA | 26.7 | 33.4 | 210.9 | 189.0 | 61.4 | n/a | n/a |
| <i>margin, %</i> | 10.9% | 8.9% | 15.0% | 16.9% | 13.4% | n/a | n/a |
| Depreciation | (5.2) | (17.1) | (16.1) | (16.9) | (12.6) | n/a | n/a |
| EBIT | 21.4 | 16.3 | 194.7 | 172.0 | 48.9 | n/a | n/a |
| <i>margin, %</i> | 8.7% | 4.3% | 13.9% | 15.4% | 10.7% | n/a | n/a |
| Interest Expense | (1.1) | (0.2) | (15.5) | (49.4) | (18.1) | n/a | n/a |
| Other income/(expense) | 0.1 | (4.8) | 59.7 | (6.8) | (3.9) | n/a | n/a |
| PBT | 20.4 | 11.3 | 239.0 | 115.8 | 26.8 | n/a | n/a |
| Tax | (8.8) | (10.0) | (50.1) | (43.5) | (9.8) | n/a | n/a |
| <i>Effective tax rate</i> | 43.0% | 88.9% | 21.0% | 37.6% | 36.6% | n/a | n/a |
| Net Income | 11.6 | 1.3 | 189.1 | 72.5 | 17.8 | n/a | n/a |
| <i>Net Margin, %</i> | 4.7% | 0.3% | 13.5% | 6.5% | 3.9% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|----------------|----------------|--------------|------------|------------|
| Current Assets | 143.1 | 211.1 | 302.9 | 200.3 | 164.4 | n/a | n/a |
| Cash & Equivalents | 0.3 | 3.7 | 13.1 | 36.1 | 3.2 | n/a | n/a |
| Trade Receivables | 69.4 | 92.4 | 100.6 | 46.3 | 69.1 | n/a | n/a |
| Inventories | 8.5 | 19.4 | 32.7 | 35.1 | 31.6 | n/a | n/a |
| Other | 64.9 | 95.6 | 156.5 | 82.7 | 60.5 | n/a | n/a |
| Fixed Assets | 97.1 | 168.7 | 955.8 | 844.1 | 780.2 | n/a | n/a |
| PP&E, net | 71.4 | 140.3 | 131.3 | 134.6 | 135.3 | n/a | n/a |
| Other | 25.7 | 28.5 | 824.5 | 709.5 | 644.9 | n/a | n/a |
| Total Assets | 240.1 | 379.8 | 1 258.7 | 1 044.3 | 944.6 | n/a | n/a |
| Shareholders' Equity | 191.2 | 271.8 | 470.7 | 578.8 | 594.9 | n/a | n/a |
| Share Capital | 63.9 | 63.9 | 64.2 | 67.5 | 67.5 | n/a | n/a |
| Retained Earnings | 119.1 | 119.0 | 299.8 | 389.0 | 405.9 | n/a | n/a |
| Other | 8.2 | 88.8 | 106.6 | 122.3 | 121.5 | n/a | n/a |
| Current Liabilities | 47.3 | 96.9 | 282.4 | 144.3 | 193.2 | n/a | n/a |
| ST Interest Bearing Debt | 4.0 | - | - | - | 24.5 | n/a | n/a |
| Trade Payables | 34.2 | 80.1 | 168.4 | 94.3 | 51.9 | n/a | n/a |
| Other | 9.1 | 16.8 | 114.0 | 50.0 | - | n/a | n/a |
| LT Liabilities | 1.7 | 11.2 | 505.6 | 321.2 | 156.5 | n/a | n/a |
| LT Interest Bearing Debt | - | - | 479.0 | 297.7 | 133.0 | n/a | n/a |
| Other | 1.7 | 11.2 | 26.6 | 23.6 | 23.6 | n/a | n/a |
| Total Liabilities & Equity | 240.1 | 379.8 | 1 258.7 | 1 044.3 | 944.6 | n/a | n/a |

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% |

Bagliy Coke

BKOK UZ

Chemicals/Coke

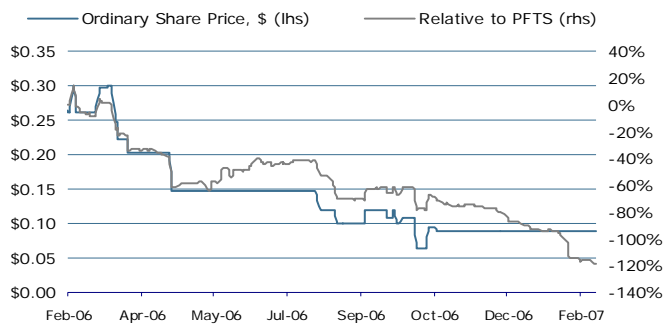
Target Price (USD)
Upside

U/R
n/a

INVESTMENT CASE

- Shrinking export markets is a major threat
- Transparency has been improving, but still far from ideal
- Capacities under-utilized
- Planned sale would likely improve business prospects

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Bagliy Coke is one of the smallest coke makers in Ukraine, with 4.1% of domestic output in 2006. The company's production fell 21% in 2005 and 7.5% in 2006 due to shrinking exports. The company's eight coke batteries built during the 50s have a design capacity of 3.7 mln mt p.a. However, in the 90s, the four most out-of-date batteries were taken out of operation. Currently, Bagliy Coke's effective capacity stands at 1,840 ths mt, with three batteries, renovated in 1985-1987 running and the fourth one, overhauled in 2005, is idle.

Bagliy Coke exports its products to Russia, Romania, Bulgaria, the United States and Kazakhstan. The company's main customers of met coke in Ukraine are ISD-controlled DMK Dzerzhinskogo, Privat Group-controlled DMK Petrovskogo, Zaporizhstal and Mittal Steel Kryviy Rih.

In 9M06 the company posted 4.6% yoy growth in its net revenues, a decrease in its EBITDA margin to 4.5% from 6.5% in 9M05, and a decline in its net margin to 3.4% from 5.3% in 9M05.

* PFTS MID Price 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 | 0.09 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.30 / 0.06 |
| Chg 3m/6m/52w | 0% / -26% / -67% |
| Chg vs PFTS 3m/6m/52w | -43% / -73% / -125% |
| 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

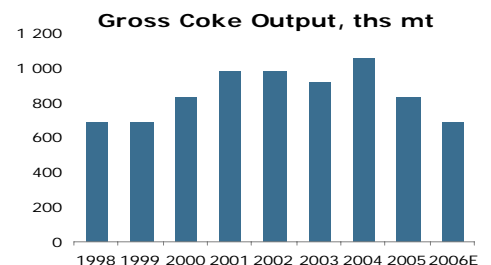
| | |
|-----------------|-------|
| Privat (apprx.) | 94.0% |
| Other | 6.0% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.5 | 0.5 |
| EV/EBITDA | 13.1 | 6.1 |
| P/E | 13.4 | 9.6 |
| P/B | 1.2 | 1.1 |
| P/CF | 9.3 | 7.3 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|--------|-------|-------|
| EBITDA margin | 6% | 4% | 8% |
| Net Margin | 3% | 3% | 5% |
| ROE | 16% | 15% | 12% |
| Net Debt/Equity | -0.002 | 0.10 | 0.03 |



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|-------------|--------------|--------------|------------|------------|
| Net Revenues | 18.6 | 25.5 | 28.9 | 140.5 | 107.0 | n/a | n/a |
| <i>Change y-o-y</i> | - | 37.3% | 13.6% | 385.6% | 4.6% | n/a | n/a |
| Gross Profit | 1.2 | 0.4 | 3.2 | 9.7 | 7.6 | n/a | n/a |
| EBITDA | 0.1 | (0.3) | 2.0 | 7.9 | 4.8 | n/a | n/a |
| <i>margin, %</i> | 0.5% | -1.2% | 6.9% | 5.7% | 4.5% | n/a | n/a |
| Depreciation | (1.2) | (1.1) | (1.3) | (1.3) | (1.1) | n/a | n/a |
| EBIT | (1.1) | (1.4) | 0.7 | 6.7 | 3.7 | n/a | n/a |
| <i>margin, %</i> | -5.8% | -5.4% | 2.5% | 4.7% | 3.4% | n/a | n/a |
| Interest Expense | - | - | (0.0) | (0.1) | (0.0) | n/a | n/a |
| Other income/(expense) | (0.7) | (0.1) | (0.2) | (0.4) | 0.0 | n/a | n/a |
| PBT | (1.8) | (1.5) | 0.5 | 6.2 | 3.7 | n/a | n/a |
| Tax | (0.0) | - | - | (2.4) | (0.0) | n/a | n/a |
| <i>Effective tax rate</i> | -0.2% | 0.0% | 0.0% | 39.4% | 1.3% | n/a | n/a |
| Net Income | (1.8) | (1.5) | 0.5 | 3.7 | 4.7 | n/a | n/a |
| <i>Net Margin, %</i> | -9.6% | -6.0% | 1.7% | 2.6% | 4.4% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|--------------|--------------|------------|------------|
| Current Assets | 6.5 | 8.1 | 47.0 | 74.8 | 63.8 | n/a | n/a |
| Cash & Equivalents | 0.2 | 0.1 | 0.1 | 0.1 | 0.0 | n/a | n/a |
| Trade Receivables | 1.7 | 4.2 | 4.1 | 16.3 | 17.9 | n/a | n/a |
| Inventories | 2.7 | 1.6 | 20.1 | 10.2 | 6.3 | n/a | n/a |
| Other | 1.8 | 2.3 | 22.7 | 48.3 | 39.5 | n/a | n/a |
| Fixed Assets | 18.0 | 18.1 | 20.1 | 27.2 | 47.5 | n/a | n/a |
| PP&E, net | 14.0 | 14.5 | 14.0 | 14.0 | 21.9 | n/a | n/a |
| Other | 4.0 | 3.7 | 6.1 | 13.2 | 25.6 | n/a | n/a |
| Total Assets | 24.6 | 26.3 | 67.1 | 102.1 | 111.3 | n/a | n/a |
| Shareholders' Equity | 12.1 | 12.9 | 24.2 | 29.2 | 50.1 | n/a | n/a |
| Share Capital | 4.8 | 4.8 | 16.1 | 16.9 | 34.0 | n/a | n/a |
| Retained Earnings | (6.1) | (5.4) | (4.9) | (0.9) | 2.6 | n/a | n/a |
| Other | 13.5 | 13.4 | 12.9 | 13.2 | 13.4 | n/a | n/a |
| Current Liabilities | 12.4 | 13.4 | 42.9 | 70.5 | 51.6 | n/a | n/a |
| ST Interest Bearing Debt | 0.1 | - | 0.0 | 0.0 | 0.0 | n/a | n/a |
| Trade Payables | 3.7 | 7.0 | 33.0 | 47.7 | 28.0 | n/a | n/a |
| Other | 8.6 | 6.4 | 9.9 | 22.8 | - | n/a | n/a |
| LT Liabilities | 0.0 | 0.0 | 0.0 | 2.4 | 9.6 | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Other | 0.0 | 0.0 | 0.0 | 2.4 | - | n/a | n/a |
| Total Liabilities & Equity | 24.6 | 26.3 | 67.1 | 102.1 | 111.3 | n/a | n/a |

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% |

Donetsk Coke

DKOK UZ

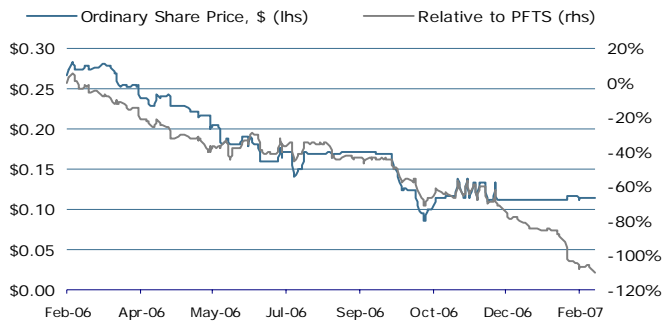
Chemicals/Coke

Target Price (USD) 0.08
Upside -30%

INVESTMENT CASE

- Excess capacity
- Lost its largest consumer, MMK Illicha
- Tolling plagues financials
- Going concern not ensured

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

In 2006, Donetsk Coke ranked 11th among Ukrainian coke producer by output, with 630 ths mt (down 36.6% yoy). The company consists of three separate plants – Rutchenkivsky, Donetsk and Smolianivsky, all located in the city of Donetsk. The plant operates seven batteries with a total effective capacity of 2.0 mln mt p.a. The oldest batteries were put into operation in the 50s, while the average battery's age is ~35 years. At its AGM in 2006, the company's shareholders made a decision to halt two of the company's most worn out batteries for an overhaul, which reduced effective capacity to 1.4 mln mt p.a. Capacity utilization, which stood at only 72.8% in 2005, fell to an estimated 32% in 2006. The company was on the brink of closing its doors in 2006, when shareholders seriously considered halting operations at its largest plant, Rutchenkivsky. It still remains uncertain whether the company will continue to be a going concern.

Donetsk Coke's main products are met coke, coal tar, coke breeze, nut coke, crude benzol and foundry coke. Some of the main consumers of Donetsk Coke's met coke are MMK Illicha Steel, Donetskstal, Mittal Steel Kryvy Rig and Makiyivka Iron & Steel.

In 9M06 Donetsk Coke reported a 47.2% yoy decrease of net revenues to USD 25.1, increase of EBITDA margin to 22.3% from 21.2% in 9M05, and reduction of net margin to 10.2% from 1% in 9M05.

MARKET INFORMATION

| | |
|---------------------------|---------------------|
| Market price*, USD | 0.11 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.28 / 0.09 |
| Chg 3m/6m/52w | 0% / -30% / -56% |
| Chg vs PFTS 3m/6m/52w | -43% / -77% / -115% |
| Chg YTD | 2% |
| Avg Mo Tr Vol 6M, USD ths | 21.47 |

| | |
|----------------------|-------------|
| 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% |

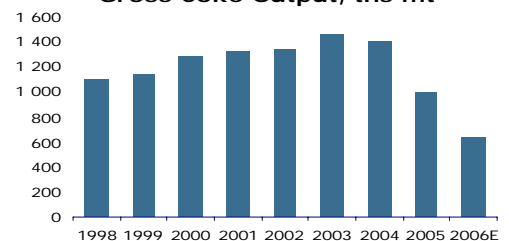
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.9 | 0.8 |
| EV/EBITDA | 3.6 | 4.4 |
| P/E | 5.7 | 9.2 |
| P/B | 0.3 | 0.3 |
| P/CF | 3.9 | 5.6 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|--------|-------|-------|
| EBITDA margin | 20% | 25% | 18% |
| Net Margin | 8% | 16% | 9% |
| ROE | 7% | 6% | 4% |
| Net Debt/Equity | -0.001 | 0.00 | -0.01 |

Gross Coke Output, ths mt



* PFTS MID Price 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)

INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|-------------|--------------|-------------|-------------|------------|------------|
| Net Revenues | 61.5 | 89.9 | 109.1 | 56.4 | 25.1 | n/a | n/a |
| <i>Change y-o-y</i> | - | 46.3% | 21.3% | -48.3% | -47.2% | n/a | n/a |
| Gross Profit | 5.5 | 15.9 | 41.1 | 17.2 | 8.7 | n/a | n/a |
| EBITDA | 2.9 | 12.8 | 35.4 | 11.0 | 5.6 | n/a | n/a |
| <i>margin, %</i> | 4.8% | 14.2% | 32.4% | 19.5% | 22.3% | n/a | n/a |
| Depreciation | (1.5) | (1.5) | (1.3) | (1.7) | (1.5) | n/a | n/a |
| EBIT | 1.4 | 11.2 | 34.1 | 9.2 | 4.1 | n/a | n/a |
| <i>margin, %</i> | 2.2% | 12.5% | 31.2% | 16.4% | 16.5% | n/a | n/a |
| Interest Expense | (0.7) | (0.0) | (0.0) | (0.0) | - | n/a | n/a |
| Other income/(expense) | (0.0) | (0.5) | 0.0 | (0.2) | (0.3) | n/a | n/a |
| PBT | 0.6 | 10.7 | 34.1 | 9.0 | 3.8 | n/a | n/a |
| Tax | (0.2) | (2.7) | (9.7) | (4.4) | (1.2) | n/a | n/a |
| <i>Effective tax rate</i> | 28.3% | 25.2% | 28.6% | 49.2% | 32.6% | n/a | n/a |
| Net Income | 0.4 | 8.0 | 24.3 | 4.6 | 3.6 | n/a | n/a |
| <i>Net Margin, %</i> | 0.7% | 8.9% | 22.3% | 8.2% | 14.2% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 12.7 | 20.8 | 44.9 | 40.0 | 43.7 | n/a | n/a |
| Cash & Equivalents | 1.0 | 3.4 | 1.2 | 0.1 | 0.9 | n/a | n/a |
| Trade Receivables | 2.0 | 5.7 | 9.7 | 17.7 | 3.5 | n/a | n/a |
| Inventories | 6.4 | 6.7 | 7.1 | 5.1 | 3.4 | n/a | n/a |
| Other | 3.3 | 5.0 | 26.9 | 17.2 | 36.0 | n/a | n/a |
| Fixed Assets | 35.6 | 34.9 | 46.1 | 46.0 | 44.4 | n/a | n/a |
| PP&E, net | 20.3 | 20.8 | 21.4 | 23.5 | 22.6 | n/a | n/a |
| Other | 15.3 | 14.1 | 24.7 | 22.4 | 21.8 | n/a | n/a |
| Total Assets | 48.2 | 55.7 | 91.0 | 86.0 | 88.2 | n/a | n/a |
| Shareholders' Equity | 37.1 | 45.1 | 69.9 | 78.7 | 81.7 | n/a | n/a |
| Share Capital | 11.7 | 11.7 | 11.7 | 12.3 | 12.3 | n/a | n/a |
| Retained Earnings | 3.7 | 11.4 | 34.5 | 41.8 | 45.4 | n/a | n/a |
| Other | 21.7 | 22.1 | 23.7 | 24.6 | 24.0 | n/a | n/a |
| Current Liabilities | 9.0 | 10.6 | 21.1 | 7.3 | 6.4 | n/a | n/a |
| ST Interest Bearing Debt | 4.0 | - | 0.0 | - | - | n/a | n/a |
| Trade Payables | 4.1 | 9.6 | 18.2 | 6.5 | 5.2 | n/a | n/a |
| Other | 0.9 | 1.0 | 2.9 | 0.7 | - | n/a | n/a |
| LT Liabilities | 2.1 | - | - | 0.0 | 0.0 | n/a | n/a |
| LT Interest Bearing Debt | 2.1 | - | - | - | - | n/a | n/a |
| Other | - | - | - | 0.0 | - | n/a | n/a |
| Total Liabilities & Equity | 48.2 | 55.7 | 91.0 | 86.0 | 88.2 | n/a | n/a |

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% |

Yasynivsky Coke

YASK UZ

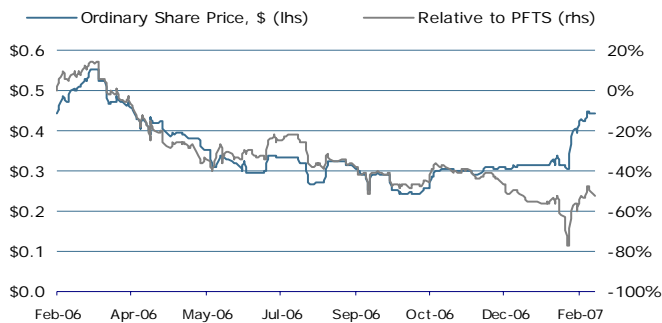
Chemicals/Coke

Target Price (USD) 0.30
Upside -33%

INVESTMENT CASE

- Only producer of a premium grade coke
- Fully self-sufficient in coking coal
- Assets rejuvenated
- Coke sales ensured thanks to a lease arrangement with Mariupol Illicha, which was established in 2006
- Transparency concerns high, as most equipment is leased to Mariupol Illicha

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Yasynivsky Coke is the sixth largest coke producer in Ukraine, with 2006 coke output of 1524 ths mt, up 19.6% yoy. The company operates six coke batteries that were commissioned in the 50s and have a design capacity of 3.2 mln mt p.a. However, the effective capacity of the plant is estimated at 1.8 mln mt, since two batteries are currently idle and awaiting an overhaul. Yasynivsky Coke is one of only two producers of so-called premium coke in Ukraine. The company is in a better position in terms of coking coal supplies than any other Ukrainian coke maker, because around 70% of coke needed for premium coke production is provided by Ukraine's largest coking coal mine, Chervonoarmiyska Zakhidna, which, as well as Yasynivsky Coke, is controlled by the Donetskstal Group. In 2005 the company officially reported that exports made up only 7.5% of sales, but we estimate that at least 50% of its coke was exported through related-party transactions.

In 9M06 the company reported a 12.5% yoy increase in net revenues to USD 192.8 mln, improvement in its EBITDA margin to 10.5% from 8.1% in 9M05 and a reduction in its net margin to 3.1% from 15.6% in 9M05.

MARKET INFORMATION

| | |
|---------------------------|-----------------|
| Market price*, USD | 0.44 |
| Price impact** | 2 |
| 52 Wk H/L, USD | 0.55 / 0.24 |
| Chg 3m/6m/52w | 47% / 45% / 3% |
| Chg vs PFTS 3m/6m/52w | 4% / -2% / -55% |
| Chg YTD | 31% |
| Avg Mo Tr Vol 6M, USD ths | 242.74 |
| MCap, USD mln | 121.6 |
| Free float, % | 9.0% |
| FF MCap, USD mln | 10.9 |
| 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% |

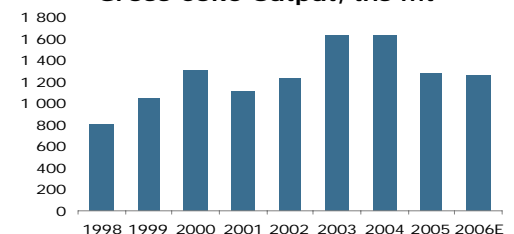
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.5 | 0.5 |
| EV/EBITDA | 4.5 | 4.3 |
| P/E | 7.6 | 7.2 |
| P/B | 1.5 | 0.8 |
| P/CF | 5.8 | 5.6 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | 8% | 11% | 11% |
| Net Margin | 4% | 6% | 6% |
| ROE | 16% | 25% | 21% |
| Net Debt/Equity | -0.01 | 0.00 | 0.00 |

Gross Coke Output, ths mt



* PFTS MID Price 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)

INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 64.3 | 44.5 | 192.2 | 212.6 | 192.8 | n/a | n/a |
| <i>Change y-o-y</i> | - | -30.8% | 331.8% | 10.6% | 12.5% | n/a | n/a |
| Gross Profit | 5.7 | 11.7 | 28.0 | 25.8 | 29.3 | n/a | n/a |
| EBITDA | 2.6 | 3.8 | 20.5 | 16.4 | 20.2 | n/a | n/a |
| <i>margin, %</i> | 4.0% | 8.6% | 10.7% | 7.7% | 10.5% | n/a | n/a |
| Depreciation | (1.9) | (3.4) | (3.4) | (4.1) | (3.4) | n/a | n/a |
| EBIT | 0.7 | 0.4 | 17.1 | 12.3 | 16.8 | n/a | n/a |
| <i>margin, %</i> | 1.1% | 1.0% | 8.9% | 5.8% | 8.7% | n/a | n/a |
| Interest Expense | (0.3) | (0.8) | (0.6) | (0.2) | (0.1) | n/a | n/a |
| Other income/(expense) | 0.0 | 0.0 | 0.0 | (0.1) | (0.3) | n/a | n/a |
| PBT | 0.4 | (0.3) | 16.5 | 12.0 | 16.4 | n/a | n/a |
| Tax | (0.6) | (1.0) | (4.8) | (4.0) | (6.3) | n/a | n/a |
| <i>Effective tax rate</i> | 184.2% | -309.4% | 29.4% | 33.4% | 38.5% | n/a | n/a |
| Net Income | (0.3) | (1.3) | 11.6 | 8.1 | 11.1 | n/a | n/a |
| <i>Net Margin, %</i> | -0.5% | -3.0% | 6.1% | 3.8% | 5.7% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 17.1 | 17.5 | 46.5 | 39.4 | 23.8 | n/a | n/a |
| Cash & Equivalents | 0.0 | 0.1 | 0.3 | 0.5 | 0.2 | n/a | n/a |
| Trade Receivables | 9.1 | 10.6 | 19.2 | 1.4 | 6.7 | n/a | n/a |
| Inventories | 5.6 | 5.1 | 23.5 | 30.3 | 14.1 | n/a | n/a |
| Other | 2.5 | 1.7 | 3.5 | 7.1 | 2.8 | n/a | n/a |
| Fixed Assets | 39.1 | 42.9 | 57.5 | 76.7 | 88.7 | n/a | n/a |
| PP&E, net | 35.1 | 37.5 | 39.5 | 49.7 | 56.3 | n/a | n/a |
| Other | 4.0 | 5.5 | 18.1 | 27.0 | 32.4 | n/a | n/a |
| Total Assets | 56.3 | 60.4 | 104.0 | 116.1 | 112.5 | n/a | n/a |
| Shareholders' Equity | 39.0 | 40.3 | 51.9 | 64.9 | 77.6 | n/a | n/a |
| Share Capital | 14.5 | 12.8 | 12.9 | 14.4 | 16.5 | n/a | n/a |
| Retained Earnings | 5.9 | 4.1 | 15.8 | 24.3 | 33.9 | n/a | n/a |
| Other | 18.6 | 23.3 | 23.2 | 26.2 | 27.2 | n/a | n/a |
| Current Liabilities | 17.2 | 20.2 | 52.2 | 51.2 | 34.9 | n/a | n/a |
| ST Interest Bearing Debt | 1.3 | 8.2 | 0.9 | - | 0.5 | n/a | n/a |
| Trade Payables | 14.7 | 10.8 | 48.6 | 48.4 | 30.2 | n/a | n/a |
| Other | 1.2 | 1.1 | 2.7 | 2.8 | 4.2 | n/a | n/a |
| LT Liabilities | - | - | - | - | - | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Other | - | - | - | - | - | n/a | n/a |
| Total Liabilities & Equity | 56.3 | 60.4 | 104.0 | 116.1 | 112.5 | n/a | n/a |

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% |

ZaporizhCoke

ZACO UZ

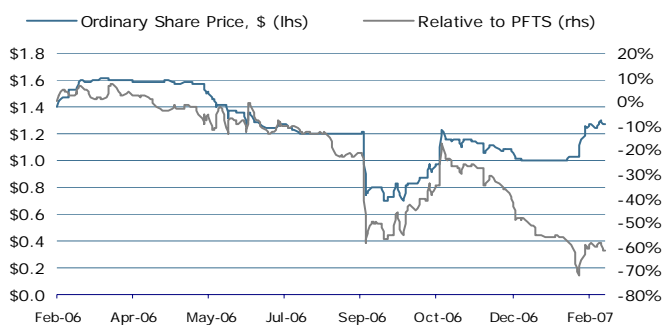
Chemicals/Coke

Target Price (USD) 2.47
Upside 94%

INVESTMENT CASE

- Strong demand from Zaporizhstal boosts production
- Most transparent Ukrainian coke maker
- Likely take-over target in the mid-term

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

ZaporizhCoke is Ukraine's fifth largest coke producer, with coke output of 1936 ths mt (up 2.7%) and a share in total domestic production of 10.2% in 2006. The company's core products are met coke, nut coke, and nitrogen fertilizers. Its key consumer is Zaporizhstal, but ZaporizhCoke also serves Mariupol Illich, DMK Dzerzhynskogo, Alchevsk Iron & Steel and DniproSpetsStal, whose demand for coke is likely to increase in the near-term due to favorable steel markets. ZaporizhCoke exports around 25% of its total output, including 8% of its met coke and 85% of pitch coke.

In 9M06 the company reported a reduction of net revenues by 7.6% yoy to USD 236.8 mln, decrease of EBITDA margin to 7.7% from 8.6% in 9M05, and lowering of net margin to 4.5% from 5.2% in 9M05.

Three shareholder groups (Zaporizhstal, SCM and ARS) have large stakes in ZaporizhCoke, but none of them have full control over the company's operations.

* PFTS MID Price 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 1.27
 Price impact** 3
 52 Wk H/L, USD 1.61 / 0.69
 Chg 3m/6m/52w 11% / 6% / -8%
 Chg vs PFTS 3m/6m/52w -31% / -41% / -67%
 Chg YTD 27%
 Avg Mo Tr Vol 6M, USD ths 180.76

MCap, USD mln 151.8
 Free float, % 7.2%
 FF MCap, USD mln 10.9

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%

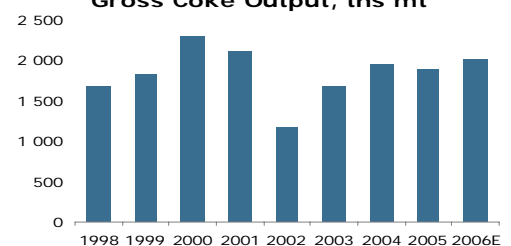
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.4 | 0.4 |
| EV/EBITDA | 5.2 | 4.9 |
| P/E | 9.0 | 8.2 |
| P/B | 1.5 | 1.4 |
| P/CF | 7.6 | 7.1 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|--------|-------|-------|
| EBITDA margin | 8% | 8% | 8% |
| Net Margin | 5% | 5% | 5% |
| ROE | 31% | 21% | 19% |
| Net Debt/Equity | -0.014 | -0.15 | -0.09 |

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 | 328.4 | 349.2 | 356.1 |
| <i>Change y-o-y</i> | - | 87.0% | 122.2% | -2.7% | -2.1% | 6.3% | 2.0% |
| Gross Profit | 5.3 | 21.9 | 60.3 | 35.7 | 34.5 | 38.4 | 46.3 |
| EBITDA | (2.1) | 12.9 | 47.9 | 27.6 | 26.3 | 29.0 | 35.6 |
| <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 | 23.0 | 25.7 | 32.3 |
| <i>margin, %</i> | -5.4% | 6.6% | 13.1% | 7.3% | 7.0% | 7.4% | 9.1% |
| Interest Expense | (2.3) | (1.6) | (0.4) | (0.1) | (0.4) | (1.0) | (1.5) |
| Other income/(expense) | (1.1) | 0.2 | (0.0) | 0.7 | - | - | - |
| PBT | (7.9) | 8.8 | 44.9 | 25.0 | 22.6 | 24.7 | 30.9 |
| Tax | - | (3.2) | (11.3) | (6.6) | (5.6) | (6.2) | (7.7) |
| <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 | 16.9 | 18.5 | 23.2 |
| <i>Net Margin, %</i> | -9.6% | 3.6% | 9.7% | 5.5% | 5.2% | 5.3% | 6.5% |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|
| Current Assets | 16.9 | 24.8 | 60.5 | 53.6 | 61.3 | 72.0 | 71.1 |
| Cash & Equivalents | 0.0 | 0.4 | 4.5 | 1.1 | 8.2 | 8.7 | 8.9 |
| Trade Receivables | 6.5 | 9.7 | 4.6 | 17.2 | 19.7 | 27.9 | 26.7 |
| Inventories | 6.4 | 7.6 | 36.9 | 22.8 | 23.5 | 24.9 | 24.8 |
| Other | 4.0 | 7.1 | 14.4 | 12.5 | 9.9 | 10.5 | 10.7 |
| Fixed Assets | 61.2 | 57.7 | 60.7 | 74.2 | 70.4 | 75.4 | 78.6 |
| PP&E, net | 30.8 | 28.8 | 30.4 | 32.4 | 33.6 | 34.8 | 36.4 |
| Other | 30.4 | 28.9 | 30.3 | 41.8 | 36.8 | 40.6 | 42.2 |
| Total Assets | 78.1 | 82.5 | 121.2 | 127.8 | 131.7 | 147.4 | 149.7 |
| Shareholders' Equity | 19.1 | 24.7 | 60.1 | 81.0 | 98.0 | 110.9 | 120.2 |
| 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 | 56.2 | 69.2 | 78.5 |
| 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 | 15.9 | 26.5 | 29.5 |
| ST Interest Bearing Debt | 3.8 | - | 0.4 | - | 6.1 | 10.8 | 13.4 |
| Trade Payables | 19.2 | 22.6 | 19.7 | 5.9 | 8.2 | 10.8 | 14.2 |
| Other | 35.3 | 35.1 | 41.0 | 2.6 | 1.6 | 1.7 | 1.8 |
| LT Liabilities | 0.7 | 0.1 | 0.0 | 38.2 | 17.8 | 9.9 | - |
| LT Interest Bearing Debt | - | - | - | - | - | - | - |
| Other | 0.7 | 0.1 | 0.0 | 38.2 | 17.8 | 9.9 | - |
| Total Liabilities & Equity | 78.1 | 82.5 | 121.2 | 127.8 | 131.7 | 147.4 | 149.7 |

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% |

Koryukivka Paper

KFTP UZ

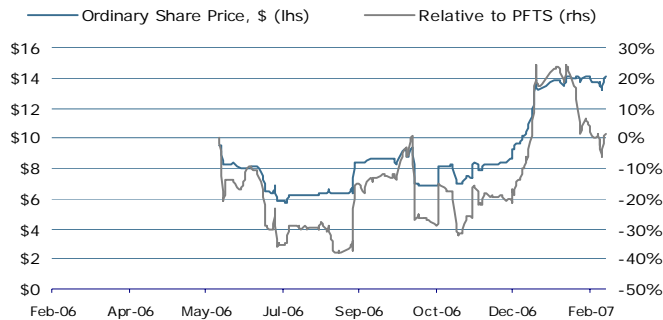
Forest Products & Paper

<http://www.slav-oboi.com.ua>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



*listed on PFTS since 25 May 2006

BUSINESS OVERVIEW

Koryukivka Paper (KFTP) is the largest producer of wallpaper in Ukraine and one of biggest wallpaper producers in the CIS and Eastern Europe. The company produces corrugated, washable, duplex, vinyl and acryl wallpaper with more than 1000 designs under the brand Slavyanskiye Oboi. Its capacity enables the production of 60 mln rolls of wallpaper per year, which significantly exceeds domestic demand. The company exports more than 75% of its products to Belarus, Moldova, the Baltics, the Middle East, Eastern and Western Europe. Modern equipment installed at the factory is made in Switzerland, Britain and France. Koryukivka Paper also produces different printing products (booklets, calendars).

In 8M06 Koryukivka Paper produced 35.8 mln rolls of wallpaper (0.5% growth yoy) and increased its output volume by 24% yoy. In 9M06 the company posted sales growth of 23% yoy to USD 66.8 mln and net income growth of 104% yoy to USD 6.3 mln.

UPCOMING EVENTS

25 MAY 2007 AGM

* PFTS MID Price 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 | 14.16 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 14.2 / 5.7 |
| Chg 3m/6m/52w | 91% / 122% / 49% |
| Chg vs PFTS 3m/6m/52w | 48% / 75% / -9% |
| Chg YTD | 1% |
| Avg Mo Tr Vol 6M, USD ths | 2140.96 |
| MCap, USD mln | 85.3 |
| Free float, % | 23.1% |
| FF MCap, USD mln | 19.7 |
| No of shares, mln | 6.0 |
| Par Value, UAH | 8.0 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|---------------------|-------|
| Slavych Invest | 36.9% |
| Trade House Slavych | 20.0% |
| UkragrosynteZ | 20.0% |
| Other | 23.1% |

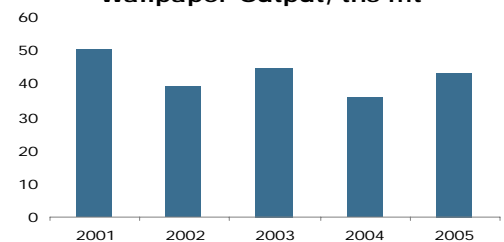
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.1 | n/a |
| EV/EBITDA | 5.9 | n/a |
| P/E | 10.1 | n/a |
| P/B | 3.4 | n/a |
| P/CF | 7.6 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 14% | 19% | n/a |
| Net Margin | 5% | 9% | n/a |
| ROE | 27% | 51% | n/a |
| Net Debt/Equity | 1.0 | 0.60 | n/a |

Wallpaper Output, ths mt



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|-------------|-------------|-------------|-------------|------------|------------|
| Net Revenues | 34.9 | 44.6 | 55.5 | 72.6 | 66.8 | n/a | n/a |
| <i>Change y-o-y</i> | - | 27.7% | 24.5% | 30.7% | 23.3% | n/a | n/a |
| Gross Profit | 4.3 | 10.1 | 11.0 | 14.4 | 16.8 | n/a | n/a |
| EBITDA | 1.1 | 5.9 | 4.3 | 9.8 | 12.8 | n/a | n/a |
| <i>margin, %</i> | 3.2% | 13.3% | 7.7% | 13.5% | 19.2% | n/a | n/a |
| Depreciation | (1.5) | (1.9) | (1.9) | (2.7) | (2.2) | n/a | n/a |
| EBIT | (0.4) | 4.0 | 2.4 | 7.1 | 10.7 | n/a | n/a |
| <i>margin, %</i> | -1.1% | 9.0% | 4.3% | 9.7% | 16.0% | n/a | n/a |
| Interest Expense | (0.9) | (1.3) | (1.6) | (2.0) | (2.1) | n/a | n/a |
| Other income/(expense) | (0.2) | (0.1) | (0.0) | (0.0) | (0.0) | n/a | n/a |
| PBT | (1.5) | 2.6 | 0.8 | 5.0 | 8.5 | n/a | n/a |
| Tax | - | (0.2) | (0.3) | (1.5) | (2.2) | n/a | n/a |
| <i>Effective tax rate</i> | 0.0% | 8.6% | 35.3% | 29.6% | 26.0% | n/a | n/a |
| Net Income | (1.5) | 2.4 | 0.5 | 3.5 | 6.3 | n/a | n/a |
| <i>Net Margin, %</i> | -4.2% | 5.4% | 0.9% | 4.8% | 9.5% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 13.2 | 14.7 | 14.9 | 27.7 | 31.3 | n/a | n/a |
| Cash & Equivalents | 0.2 | 0.1 | 0.0 | 0.2 | 0.7 | n/a | n/a |
| Trade Receivables | 3.5 | 4.1 | 4.6 | 8.6 | 10.5 | n/a | n/a |
| Inventories | 5.9 | 6.4 | 7.0 | 12.7 | 15.3 | n/a | n/a |
| Other | 3.6 | 4.1 | 3.4 | 6.2 | 4.7 | n/a | n/a |
| Fixed Assets | 16.5 | 15.2 | 18.8 | 20.8 | 19.8 | n/a | n/a |
| PP&E, net | 15.4 | 13.9 | 16.2 | 19.1 | 17.9 | n/a | n/a |
| Other | 1.1 | 1.3 | 2.6 | 1.7 | 2.0 | n/a | n/a |
| Total Assets | 29.7 | 30.0 | 33.7 | 48.5 | 51.1 | n/a | n/a |
| Shareholders' Equity | 10.4 | 12.9 | 12.9 | 16.6 | 22.5 | n/a | n/a |
| Share Capital | 9.3 | 9.0 | 9.1 | 9.5 | 9.5 | n/a | n/a |
| Retained Earnings | 0.5 | 2.8 | 2.8 | 5.6 | 11.6 | n/a | n/a |
| Other | 0.6 | 1.0 | 1.0 | 1.4 | 1.4 | n/a | n/a |
| Current Liabilities | 14.0 | 12.3 | 10.5 | 16.9 | 26.0 | n/a | n/a |
| ST Interest Bearing Debt | 5.1 | 7.0 | 0.5 | 1.6 | 13.6 | n/a | n/a |
| Trade Payables | 8.1 | 4.8 | 9.2 | 13.9 | 9.9 | n/a | n/a |
| Other | 0.8 | 0.5 | 0.8 | 1.3 | 4.0 | n/a | n/a |
| LT Liabilities | 5.3 | 4.8 | 10.3 | 15.0 | 2.6 | n/a | n/a |
| LT Interest Bearing Debt | 5.3 | 4.5 | 10.2 | 14.6 | 2.2 | n/a | n/a |
| Other | 0.0 | 0.3 | 0.1 | 0.4 | 0.4 | n/a | n/a |
| Total Liabilities & Equity | 29.7 | 30.0 | 33.7 | 48.5 | 51.1 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|-------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net Revenues | 12.0 | 13.0 | 18.4 | 12.1 | 12.3 | 16.8 | 25.2 | 18.4 | 15.7 | 22.7 | 28.5 |
| <i>Change y-o-y</i> | 55.1% | 21.6% | 17.7% | 15.1% | 2.4% | 28.6% | 37.0% | 51.7% | 27.6% | 35.3% | 13.2% |
| EBITDA | 1.6 | 0.9 | 1.5 | 0.3 | 0.8 | 2.5 | 4.0 | 2.5 | 2.4 | 4.8 | 5.7 |
| <i>margin, %</i> | 13.1% | 6.9% | 8.3% | 2.5% | 6.4% | 15.0% | 15.9% | 13.7% | 15.0% | 21.0% | 20.0% |
| EBIT | 1.1 | 0.5 | 1.1 | (0.4) | 0.2 | 1.9 | 3.3 | 1.7 | 1.6 | 4.0 | 5.0 |
| <i>margin, %</i> | 9.4% | 3.7% | 6.0% | -3.0% | 1.7% | 11.2% | 13.1% | 9.2% | 10.4% | 17.8% | 17.6% |
| Net Income | 0.6 | 0.0 | 0.6 | (0.7) | (0.2) | 1.2 | 2.2 | 0.4 | 0.7 | 2.5 | 3.1 |
| <i>Net Margin, %</i> | 4.9% | 0.2% | 3.3% | -5.9% | -2.0% | 7.2% | 8.6% | 2.1% | 4.4% | 11.1% | 10.9% |

Kyiv Cardboard & Paper

Forest Products & Paper

Target Price (USD)
Upside (%)

N/R
n/a

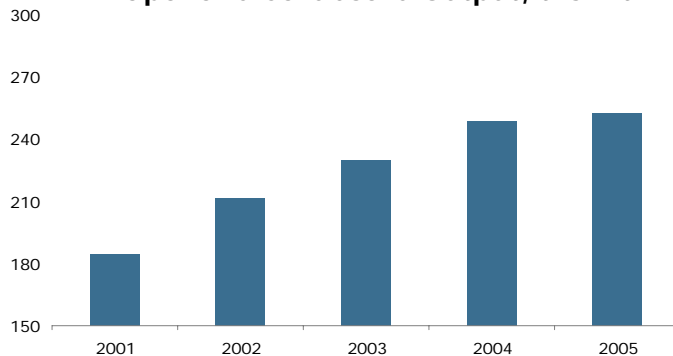
BUSINESS OVERVIEW

Kyiv Cardboard & Paper (KCP) is the largest producer of cardboard and hygienic paper in Ukraine. The company ranks first in sales volume on the Ukrainian pulp & paper industry. The mill consists of four workshops for cardboard, paper, printing and corrugated products production. Kyiv Cardboard & Paper produces different types of cardboard, corrugated products, toilet paper, tissue paper, paper towels and cardboard containers.

Leading Ukrainian confectionary producers (Roshen, Zhytomyrski lasoschi, Kharkiv Biscuit Factory) and other food companies account for half of sales. Kyiv Cardboard & Paper exports its products to the CIS (mainly Russia) and Europe. In 2007 the company plans to invest USD 40 mln in modernization and development.

In 11M06 Kyiv Cardboard & Paper increased cardboard output by 4.4% yoy to 180.6 mln mt and its total output volume by 10.3% yoy. In 9M06 the company posted sales increases of 11% yoy to USD 100.5 mln and growth in net income by 34% yoy to USD 13.8 mln.

Paper and Cardboard Output, ths mt



* The stock is not listed on PFTS

** 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 | n/a |
| Price impact** | 3 |
| 52 Wk H/L, USD | n/a |
| Chg 3m/6m/52w | n/a |
| Chg vs PFTS 3m/6m/52w | n/a |
| Chg YTD | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |
| MCap, USD mln | n/a |
| Free float, % | 4.8% |
| FF MCap, USD mln | n/a |
| No of shares, mln | 40.0 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-------------------|-------|
| Pulp Mill Holding | 95.2% |
| Other | 4.8% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | n/a | n/a |
| EV/EBITDA | n/a | n/a |
| P/E | n/a | n/a |
| P/B | n/a | n/a |
| P/CF | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | 15% | 16% | n/a |
| Net Margin | 12% | 14% | n/a |
| ROE | 25% | 26% | n/a |
| Net Debt/Equity | -0.01 | 0.06 | n/a |

INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|-------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 74.2 | 89.1 | 105.2 | 123.6 | 100.5 | n/a | n/a |
| <i>Change y-o-y</i> | - | 20.1% | 18.1% | 17.5% | 11.3% | n/a | n/a |
| Gross Profit | 12.6 | 15.7 | 21.2 | 30.2 | 24.2 | n/a | n/a |
| EBITDA | 6.7 | 6.8 | 13.2 | 18.7 | 15.9 | n/a | n/a |
| <i>margin, %</i> | 9.0% | 7.6% | 12.5% | 15.1% | 15.8% | n/a | n/a |
| Depreciation | (3.3) | (3.9) | (4.3) | (4.4) | (3.5) | n/a | n/a |
| EBIT | 3.4 | 2.9 | 8.9 | 14.3 | 12.4 | n/a | n/a |
| <i>margin, %</i> | 4.6% | 3.2% | 8.4% | 11.5% | 12.4% | n/a | n/a |
| Interest Expense | (0.2) | (0.7) | (0.4) | (0.2) | (0.3) | n/a | n/a |
| Other income/(expense) | (0.1) | 0.5 | 6.0 | 5.5 | 5.5 | n/a | n/a |
| PBT | 3.1 | 2.8 | 14.5 | 19.6 | 17.6 | n/a | n/a |
| Tax | (0.9) | (0.9) | (3.5) | (5.0) | (3.8) | n/a | n/a |
| <i>Effective tax rate</i> | 29.5% | 32.2% | 24.0% | 25.2% | 21.8% | n/a | n/a |
| Net Income | 2.2 | 1.9 | 11.0 | 14.8 | 13.8 | n/a | n/a |
| <i>Net Margin, %</i> | 3.0% | 2.1% | 10.4% | 11.9% | 13.7% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 12.6 | 20.7 | 29.4 | 33.1 | 35.7 | n/a | n/a |
| Cash & Equivalents | 0.0 | 0.3 | 6.4 | 9.2 | 5.6 | n/a | n/a |
| Trade Receivables | 1.4 | 6.1 | 5.7 | 7.8 | 13.2 | n/a | n/a |
| Inventories | 6.7 | 9.8 | 11.6 | 10.7 | 11.8 | n/a | n/a |
| Other | 4.5 | 4.6 | 5.8 | 5.3 | 5.1 | n/a | n/a |
| Fixed Assets | 39.8 | 40.1 | 37.7 | 56.0 | 58.3 | n/a | n/a |
| PP&E, net | 39.3 | 39.9 | 37.4 | 39.9 | 38.3 | n/a | n/a |
| Other | 0.5 | 0.2 | 0.3 | 16.1 | 20.1 | n/a | n/a |
| Total Assets | 52.4 | 60.8 | 67.2 | 89.1 | 94.0 | n/a | n/a |
| Shareholders' Equity | 44.4 | 46.2 | 58.0 | 70.6 | 75.4 | n/a | n/a |
| Share Capital | 0.2 | 0.2 | 0.7 | 2.0 | 2.0 | n/a | n/a |
| Retained Earnings | 8.1 | 12.4 | 23.6 | 36.2 | 41.2 | n/a | n/a |
| Other | 36.1 | 33.6 | 33.7 | 32.5 | 32.3 | n/a | n/a |
| Current Liabilities | 4.8 | 11.5 | 8.6 | 10.3 | 7.9 | n/a | n/a |
| ST Interest Bearing Debt | 0.8 | 4.0 | 2.3 | 0.6 | - | n/a | n/a |
| Trade Payables | 3.1 | 6.4 | 3.8 | 6.8 | 5.6 | n/a | n/a |
| Other | 1.0 | 1.2 | 2.5 | 2.9 | 3.5 | n/a | n/a |
| LT Liabilities | 3.2 | 3.1 | 0.6 | 8.1 | 10.7 | n/a | n/a |
| LT Interest Bearing Debt | 3.2 | 2.9 | 0.6 | 8.1 | 10.7 | n/a | n/a |
| Other | - | 0.2 | - | - | - | n/a | n/a |
| Total Liabilities & Equity | 52.4 | 60.8 | 67.2 | 89.1 | 94.0 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net Revenues | 24.3 | 25.3 | 14.2 | 41.4 | 29.2 | 28.6 | 32.5 | 33.3 | 32.3 | 32.6 | 35.6 |
| <i>Change y-o-y</i> | 21.3% | 31.0% | -41.7% | 63.4% | 20.3% | 12.9% | 128.3% | -19.5% | 10.6% | 14.1% | 9.6% |
| EBITDA | 2.4 | 2.6 | (0.6) | 8.7 | 6.2 | 4.6 | 5.8 | 2.2 | 5.5 | 4.7 | 5.7 |
| <i>margin, %</i> | 9.9% | 10.4% | -4.2% | 21.1% | 21.1% | 16.1% | 17.7% | 6.5% | 17.0% | 14.5% | 15.9% |
| EBIT | 1.3 | 1.6 | (1.3) | 7.3 | 5.1 | 3.6 | 4.6 | 1.0 | 4.3 | 3.6 | 4.5 |
| <i>margin, %</i> | 5.3% | 6.2% | -9.1% | 17.7% | 17.5% | 12.4% | 14.1% | 3.0% | 13.5% | 10.9% | 12.7% |
| Net Income | 0.8 | 1.0 | (0.4) | 9.7 | 3.9 | 2.7 | 3.7 | 4.5 | 3.5 | 7.1 | 3.2 |
| <i>Net Margin, %</i> | 3.1% | 4.0% | -3.1% | 23.4% | 13.2% | 9.3% | 11.5% | 13.5% | 10.9% | 21.8% | 8.9% |

Zhydachiv Pulp & Paper

ZCPK UZ

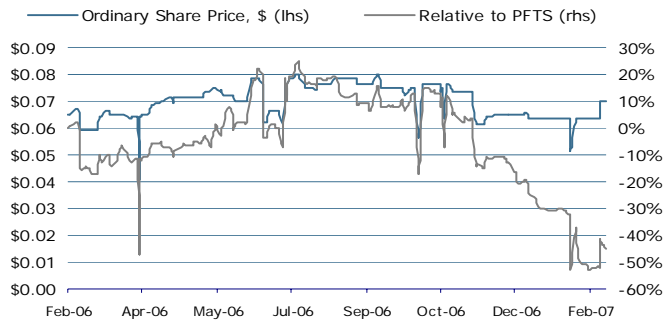
Forest Products & Paper

<http://www.osnova.ua>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Zhydachiv Pulp & Paper (ZCPK) is the only producer of newsprint paper in Ukraine, also specializing in wrapping paper, unbleached pulp, pasted board, boxboard and corrugated board.

Jointly with Izmail Pulp & Board, Zhydachiv Pulp & Paper is a part of the Osnova Papir concern. The latter plans to invest USD 5 mln in Zhydachiv Pulp & Paper to modernize its ground-wood mill in 2007 and its wastepaper workshop by 2008.

While about 30% of the pulp made by Zhydachiv Pulp & paper is currently exported, by 2010 Osnova Papir plans to process 100% of its pulp internally and use it for higher value-added products.

The company's main customers include leading Ukrainian confectionaries (Roshen, Svitoch, Zhytomyrski lasoschi) and publishing houses (Pressa Ukrainy, Kievskaya Pravda, Zarya). Exports account for 15% of sales.

In 9M06, this company posted sales growth of 32% yoy to USD 59.7 mln, an EBITDA increase of 30% yoy to USD 6.3 mln and net income advances of 2% yoy to USD 2 mln.

* PFTS MID Price 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 | 0.07 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.08 / 0.04 |
| Chg 3m/6m/52w | 11% / -10% / 8% |
| Chg vs PFTS 3m/6m/52w | -32% / -57% / -51% |
| Chg YTD | 11% |
| Avg Mo Tr Vol 6M, USD ths | 48.66 |
| MCap, USD mln | 32.1 |
| Free float, % | 3.5% |
| FF MCap, USD mln | 1.1 |
| No of shares, mln | 456.2 |
| Par Value, UAH | 0.05 |
| XETRA | Y1D |
| DR Ratio | 1:400 |
| Avg Mo Tr Vol 6M, USD ths | 0.0 |

STOCK OWNERSHIP

| | |
|----------------------------|-------|
| Privat Group | 43.2% |
| Energetical Standart Group | 15.3% |
| Foyil Services Ltd | 10.0% |
| Other | 31.5% |

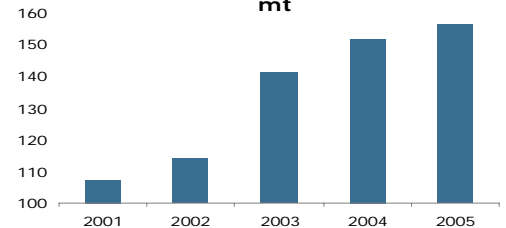
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.6 | n/a |
| EV/EBITDA | 5.8 | n/a |
| P/E | 11.8 | n/a |
| P/B | 1.3 | n/a |
| P/CF | 5.5 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 10% | 11% | n/a |
| Net Margin | 3% | 3% | n/a |
| ROE | 10% | 12% | n/a |
| Net Debt/Equity | 0.6 | 0.64 | n/a |

Paper and Carton Output, ths mt



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|-------------|-------------|-------------|------------|------------|
| Net Revenues | 38.0 | 49.3 | 53.6 | 61.7 | 59.7 | n/a | n/a |
| <i>Change y-o-y</i> | - | 29.8% | 8.7% | 15.3% | 31.9% | n/a | n/a |
| Gross Profit | 6.2 | 7.4 | 7.7 | 10.5 | 10.5 | n/a | n/a |
| EBITDA | 2.5 | 3.3 | 4.4 | 6.2 | 6.3 | n/a | n/a |
| <i>margin, %</i> | 6.7% | 6.7% | 8.3% | 10.0% | 10.5% | n/a | n/a |
| Depreciation | (1.6) | (2.0) | (2.4) | (2.8) | (2.3) | n/a | n/a |
| EBIT | 0.9 | 1.3 | 2.0 | 3.3 | 3.9 | n/a | n/a |
| <i>margin, %</i> | 2.5% | 2.6% | 3.8% | 5.4% | 6.6% | n/a | n/a |
| Interest Expense | (0.9) | (1.3) | (1.5) | (1.6) | (1.4) | n/a | n/a |
| Other income/(expense) | (0.3) | (0.0) | (0.0) | 0.7 | (0.1) | n/a | n/a |
| PBT | (0.2) | (0.0) | 0.5 | 2.5 | 2.4 | n/a | n/a |
| Tax | (0.3) | (0.1) | - | (0.6) | (0.4) | n/a | n/a |
| <i>Effective tax rate</i> | -134.6% | -265.3% | 0.0% | 23.0% | 16.3% | n/a | n/a |
| Net Income | (0.6) | (0.2) | 0.5 | 1.9 | 2.0 | n/a | n/a |
| <i>Net Margin, %</i> | -1.5% | -0.3% | 0.9% | 3.1% | 3.4% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 7.8 | 7.9 | 7.0 | 9.0 | 20.1 | n/a | n/a |
| Cash & Equivalents | 0.0 | 0.1 | 0.1 | 0.3 | 0.2 | n/a | n/a |
| Trade Receivables | 2.3 | 0.5 | 0.5 | 2.2 | 10.4 | n/a | n/a |
| Inventories | 5.2 | 6.5 | 5.0 | 5.7 | 6.1 | n/a | n/a |
| Other | 0.3 | 0.8 | 1.4 | 0.9 | 3.3 | n/a | n/a |
| Fixed Assets | 30.5 | 32.0 | 32.4 | 35.2 | 36.5 | n/a | n/a |
| PP&E, net | 24.1 | 24.9 | 27.8 | 30.6 | 30.5 | n/a | n/a |
| Other | 6.3 | 7.1 | 4.6 | 4.6 | 6.0 | n/a | n/a |
| Total Assets | 38.3 | 39.9 | 39.4 | 44.2 | 56.6 | n/a | n/a |
| Shareholders' Equity | 19.6 | 19.3 | 19.8 | 22.8 | 26.3 | n/a | n/a |
| Share Capital | 4.3 | 4.3 | 4.3 | 4.6 | 6.0 | n/a | n/a |
| Retained Earnings | 2.6 | 2.4 | 2.8 | 4.9 | 6.9 | n/a | n/a |
| Other | 12.7 | 12.5 | 12.6 | 13.4 | 13.4 | n/a | n/a |
| Current Liabilities | 13.6 | 12.7 | 13.6 | 11.5 | 16.3 | n/a | n/a |
| ST Interest Bearing Debt | 2.5 | 4.0 | 6.8 | 3.2 | 2.7 | n/a | n/a |
| Trade Payables | 10.6 | 7.8 | 6.1 | 7.4 | 11.2 | n/a | n/a |
| Other | 0.6 | 0.9 | 0.7 | 1.0 | 3.0 | n/a | n/a |
| LT Liabilities | 5.0 | 8.0 | 6.0 | 9.9 | 14.0 | n/a | n/a |
| LT Interest Bearing Debt | 5.0 | 8.0 | 6.0 | 9.9 | 13.9 | n/a | n/a |
| Other | 0.0 | - | - | 0.0 | 0.0 | n/a | n/a |
| Total Liabilities & Equity | 38.3 | 39.9 | 39.4 | 44.2 | 56.6 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|
| Net Revenues | 13.5 | 12.9 | 10.4 | 16.7 | 13.9 | 15.4 | 15.9 | 16.5 | 15.7 | 21.8 | 22.1 |
| <i>Change y-o-y</i> | 35.3% | -10.9% | -15.4% | 33.8% | 2.5% | 19.3% | 53.2% | -1.1% | 13.3% | 41.5% | 38.7% |
| EBITDA | 1.4 | 1.4 | (0.3) | 2.0 | 1.5 | 1.9 | 1.4 | 1.4 | 1.8 | 2.4 | 2.0 |
| <i>margin, %</i> | 10.0% | 10.9% | -2.9% | 11.8% | 11.0% | 12.5% | 8.6% | 8.2% | 11.8% | 10.9% | 9.2% |
| EBIT | 0.8 | 0.9 | (0.6) | 1.0 | 0.9 | 1.2 | 0.7 | 0.6 | 1.1 | 1.6 | 1.2 |
| <i>margin, %</i> | 5.9% | 6.6% | -6.2% | 6.2% | 6.2% | 8.0% | 4.1% | 3.7% | 6.9% | 7.4% | 5.6% |
| Net Income | 0.3 | 0.5 | (0.9) | 0.6 | 0.3 | 1.5 | 0.1 | (0.1) | 0.6 | 0.9 | 0.5 |
| <i>Net Margin, %</i> | 2.3% | 3.7% | -8.9% | 3.6% | 2.4% | 9.9% | 0.9% | -0.4% | 4.1% | 4.3% | 2.0% |

COMMUNICATIONS

Telecommunications

Ukrtelecom

Ukrtelecom

UTEL UZ

Telecommunications

<http://www.ukrtelecom.ua>

Target Price (USD) 0.21
Upside -9.1%

INVESTMENT CASE

- Almost exhausted revenue growth potential in fixed line telephone services
- Growth in its mobile division allowed the company to benefit from interconnection fees and fixed-to-mobile calls
- Its new mobile division will most likely reach the breakeven point no earlier than 2009
- Privatization might occur in 2007 but the size of the stake (expected to be 10%-42%) will hardly be interesting for strategic investors

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Ukrtelecom (UTEL) is the largest telecom operator in Ukraine, with about USD 1.2 mln in revenues from providing telecommunication services and 2/3 of the fixed telecom market in 2006. The company provides services to nearly 10 mln customers. Ukrtelecom has 32 regional divisions, a trunk telephone network, and international and local exchanges. Even with the presence of powerful competitors, the company managed to preserve its market share due to its nation-wide network and wide consumer base. Ukrtelecom provides the following services: fixed local and long-distance calls, Internet access and data transmission, telegraph and broadcasting. In June 2006, the company's shareholders decided to spend 40% of its 2006 net income for a dividend pay-out of 30% into the company's development, 25% to the employees' motivation fund, and the remaining 5% to a reserved insurance fund. We expect Ukrtelecom's local fixed telecom services will contribute to revenue growth in 1H07 since local tariffs increased in 2006 by 35% in June and again by 15% in November. Ukrtelecom is planning to start 3G mobile services in April 2007 and expects to attract 0.5 mln mobile customers by the end of 2007. The company is now seeking about USD 200 mln in capital to invest in the project this year.

* PFTS MID Price 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 | 0.23 |
| Price impact* | 1 |
| 52 Wk H/L, USD | 0.24 / 0.15 |
| Chg 3m/6m/52w | 38% / 17% / 33% |
| Chg vs PFTS 3m/6m/52w | -4% / -31% / -25% |
| Chg YTD | 20% |
| Avg Mo Tr Vol 6M, USD ths | 1984.61 |
| MCap, USD mln | 4325.6 |
| Free float, % | 2.5% |
| FF MCap, USD mln | 108.1 |
| No of shares, mln | 18726.2 |
| Par Value, UAH | 1000 |
| XETRA | UK1 |
| DR Ratio | 1:50 |
| Avg Mo Tr Vol 6M, USD ths | 329.02 |

STOCK OWNERSHIP

| | |
|---------------------|-------|
| State Property Fund | 92.9% |
| Other | 7.1% |

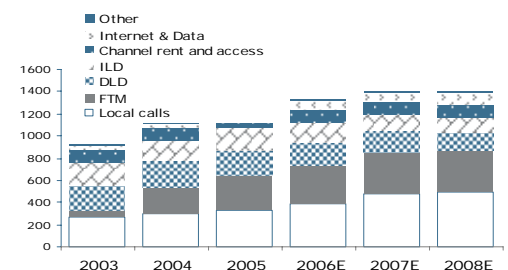
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/EBITDA | 13.5 | 20.0 |
| P/E | 60.1 | neg |
| P/B | 2.7 | 2.7 |
| P/CF | 17.0 | 0.0 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| Net Margin | 8% | 5% | -5% |
| ROE | 98% | 72% | -68% |
| Net Debt/Equity | 0.2 | 0.3 | 0.5 |

Sales Structure, USD mln



INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|----------------------|--------------|----------------|----------------|----------------|----------------|----------------|
| Net Revenues | 802.4 | 1 146.0 | 1 243.0 | 1 338.0 | 1 485.0 | 1 514.0 |
| <i>Change y-o-y</i> | - | 8.0% | 8.0% | 11.0% | 2.0% | 5.0% |
| EBITDA | 363.5 | 402.0 | 353.0 | 358.0 | 260.0 | 323.0 |
| <i>margin, %</i> | 45.3% | 35.1% | 28.4% | 26.8% | 17.5% | 21.3% |
| Depreciation | (114.4) | (153.0) | (183.0) | (189) | (208) | (222) |
| EBIT | 249.2 | 249.0 | 170.0 | 169 | 53 | 101 |
| <i>margin, %</i> | 31.1% | 21.7% | 13.7% | 12.6% | 3.5% | 6.7% |
| Interest Expense | (9.1) | (27.0) | (29.0) | (61.0) | (77.0) | (105.0) |
| PBT | 206.6 | 225.0 | 154.0 | 114.0 | (68.0) | 3.0 |
| Net Income | 115.5 | 142.0 | 98.0 | 72.0 | (68.0) | 2.0 |
| <i>Net Margin, %</i> | 14.4% | 12.0% | 8.0% | 5.0% | -5.0% | 0.0% |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Current Assets | 281.2 | 379.0 | 640.0 | 463.0 | 478.0 | 488.0 |
| Cash & Equivalents | 24.5 | 82.0 | 379.0 | 162.0 | 148.0 | 151.0 |
| Trade Receivables | 100.6 | 135.0 | 137.0 | 149.0 | 163.0 | 167.0 |
| Inventories | 73.3 | 81.0 | 70.0 | 95.0 | 104.0 | 106.0 |
| Other | 82.8 | 81.0 | 54.0 | 57.0 | 63.0 | 64.0 |
| Fixed Assets | 1 324.7 | 1 515.0 | 1 673.0 | 2 060.0 | 2 420.0 | 2 718.0 |
| PP&E, net | 1 046.6 | 1 263.0 | 1 427.0 | 1 807.0 | 2 131.0 | 2 420.0 |
| Other | 278.1 | 252.0 | 246.0 | 253.0 | 289.0 | 298.0 |
| Total Assets | 1 605.9 | 1 894.0 | 2 313.0 | 2 523.0 | 2 898.0 | 3 206.0 |
| Shareholders' Equity | 1 243.3 | 1 376.0 | 1 441.0 | 1 615.0 | 1 614.0 | 1 655.0 |
| Share Capital | 878.3 | 878.0 | 856.0 | 856.0 | 856.0 | 856.0 |
| Retained Earnings | 115.3 | 497.0 | 491.0 | 574.0 | 614.0 | 653.0 |
| Other | 249.7 | - | 94.0 | 138.0 | 97.0 | 98.0 |
| Current Liabilities | 175.0 | 371.0 | 220.0 | 282.0 | 309.0 | 327.0 |
| ST Interest Bearing Debt | 31.0 | 49.0 | 10.0 | 52.0 | 56.0 | 70.0 |
| Trade Payables | 51.9 | 108.0 | 89.0 | 95.0 | 104.0 | 106.0 |
| Other | 92.1 | 358.0 | 167.0 | 136.0 | 149.0 | 151.0 |
| LT Liabilities | 187.6 | 147.0 | 651.0 | 626.0 | 975.0 | 1 224.0 |
| LT Interest Bearing Debt | 163.0 | 136.0 | 639.0 | 612.0 | 961.0 | 1 210.0 |
| Other | 24.6 | 11.0 | 12.0 | 14.0 | 14.0 | 14.0 |
| Total Liabilities & Equity | 1 605.9 | 1 894.0 | 2 313.0 | 2 523.0 | 2 898.0 | 3 206.0 |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 217.5 | 245.1 | 125.0 | 397.6 | 257.4 | 274.0 | 343.4 | 418.0 | 318.7 | 312.5 | 351.5 |
| <i>Change y-o-y</i> | 15.7% | 26.7% | -39.1% | 84.3% | 18.3% | 11.8% | 174.8% | 5.1% | 23.8% | 14.1% | 2.3% |
| EBITDA | 84.9 | 83.7 | 106.5 | 74.8 | 81.7 | 81.7 | 93.9 | 109.1 | 79.9 | 68.8 | 111.5 |
| <i>margin, %</i> | 39.0% | 34.2% | 85.2% | 18.8% | 31.7% | 29.8% | 27.4% | 26.1% | 25.1% | 22.0% | 31.7% |
| EBIT | 51.5 | 50.6 | 89.2 | 18.2 | 38.2 | 40.2 | 46.5 | 51.5 | 31.1 | 19.6 | 60.3 |
| <i>margin, %</i> | 23.7% | 20.6% | 71.4% | 4.6% | 14.8% | 14.7% | 13.5% | 12.3% | 9.8% | 6.3% | 17.1% |
| Net Income | 30.3 | 89.8 | (42.7) | 93.9 | 22.3 | 23.6 | 24.7 | 30.9 | 5.7 | 6.5 | 23.9 |
| <i>Net Margin, %</i> | 13.9% | 36.7% | -34.1% | 23.6% | 8.6% | 8.6% | 7.2% | 7.4% | 1.8% | 2.1% | 6.8% |

CONSUMER, CYCLICAL

Retail

Galnaftogaz
Ekvin

Auto Manufacturers

AvtoKrAZ
Cherkasy Bus Plant
Lutsk Automobile Plant
Lviv Automobile

Auto Parts & Equipment

Dniproshyna

Housewares

Nord

Ekvin

KVIN UZ

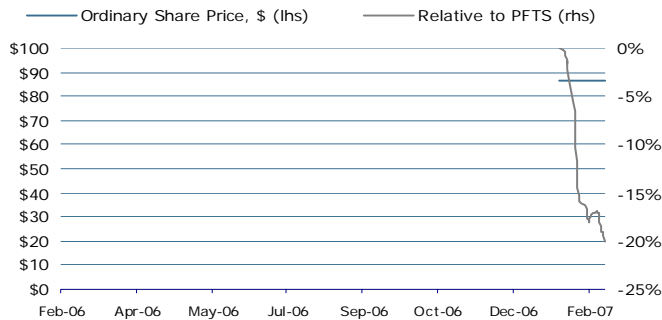
Retail

<http://www.mks.ua>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



* listed on PFTS since 26 Dec 2006

BUSINESS OVERVIEW

Ekvin is the operator of Ukraine's third largest consumer electronics chain, MKS. Kharkiv-based MKS started as a PC assembly company in 1990 and gradually evolved into the country's third largest consumer electronics retailer in terms of sales. Although it is focused on PC & IT products, MKS has significant exposure to other core consumer electronics segments. Its network of 51 stores, with over 20 ths sq m of retail space at the end of 2006, possesses a footprint in 12 regions of Ukraine, which makes MKS the fourth Ukrainian electronics chain in terms of national coverage. MKS operates three different retail formats: hypermarkets, supermarkets (CE supermarkets and computer supermarkets) and convenience stores.

During the next three years, the company plans to triple its number of outlets to a total of 167 by the end of 2009.

UPCOMING EVENTS

21 Mar 2007 AGM (increasing of charter fund by 15%)

* PFTS BID Price is used

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- 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 | 104.95 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 86.1 / 86.1 |
| Chg 3m/6m/52w | 0% / 0% / 0% |
| Chg vs PFTS 3m/6m/52w | -43% / -47% / -58% |
| Chg YTD | 0% |
| Avg Mo Tr Vol 6M, USD ths | 833.3 |
| MCap, USD mln | 84.3 |
| Free float, % | 20.0% |
| FF MCap, USD mln | 16.9 |
| No of shares, mln | 0.8 |
| Par Value, UAH | 1.0 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|------------|-------|
| Management | 80.0% |
| Other | 20.0% |

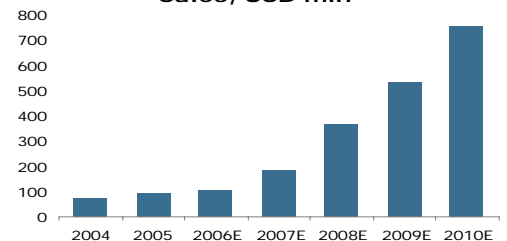
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.9 | 0.5 |
| EV/EBITDA | 37.0 | 18.8 |
| P/E | -76.6 | 120.4 |
| P/B | 5.3 | 2.6 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 2% | 3% | 3% |
| Net Margin | 0.1% | -1.1% | 0.4% |
| ROE | 10% | -110% | 4% |
| Net Debt/Equity | 10.0 | 0.8 | 0.1 |

Sales, USD mln



INCOME STATEMENT SUMMARY, USD mln

| | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------|-------------|-------------|--------------|--------------|--------------|
| Net Revenues | 71.0 | 90.0 | 104.0 | 184.0 | 367.0 |
| <i>Change y-o-y</i> | - | 27.2% | 14.9% | 77.5% | 100.0% |
| Gross Profit | 7.0 | 10.0 | 12.0 | 23.0 | 51.0 |
| EBITDA | 2.0 | 2.0 | 2.6 | 4.6 | 11.0 |
| <i>margin, %</i> | 2.6% | 2.4% | 2.5% | 2.5% | 3.0% |
| Depreciation | (0.6) | (0.7) | (1.6) | (1.5) | (1.4) |
| EBIT | 1.0 | 1.0 | 1.0 | 3.0 | 10.0 |
| <i>margin, %</i> | 1.8% | 1.6% | 1.0% | 1.7% | 2.6% |
| Interest Expense | (1.0) | (1.0) | (2.0) | (2.0) | (3.0) |
| Other income/(expense) | (0.2) | (0.2) | - | - | - |
| PBT | 1.0 | 0.1 | (1.1) | 0.9 | 6.8 |
| Tax | (0.2) | (0.2) | - | (0.2) | (2.0) |
| <i>Effective tax rate</i> | 12.0% | 9.0% | 25.0% | 25.0% | 24.0% |
| Net Income | 0.0 | 0.1 | (1.1) | 0.7 | 5.2 |
| <i>Net Margin, %</i> | 0.6% | 0.1% | -1.1% | 0.4% | 1.4% |

BALANCE SHEET SUMMARY, USD mln

| | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|--------------|
| Current Assets | 18.0 | 28.0 | 31.0 | 59.0 | 114.0 |
| Cash & Equivalents | 2.0 | 4.0 | 5.0 | 11.0 | 19.0 |
| Trade Receivables | 1.0 | 3.3 | 4.0 | 9.0 | 18.0 |
| Inventories | 13.0 | 17.3 | 19.0 | 35.0 | 68.0 |
| Other | 2.0 | 3.4 | 3.0 | 5.0 | 9.0 |
| Fixed Assets | 2.0 | 7.0 | 23.0 | 23.0 | 23.0 |
| PP&E, net | 1.0 | 5.0 | 21.0 | 21.0 | 21.0 |
| Other | 1.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Total Assets | 20.0 | 35.0 | 54.0 | 82.0 | 137.0 |
| Shareholders' Equity | 1.0 | 1.0 | 16.0 | 32.0 | 39.0 |
| Share Capital | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Other | 1.0 | 1.0 | 16.0 | 32.0 | 39.0 |
| Current Liabilities | 10.0 | 28.0 | 33.0 | 44.0 | 92.0 |
| ST Interest Bearing Debt | 1.0 | 8.0 | 11.0 | 6.0 | 18.0 |
| Trade Payables | 8.0 | 18.0 | 21.0 | 35.0 | 69.0 |
| Other | 1.0 | 2.0 | 1.0 | 3.0 | 5.0 |
| LT Liabilities | 9.0 | 6.0 | 6.0 | 6.0 | 6.0 |
| LT Interest Bearing Debt | 9.0 | 6.0 | 6.0 | 6.0 | 6.0 |
| Other | - | - | - | - | - |
| Total Liabilities & Equity | 20.0 | 35.0 | 54.0 | 82.0 | 137.0 |

Galnaftogaz

GLNG UZ

Retail

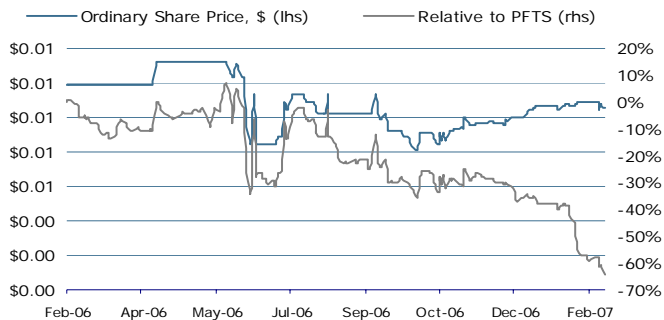
<http://www.galnaftogas.com>

Target Price (USD) 0.01
Upside 5.8%

INVESTMENT CASE

- Decreased risk of domestic fuel market regulation due to a clearer government strategy
- Exact timing of an IPO, to take place in 2008 at the earliest, is conditional on the company's market capitalization
- Tight operating margins make the valuation very sensitive to profitability. If margins improve in 2007, it might trigger a valuation upgrade

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Galnaftogaz is one of Ukraine's largest automobile fuel retailers and the only public company in the segment. By the end of 2006, it operated more than 200 outlets, making it the fifth largest gasoline retailing chain in Ukraine. Galnaftogaz plans to double its number of filling stations by 2010. The company does not have its own refining capacity, which enables the company to choose its suppliers. The company's western management style and independence from major business groups ensures transparency and high corporate governance standards.

In 9M06 the company posted growth in sales by 55% yoy to USD 11 mln and decrease in net income by 16% yoy to USD 6.7 mln.

* PFTS MID Price is used

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- 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 | 0.01 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.01 / 0.01 |
| Chg 3m/6m/52w | 9% / 2% / -13% |
| Chg vs PFTS 3m/6m/52w | -34% / -45% / -71% |
| Chg YTD | -4% |
| Avg Mo Tr Vol 6M, USD ths | 14.40 |
| MCap, USD mln | 166.3 |
| Free float, % | 23.4% |
| FF MCap, USD mln | 38.9 |
| No of shares, mln | 16000.0 |
| Par Value, UAH | 0.01 |
| XETRA | C9Z |
| DR Ratio | 1:500 |
| Avg Mo Tr Vol 6M, USD ths | 5.51 |

STOCK OWNERSHIP

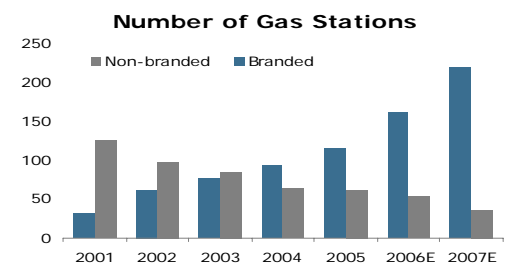
| | |
|------------------------------|-------|
| F.I.E.H. and related parties | 76.6% |
| Other | 23.4% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.5 | 0.5 |
| EV/EBITDA | 9.1 | 7.6 |
| P/E | 16.7 | 12.7 |
| P/B | 2.3 | 2.0 |
| P/CF | 10.3 | 7.0 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 4% | 5% | 6% |
| Net Margin | 2% | 2% | 2% |
| ROE | 20% | 16% | 18% |
| Net Debt/Equity | 0.6 | 1.2 | 1.6 |



INCOME STATEMENT SUMMARY*, USD mln

| | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------|------------|------------|------------|--------------|--------------|--------------|
| Net Revenues | 4.6 | 6.5 | 6.1 | 507.0 | 645.4 | 904.8 |
| <i>Change y-o-y</i> | - | 43.1% | -7.1% | 33.6% | 27.3% | 40.2% |
| Gross Profit | 2.2 | 3.5 | 5.0 | 37.2 | 48.5 | 66.5 |
| EBITDA | 2.9 | 4.7 | 9.4 | 27.2 | 39.5 | 55.1 |
| <i>margin, %</i> | 63.6% | 72.5% | 154.2% | 5.4% | 6.1% | 6.1% |
| Depreciation | (1.6) | (2.6) | (3.9) | (6.1) | (10.8) | (17.5) |
| EBIT | 1.4 | 2.1 | 5.4 | 21.1 | 28.7 | 37.7 |
| <i>margin, %</i> | 29.7% | 32.1% | 89.3% | 4.2% | 4.4% | 4.2% |
| Interest Expense | (1.3) | (2.6) | (4.2) | (7.8) | (11.2) | (14.0) |
| Other income/(expense) | 1.9 | 3.9 | 8.1 | - | - | - |
| PBT | 2.0 | 3.4 | 9.2 | 13.3 | 17.5 | 23.7 |
| Tax | (0.1) | (0.3) | (1.1) | (3.3) | (4.4) | (5.9) |
| <i>Effective tax rate</i> | 2.6% | 7.7% | 12.2% | 25.0% | 25.0% | 25.0% |
| Net Income | 2.0 | 3.2 | 8.2 | 9.9 | 13.1 | 17.7 |
| <i>Net Margin, %</i> | 43.5% | 48.7% | 134.3% | 2.0% | 2.0% | 2.0% |

* change in reported financials starting from 2006 is due to the expected change in GLNG's accounting policy, that would more closely conform to IFRS

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|-------------|-------------|--------------|--------------|--------------|--------------|
| Current Assets | 18.2 | 26.0 | 37.6 | 68.8 | 68.5 | 90.2 |
| Cash & Equivalents | 0.9 | 0.8 | 16.4 | 6.9 | 2.6 | 2.0 |
| Trade Receivables | 0.5 | 4.9 | 0.8 | 19.4 | 19.3 | 27.1 |
| Inventories | 0.2 | 0.2 | 0.2 | 27.8 | 38.6 | 54.5 |
| Other | 16.6 | 20.0 | 20.2 | 14.6 | 8.1 | 6.6 |
| Fixed Assets | 35.4 | 50.7 | 80.0 | 131.5 | 192.7 | 251.4 |
| PP&E, net | 27.3 | 41.0 | 50.2 | 105.9 | 166.8 | 232.6 |
| Other | 8.1 | 9.7 | 29.8 | 25.6 | 25.8 | 18.8 |
| Total Assets | 53.6 | 76.7 | 117.7 | 200.3 | 261.2 | 341.5 |
| Shareholders' Equity | 33.7 | 44.7 | 58.6 | 71.2 | 83.5 | 101.2 |
| Share Capital | 22.5 | 28.3 | 35.6 | 33.5 | 33.2 | 33.2 |
| Retained Earnings | 2.2 | 5.5 | 13.7 | - | - | - |
| Other | 8.9 | 11.0 | 9.3 | 37.7 | 50.3 | 68.1 |
| Current Liabilities | 5.4 | 7.7 | 12.4 | 48.3 | 52.8 | 68.9 |
| ST Interest Bearing Debt | 1.3 | 1.3 | 8.4 | 10.1 | 12.8 | 18.1 |
| Trade Payables | 2.1 | 3.0 | 1.1 | 28.2 | 35.6 | 48.6 |
| Other | 2.0 | 3.4 | 2.9 | 10.0 | 4.3 | 2.2 |
| LT Liabilities | 14.5 | 24.2 | 46.7 | 80.8 | 124.9 | 171.4 |
| LT Interest Bearing Debt | 14.3 | 24.2 | 46.3 | 79.0 | 123.6 | 170.3 |
| Other | 0.2 | - | 0.3 | 1.9 | 1.3 | 1.0 |
| Total Liabilities & Equity | 53.6 | 76.7 | 117.7 | 200.3 | 261.2 | 341.5 |

AvtoKrAZ

KRAZ UZ

Auto Manufacturers

<http://www.autokraz.com.ua>

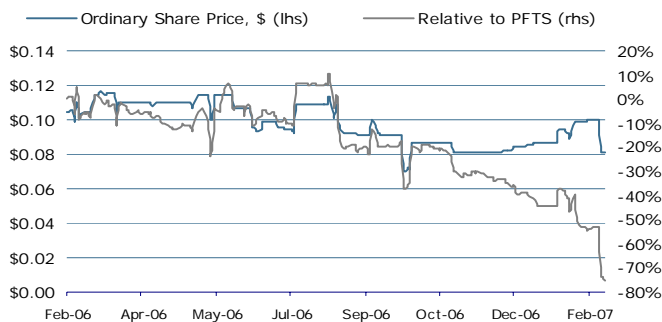
Target Price (USD)
Upside

0.11
35.5%

INVESTMENT CASE

- Unexpectedly high sales to Russia and Ukraine in 2006
- Strategy of diversifying exports sent its trucks to the CIS, Asia, Africa and South America
- Expected to become the center of Ukraine's largest machine-building holding
- Officially reported financials foggy, need restatement

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

AvtoKrAZ (KRAZ) is the only producer of heavy-duty off-road trucks in Ukraine and is targeting developing economies. Exports accounted for 66% of its sales in 2005, over half of which went to Russia. The company has assembly plants in Vietnam and its returning to markets where AvtoKrAZ trucks were present during Soviet times. Last year, small deliveries were made to Angola, Burma, Bulgaria, Saudi Arabia, Ghana and Liberia.

After EURO-2 engine requirements were introduced in Ukraine and Russia last year, AvtoKrAZ increased its truck production, in accordance with these standards by 7.1 times in 2006 to 1,439. The company plans to increase production by 20% to 4,200 trucks in 2007. AvtoKrAZ's existing capacity is estimated at 7,000 trucks. Surpassing 4,000 trucks per annum requires minor modernization and upgrades, which are planned for 2007.

UPCOMING EVENTS

20 Feb 2007 AGM

* PFTS MID Price 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 | 0.08 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.18 / 0.07 |
| Chg 3m/6m/52w | 0% / -25% / -56% |
| Chg vs PFTS 3m/6m/52w | -43% / -73% / -114% |
| Chg YTD | -12% |
| Avg Mo Tr Vol 6M, USD ths | 141.46 |
| MCap, USD mln | 183.7 |
| Free float, % | 7.0% |
| FF MCap, USD mln | 12.9 |
| No of shares, mln | 2263.0 |
| Par Value, UAH | 0.25 |
| XETRA | A6X1 |
| DR Ratio | 1:100 |
| Avg Mo Tr Vol 6M, USD ths | 1.99 |

STOCK OWNERSHIP

| | |
|------------------|-------|
| Finance & Credit | 93.0% |
| Employees | 7.0% |

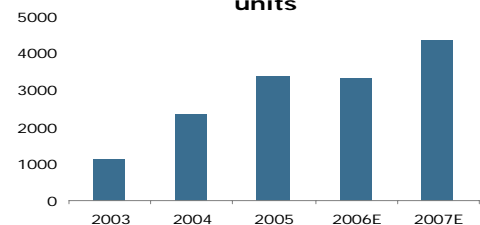
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.6 | 1.2 |
| EV/EBITDA | 10.0 | 6.7 |
| P/E | 31.1 | 13.0 |
| P/B | 0.8 | 0.7 |
| P/CF | 19.7 | 9.9 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 4% | 16% | 18% |
| Net Margin | 8% | 4% | 7% |
| ROE | 7% | 2% | 6% |
| Net Debt/Equity | 0.12 | 0.24 | 0.21 |

Trucks Production Dynamics, units



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------|--------------|---------------|-------------|--------------|--------------|--------------|--------------|
| Net Revenues | 29.3 | 26.3 | 62.4 | 120.0 | 149.1 | 198.5 | 257.4 |
| <i>Change y-o-y</i> | - | -10.3% | 137.7% | 92.3% | 8.8% | 33.1% | 29.6% |
| Gross Profit | 4.5 | (0.5) | 7.0 | 13.7 | 35.5 | 52.6 | 68.2 |
| EBITDA | (4.3) | (23.0) | 3.1 | 4.6 | 24.1 | 35.7 | 43.8 |
| <i>margin, %</i> | -14.6% | -87.6% | 5.0% | 3.8% | 16.2% | 18.0% | 17.0% |
| Depreciation | (3.1) | (2.8) | (3.1) | (2.8) | (11.1) | (11.4) | (11.3) |
| EBIT | (7.4) | (25.8) | 0.1 | 1.8 | 13.0 | 24.4 | 32.4 |
| <i>margin, %</i> | -25.3% | -98.4% | 0.1% | 1.5% | 8.7% | 12.3% | 12.6% |
| Interest Expense | (5.8) | (2.6) | (3.2) | (4.8) | (6.7) | (7.2) | (6.9) |
| Other income/(expense) | 13.3 | 29.3 | 13.6 | 12.8 | - | - | - |
| PBT | 0.2 | 0.9 | 10.6 | 9.8 | 7.9 | 18.7 | 27.1 |
| Tax | - | (0.6) | (0.8) | - | (2.0) | (4.7) | (6.8) |
| <i>Effective tax rate</i> | 0.0% | 74.1% | 7.8% | 0.0% | 25.0% | 25.0% | 25.0% |
| Net Income | 0.1 | 0.2 | 9.7 | 9.9 | 5.9 | 14.1 | 20.3 |
| <i>Net Margin, %</i> | 0.5% | 0.8% | 15.6% | 8.2% | 4.0% | 7.1% | 7.9% |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Current Assets | 99.7 | 137.2 | 131.6 | 136.4 | 177.8 | 182.6 | 218.8 |
| Cash & Equivalents | 0.1 | 0.3 | 0.1 | 0.0 | 0.3 | 1.0 | 1.3 |
| Trade Receivables | 6.9 | 18.0 | 32.8 | 29.3 | 32.8 | 38.7 | 50.2 |
| Inventories | 19.5 | 14.5 | 22.4 | 30.3 | 40.3 | 49.6 | 64.3 |
| Other | 73.1 | 104.4 | 76.3 | 76.8 | 104.4 | 93.3 | 102.9 |
| Fixed Assets | 48.8 | 46.4 | 136.3 | 283.9 | 244.2 | 247.8 | 249.9 |
| PP&E, net | 38.6 | 35.7 | 33.2 | 118.9 | 116.9 | 124.1 | 126.3 |
| Other | 10.2 | 10.7 | 103.1 | 165.0 | 127.3 | 123.7 | 123.5 |
| Total Assets | 148.5 | 183.6 | 267.8 | 420.2 | 422.0 | 430.5 | 468.6 |
| Shareholders' Equity | 66.2 | 66.5 | 136.1 | 265.1 | 250.3 | 262.6 | 272.7 |
| Share Capital | 49.8 | 49.9 | 106.6 | 112.0 | 112.0 | 112.0 | 112.0 |
| Retained Earnings | (14.0) | (13.7) | (4.1) | 12.2 | 17.5 | 27.5 | 37.7 |
| Other | 30.4 | 30.3 | 33.5 | 140.9 | 120.7 | 123.0 | 123.0 |
| Current Liabilities | 80.2 | 116.5 | 129.3 | 138.4 | 164.6 | 161.2 | 189.4 |
| ST Interest Bearing Debt | 14.9 | 17.5 | 21.0 | 27.9 | 47.2 | 44.6 | 51.2 |
| Trade Payables | 6.8 | 11.1 | 7.6 | 7.5 | 10.4 | 19.9 | 30.9 |
| Other | 58.5 | 87.8 | 100.7 | 103.0 | 106.9 | 96.7 | 107.3 |
| LT Liabilities | 2.0 | 0.6 | 2.5 | 16.7 | 13.0 | 12.6 | 12.3 |
| LT Interest Bearing Debt | 2.0 | - | - | 5.1 | 11.4 | 11.0 | 10.7 |
| Other | 0.0 | 0.6 | 2.5 | 11.5 | 1.6 | 1.6 | 1.6 |
| Total Liabilities & Equity | 148.5 | 183.6 | 267.8 | 420.2 | 422.0 | 430.5 | 468.6 |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|-------------|-------------|-------------|-------------|--------------|-------------|--------------|--------------|--------------|
| Net Revenues | 8.6 | 9.8 | 16.8 | 27.3 | 23.6 | 24.1 | 30.1 | 42.2 | 14.7 | 19.0 | 31.3 |
| <i>Change y-o-y</i> | 48.5% | 40.1% | 177.9% | 265.8% | 175.3% | 146.3% | 79.5% | 0.5 | (0.4) | (0.2) | 3.9% |
| EBITDA | (0.0) | (3.3) | 2.0 | 4.5 | 1.3 | 2.7 | (0.7) | 1.2 | (1.1) | (3.8) | (8.8) |
| <i>margin, %</i> | -0.6% | -33.8% | 12.1% | 16.4% | 5.7% | 11.2% | -2.3% | 0.0 | (0.1) | (0.2) | -28.2% |
| EBIT | (0.8) | (4.0) | 1.3 | 3.6 | 0.7 | 2.0 | (1.4) | 0.5 | (4.1) | (6.8) | (7.3) |
| <i>margin, %</i> | -9.2% | -41.0% | 7.6% | 13.2% | 2.9% | 8.3% | -4.6% | 0.0 | (0.3) | (0.4) | -23.3% |
| Net Income | 0.4 | 0.9 | 0.6 | 7.8 | 0.3 | 3.5 | (2.1) | 8.2 | 0.3 | 4.1 | (2.4) |
| <i>Net Margin, %</i> | 5.0% | 8.9% | 3.7% | 28.7% | 1.1% | 14.6% | -7.0% | 0.2 | 0.0 | 0.2 | -7.8% |

Cherkasy Bus Plant

Cherkasy

Auto Manufacturers

Target Price (USD)
Upside

N/R
n/a

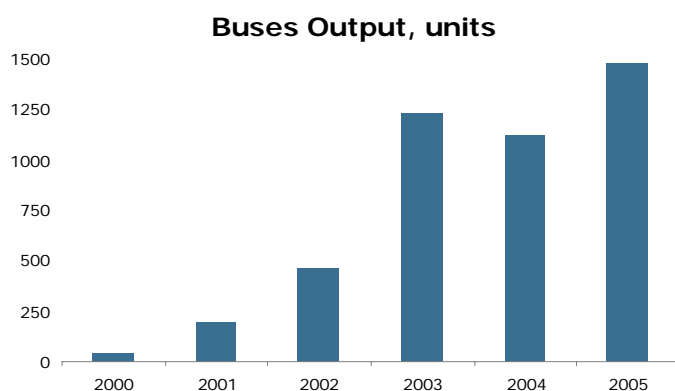
BUSINESS OVERVIEW

Cherkasy Bus is a part of the Bohdan Corporation and specializes in the production of small buses with the Bohdan brand.

In 2006 the Bohdan Corporation increased output of buses by 34% yoy to 2.7 ths buses, most of which were produced by Cherkasy Bus.

Starting in 2005, Bohdan's transferring the production of cars and trucks from LuAZ to Cherkasy Bus, and buses from Cherkasy Bus to LuAZ.

In 9M06 the company increased its net revenues by 135.4% yoy to USD 54.9 mln, EBITDA by 625% yoy to USD 2.2 mln and net income to USD 0.9 mln in comparison with USD 0.1 mln in 9M05. The company's margins also improved: EBITDA margin to 3.9% from 1.3% in 9M05 and net margin to 1.7% from 0.3% in 9M05.



* The stock is not listed on PFTS

** 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 | n/a |
| Price impact** | 3 |
| 52 Wk H/L, USD | n/a |
| Chg 3m/6m/52w | n/a |
| Chg vs PFTS 3m/6m/52w | n/a |
| Chg YTD | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |
| MCap, USD mln | n/a |
| Free float, % | 5.0% |
| FF MCap, USD mln | n/a |
| No of shares, mln | 5.7 |
| Par Value, UAH | 2.00 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|------------------------|-------|
| Concern Ukrprominvset | 58.6% |
| Finance & Credit | 9.9% |
| Hyundai Motors | 9.6% |
| Ukrpromavtoshynoremont | 7.8% |
| Other | 14.1% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | n/a | n/a |
| EV/EBITDA | n/a | n/a |
| P/E | n/a | n/a |
| P/B | n/a | n/a |
| P/CF | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | 3% | 4% | n/a |
| Net Margin | 2.5% | 1.7% | n/a |
| ROE | 108% | 52% | n/a |
| Net Debt/Equity | 0.004 | 1.4 | n/a |

INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|-------------|-------------|------------|------------|
| Net Revenues | 9.9 | 9.9 | 11.3 | 47.2 | 54.9 | n/a | n/a |
| <i>Change y-o-y</i> | - | 0.8% | 13.7% | 318.0% | 135.4% | n/a | n/a |
| Gross Profit | 0.4 | 0.6 | 0.1 | 3.5 | 3.8 | n/a | n/a |
| EBITDA | 0.1 | 0.2 | (0.5) | 1.6 | 2.2 | n/a | n/a |
| <i>margin, %</i> | 1.0% | 2.2% | -4.2% | 3.4% | 3.9% | n/a | n/a |
| Depreciation | (0.1) | (0.2) | (0.3) | (0.4) | (0.4) | n/a | n/a |
| EBIT | (0.0) | 0.0 | (0.8) | 1.2 | 1.7 | n/a | n/a |
| <i>margin, %</i> | -0.1% | 0.5% | -6.7% | 2.6% | 3.2% | n/a | n/a |
| Interest Expense | (0.0) | - | (0.0) | (0.0) | (0.3) | n/a | n/a |
| Other income/(expense) | (0.0) | (0.0) | (0.0) | 0.1 | (0.1) | n/a | n/a |
| PBT | (0.0) | 0.0 | (0.8) | 1.3 | 1.3 | n/a | n/a |
| Tax | (0.0) | (0.0) | - | (0.1) | (0.4) | n/a | n/a |
| <i>Effective tax rate</i> | -115.8% | 128.9% | 0.0% | 8.0% | 32.0% | n/a | n/a |
| Net Income | (0.0) | (0.0) | (0.8) | 1.2 | 0.9 | n/a | n/a |
| <i>Net Margin, %</i> | -0.4% | 0.0% | -7.1% | 2.5% | 1.7% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 13.8 | 5.2 | 6.1 | 24.0 | 39.8 | n/a | n/a |
| Cash & Equivalents | 0.0 | 0.0 | 0.0 | 0.7 | 0.0 | n/a | n/a |
| Trade Receivables | 12.1 | 2.6 | 2.2 | 7.5 | 22.1 | n/a | n/a |
| Inventories | 1.2 | 2.2 | 3.6 | 12.2 | 14.8 | n/a | n/a |
| Other | 0.4 | 0.4 | 0.3 | 3.6 | 2.9 | n/a | n/a |
| Fixed Assets | 1.8 | 3.3 | 4.2 | 4.5 | 5.5 | n/a | n/a |
| PP&E, net | 0.7 | 2.3 | 3.0 | 3.4 | 4.1 | n/a | n/a |
| Other | 1.1 | 1.0 | 1.2 | 1.1 | 1.4 | n/a | n/a |
| Total Assets | 15.6 | 8.6 | 10.3 | 28.5 | 45.3 | n/a | n/a |
| Shareholders' Equity | 1.1 | 1.9 | 1.1 | 2.3 | 3.2 | n/a | n/a |
| Share Capital | 1.4 | 2.2 | 2.2 | 2.3 | 2.3 | n/a | n/a |
| Retained Earnings | (0.5) | (0.5) | (1.3) | (0.2) | 0.8 | n/a | n/a |
| Other | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | n/a | n/a |
| Current Liabilities | 14.4 | 6.7 | 9.2 | 26.2 | 42.1 | n/a | n/a |
| ST Interest Bearing Debt | - | - | 0.1 | 0.7 | 5.0 | n/a | n/a |
| Trade Payables | 14.1 | 6.4 | 8.9 | 23.1 | 21.9 | n/a | n/a |
| Other | 0.4 | 0.3 | 0.3 | 2.3 | 15.8 | n/a | n/a |
| LT Liabilities | - | - | - | - | - | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Other | - | - | - | - | - | n/a | n/a |
| Total Liabilities & Equity | 15.6 | 8.6 | 10.3 | 28.5 | 45.3 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|-------------|-------------|-------------|-------------|
| Net Revenues | 2.3 | 2.2 | 2.7 | 4.1 | 3.2 | 3.1 | 16.9 | 23.9 | 17.1 | 19.5 | 18.3 |
| <i>Change y-o-y</i> | 36.1% | -1.8% | -8.5% | 33.8% | 39.2% | 41.7% | 537.5% | 483.4% | 427.8% | 521.2% | 7.9% |
| EBITDA | (0.1) | (0.1) | (0.1) | (0.2) | (0.2) | 0.1 | 0.4 | 1.3 | 0.4 | 0.8 | 0.9 |
| <i>margin, %</i> | -4.2% | -3.1% | -4.4% | -4.5% | -5.8% | 3.8% | 2.2% | 5.5% | 2.6% | 4.0% | 5.1% |
| EBIT | (0.2) | (0.1) | (0.2) | (0.3) | (0.3) | 0.0 | 0.3 | 1.2 | 0.3 | 0.6 | 0.8 |
| <i>margin, %</i> | -6.7% | -5.6% | -6.4% | -7.5% | -9.4% | 0.8% | 1.7% | 5.2% | 1.9% | 3.2% | 4.2% |
| Net Income | (0.2) | (0.1) | (0.2) | (0.3) | (0.3) | 0.2 | 0.2 | 1.1 | 0.2 | 0.4 | 0.3 |
| <i>Net Margin, %</i> | -7.0% | -5.9% | -7.2% | -7.6% | -10.3% | 5.2% | 1.5% | 4.6% | 0.9% | 2.3% | 1.7% |

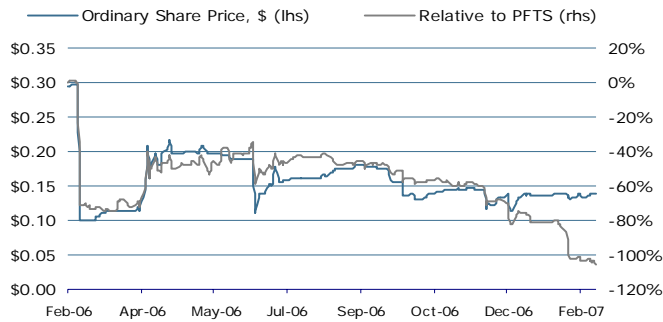
Lutsk Automobile Plant LUAZ UZ

Auto Manufacturers

www.luaz.ua

Target Price (USD) N/R
Upside n/a

SHARE PRICE PERFORMANCE*



MARKET INFORMATION

| | |
|---------------------------|---------------------|
| Market price*, USD | 0.15 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.02 / 0.01 |
| Chg 3m/6m/52w | 1% / -14% / -48% |
| Chg vs PFTS 3m/6m/52w | -42% / -61% / -106% |
| Chg YTD | 6% |
| Avg Mo Tr Vol 6M, USD ths | 379.8 |
| MCap, USD mln | 484.4 |
| Free float, % | 2.5% |
| FF MCap, USD mln | 12.1 |
| No of shares, mln | 3328.0 |
| Par Value, UAH | 0.25 |
| XETRA | L4J1 |
| DR Ratio | 1:100 |
| Avg Mo Tr Vol 6M, USD ths | 0.0 |

BUSINESS OVERVIEW

Part of the Bohdan Corporation, Lutsk Automobile (LUAZ) is the second largest car producer in Ukraine. The company manufactures cars under the VAZ, Hyundai and Kia brand names and assembles trucks and buses from Chinese, Japanese and Isuzu kits. In 9M06 Lutsk Automobile increased its production by 50.98% yoy to 31,914 ths cars, including 25,136 ths VAZ vehicles, 3,459 ths Kias and 3,319 ths Hyundais. The company conducted an IPO in 2006 and sold 8% of its shares to international investors for USD 16 mln. Also in 2006, it increased its charter fund by USD 128.3 mln to USD 164.75 mln through an additional emission of shares. The company announced plans to hold an IPO in 2009-10 for 10-20% of its shares.

In 9M06, Lutsk Automobile increased its net revenues by 109.1% yoy to USD 298.4 mln but its EBITDA decreased by 3% yoy to USD 23.2 mln and net income fell by 21% yoy to USD 17.7 mln.

STOCK OWNERSHIP

| | |
|-------------|-------|
| Ukropinvest | 90.0% |
| Other | 10.0% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.3 | n/a |
| EV/EBITDA | 16.5 | n/a |
| P/E | 20.5 | n/a |
| P/B | 3.0 | n/a |
| P/CF | 20.5 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | 11% | 8% | n/a |
| Net Margin | 8.8% | 5.9% | n/a |
| ROE | 46% | 38% | n/a |
| Net Debt/Equity | 0.418 | 0.2 | n/a |

* PFTS BID Price 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)

Automobiles Output, ths units



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|-------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 2.3 | 53.7 | 159.3 | 212.6 | 298.4 | n/a | n/a |
| <i>Change y-o-y</i> | - | 2186.9% | 196.8% | 33.5% | 109.1% | n/a | n/a |
| Gross Profit | 0.1 | 4.2 | 12.2 | 42.7 | 46.0 | n/a | n/a |
| EBITDA | (0.6) | 2.2 | 7.5 | 22.5 | 23.2 | n/a | n/a |
| <i>margin, %</i> | -23.6% | 4.1% | 4.7% | 10.6% | 7.8% | n/a | n/a |
| Depreciation | (0.4) | (0.4) | (0.3) | (0.5) | (0.8) | n/a | n/a |
| EBIT | (0.9) | 1.9 | 7.2 | 22.1 | 22.4 | n/a | n/a |
| <i>margin, %</i> | -38.9% | 3.5% | 4.5% | 10.4% | 7.5% | n/a | n/a |
| Interest Expense | (0.0) | (0.2) | (0.8) | (2.2) | (3.4) | n/a | n/a |
| Other income/(expense) | 0.0 | 0.1 | (0.8) | 0.2 | (0.1) | n/a | n/a |
| PBT | (0.9) | 1.8 | 5.5 | 20.0 | 18.9 | n/a | n/a |
| Tax | - | (0.5) | (0.1) | (1.4) | (1.2) | n/a | n/a |
| <i>Effective tax rate</i> | 0.0% | 30.0% | 1.1% | 6.8% | 6.6% | n/a | n/a |
| Net Income | (0.9) | 1.3 | 5.5 | 18.6 | 17.7 | n/a | n/a |
| <i>Net Margin, %</i> | -36.9% | 2.4% | 3.4% | 8.8% | 5.9% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|------------|-------------|-------------|--------------|--------------|------------|------------|
| Current Assets | 2.2 | 50.6 | 92.8 | 191.5 | 242.7 | n/a | n/a |
| Cash & Equivalents | 0.0 | 0.9 | 4.1 | 2.0 | 5.5 | n/a | n/a |
| Trade Receivables | 0.2 | 16.2 | 6.9 | 42.8 | 32.5 | n/a | n/a |
| Inventories | 1.2 | 18.3 | 23.7 | 62.8 | 56.5 | n/a | n/a |
| Other | 0.8 | 15.0 | 58.0 | 83.9 | 148.3 | n/a | n/a |
| Fixed Assets | 7.2 | 6.4 | 6.6 | 13.8 | 54.5 | n/a | n/a |
| PP&E, net | 5.2 | 5.4 | 5.0 | 6.8 | 9.5 | n/a | n/a |
| Other | 2.0 | 1.0 | 1.6 | 7.0 | 45.0 | n/a | n/a |
| Total Assets | 9.4 | 57.0 | 99.4 | 205.3 | 297.3 | n/a | n/a |
| Shareholders' Equity | 2.7 | 34.6 | 40.9 | 62.0 | 160.0 | n/a | n/a |
| Share Capital | 3.6 | 34.5 | 34.7 | 36.4 | 116.8 | n/a | n/a |
| Retained Earnings | (6.6) | (5.4) | 0.8 | 19.9 | 37.6 | n/a | n/a |
| Other | 5.7 | 5.4 | 5.4 | 5.6 | 5.6 | n/a | n/a |
| Current Liabilities | 6.8 | 21.8 | 58.5 | 117.1 | 111.2 | n/a | n/a |
| ST Interest Bearing Debt | 0.7 | 2.0 | 6.7 | 1.7 | 29.3 | n/a | n/a |
| Trade Payables | 5.0 | 16.6 | 48.4 | 65.6 | 49.7 | n/a | n/a |
| Other | 1.0 | 3.2 | 3.4 | 49.8 | 32.9 | n/a | n/a |
| LT Liabilities | - | 0.5 | - | 26.2 | 26.0 | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | 26.2 | 26.0 | n/a | n/a |
| Other | - | 0.5 | - | - | - | n/a | n/a |
| Total Liabilities & Equity | 9.4 | 57.0 | 99.4 | 205.3 | 297.3 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|-------------|--------------|-------------|--------------|--------------|
| Net Revenues | 35.1 | 64.0 | 43.5 | 69.9 | 92.0 | 102.9 | 103.5 |
| <i>Change y-o-y</i> | N/M | N/M | N/M | N/M | 161.7% | 60.8% | 137.7% |
| EBITDA | 7.9 | 8.9 | 7.1 | (1.5) | 6.8 | 7.5 | 8.8 |
| <i>margin, %</i> | 22.6% | 14.0% | 16.4% | -2.1% | 7.4% | 7.3% | 8.5% |
| EBIT | 7.9 | 8.8 | 7.0 | (1.6) | 6.7 | 7.2 | 8.5 |
| <i>margin, %</i> | 22.4% | 13.8% | 16.1% | -2.3% | 7.3% | 7.0% | 8.2% |
| Net Income | 7.7 | 8.7 | 5.9 | (3.6) | 5.7 | 5.1 | 6.9 |
| <i>Net Margin, %</i> | 21.8% | 13.6% | 13.6% | -5.2% | 6.2% | 5.0% | 6.6% |

Lviv Automobile

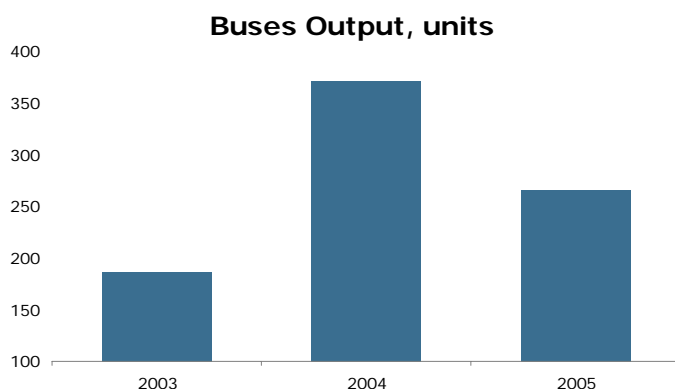
Auto Manufacturers

Target Price (USD)
N/R
Upside (%)
n/a

BUSINESS OVERVIEW

Lviv Automobile is one of the leading bus manufacturers in Ukraine and specializes in the production of municipal and tourist buses. Currently, it controls around 80% of the Ukrainian market for large roomy municipal buses. The company's capacity is 3 ths buses p.a. Lviv Automobile sells its products in Ukraine, Russia and other CIS countries. The company's buses accounts for around 30% of all buses in the CIS. In 11M06, Lviv Automobile increased production by 6.7% to 256 units, including 62 trolley buses.

In 9M06, the company improved its key financial results: net revenues increased by 12.4% yoy to USD 20.3 mln, EBITDA grew to USD 5.8 mln from USD 0.4 mln in 9M05 and net income was up 275% yoy to USD 4 mln. Its EBITDA margin also rose to 28.5% from 2.3% in 9M05 and net margin grew to 19.8% from -12.7% in 9M05.



* The stock is not listed on PFTS

** 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 | n/a |
| Price impact** | 3 |
| 52 Wk H/L, USD | n/a |
| Chg 3m/6m/52w | n/a |
| Chg vs PFTS 3m/6m/52w | n/a |
| Chg YTD | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |
| MCap, USD mln | n/a |
| Free float, % | n/a |
| FF MCap, USD mln | n/a |
| No of shares, mln | 0.33 |
| Par Value, UAH | 1000 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|------------------|-----|
| Lviv Bus Plant | 50% |
| Farma Market Kft | 25% |
| Dankar Kft | 25% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | n/a | n/a |
| EV/EBITDA | n/a | n/a |
| P/E | n/a | n/a |
| P/B | n/a | n/a |
| P/CF | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 16% | 29% | n/a |
| Net Margin | 4% | 20% | n/a |
| ROE | 3% | 9% | n/a |
| Net Debt/Equity | 0.11 | 0.2 | n/a |

INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|------------|--------------|-------------|-------------|------------|------------|
| Net Revenues | 6.3 | 19.5 | 31.4 | 20.3 | n/a | n/a |
| <i>Change y-o-y</i> | - | 209.5% | 60.9% | 12.4% | n/a | n/a |
| Gross Profit | 2.3 | (1.3) | 8.1 | 8.7 | n/a | n/a |
| EBITDA | 1.3 | (3.8) | 5.1 | 5.8 | n/a | n/a |
| <i>margin, %</i> | 21.1% | -19.3% | 16.2% | 28.5% | n/a | n/a |
| Depreciation | (0.8) | (1.5) | (1.9) | (1.2) | n/a | n/a |
| EBIT | 0.5 | (5.3) | 3.2 | 4.6 | n/a | n/a |
| <i>margin, %</i> | 8.5% | -27.1% | 10.1% | 22.5% | n/a | n/a |
| Interest Expense | (0.1) | (1.2) | (1.8) | (0.6) | n/a | n/a |
| Other income/(expense) | 0.0 | 0.0 | 0.1 | 0.0 | n/a | n/a |
| PBT | 0.4 | (6.4) | 1.4 | 4.0 | n/a | n/a |
| Tax | (0.0) | - | - | - | n/a | n/a |
| <i>Effective tax rate</i> | 0.1% | 0.0% | 0.0% | 0.0% | n/a | n/a |
| Net Income | 0.4 | (6.4) | 1.4 | 4.0 | n/a | n/a |
| <i>Net Margin, %</i> | 6.5% | -33.1% | 4.5% | 19.8% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|--------------|--------------|------------|------------|
| Current Assets | 39.4 | 45.9 | 65.6 | 98.6 | n/a | n/a |
| Cash & Equivalents | 0.1 | 2.1 | 2.6 | 0.0 | n/a | n/a |
| Trade Receivables | 4.8 | 9.2 | 23.7 | 21.9 | n/a | n/a |
| Inventories | 5.2 | 14.9 | 21.0 | 35.4 | n/a | n/a |
| Other | 29.4 | 19.7 | 18.4 | 41.3 | n/a | n/a |
| Fixed Assets | 31.8 | 32.7 | 38.0 | 37.2 | n/a | n/a |
| PP&E, net | 26.1 | 26.6 | 32.1 | 21.2 | n/a | n/a |
| Other | 5.7 | 6.1 | 5.9 | 16.0 | n/a | n/a |
| Total Assets | 71.2 | 78.6 | 103.6 | 135.9 | n/a | n/a |
| Shareholders' Equity | 61.7 | 55.5 | 59.6 | 63.6 | n/a | n/a |
| Share Capital | 61.2 | 61.5 | 64.6 | 64.6 | n/a | n/a |
| Retained Earnings | 0.4 | (6.0) | (5.0) | (1.1) | n/a | n/a |
| Other | - | - | - | - | n/a | n/a |
| Current Liabilities | 9.6 | 23.1 | 44.0 | 72.3 | n/a | n/a |
| ST Interest Bearing Debt | 3.8 | 9.9 | 9.4 | 11.0 | n/a | n/a |
| Trade Payables | 3.8 | 4.3 | 16.4 | 27.5 | n/a | n/a |
| Other | 2.0 | 8.9 | 18.2 | 34.8 | n/a | n/a |
| LT Liabilities | - | - | - | - | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | n/a | n/a |
| Other | - | - | - | - | n/a | n/a |
| Total Liabilities & Equity | 71.2 | 78.6 | 103.6 | 135.9 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|--------------|-------------|------------|-------------|--------------|
| Net Revenues | 5.2 | 5.1 | 7.7 | 13.3 | 7.8 | 12.5 | (0.1) |
| <i>Change y-o-y</i> | N/M | N/M | N/M | N/M | 50.4% | 145.1% | -101.2% |
| EBITDA | (0.4) | (0.1) | 0.8 | 4.7 | 1.3 | 7.0 | (2.5) |
| <i>margin, %</i> | -7.2% | -1.1% | 10.9% | 35.1% | 16.1% | 55.8% | 2687.1% |
| EBIT | (0.8) | (0.5) | 0.3 | 4.2 | 0.8 | 6.5 | (2.8) |
| <i>margin, %</i> | -15.4% | -10.0% | 4.2% | 31.2% | 10.0% | 52.2% | 3004.2% |
| Net Income | (1.3) | (0.8) | (0.2) | 3.7 | 0.5 | 6.4 | (2.9) |
| <i>Net Margin, %</i> | -24.5% | -15.1% | -3.2% | 27.7% | 6.2% | 51.1% | 3127.7% |

Dniproshyna

DNSH UZ

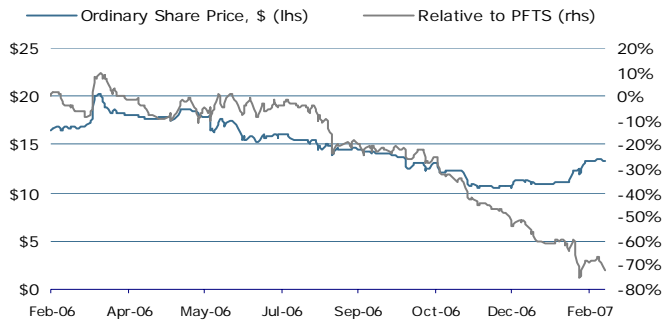
Auto Parts & Equipment

<http://www.dneproshyna.dp.ua>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Dniproshyna is the second-largest tire producer in Ukraine. The company's current capacity of 4.5 mln tires (163 ths mt) enables it to produce over 200 different sized tires and over 1,500 types of other rubber products.

Agricultural tires account for 47% of the total capacity by weight, truck tires for 41%, followed by car tires with 9%, and motorcycle, bicycle and other types of tires with 3% collectively. In 10M06, Dniproshyna produced 0.98 mln car tires in total. In 2006 the company installed new equipment supplied by Slovak tire maker Matador, enabling production of all-steel tires in November 2006. Management plans to launch the production of three new types of tires in 2007.

In 9M06 the company reported 1.6% yoy growth in net revenues to USD 102.1 mln, a reduction in its EBITDA by 18% and decline in its EBITDA margin to 4.3% compared to 5.3% in 9M05.

Russian company FPG Neftekhimprom owns 77% of Dniproshyna.

* PFTS MID Price 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 | 13.39 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 20.2 / 10.5 |
| Chg 3m/6m/52w | 24% / -10% / -19% |
| Chg vs PFTS 3m/6m/52w | -19% / -58% / -77% |
| Chg YTD | 20% |
| Avg Mo Tr Vol 6M, USD ths | 334.66 |
| MCap, USD mln | 40.0 |
| Free float, % | 23.0% |
| FF MCap, USD mln | 9.2 |
| No of shares, mln | 3.0 |
| Par Value, UAH | 50.00 |
| XETRA | D1V1 |
| DR Ratio | 1:1 |
| Avg Mo Tr Vol 6M, USD ths | 2.5 |

STOCK OWNERSHIP

| | |
|----------------------------|-------|
| FPG Neftekhimprom (Russia) | 77.0% |
| Other | 23.0% |

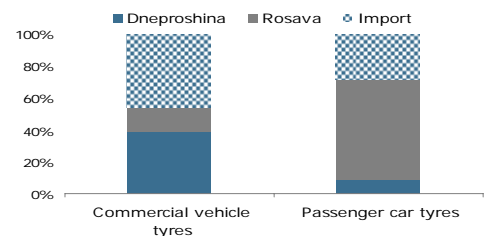
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.6 | n/a |
| EV/EBITDA | 13.9 | n/a |
| P/E | 989.6 | n/a |
| P/B | 0.8 | n/a |
| P/CF | 12.8 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 5% | 4% | n/a |
| Net Margin | 1% | 0% | n/a |
| ROE | 3% | 0% | n/a |
| Net Debt/Equity | 0.6 | 0.78 | n/a |

Ukrainian Tyre Market in 2005



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|-------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 72.8 | 91.8 | 115.8 | 138.9 | 102.1 | n/a | n/a |
| <i>Change y-o-y</i> | - | 26.1% | 26.1% | 19.9% | 1.6% | n/a | n/a |
| Gross Profit | 5.5 | 6.7 | 17.0 | 13.2 | 9.1 | n/a | n/a |
| EBITDA | 1.5 | 4.3 | 13.0 | 6.4 | 4.3 | n/a | n/a |
| <i>margin, %</i> | 2.0% | 4.7% | 11.2% | 4.6% | 4.3% | n/a | n/a |
| Depreciation | (2.2) | (1.8) | (2.9) | (3.4) | (2.3) | n/a | n/a |
| EBIT | (0.7) | 2.5 | 10.1 | 3.0 | 2.0 | n/a | n/a |
| <i>margin, %</i> | -1.0% | 2.7% | 8.8% | 2.1% | 2.0% | n/a | n/a |
| Interest Expense | (1.4) | (2.0) | (2.4) | (2.7) | (2.9) | n/a | n/a |
| Other income/(expense) | 0.5 | (0.3) | (0.7) | 1.9 | 0.9 | n/a | n/a |
| PBT | (1.7) | 0.2 | 7.1 | 2.1 | 0.0 | n/a | n/a |
| Tax | - | (0.0) | (1.3) | (0.6) | - | n/a | n/a |
| <i>Effective tax rate</i> | 0.0% | 5.2% | 17.8% | 30.3% | 0.0% | n/a | n/a |
| Net Income | (1.7) | 0.2 | 5.8 | 1.5 | 0.0 | n/a | n/a |
| <i>Net Margin, %</i> | -2.3% | 0.2% | 5.0% | 1.1% | 0.0% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|--------------|------------|------------|
| Current Assets | 29.3 | 24.2 | 26.3 | 37.1 | 36.3 | n/a | n/a |
| Cash & Equivalents | 0.3 | 0.1 | 0.4 | 0.0 | 0.2 | n/a | n/a |
| Trade Receivables | 4.4 | 2.0 | 4.6 | 1.4 | 2.2 | n/a | n/a |
| Inventories | 17.7 | 16.2 | 14.6 | 21.7 | 26.0 | n/a | n/a |
| Other | 6.9 | 6.0 | 6.7 | 13.9 | 8.0 | n/a | n/a |
| Fixed Assets | 67.6 | 47.7 | 51.4 | 62.0 | 72.9 | n/a | n/a |
| PP&E, net | 63.2 | 42.2 | 44.0 | 53.2 | 54.1 | n/a | n/a |
| Other | 4.5 | 5.4 | 7.4 | 8.9 | 18.8 | n/a | n/a |
| Total Assets | 96.9 | 71.9 | 77.7 | 99.1 | 109.2 | n/a | n/a |
| Shareholders' Equity | 69.0 | 42.0 | 47.5 | 51.7 | 51.6 | n/a | n/a |
| Share Capital | 5.1 | 5.1 | 5.2 | 29.6 | 29.6 | n/a | n/a |
| Retained Earnings | 5.6 | 5.9 | 11.6 | 14.2 | 8.8 | n/a | n/a |
| Other | 58.3 | 31.0 | 30.7 | 7.9 | 13.3 | n/a | n/a |
| Current Liabilities | 27.9 | 29.9 | 17.5 | 31.0 | 20.8 | n/a | n/a |
| ST Interest Bearing Debt | 13.7 | 14.6 | 3.6 | 13.9 | 4.6 | n/a | n/a |
| Trade Payables | 9.3 | 12.2 | 11.8 | 14.1 | 11.6 | n/a | n/a |
| Other | 4.9 | 3.1 | 2.0 | 3.0 | 5.7 | n/a | n/a |
| LT Liabilities | - | - | 12.8 | 16.4 | 36.8 | n/a | n/a |
| LT Interest Bearing Debt | - | - | 12.2 | 15.8 | 36.2 | n/a | n/a |
| Other | - | - | 0.6 | 0.6 | 0.6 | n/a | n/a |
| Total Liabilities & Equity | 96.9 | 71.9 | 77.7 | 99.1 | 109.2 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|-------------|--------------|-------------|-------------|--------------|-------------|--------------|-------------|-------------|
| Net Revenues | 26.0 | 25.7 | 30.4 | 33.7 | 29.3 | 37.7 | 33.6 | 38.4 | 32.5 | 40.4 | 29.2 |
| <i>Change y-o-y</i> | 54.0% | -0.1% | 27.2% | 33.2% | 12.8% | 46.2% | 10.4% | 14.0% | 10.9% | 7.2% | -12.9% |
| EBITDA | 3.2 | 4.5 | 3.1 | 2.1 | 1.9 | 2.5 | 0.9 | 1.1 | 0.6 | 2.0 | 1.7 |
| <i>margin, %</i> | 12.5% | 17.6% | 10.4% | 6.2% | 6.5% | 6.7% | 2.6% | 2.8% | 2.0% | 5.0% | 5.8% |
| EBIT | 2.8 | 3.8 | 2.3 | 1.2 | 1.1 | 1.7 | 0.0 | 0.1 | (0.3) | 1.1 | 1.2 |
| <i>margin, %</i> | 10.7% | 14.6% | 7.7% | 3.7% | 3.7% | 4.5% | 0.1% | 0.4% | -0.9% | 2.7% | 4.2% |
| Net Income | 2.2 | 3.0 | 1.4 | (0.8) | 0.6 | 1.5 | (0.6) | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>Net Margin, %</i> | 8.6% | 11.5% | 4.5% | -2.2% | 2.0% | 4.1% | -1.9% | 0.0% | 0.1% | 0.0% | 0.0% |

Nord

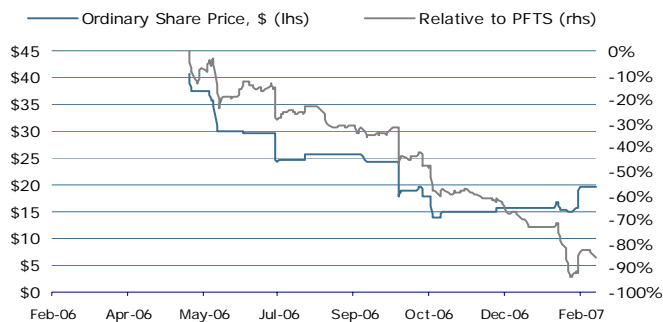
NORD UZ
Housewares
<http://www.nord.ua>

Target Price (USD) 43.00
Upside 117%

INVESTMENT CASE

- Holds 20% of the Ukrainian refrigerator market
- Pursues a cost-leadership strategy
- Increasing competition from Russian and Belarusian-made refrigerators
- Positioned in a free economic zone, Nord will increase its profitability if privileges are returned, as planned by government

SHARE PRICE PERFORMANCE*



* listed on PFTS since 5 May 2006

BUSINESS OVERVIEW

Open JSC Nord is the central company of the Nord Group, which holds 33% of the Ukrainian refrigerator market (including 20% by OJSC Nord itself). The group is diversified into the production of gas and electric stoves, vacuum-cleaners and air conditioners. Compressors for Nord refrigerators are delivered from Compressor Plant, also a member of Nord group with total capacity of 1 mln compressors. Over 50% of Nord's production is exported to Russia and the EU.

Ukraine's market for large household appliances has been growing for 20-25% annually for the last few years and reached 1.2 bln in 2006. Refrigerators account for ~1/3 of the market. Further growth in internal demand will be triggered by increases in the population's disposable income, growth in the number of consumer loans and the need to replace aged refrigerators, 71% of which are used in Ukrainian households.

In 9M06, Nord posted sales growth of 16% yoy to USD 167.9 mln, a decrease in EBITDA by 26% yoy to USD 4.76 mln and a change in net income from USD 1.7 mln in 9M05 to a net loss of USD 0.4 mln in 9M06. The Nord Group is controlled by Valentyn Landyk of the Party of Regions.

* PFTS BID Price 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 | 19.80 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 40.6 / 13.9 |
| Chg 3m/6m/52w | 32% / -23% / -51% |
| Chg vs PFTS 3m/6m/52w | -11% / -70% / -110% |
| Chg YTD | 18% |
| Avg Mo Tr Vol 6M, USD ths | 71.7 |
| MCap, USD mln | 53.5 |
| Free float, % | 5.0% |
| FF MCap, USD mln | 2.7 |
| No of shares, mln | 2.7 |
| Par Value, UAH | 0.01 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|---------------|-------|
| Landyk Family | 75.3% |
| Management | 1.5% |
| Other | 23.2% |

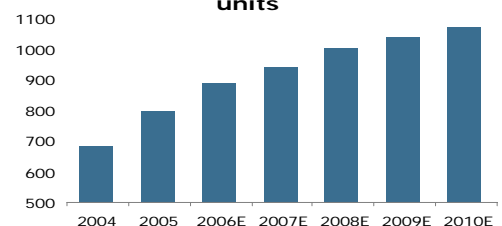
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.2 | 0.2 |
| EV/EBITDA | 3.2 | 2.4 |
| P/E | 5.8 | 4.2 |
| P/B | 0.8 | 0.7 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 4% | 7% | 8% |
| Net Margin | 0.5% | 3.8% | 4.4% |
| ROE | 2% | 16% | 18% |
| Net Debt/Equity | 0.1 | 0.1 | 0.0 |

Refrigerators Sold Total, ths units



INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 107.3 | 127.7 | 196.1 | 244.4 | 285.6 | 333.8 |
| <i>Change y-o-y</i> | - | 19.0% | 53.6% | 24.6% | 16.8% | 16.9% |
| Gross Profit | 23.9 | 29.3 | 33.0 | 50.9 | 61.5 | 76.7 |
| EBITDA | 10.7 | 10.2 | 7.4 | 17.9 | 23.0 | 31.6 |
| <i>margin, %</i> | 10.0% | 8.0% | 3.8% | 7.3% | 8.0% | 9.5% |
| Depreciation | (4.7) | (4.8) | (5.3) | (5.1) | (5.2) | (5.4) |
| EBIT | 6.0 | 5.4 | 2.0 | 12.8 | 17.7 | 26.3 |
| <i>margin, %</i> | 5.6% | 4.2% | 1.0% | 5.3% | 6.2% | 7.9% |
| Interest Expense | (0.5) | (1.2) | (0.7) | (0.6) | (0.9) | (1.2) |
| Other income/(expense) | 0.5 | 0.9 | 0.8 | - | - | - |
| PBT | 6.0 | 5.1 | 2.1 | 12.2 | 16.8 | 25.1 |
| Tax | (0.4) | (0.5) | (1.0) | (3.1) | (4.2) | (6.3) |
| <i>Effective tax rate</i> | 6.4% | 10.3% | 49.7% | 25.0% | 25.0% | 25.0% |
| Net Income | 5.6 | 4.5 | 1.0 | 9.2 | 12.6 | 18.8 |
| <i>Net Margin, %</i> | 5.2% | 3.6% | 0.5% | 3.8% | 4.4% | 5.6% |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|--------------|--------------|
| Current Assets | 24.7 | 20.5 | 22.8 | 41.5 | 54.3 | 65.1 |
| Cash & Equivalents | 0.7 | 2.2 | 1.4 | 2.4 | 8.6 | 10.0 |
| Trade Receivables | 9.3 | 6.3 | 7.8 | 12.2 | 14.3 | 16.7 |
| Inventories | 9.6 | 7.8 | 8.9 | 17.1 | 20.0 | 23.4 |
| Other | 5.1 | 4.3 | 4.7 | 9.8 | 11.4 | 15.0 |
| Fixed Assets | 42.3 | 46.2 | 49.9 | 53.9 | 56.7 | 59.3 |
| PP&E, net | 39.7 | 44.2 | 47.7 | 53.7 | 56.5 | 59.1 |
| Other | 2.6 | 2.0 | 2.2 | 0.2 | 0.2 | 0.2 |
| Total Assets | 67.1 | 66.8 | 72.8 | 95.5 | 111.0 | 124.4 |
| Shareholders' Equity | 51.2 | 54.9 | 56.3 | 70.9 | 79.8 | 89.2 |
| Share Capital | (0.0) | 0.0 | (0.7) | - | - | - |
| Retained Earnings | 6.7 | 11.1 | 11.7 | 24.3 | 33.2 | 42.6 |
| Other | 44.4 | 43.8 | 45.3 | 46.6 | 46.6 | 46.6 |
| Current Liabilities | 11.9 | 9.2 | 12.2 | 22.2 | 28.6 | 32.2 |
| ST Interest Bearing Debt | 1.6 | 2.3 | 0.7 | 4.4 | 7.7 | 7.8 |
| Trade Payables | 6.6 | 5.0 | 8.9 | 12.2 | 14.3 | 16.7 |
| Other | 3.7 | 1.8 | 2.6 | 6.0 | 6.6 | 7.7 |
| LT Liabilities | 4.0 | 2.6 | 4.3 | 2.3 | 2.6 | 3.0 |
| LT Interest Bearing Debt | 3.8 | 2.6 | 4.2 | 2.3 | 2.6 | 3.0 |
| Other | 0.2 | - | 0.0 | - | - | - |
| Total Liabilities & Equity | 67.1 | 66.8 | 72.8 | 95.5 | 110.9 | 124.4 |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|-------------|-------------|--------------|
| Net Revenues | 25.2 | 34.9 | 37.0 | 30.5 | 32.2 | 54.3 | 57.6 | 52.0 | 42.3 | 61.1 | 64.5 |
| <i>Change y-o-y</i> | 44.9% | 18.6% | 13.5% | 9.6% | 27.9% | 55.6% | 55.6% | 70.1% | 31.2% | 12.5% | 12.0% |
| EBITDA | 2.8 | 3.5 | 1.5 | 2.4 | 2.0 | 2.8 | 1.4 | 1.1 | 1.6 | 2.0 | 0.9 |
| <i>margin, %</i> | 11.1% | 10.0% | 4.1% | 7.8% | 6.3% | 5.2% | 2.4% | 2.2% | 3.9% | 3.3% | 1.4% |
| EBIT | 1.7 | 2.2 | 0.3 | 1.2 | 0.7 | 1.6 | 0.0 | (0.2) | 0.2 | 0.6 | (0.7) |
| <i>margin, %</i> | 6.9% | 6.4% | 0.7% | 3.8% | 2.2% | 2.9% | 0.0% | -0.5% | 0.6% | 1.0% | -1.1% |
| Net Income | 1.7 | 1.9 | 0.1 | 0.9 | 0.7 | 1.2 | (0.2) | (0.6) | 0.3 | 0.3 | (1.0) |
| <i>Net Margin, %</i> | 6.7% | 5.3% | 0.2% | 3.1% | 2.2% | 2.2% | -0.4% | -1.2% | 0.7% | 0.4% | -1.5% |

CONSUMER, NON-CYCLICAL

Beverages

Slavutych Brewery
Sun Interbrew Ukraine

Food

Galakton
Khibprom
Korovay
Myroniv Feed and Cereals Plant
Ukrproduct Group

Food, Retail

Retail Group

Pharmaceuticals

Farmak
Hemoplast

Slavutych Brewery

SLAV UZ

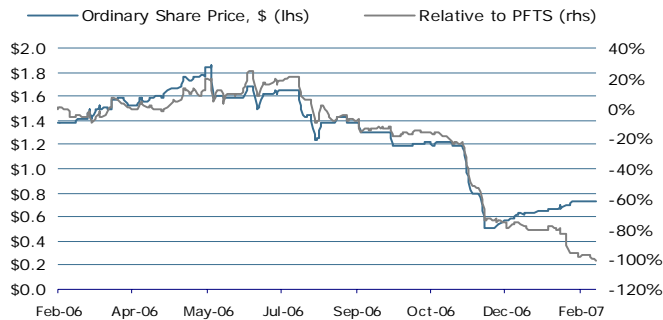
Beverages

<http://www.slavutich.com>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Slavutych is the third largest brewery in Ukraine and operates two brewery plants in Zaporizhyya and Kyiv with a total capacity of more than 44 mln dal per year. Slavutych also produces non-alcoholic drinks (1.5 mln dal in 1H06 – 29% yoy down). Slavutych brewery's three licensed brands are Baltica, Tuborg and Carlsberg (the latter was launched in June 2006). Carlsberg beer was previously imported from Russia. Slavutych and the OJSC Lvivska Brewery are part of the Baltic Beverages Group, which was created in 1991 to invest in breweries in the former Soviet Union. The group has 18 breweries in Ukraine, Russia, the Baltics and Kazakhstan.

In 2006, Slavutych raised beer output by 4.4% yoy to 3.1 mln hl, bringing its market share to 11.8% (down 0.9 pp yoy). In 9M06, the company posted sales growth of 26.4% yoy to USD 121.5 mln and net income growth of 31.5% yoy to USD 12.7 mln.

* PFTS BID Price 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 | 0.69 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 1.86 / 0.51 |
| Chg 3m/6m/52w | -39% / -50% / -50% |
| Chg vs PFTS 3m/6m/52w | -82% / -97% / -108% |
| Chg YTD | 3% |
| Avg Mo Tr Vol 6M, USD ths | 282.5 |
| MCap, USD mln | 206.5 |
| Free float, % | 6.5% |
| FF MCap, USD mln | 13.4 |
| No of shares, mln | 283.8 |
| Par Value, UAH | 1.00 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|------------|-------|
| BBH | 92.0% |
| Management | 1.5% |
| Other | 6.5% |

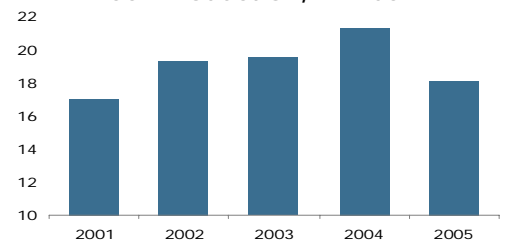
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.6 | n/a |
| EV/EBITDA | 6.6 | n/a |
| P/E | 12.2 | n/a |
| P/B | 2.4 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 18% | 24% | n/a |
| Net Margin | 2.6% | 10.4% | n/a |
| ROE | 5% | 25% | n/a |
| Net Debt/Equity | 0.6 | 0.5 | n/a |

Beer Production, mln dal



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|-------------|-------------|--------------|--------------|------------|------------|
| Net Revenues | 69.5 | 70.8 | 93.1 | 121.8 | 121.5 | n/a | n/a |
| <i>Change y-o-y</i> | - | 1.8% | 31.6% | 30.8% | 26.4% | n/a | n/a |
| Gross Profit | 40.7 | 41.2 | 51.9 | 73.0 | 74.3 | n/a | n/a |
| EBITDA | 16.8 | 14.4 | 18.6 | 21.5 | 28.8 | n/a | n/a |
| <i>margin, %</i> | 24.2% | 20.3% | 20.0% | 17.6% | 23.7% | n/a | n/a |
| Depreciation | (5.6) | (6.2) | (8.7) | (13.5) | (10.8) | n/a | n/a |
| EBIT | 11.2 | 8.2 | 9.9 | 8.0 | 18.1 | n/a | n/a |
| <i>margin, %</i> | 16.1% | 11.5% | 10.6% | 6.6% | 14.9% | n/a | n/a |
| Interest Expense | (1.1) | (1.3) | (2.5) | (3.4) | (3.4) | n/a | n/a |
| Other income/(expense) | (0.3) | (0.3) | 5.5 | 2.7 | (0.7) | n/a | n/a |
| PBT | 9.8 | 6.6 | 12.9 | 7.2 | 13.9 | n/a | n/a |
| Tax | (3.6) | (3.7) | (3.8) | (4.1) | (1.2) | n/a | n/a |
| <i>Effective tax rate</i> | 36.7% | 56.0% | 29.1% | 56.0% | 8.9% | n/a | n/a |
| Net Income | 6.2 | 2.9 | 9.1 | 3.2 | 12.7 | n/a | n/a |
| <i>Net Margin, %</i> | 8.9% | 4.1% | 9.8% | 2.6% | 10.4% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 17.7 | 22.9 | 31.4 | 40.3 | 49.9 | n/a | n/a |
| Cash & Equivalents | 0.7 | 0.7 | 3.0 | 0.3 | 0.3 | n/a | n/a |
| Trade Receivables | 5.7 | 5.7 | 6.2 | 12.5 | 15.1 | n/a | n/a |
| Inventories | 9.4 | 11.1 | 17.7 | 19.5 | 22.0 | n/a | n/a |
| Other | 1.9 | 5.5 | 4.5 | 8.1 | 12.5 | n/a | n/a |
| Fixed Assets | 35.5 | 78.7 | 100.6 | 112.9 | 116.3 | n/a | n/a |
| PP&E, net | 32.9 | 34.1 | 95.7 | 104.0 | 102.8 | n/a | n/a |
| Other | 2.6 | 44.6 | 4.9 | 8.9 | 13.6 | n/a | n/a |
| Total Assets | 53.2 | 101.6 | 132.0 | 153.3 | 166.3 | n/a | n/a |
| Shareholders' Equity | 22.2 | 50.0 | 62.3 | 68.7 | 81.3 | n/a | n/a |
| Share Capital | 9.2 | 34.1 | 37.3 | 39.1 | 39.1 | n/a | n/a |
| Retained Earnings | 10.5 | 13.1 | 22.1 | 26.0 | 38.5 | n/a | n/a |
| Other | 2.4 | 2.8 | 2.9 | 3.6 | 3.7 | n/a | n/a |
| Current Liabilities | 14.0 | 29.5 | 33.3 | 54.0 | 62.2 | n/a | n/a |
| ST Interest Bearing Debt | 4.3 | 15.9 | 6.1 | 14.8 | 26.0 | n/a | n/a |
| Trade Payables | 6.7 | 4.7 | 4.0 | 11.5 | 13.3 | n/a | n/a |
| Other | 3.1 | 8.9 | 23.2 | 27.7 | 25.7 | n/a | n/a |
| LT Liabilities | 17.1 | 22.1 | 36.4 | 30.6 | 22.8 | n/a | n/a |
| LT Interest Bearing Debt | 17.1 | 22.1 | 33.8 | 27.8 | 19.9 | n/a | n/a |
| Other | - | - | 2.6 | 2.7 | 2.9 | n/a | n/a |
| Total Liabilities & Equity | 53.2 | 101.6 | 132.0 | 153.3 | 166.3 | n/a | n/a |

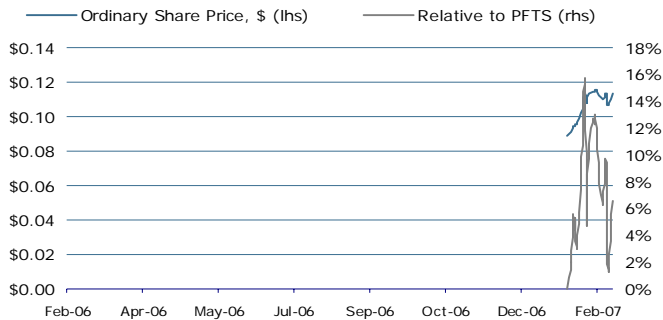
QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|-------------|-------------|--------------|--------------|-------------|-------------|--------------|--------------|-------------|-------------|
| Net Revenues | 15.1 | 29.4 | 31.1 | 17.5 | 18.2 | 34.6 | 43.3 | 25.6 | 22.6 | 46.2 | 52.7 |
| <i>Change y-o-y</i> | 23.1% | 30.2% | 46.0% | 19.9% | 20.5% | 17.6% | 39.3% | 46.8% | 23.9% | 33.3% | 21.8% |
| EBITDA | 0.0 | 6.7 | 8.9 | 3.1 | 2.7 | 11.8 | 9.3 | (2.3) | 2.8 | 11.3 | 14.8 |
| <i>margin, %</i> | 0.0% | 22.6% | 28.6% | 17.6% | 14.6% | 34.1% | 21.5% | -8.9% | 12.3% | 24.4% | 28.0% |
| EBIT | (1.7) | 4.9 | 6.6 | 0.1 | (0.5) | 8.5 | 5.9 | (5.9) | (0.8) | 7.7 | 11.1 |
| <i>margin, %</i> | -10.9% | 16.5% | 21.3% | 0.3% | -2.5% | 24.5% | 13.5% | -23.0% | -3.4% | 16.7% | 21.1% |
| Net Income | (2.3) | 9.8 | 4.2 | (2.5) | (1.0) | 7.0 | 3.7 | (6.5) | (2.2) | 6.4 | 8.5 |
| <i>Net Margin, %</i> | -15.4% | 33.2% | 13.4% | -14.2% | -5.8% | 20.2% | 8.5% | -25.3% | -9.9% | 13.9% | 16.1% |

Sun Interbrew Ukraine

SUNI UZ

Beverages

<http://www.suninterbrew.ua>
Target Price (USD)
N/R
Upside
n/a
SHARE PRICE PERFORMANCE*


*listed on PFTS since 26 Dec 2006

BUSINESS OVERVIEW

Sun Interbrew Ukraine remained the nation's leading beer producer for the sixth year in a row, with a market share of 36.8% in 1H06. The company is a part of InBev (formerly Interbrew), the world's largest brewery by volume (almost 14% of the world beer market). In 2006, OJSC Sun Interbrew Ukraine merged with CJSC Chernigiv Desna Brewery, OJSC Rogan Brewery and OJSC Yantar Brewery to form a single legal entity. Sun Interbrew has eight brands: three global brands (Stella Artois, Brahma and Beck's), one international brand (Staropramen) and four Ukrainian brands (Chernigivske, Rogan, Yantar and Taller). In June 2006, the company got the exclusive rights to import Lowenbrau beer from Germany. The company operates 3 breweries in Chernigiv, Kharkiv and Mykolaiv and has seven regional offices. In 2006 USD 103.7 mln was planned to be invested in the Ukrainian beer industry, Sun Interbrew alone invested more than USD 64.8 mln of that amount. In 1H06, Sun Interbrew sold 40.2 mln dal of beer on the domestic market (up 0.36% yoy).

* PFTS MID Price 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 | 0.12 / 0.09 |
| Chg 3m/6m/52w | n/a / n/a / n/a |
| Chg vs PFTS 3m/6m/52w | -43% / -47% / -58% |
| Chg YTD | 20% |
| Avg Mo Tr Vol 6M, USD ths | 384.62 |
| MCap, USD mln | 1080.1 |
| Free float, % | 4.0% |
| FF MCap, USD mln | 43.2 |
| No of shares, mln | 9510.7 |
| Par Value, UAH | 0.01 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

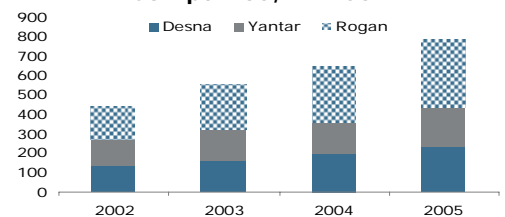
| | |
|------------------------------|-------|
| Interbrew International B.V. | 63.7% |
| Interbrew DSN Holding B.V. | 13.5% |
| Yantar Holding | 9.4% |
| Rogan Holding | 9.4% |
| Other | 4.0% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 2.9 | n/a |
| EV/EBITDA | 10.2 | n/a |
| P/E | 15.9 | n/a |
| P/B | 12.6 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 17% | 28% | n/a |
| Net Margin | 5.4% | 17.2% | n/a |
| ROE | 294% | 384% | n/a |
| Net Debt/Equity | 0.2 | 0.8 | n/a |

Beer Production by Companies, mln dal


INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|-------------|-------------|--------------|------------|------------|
| Net Revenues | 38.9 | 59.7 | 80.5 | 297.9 | n/a | n/a |
| <i>Change y-o-y</i> | - | 53.6% | 34.8% | 373.5% | n/a | n/a |
| Gross Profit | 37.6 | 55.1 | 86.7 | 186.4 | n/a | n/a |
| EBITDA | (1.7) | 12.3 | 13.5 | 84.1 | n/a | n/a |
| <i>margin, %</i> | -4.4% | 20.6% | 16.8% | 28.2% | n/a | n/a |
| Depreciation | (2.2) | (4.3) | (6.9) | (19.0) | n/a | n/a |
| EBIT | (3.9) | 8.1 | 6.6 | 65.1 | n/a | n/a |
| <i>margin, %</i> | -10.0% | 13.5% | 8.2% | 21.8% | n/a | n/a |
| Interest Expense | (0.9) | (1.4) | (1.0) | (6.5) | n/a | n/a |
| Other income/(expense) | (0.4) | (0.6) | 0.8 | (0.7) | n/a | n/a |
| PBT | (5.2) | 6.0 | 6.4 | 57.9 | n/a | n/a |
| Tax | (0.5) | (1.8) | (2.1) | (6.8) | n/a | n/a |
| <i>Effective tax rate</i> | -10.5% | 30.8% | 32.6% | 11.7% | n/a | n/a |
| Net Income | (5.7) | 4.1 | 4.3 | 51.1 | n/a | n/a |
| <i>Net Margin, %</i> | -14.8% | 6.9% | 5.4% | 17.2% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|-------------|-------------|--------------|------------|------------|
| Current Assets | 15.3 | 26.1 | 19.5 | 89.1 | n/a | n/a |
| Cash & Equivalents | 0.6 | 3.9 | 1.1 | 2.3 | n/a | n/a |
| Trade Receivables | 9.1 | 14.0 | 9.7 | 3.7 | n/a | n/a |
| Inventories | 1.9 | 2.6 | 2.7 | 68.8 | n/a | n/a |
| Other | 3.7 | 5.5 | 5.9 | 14.3 | n/a | n/a |
| Fixed Assets | 12.6 | 20.0 | 28.2 | 223.7 | n/a | n/a |
| PP&E, net | 8.7 | 14.3 | 22.7 | 161.3 | n/a | n/a |
| Other | 3.9 | 5.6 | 5.5 | 62.4 | n/a | n/a |
| Total Assets | 27.9 | 46.1 | 47.7 | 312.8 | n/a | n/a |
| Shareholders' Equity | (2.7) | 1.5 | 17.8 | 192.7 | n/a | n/a |
| Share Capital | 1.0 | 1.0 | 13.1 | 42.5 | n/a | n/a |
| Retained Earnings | (3.7) | 0.5 | 4.7 | 138.3 | n/a | n/a |
| Other | - | - | - | 11.8 | n/a | n/a |
| Current Liabilities | 30.6 | 44.6 | 29.9 | 120.1 | n/a | n/a |
| ST Interest Bearing Debt | 16.1 | 27.0 | 5.4 | 69.8 | n/a | n/a |
| Trade Payables | 11.9 | 14.1 | 16.9 | 30.8 | n/a | n/a |
| Other | 2.5 | 3.5 | 7.6 | 27.1 | n/a | n/a |
| LT Liabilities | - | - | - | 0.1 | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | n/a | n/a |
| Other | - | - | - | 0.1 | n/a | n/a |
| Total Liabilities & Equity | 27.9 | 46.1 | 47.7 | 312.8 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|-------------|--------------|-------------|--------------|-------------|-------------|--------------|--------------|--------------|--------------|
| Net Revenues | 8.5 | 15.5 | 5.6 | 30.1 | 12.2 | 22.3 | 28.4 | 17.6 | 15.0 | 157.2 | 125.6 |
| <i>Change y-o-y</i> | 37.3% | 34.1% | -52.6% | 223.3% | 44.0% | 43.7% | 406.6% | -41.6% | 22.7% | 605.0% | 342.8% |
| EBITDA | 1.1 | 3.7 | (6.3) | 13.8 | (1.4) | 5.7 | 9.4 | (0.2) | 0.1 | 41.4 | 42.6 |
| <i>margin, %</i> | 13.4% | 23.6% | -111.8% | 45.8% | -11.2% | 25.4% | 33.1% | -0.9% | 0.8% | 26.3% | 33.9% |
| EBIT | 0.2 | 2.7 | (5.9) | 11.0 | (2.7) | 4.0 | 7.5 | (2.2) | (1.8) | 31.8 | 35.1 |
| <i>margin, %</i> | 2.8% | 17.7% | -105.0% | 36.4% | -22.5% | 18.2% | 26.5% | -12.4% | -12.3% | 20.2% | 28.0% |
| Net Income | (0.1) | 2.4 | (5.9) | 7.8 | (3.2) | 4.1 | 6.7 | (3.3) | (1.9) | 26.1 | 27.0 |
| <i>Net Margin, %</i> | -1.4% | 15.5% | -105.4% | 25.7% | -26.0% | 18.3% | 23.6% | -18.5% | -13.0% | 16.6% | 21.5% |

Galakton

GALTN UZ

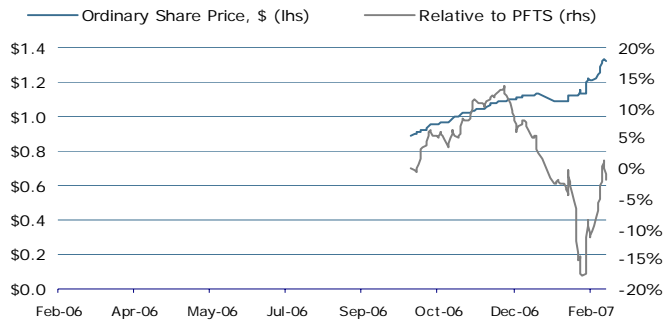
Food

<http://www.galacton.com.ua>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



*listed on PFTS since 27 Sep 2006

BUSINESS OVERVIEW

Galakton is one of the largest dairy producers in Ukraine and the only dairy producer listed on the PFTS. The company owns Kyiv Dairy Plant No.2's production complex, which it was based on. Galakton also holds a majority stake in the Kremenchug Municipal Dairy Plant. The companies are part of the Unimilk-Ukraine Group and together account for 14% of the Ukrainian dairy market. Galakton's product mix consists of four primary product groups: whole milk, storable milk, desserts and bio-products. In total, it has 70 products, which carry six brands: Galakton, Balance, Bio-Classic, Bio-Premium, Dyvyna and Letniy Den. Since 1998 the company has cooperated with McDonald's Ukraine to be its exclusive supplier of dairy mixes for milk shakes and ice-cream. Today, the company processes 400 mt of dairy products per year. During 2006 Galakton invested near USD 10 mln to modernize its production lines that will enable it to increase its processing capacities by 10-15%.

In 9M06, Galakton posted stable sales (up 0.5% yoy to USD 36.5 mln), EBITDA growth of 27% yoy to USD 3.8 mln and a decrease in net income by 33% to USD 0.7 mln.

* PFTS MID Price 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 | 1.37 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 1.37 / 0.89 |
| Chg 3m/6m/52w | 32% / n/a / n/a |
| Chg vs PFTS 3m/6m/52w | -11% / -47% / -58% |
| Chg YTD | 0.0% |
| Avg Mo Tr Vol 6M, USD ths | 325.39 |
| MCap, USD mln | 31.6 |
| Free float, % | 6.6% |
| FF MCap, USD mln | 2.1 |
| No of shares, mln | 23.1 |
| Par Value, UAH | 0.38 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-------------------------|-------|
| Unimilk Enterprises Ltd | 89.8% |
| Other | 10.2% |

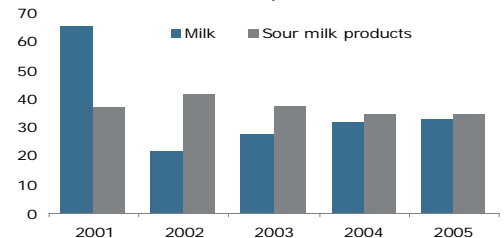
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.9 | n/a |
| EV/EBITDA | 8.3 | n/a |
| P/E | 33.4 | n/a |
| P/B | 3.0 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 6% | 10% | n/a |
| Net Margin | 0.9% | 1.9% | n/a |
| ROE | 5% | 10% | n/a |
| Net Debt/Equity | 1.0 | 1.0 | n/a |

Production, ths mt



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|------------------------|-------------|-------------|--------------|-------------|-------------|------------|------------|
| Net Revenues | 34.3 | 40.0 | 48.9 | 48.5 | 36.5 | n/a | n/a |
| Change y-o-y | - | 16.4% | 22.5% | -0.9% | 0.5% | n/a | n/a |
| Gross Profit | 8.2 | 7.9 | 9.0 | 8.9 | 8.5 | n/a | n/a |
| EBITDA | 4.2 | 3.2 | 2.7 | 3.0 | 3.8 | n/a | n/a |
| margin, % | 12.2% | 8.1% | 5.5% | 6.2% | 10.4% | n/a | n/a |
| Depreciation | (1.2) | (1.3) | (1.4) | (1.3) | (1.2) | n/a | n/a |
| EBIT | 3.0 | 1.9 | 1.3 | 1.7 | 2.6 | n/a | n/a |
| margin, % | 8.8% | 4.7% | 2.7% | 3.5% | 7.2% | n/a | n/a |
| Interest Expense | (0.3) | (1.1) | (1.3) | (1.2) | (0.8) | n/a | n/a |
| Other income/(expense) | (0.0) | (0.0) | 0.0 | 0.2 | (0.7) | n/a | n/a |
| PBT | 2.7 | 0.8 | 0.0 | 0.8 | 1.1 | n/a | n/a |
| Tax | (0.9) | (0.4) | (0.1) | (0.3) | (0.4) | n/a | n/a |
| Effective tax rate | 34.6% | 45.4% | 371.4% | 45.0% | 37.4% | n/a | n/a |
| Net Income | 1.7 | 0.4 | (0.1) | 0.4 | 0.7 | n/a | n/a |
| Net Margin, % | 5.1% | 1.1% | -0.2% | 0.9% | 1.9% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 3.6 | 5.6 | 6.9 | 8.2 | 8.1 | n/a | n/a |
| Cash & Equivalents | 0.1 | 0.2 | 0.1 | 0.0 | 0.0 | n/a | n/a |
| Trade Receivables | 1.1 | 1.6 | 2.8 | 3.5 | 1.5 | n/a | n/a |
| Inventories | 1.9 | 3.0 | 2.8 | 3.8 | 3.8 | n/a | n/a |
| Other | 0.5 | 0.8 | 1.3 | 0.9 | 2.8 | n/a | n/a |
| Fixed Assets | 10.7 | 19.5 | 19.3 | 20.2 | 22.5 | n/a | n/a |
| PP&E, net | 9.3 | 9.1 | 8.9 | 9.1 | 12.1 | n/a | n/a |
| Other | 1.4 | 10.4 | 10.4 | 11.1 | 10.4 | n/a | n/a |
| Total Assets | 14.2 | 25.1 | 26.2 | 28.4 | 30.6 | n/a | n/a |
| Shareholders' Equity | 8.5 | 8.9 | 8.8 | 9.7 | 10.4 | n/a | n/a |
| Share Capital | 1.6 | 1.6 | 1.7 | 1.7 | 1.7 | n/a | n/a |
| Retained Earnings | 3.1 | 3.5 | 3.5 | 4.0 | 4.7 | n/a | n/a |
| Other | 3.7 | 3.7 | 3.7 | 3.9 | 3.9 | n/a | n/a |
| Current Liabilities | 5.1 | 8.2 | 11.0 | 11.7 | 14.4 | n/a | n/a |
| ST Interest Bearing Debt | 1.2 | 2.1 | 2.8 | 3.0 | 5.6 | n/a | n/a |
| Trade Payables | 3.2 | 3.7 | 3.7 | 3.0 | 3.8 | n/a | n/a |
| Other | 0.7 | 2.4 | 4.5 | 5.7 | 5.3 | n/a | n/a |
| LT Liabilities | 0.7 | 8.0 | 6.4 | 7.0 | 5.8 | n/a | n/a |
| LT Interest Bearing Debt | 0.6 | 7.9 | 6.4 | 7.0 | 4.8 | n/a | n/a |
| Other | 0.1 | 0.1 | - | - | 1.0 | n/a | n/a |
| Total Liabilities & Equity | 14.2 | 25.1 | 26.2 | 28.4 | 30.6 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|---------------------|-------------|-------------|--------------|-------------|--------------|-------------|-------------|--------------|-------------|-------------|-------------|
| Net Revenues | 11.4 | 11.9 | 4.7 | 21.0 | 11.5 | 12.0 | 12.9 | 12.2 | 12.5 | 11.8 | 12.2 |
| Change y-o-y | 27.7% | 21.3% | -49.3% | 74.4% | 0.9% | 0.0% | 177.0% | -41.9% | 8.8% | -1.2% | -5.4% |
| EBITDA | 0.8 | 1.0 | 0.1 | 0.8 | 0.1 | 1.2 | 1.7 | 0.0 | 1.0 | 1.5 | 1.3 |
| margin, % | 7.3% | 8.2% | 2.2% | 3.8% | 0.9% | 10.1% | 13.1% | 0.1% | 8.3% | 12.9% | 10.3% |
| EBIT | 0.5 | 0.6 | (0.2) | 0.4 | (0.2) | 0.9 | 1.4 | (0.3) | 0.7 | 1.2 | 0.8 |
| margin, % | 4.3% | 5.2% | -4.3% | 1.8% | -2.0% | 7.4% | 10.6% | -2.7% | 5.4% | 10.1% | 6.3% |
| Net Income | 0.1 | 0.2 | (0.4) | 0.1 | (0.7) | 0.9 | 0.9 | (0.6) | 0.3 | 0.3 | 0.1 |
| Net Margin, % | 0.5% | 1.4% | -8.8% | 0.4% | -6.1% | 7.2% | 7.0% | -5.2% | 2.6% | 2.4% | 0.8% |

Khlibprom

HLPR UZ

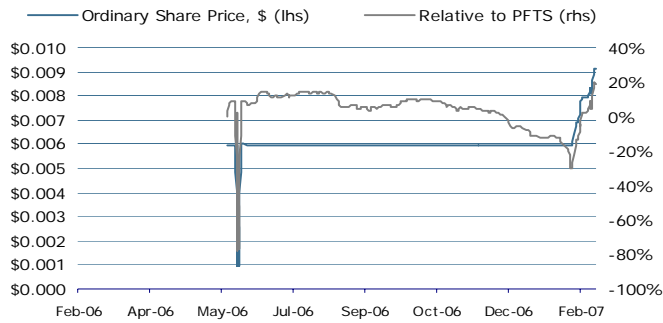
Food

<http://www.hlibprom.com.ua>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



*listed on PFTS since 19 May 2006

BUSINESS OVERVIEW

Concern Khlibprom is one of Ukraine's largest bread producers, with 5% of the domestic baked goods market. The company operates 5 ths hectares of plough-lands, 14 bakeries throughout Central and Western Europe with a total capacity of more than 102 ths mt of bread per year and two grain processing complexes (a mill and an elevator) with a grain storage capacities of 42 ths mt/yr and grain processing capacities of 78 ths mt/yr. Khlibprom's harvest covers 25% of its need for grain. It operates its own retail chain under the brand Khlibna Khata, which has more than 100 stores. Khlibprom is a part of the Universal Investment Group. The company plans to increase the total capacity of Khlibprom's enterprises to more than 150 ths mt/yr by 2008 and to extend its market share to 9% by 2009. In 3Q06 around USD 5 mln was invested in the modernization and development of its production. From July to September 2006, Khlibprom posted output growth of 7.1% yoy to 27.8 ths mt.

* PFTS BID Price 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 | 0.01 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.01 / 0.00 |
| Chg 3m/6m/52w | 53% / 53% / 53% |
| Chg vs PFTS 3m/6m/52w | 11% / 6% / -5% |
| Chg YTD | 53% |
| Avg Mo Tr Vol 6M, USD ths | 60.9 |
| MCap, USD mln | 82.6 |
| Free float, % | 1.2% |
| FF MCap, USD mln | 1.0 |
| No of shares, mln | 9068.4 |
| Par Value, UAH | 0.01 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|----------|-------|
| F.I.E.H. | 96.7% |
| Other | 3.3% |

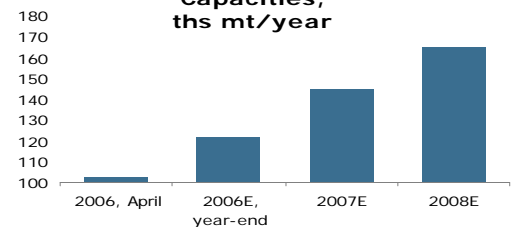
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 16.4 | n/a |
| EV/EBITDA | 40.8 | n/a |
| P/E | 29.7 | n/a |
| P/B | 7.3 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | 29% | 40% | n/a |
| Net Margin | 28.9% | 48.2% | n/a |
| ROE | 43% | 33% | n/a |
| Net Debt/Equity | 1.0 | 1.1 | n/a |

Total Bread Baking Capacities, ths mt/year



INCOME STATEMENT SUMMARY*, USD mln

| | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------|--------------|-------------|-------------|-------------|-------------|--------------|
| Net Revenues | 3.4 | 11.4 | 25.9 | 60.2 | 82.3 | 105.5 |
| <i>Change y-o-y</i> | - | 234.9% | 127.7% | 132.9% | 36.7% | 28.1% |
| Gross Profit | 0.3 | 1.0 | 4.3 | 10.0 | 13.6 | 17.8 |
| EBITDA | (0.1) | 0.8 | 3.3 | 8.6 | 12.1 | 16.2 |
| <i>margin, %</i> | -2.1% | 7.0% | 12.6% | 14.3% | 14.7% | 15.4% |
| Depreciation | (0.2) | (0.4) | (0.8) | (1.8) | (2.3) | (2.7) |
| EBIT | (0.1) | 0.7 | 3.1 | 8.5 | 14.4 | 18.9 |
| <i>margin, %</i> | -1.5% | 6.4% | 12.1% | 14.1% | 17.5% | 18.0% |
| Interest Expense | (0.1) | (0.2) | (0.5) | (2.4) | (3.4) | (3.4) |
| PBT | (0.3) | 0.2 | 1.9 | 4.4 | 6.5 | 10.1 |
| Tax | - | (0.0) | (0.2) | (0.4) | (1.0) | (2.0) |
| <i>Effective tax rate</i> | - | -18.6% | -9.3% | -10.0% | -15.0% | -20.0% |
| Net Income | (0.4) | 0.2 | 1.7 | 4.0 | 5.5 | 8.1 |
| <i>Net Margin, %</i> | -11.6% | 1.6% | 6.8% | 6.6% | 6.7% | 7.6% |

* consolidated financials

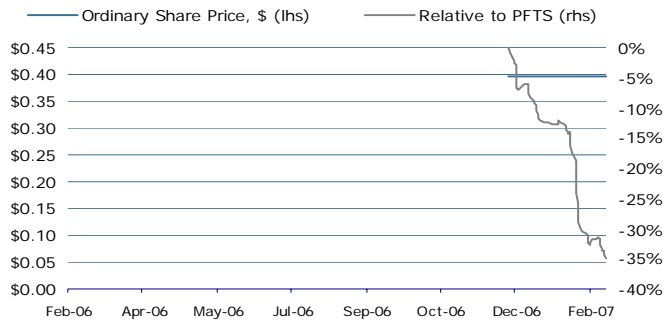
BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|------------|-------------|-------------|-------------|-------------|-------------|
| Current Assets | 6.4 | 6.8 | 16.5 | 17.4 | 23.4 | 29.9 |
| Cash & Equivalents | 0.2 | 0.0 | 0.3 | 0.7 | 1.0 | 1.3 |
| Trade Receivables | 3.0 | 2.1 | 4.2 | 11.2 | 14.8 | 19.0 |
| Inventories | 0.5 | 0.4 | 2.4 | 5.5 | 7.6 | 9.6 |
| Other | 2.8 | 4.2 | 9.5 | - | - | - |
| Fixed Assets | 2.5 | 5.2 | 13.3 | 48.4 | 56.3 | 62.7 |
| PP&E, net | 2.5 | 5.2 | 13.2 | 48.4 | 56.3 | 62.6 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Assets | 8.9 | 12.0 | 29.8 | 65.8 | 79.7 | 92.6 |
| Shareholders' Equity | 4.1 | 4.3 | 8.1 | 33.5 | 40.8 | 48.8 |
| Share Capital | 2.9 | 2.9 | 3.4 | 24.8 | 26.6 | 26.6 |
| Retained Earnings | 0.0 | 0.2 | 1.9 | 5.9 | 11.4 | 19.4 |
| Other | 1.2 | 1.2 | 2.8 | 2.8 | 2.8 | 2.8 |
| Current Liabilities | 4.8 | 7.0 | 13.3 | 11.1 | 13.0 | 15.1 |
| ST Interest Bearing Debt | 2.0 | 1.3 | 0.1 | - | - | - |
| Trade Payables | 1.1 | 4.9 | 6.9 | 9.0 | 9.9 | 12.0 |
| Other | 1.7 | 0.8 | 6.4 | 2.1 | 3.1 | 3.1 |
| LT Liabilities | - | 0.7 | 8.4 | 21.2 | 25.9 | 28.7 |
| LT Interest Bearing Debt | - | 0.7 | 5.0 | 8.1 | 12.7 | 15.5 |
| Other | - | - | 3.4 | 13.1 | 13.1 | 13.1 |
| Total Liabilities & Equity | 8.9 | 12.0 | 29.8 | 65.8 | 79.7 | 92.6 |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|------------|--------------|--------------|------------|------------|------------|------------|------------|------------|------------|
| Net Revenues | 1.7 | 2.2 | (0.8) | 3.1 | 1.8 | 1.2 | 1.5 | 0.9 | 1.8 | 1.6 |
| <i>Change y-o-y</i> | 59.0% | 86.2% | -186.4% | 2740.3% | -17.0% | -256.6% | -50.9% | -46.9% | 2.2% | 31.1% |
| EBITDA | 0.1 | (0.0) | (0.1) | 0.6 | 0.5 | 0.5 | 0.6 | 0.5 | 0.6 | 0.7 |
| <i>margin, %</i> | 5.9% | -1.5% | 18.4% | 17.7% | 29.3% | 40.0% | 36.8% | 48.7% | 30.2% | 47.0% |
| EBIT | 0.1 | 0.0 | (0.3) | 0.4 | 0.4 | 0.3 | 0.4 | 0.2 | 0.3 | 0.4 |
| <i>margin, %</i> | 3.1% | 0.4% | 37.0% | 14.2% | 22.1% | 27.8% | 24.5% | 23.2% | 13.8% | 25.5% |
| Net Income | 0.0 | 0.1 | (0.4) | 0.5 | 0.3 | 0.2 | 1.3 | 0.2 | 1.6 | 0.3 |
| <i>Net Margin, %</i> | 2.3% | 6.7% | 56.8% | 14.7% | 15.0% | 15.5% | 85.5% | 22.8% | 85.8% | 19.5% |

Korovay

KORV UZ
Food
<http://www.korovay.lg.ua>
Target Price (USD)
Upside
N/R
n/a
SHARE PRICE PERFORMANCE*


*listed on PFTS since 29 Nov 2006

BUSINESS OVERVIEW

Korovay is the largest bread producer in Luhansk Region. The company was created to succeed the Luhansk Bakery Union. Today, the company operates eight bakeries throughout Luhansk Region. Korovay operates a retail chain that consists of 154 brand shops. Korovay specializes in bakery and soft confectionary goods: cakes, cookies, biscuits, spice-cakes and more. It has more than 350 different products. Nearly 25-30 new products are launched every year. In the nearest future the company plans to invest USD 6.5 mln in the development and reconstruction of its enterprises. To optimize its assets, the company united bakeries in two neighboring towns (Rubizhne and Severodonetsk) in 2005, closed its Alchevsk bakery (it was unprofitable) in 2006 and sold its Popasnyansky bakery more recently.

In 9M06, Korovay posted sales growth of 11% yoy to USD 41 mln and net income growth of 80% yoy to USD 0.6 mln.

* PFTS BID Price 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 | 0.42 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.42 / 0.40 |
| Chg 3m/6m/52w | n/a / n/a / n/a |
| Chg vs PFTS 3m/6m/52w | -43% / -47% / -58% |
| Chg YTD | 5% |
| Avg Mo Tr Vol 6M, USD ths | 0.0 |
| MCap, USD mln | 4.0 |
| Free float, % | 21.3% |
| FF MCap, USD mln | 0.9 |
| No of shares, mln | 9.7 |
| Par Value, UAH | 0.30 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

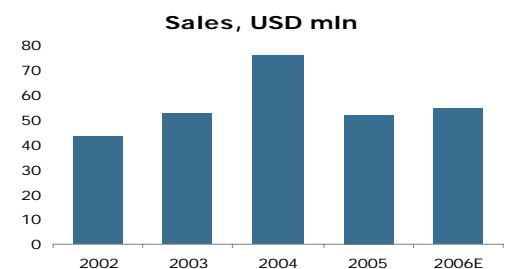
| | |
|-----------------------|-------|
| West-Lot Ltd | 14.1% |
| Cirdan United | 23.4% |
| LJSC Loture | 11.8% |
| Eamon Associated S.A. | 10.0% |
| Management | 3.9% |
| Other | 36.8% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.1 | n/a |
| EV/EBITDA | 3.0 | n/a |
| P/E | 5.4 | n/a |
| P/B | 0.3 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 6% | 5% | n/a |
| Net Margin | 1.5% | 1.4% | n/a |
| ROE | 6% | 5% | n/a |
| Net Debt/Equity | 0.2 | 0.2 | n/a |



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Net Revenues | 43.1 | 52.9 | 75.8 | 51.7 | 41.0 | n/a | n/a |
| Change y-o-y | - | 22.6% | 43.2% | -31.7% | 10.7% | n/a | n/a |
| Gross Profit | 9.0 | 8.1 | 9.5 | 12.3 | 9.4 | n/a | n/a |
| EBITDA | 3.7 | 2.3 | 2.8 | 3.1 | 2.0 | n/a | n/a |
| margin, % | 8.5% | 4.4% | 3.7% | 6.1% | 4.9% | n/a | n/a |
| Depreciation | (0.7) | (0.8) | (0.8) | (0.9) | (0.8) | n/a | n/a |
| EBIT | 2.9 | 1.5 | 2.0 | 2.2 | 1.2 | n/a | n/a |
| margin, % | 6.8% | 2.9% | 2.6% | 4.3% | 3.0% | n/a | n/a |
| Interest Expense | (0.9) | (0.9) | (0.9) | (1.1) | (0.5) | n/a | n/a |
| Other income/(expense) | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | n/a | n/a |
| PBT | 2.1 | 0.6 | 1.1 | 1.2 | 0.8 | n/a | n/a |
| Tax | (0.9) | (0.4) | (0.3) | (0.4) | (0.2) | n/a | n/a |
| Effective tax rate | 42.9% | 57.2% | 24.4% | 36.1% | 26.8% | n/a | n/a |
| Net Income | 1.2 | 0.3 | 0.8 | 0.8 | 0.6 | n/a | n/a |
| Net Margin, % | 2.7% | 0.5% | 1.1% | 1.5% | 1.4% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 7.4 | 7.4 | 8.6 | 6.2 | 7.7 | n/a | n/a |
| Cash & Equivalents | 0.7 | 0.5 | 0.5 | 0.6 | 0.4 | n/a | n/a |
| Trade Receivables | 2.0 | 2.0 | 0.4 | 1.0 | 1.6 | n/a | n/a |
| Inventories | 1.7 | 1.7 | 5.2 | 3.6 | 3.5 | n/a | n/a |
| Other | 3.1 | 3.2 | 2.5 | 1.1 | 2.3 | n/a | n/a |
| Fixed Assets | 13.1 | 13.3 | 14.4 | 17.8 | 17.6 | n/a | n/a |
| PP&E, net | 7.5 | 7.6 | 7.5 | 7.8 | 8.4 | n/a | n/a |
| Other | 5.6 | 5.7 | 7.0 | 10.1 | 9.2 | n/a | n/a |
| Total Assets | 20.5 | 20.7 | 23.1 | 24.1 | 25.3 | n/a | n/a |
| Shareholders' Equity | 13.0 | 13.2 | 13.9 | 15.4 | 14.9 | n/a | n/a |
| Share Capital | 0.4 | 0.4 | 0.4 | 0.5 | 0.6 | n/a | n/a |
| Retained Earnings | 4.9 | 5.2 | 5.9 | 6.8 | 6.2 | n/a | n/a |
| Other | 7.7 | 7.7 | 7.7 | 8.1 | 8.1 | n/a | n/a |
| Current Liabilities | 3.5 | 2.6 | 2.7 | 5.6 | 10.3 | n/a | n/a |
| ST Interest Bearing Debt | 1.4 | 0.2 | 0.0 | 0.2 | 4.4 | n/a | n/a |
| Trade Payables | 1.2 | 1.5 | 1.6 | 4.2 | 4.7 | n/a | n/a |
| Other | 0.9 | 0.9 | 1.1 | 1.2 | 1.8 | n/a | n/a |
| LT Liabilities | 4.1 | 4.9 | 6.4 | 3.1 | 0.0 | n/a | n/a |
| LT Interest Bearing Debt | 4.0 | 4.9 | 6.4 | 3.0 | - | n/a | n/a |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | n/a | n/a |
| Total Liabilities & Equity | 20.5 | 20.7 | 23.1 | 24.1 | 25.3 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|---------------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|
| Net Revenues | 15.8 | 19.7 | 21.6 | 18.7 | 11.4 | 13.2 | 12.4 | 14.7 | 11.1 | 14.6 | 15.3 |
| Change y-o-y | 43.2% | 57.7% | 55.7% | 20.5% | -27.7% | -32.8% | -42.4% | -21.6% | -2.7% | 10.7% | 22.9% |
| EBITDA | 0.6 | 0.7 | 0.6 | 0.9 | 0.8 | 0.6 | 0.8 | 1.0 | 0.7 | 0.6 | 0.7 |
| margin, % | 4.0% | 3.4% | 2.9% | 4.6% | 6.6% | 4.8% | 6.2% | 6.7% | 6.2% | 4.1% | 4.6% |
| EBIT | 0.5 | 0.5 | 0.4 | 0.6 | 0.5 | 0.4 | 0.5 | 0.7 | 0.5 | 0.4 | 0.4 |
| margin, % | 2.9% | 2.5% | 2.0% | 3.3% | 4.8% | 3.1% | 4.3% | 5.0% | 4.1% | 2.4% | 2.8% |
| Net Income | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | (0.0) | 0.2 | 0.5 | 0.2 | 0.1 | 0.3 |
| Net Margin, % | 1.3% | 1.0% | 0.9% | 1.3% | 1.5% | -0.1% | 1.3% | 3.2% | 1.6% | 0.6% | 1.9% |

Myroniv Feed and Cereal Plant

MZKK UZ

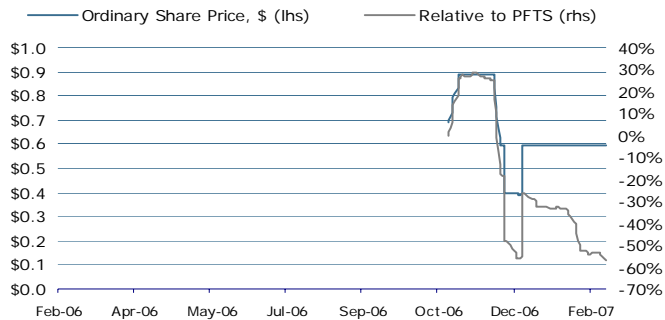
Food

<http://www.miro-hleb.kiev.ua>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



*listed on PFTS since 20 Oct 2006

BUSINESS OVERVIEW

Myroniv Feed and Cereal Plant (MFC) is a part of the Myroniv Khliboproduct Group, the biggest poultry producer in Ukraine. MFC is a diversified industrial complex that includes a mixed fodder factory, protein factory, three grain elevators and a cereal factory. The company's main activities are the production of mixed fodder to satisfy the needs other enterprises in the group. MFC operates three separate elevators: one for olive plants (18600 m³), one for mixed fodder production (96000 m³) and another for cereal production (12600 m³). The capacity of the mixed fodder plant is 440 ths mt of mixed fodder per year. The protein factory enables the processing of more than 600 mt of sunflower per shift. Due to the use of energy to burn sunflower shells, the company produces water vapor and electricity, which enables to reduce mixed fodder costs.

At its AGM on Jan. 9, 2007, its shareholders decided to conduct an additional share issue of 144.4 mln shares, which will double the company's charter fund (subscription from March 15, 2007 to April 15, 2007). In 9M06, Myroniv Feed and Cereal Plant posted sales growth of 27% yoy to USD 97.5 mln while its net loss increased by 154% yoy to USD 1.7 mln.

* PFTS BID Price 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 | 0.59 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.89 / 0.40 |
| Chg 3m/6m/52w | -33% / n/a / n/a |
| Chg vs PFTS 3m/6m/52w | -76% / -47% / -58% |
| Chg YTD | 0% |
| Avg Mo Tr Vol 6M, USD ths | 234.7 |
| MCap, USD mln | 9.3 |
| Free float, % | 15.0% |
| FF MCap, USD mln | 1.4 |
| No of shares, mln | 15.2 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-----------------------|-------|
| Myronivsky Poultry | 66.1% |
| Myroniv Khliboproduct | 18.9% |
| Other | 15.0% |

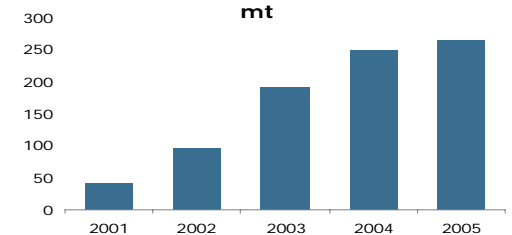
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.2 | n/a |
| EV/EBITDA | 7.2 | n/a |
| P/E | -4.0 | n/a |
| P/B | 7.6 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 5% | 3% | n/a |
| Net Margin | 0.4% | -1.8% | n/a |
| ROE | 27% | -65% | n/a |
| Net Debt/Equity | 4.2 | 15.6 | n/a |

Mixed Fodder Production, ths mt



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|--------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 14.9 | 35.4 | 73.9 | 102.5 | 97.6 | n/a | n/a |
| <i>Change y-o-y</i> | - | 138.2% | 108.6% | 38.6% | 27.3% | n/a | n/a |
| Gross Profit | 1.0 | 1.5 | 2.6 | 7.5 | 5.0 | n/a | n/a |
| EBITDA | 0.6 | 0.3 | 1.1 | 5.3 | 3.0 | n/a | n/a |
| <i>margin, %</i> | 4.2% | 0.8% | 1.5% | 5.2% | 3.0% | n/a | n/a |
| Depreciation | (0.3) | (0.7) | (1.4) | (3.7) | (3.6) | n/a | n/a |
| EBIT | 0.4 | (0.5) | (0.3) | 1.6 | (0.6) | n/a | n/a |
| <i>margin, %</i> | 2.5% | -1.3% | -0.4% | 1.6% | -0.7% | n/a | n/a |
| Interest Expense | (0.4) | (0.9) | (0.4) | (1.1) | (1.0) | n/a | n/a |
| Other income/(expense) | 0.1 | 0.7 | (0.0) | (0.0) | 0.0 | n/a | n/a |
| PBT | 0.1 | (0.7) | (0.7) | 0.5 | (1.6) | n/a | n/a |
| Tax | (0.0) | (0.1) | (0.1) | (0.1) | (0.1) | n/a | n/a |
| <i>Effective tax rate</i> | 53.6% | -7.6% | -7.6% | 24.3% | -7.3% | n/a | n/a |
| Net Income | 0.0 | (0.8) | (0.8) | 0.4 | (1.7) | n/a | n/a |
| <i>Net Margin, %</i> | 0.3% | -2.2% | -1.0% | 0.4% | -1.8% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|------------|-------------|-------------|--------------|--------------|------------|------------|
| Current Assets | 3.5 | 9.1 | 34.2 | 49.5 | 53.0 | n/a | n/a |
| Cash & Equivalents | 0.1 | 0.3 | 0.1 | 0.3 | 3.5 | n/a | n/a |
| Trade Receivables | 1.5 | 5.5 | 21.1 | 23.8 | 29.1 | n/a | n/a |
| Inventories | 1.0 | 1.7 | 7.1 | 12.5 | 13.0 | n/a | n/a |
| Other | 1.0 | 1.5 | 5.8 | 12.9 | 7.3 | n/a | n/a |
| Fixed Assets | 5.7 | 17.6 | 27.0 | 68.5 | 82.5 | n/a | n/a |
| PP&E, net | 5.5 | 8.6 | 17.2 | 52.8 | 60.2 | n/a | n/a |
| Other | 0.2 | 9.1 | 9.8 | 15.7 | 22.3 | n/a | n/a |
| Total Assets | 9.2 | 26.7 | 61.2 | 117.9 | 135.5 | n/a | n/a |
| Shareholders' Equity | 2.9 | 2.1 | 1.4 | 3.5 | 1.8 | n/a | n/a |
| Share Capital | 0.7 | 0.7 | 0.7 | 0.8 | 0.8 | n/a | n/a |
| Retained Earnings | 0.1 | (0.7) | (1.5) | (1.2) | (2.9) | n/a | n/a |
| Other | 2.1 | 2.1 | 2.1 | 4.0 | 4.0 | n/a | n/a |
| Current Liabilities | 6.4 | 23.0 | 58.2 | 102.7 | 114.3 | n/a | n/a |
| ST Interest Bearing Debt | 2.5 | 3.0 | 3.5 | 3.5 | 3.3 | n/a | n/a |
| Trade Payables | 3.5 | 13.3 | 44.3 | 92.4 | 98.6 | n/a | n/a |
| Other | 0.3 | 6.7 | 10.4 | 6.8 | 12.7 | n/a | n/a |
| LT Liabilities | - | 1.6 | 1.7 | 11.7 | 19.3 | n/a | n/a |
| LT Interest Bearing Debt | - | 1.0 | 1.1 | 11.7 | 19.3 | n/a | n/a |
| Other | - | 0.6 | 0.6 | - | - | n/a | n/a |
| Total Liabilities & Equity | 9.2 | 26.7 | 61.2 | 117.9 | 135.5 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|-------------|--------------|--------------|--------------|-------------|--------------|-------------|--------------|--------------|-------------|
| Net Revenues | 13.4 | 17.3 | (5.7) | 48.9 | 23.1 | 25.8 | 27.8 | 25.8 | 28.6 | 35.3 | 33.7 |
| <i>Change y-o-y</i> | 108.2% | 81.2% | -163.7% | 369.7% | 71.8% | 48.6% | -584.7% | -47.2% | 23.7% | 37.1% | 21.0% |
| EBITDA | 0.1 | 0.5 | (0.3) | 0.9 | 0.8 | 1.3 | 0.9 | 2.3 | (0.3) | (0.2) | 3.5 |
| <i>margin, %</i> | 0.8% | 2.6% | 5.9% | 1.9% | 3.7% | 5.0% | 3.2% | 9.0% | -1.1% | -0.6% | 10.3% |
| EBIT | (0.1) | 0.2 | (0.3) | 0.0 | 0.0 | 0.3 | (0.1) | 1.4 | (1.5) | (1.3) | 2.2 |
| <i>margin, %</i> | -1.1% | 0.9% | 5.5% | 0.1% | 0.1% | 1.3% | -0.5% | 5.3% | -5.3% | -3.7% | 6.5% |
| Net Income | (0.2) | 0.1 | 0.2 | (0.8) | (0.2) | 0.1 | (0.6) | 1.0 | (1.8) | (1.7) | 1.8 |
| <i>Net Margin, %</i> | -1.6% | 0.3% | -3.7% | -1.6% | -0.7% | 0.5% | -2.3% | 4.1% | -6.3% | -4.9% | 5.3% |

Ukrproduct Group

UKR LN

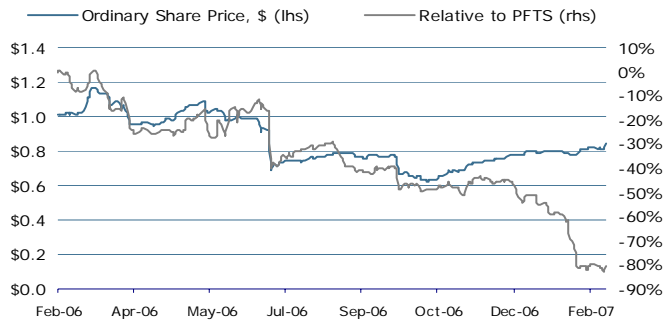
Food

<http://www.ukrproduct.com>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



*the stock is traded on AIM

BUSINESS OVERVIEW

Ukrproduct Group is a large producer and distributor of branded dairy foods. The company manufactures and sells three main products: packaged butter, processed cheese and dried milk powder. The group is made up of four manufacturing divisions: OJSC Molochnik, Starokonstantinovskiy Dairy Plant (Starkon), Zhmerinka Butter & Cheese Plant (Zhmerinka) and the Letichiv Dairy Plant. Molochnik specializes in the production of dairy products for domestic consumers. The Starkon plant produces skim milk products (SMP), bulk and packaged butter and fat-free cheese. The Zhmerinka and Letichiv plants are regional enterprises manufacturing a range of dairy products. The group installed a new SMP dryer at its Starokonstantinovskiy Plant, which will more than double Ukrproduct's existing SMP capacity while consuming 40% less energy than the company's old SMP-producing equipment.

In 2005 the company placed a 27.2% stake for USD 10 mln on the LSE AIM. In 1H06, the company posted stable net sales and decreased its income by 44% yoy.

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- 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 | 0.85 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 1.3 / 0.7 |
| Chg 3m/6m/52w | 14%/6%/-24% |
| Chg 2006 | -29% |
| Chg YTD | 7% |
| Avg Mo Tr Vol 6M, USD ths | 125.1 |
| MCap, USD mln | 143.2 |
| Free float, % | 27.2% |
| FF MCap, USD mln | 39.0 |
| No of shares, mln | 168.0 |
| Par Value, GBP | 0.1 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|------------|-------|
| Management | 36.2% |
| Other | 63.8% |

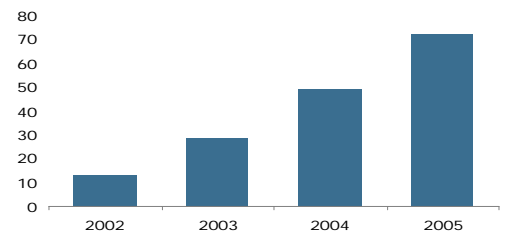
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | n/a | n/a |
| EV/EBITDA | n/a | n/a |
| P/E | n/a | n/a |
| P/B | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 11% | n/a | n/a |
| Net Margin | 5.1% | n/a | n/a |
| ROE | 37% | n/a | n/a |
| Net Debt/Equity | 0.2 | n/a | n/a |

Sales, USD mln



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 1H06 | 2007E | 2008E |
|---------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Net Revenues | 13.0 | 28.7 | 49.7 | 72.6 | 31.1 | n/a | n/a |
| <i>Change y-o-y</i> | - | 121.6% | 72.8% | 46.2% | 8.0% | n/a | n/a |
| Gross Profit | 1.7 | 3.9 | 8.1 | 12.3 | n/a | n/a | n/a |
| EBITDA | 0.6 | 4.2 | 6.5 | 8.3 | 2.4 | n/a | n/a |
| <i>margin, %</i> | 4.9% | 14.7% | 13.0% | 11.4% | 7.8% | n/a | n/a |
| Depreciation | 0.2 | 2.0 | 2.7 | 3.7 | 1.2 | n/a | n/a |
| EBIT | 0.4 | 2.2 | 3.8 | 4.6 | 1.3 | n/a | n/a |
| <i>margin, %</i> | 3.1% | 7.7% | 7.7% | 6.3% | 4.0% | n/a | n/a |
| Interest Expense | (0.2) | (0.2) | (0.5) | (0.3) | (0.1) | n/a | n/a |
| PBT | 0.2 | 1.6 | 2.1 | 3.1 | 1.1 | n/a | n/a |
| Tax | - | (0.2) | (0.6) | (0.6) | (0.1) | n/a | n/a |
| <i>Effective tax rate</i> | 0.0% | 12.3% | 29.0% | 19.7% | 5.4% | n/a | n/a |
| Net Income | 0.2 | 1.8 | 2.7 | 3.7 | 1.1 | n/a | n/a |
| <i>Net Margin, %</i> | 1.8% | 6.3% | 5.4% | 5.0% | 3.4% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 1H06 | 2007E | 2008E |
|---------------------------------------|------------|------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 2.9 | 7.0 | 9.3 | 16.2 | 12.6 | n/a | n/a |
| Fixed Assets | 0.8 | 2.0 | 9.9 | 18.5 | 16.7 | n/a | n/a |
| Total Assets | 3.7 | 8.9 | 19.2 | 34.7 | 32.3 | n/a | n/a |
| Shareholders' Equity | 1.1 | 2.8 | 9.9 | 22.9 | 24.0 | n/a | n/a |
| Current Liabilities | 2.4 | 5.5 | 5.6 | 10.1 | 6.7 | n/a | n/a |
| LT Liabilities | 0.2 | 0.6 | 3.6 | 1.7 | 1.6 | n/a | n/a |
| Total Liabilities | 2.6 | 6.1 | 9.3 | 11.8 | 8.3 | n/a | n/a |
| Total Liabilities & Equity | 3.7 | 8.9 | 19.2 | 34.7 | 32.3 | n/a | n/a |

Retail Group

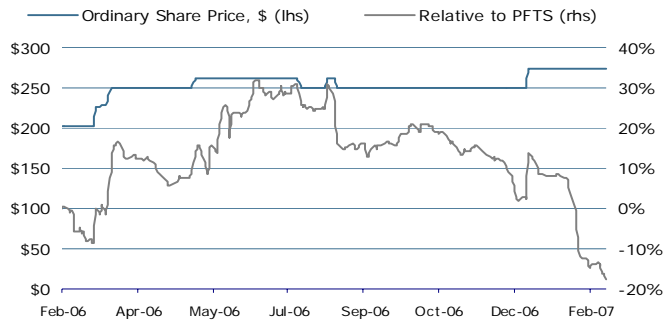
RTGR UZ

Food, Retail

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Retail Group is a managing company of supermarket chain Velyka Kyshenya, one of the leading Ukrainian retailers. Velyka Kyshenya was established in 2000 and currently possesses 31 supermarkets and hypermarket and plans to open another 35 new stores in 2006-2008. An average store ranges in size from 3,000 to 10,000 sq.m. Other companies managed by Velyka Kyshenya include pharmacy chain Velyka Apteka and book store chain Moya Knyga.

Retail Group was organized after the restructuring of Velyka Kyshenya in 2005. All retail-related businesses are now operated by Retail Group mostly through its trade operator – LLC Kviza Trade – whereas real estate-related business is passed to VK Development.

Based on Kviza Trade financials, Retail Group's bulk asset, net revenue increased by 43% yoy to USD 207 mln in 9M06, its EBITDA margin improved from 5.3% to 5.6%, while its net margin decreased from 0.8% to 0.1% in 9M05.

In 2005 Retail Group sold 10% of its shares for USD 27.5 mln.

* PFTS BID Price is used

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- 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 | 274.85 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 275 / 193 |
| Chg 3m/6m/52w | 10% / 5% / 35% |
| Chg vs PFTS 3m/6m/52w | -33% / -42% / -23% |
| Chg YTD | 0% |
| Avg Mo Tr Vol 6M, USD ths | 45.8 |
| MCap, USD mln | 426.0 |
| Free float, % | 12.0% |
| FF MCap, USD mln | 51.1 |
| No of shares, mln | 1.6 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-------------|-------|
| Lunin Roman | 88.0% |
| Other | 12.0% |

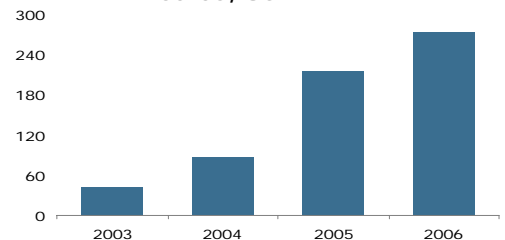
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|--------|-------|
| EV/Sales | 1.8 | n/a |
| EV/EBITDA | 31.3 | n/a |
| P/E | 1936.5 | n/a |
| P/B | 26.8 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 5% | 6% | n/a |
| Net Margin | 0.9% | 0.1% | n/a |
| ROE | 23% | 1% | n/a |
| Net Debt/Equity | 3.3 | 3.6 | n/a |

Sales, USD mln



INCOME STATEMENT SUMMARY*, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|------|--------------|---------------|---------------|--------------|------------|------------|
| Net Revenues | | 42.1 | 87.1 | 214.5 | 207.0 | n/a | n/a |
| <i>Change y-o-y</i> | | <i>N/A</i> | <i>106.7%</i> | <i>146.3%</i> | <i>43.3%</i> | <i>n/a</i> | <i>n/a</i> |
| Gross Profit | | 6.0 | 15.3 | 40.4 | 49.1 | n/a | n/a |
| EBITDA | | 2.2 | 6.0 | 11.7 | 11.6 | n/a | n/a |
| <i>margin, %</i> | | <i>5.3%</i> | <i>6.9%</i> | <i>5.5%</i> | <i>5.6%</i> | <i>n/a</i> | <i>n/a</i> |
| Depreciation | | (0.7) | (1.5) | (3.5) | (4.8) | n/a | n/a |
| EBIT | | 1.6 | 4.5 | 8.2 | 6.9 | n/a | n/a |
| <i>margin, %</i> | | <i>3.8%</i> | <i>5.2%</i> | <i>3.8%</i> | <i>3.3%</i> | <i>n/a</i> | <i>n/a</i> |
| Interest Expense | | (1.1) | (1.8) | (6.2) | (6.5) | n/a | n/a |
| Other income/(expense) | | 0.0 | - | 0.0 | 0.1 | n/a | n/a |
| PBT | | 0.5 | 2.7 | 2.1 | 0.4 | n/a | n/a |
| Tax | | (0.1) | (0.7) | (0.2) | (0.3) | n/a | n/a |
| <i>Effective tax rate</i> | | <i>30.1%</i> | <i>24.9%</i> | <i>9.7%</i> | <i>61.3%</i> | <i>n/a</i> | <i>n/a</i> |
| Net Income | | 0.3 | 2.0 | 1.9 | 0.2 | n/a | n/a |
| <i>Net Margin, %</i> | | <i>0.8%</i> | <i>2.3%</i> | <i>0.9%</i> | <i>0.1%</i> | <i>n/a</i> | <i>n/a</i> |

BALANCE SHEET SUMMARY*, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|--------------|--------------|------------|------------|
| Current Assets | 5.4 | 24.1 | 45.5 | 45.5 | n/a | n/a |
| Cash & Equivalents | 1.0 | 6.4 | 5.7 | 2.1 | n/a | n/a |
| Trade Receivables | - | 2.0 | 8.5 | 14.7 | n/a | n/a |
| Inventories | 3.1 | 11.0 | 15.7 | 14.8 | n/a | n/a |
| Other | 1.3 | 4.7 | 15.5 | 13.9 | n/a | n/a |
| Fixed Assets | 15.7 | 31.7 | 77.9 | 84.5 | n/a | n/a |
| PP&E, net | 9.1 | 13.2 | 34.0 | 48.7 | n/a | n/a |
| Other | 6.5 | 18.5 | 43.9 | 35.8 | n/a | n/a |
| Total Assets | 21.1 | 55.8 | 123.4 | 130.0 | n/a | n/a |
| Shareholders' Equity | 3.9 | 8.4 | 15.7 | 15.8 | n/a | n/a |
| Share Capital | 3.0 | 0.0 | 0.0 | 0.0 | n/a | n/a |
| Retained Earnings | 0.9 | 3.0 | 5.2 | 5.3 | n/a | n/a |
| Other | - | 5.4 | 10.5 | 10.5 | n/a | n/a |
| Current Liabilities | 9.2 | 20.9 | 45.9 | 102.1 | n/a | n/a |
| ST Interest Bearing Debt | - | 0.3 | 0.3 | 48.6 | n/a | n/a |
| Trade Payables | 9.1 | 20.5 | 37.4 | 36.7 | n/a | n/a |
| Other | 0.1 | 0.0 | 8.1 | 18.3 | n/a | n/a |
| LT Liabilities | 8.0 | 26.5 | 61.8 | 12.0 | n/a | n/a |
| LT Interest Bearing Debt | 8.0 | 21.2 | 57.6 | 12.0 | n/a | n/a |
| Other | - | 5.2 | 4.2 | 0.0 | n/a | n/a |
| Total Liabilities & Equity | 21.1 | 55.8 | 123.4 | 130.0 | n/a | n/a |

QUARTERLY ANALYSIS*, USD mln

| | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|---------------|--------------|-------------|-------------|--------------|--------------|--------------|
| Net Revenues | 39.2 | 50.0 | 55.2 | 70.0 | 65.9 | 70.2 | 70.9 |
| <i>Change y-o-y</i> | <i>149.4%</i> | <i>N/M</i> | <i>N/M</i> | <i>N/M</i> | <i>68.1%</i> | <i>40.2%</i> | <i>28.6%</i> |
| EBITDA | 4.7 | 2.1 | 1.7 | 3.2 | 3.3 | 3.5 | 4.8 |
| <i>margin, %</i> | <i>12.0%</i> | <i>4.2%</i> | <i>3.1%</i> | <i>4.6%</i> | <i>5.0%</i> | <i>5.0%</i> | <i>6.8%</i> |
| EBIT | 4.0 | 1.3 | 0.8 | 2.1 | 1.9 | 1.9 | 3.0 |
| <i>margin, %</i> | <i>10.3%</i> | <i>2.6%</i> | <i>1.4%</i> | <i>3.0%</i> | <i>2.9%</i> | <i>2.7%</i> | <i>4.3%</i> |
| Net Income | 2.0 | (0.1) | 0.0 | 0.1 | 0.0 | 0.0 | 0.1 |
| <i>Net Margin, %</i> | <i>5.0%</i> | <i>-0.2%</i> | <i>0.0%</i> | <i>0.2%</i> | <i>0.0%</i> | <i>0.0%</i> | <i>0.2%</i> |

* Kviza Trade financials

Farmak

FARM UZ

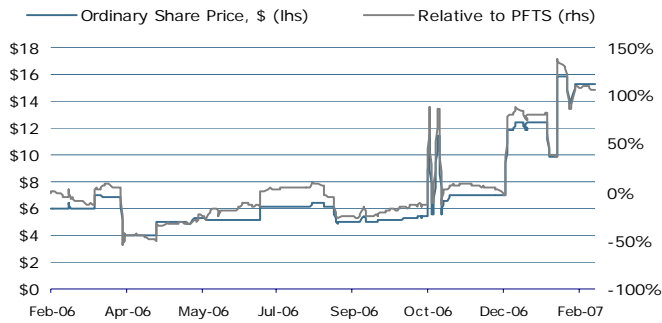
Pharmaceuticals

<http://www.farmak.kiev.ua>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



MARKET INFORMATION

| | |
|---------------------------|--------------------|
| Market price*, USD | 15.35 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 15.8 / 3.4 |
| Chg 3m/6m/52w | 121% / 152% / 182% |
| Chg vs PFTS 3m/6m/52w | 79% / 105% / 123% |
| Chg YTD | 55% |
| Avg Mo Tr Vol 6M, USD ths | 17.08 |
| MCap, USD mln | 111.6 |
| Free float, % | 54.0% |
| FF MCap, USD mln | 60.3 |
| No of shares, mln | 7.3 |
| Par Value, UAH | 5.00 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

BUSINESS OVERVIEW

Farmak is the second largest pharmaceutical producer in Ukraine, enjoying an 11% share in total domestic output. It ranked seventh in pharmaceutical sales via drug-stores with a share of 2.9% in 9M06. The company produces around 150 types of pharmaceutical products and has increased its product range annually by 15-20 items. Farmak is a marketing-oriented company that continuously invests in the development and promotion of its products. It exports more than 15% of its total output to Russia, Bulgaria, Poland, the Baltics and CIS countries. Russia is its priority export market.

The company plans to invest USD 5 mln in the construction of a plant for pharmaceutical raw materials by July 2009 and launch production of sterile and unsterile products there in 2010. In 9M06, Farmak posted net revenue growth of 18.1% yoy to USD 38.6 mln, a positive change in EBITDA by 10% yoy positive change to USD 9.1 mln and a 15% decrease in net income to USD 3.6 mln.

UPCOMING EVENTS

20 Mar 2007 AGM

STOCK OWNERSHIP

| | |
|------------|-------|
| Management | 46.0% |
| Other | 54.0% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 2.6 | n/a |
| EV/EBITDA | 10.9 | n/a |
| P/E | 23.5 | n/a |
| P/B | 2.6 | n/a |
| P/CF | 13.7 | n/a |

KEY RATIOS

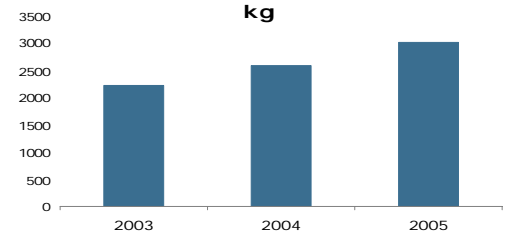
| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 25% | 24% | n/a |
| Net Margin | 13% | 9% | n/a |
| ROE | 21% | 12% | n/a |
| Net Debt/Equity | 0.4 | 0.47 | n/a |

* PFTS MID Price 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)

Medical Agents Output, ths kg



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Net Revenues | 27.2 | 32.1 | 37.9 | 47.7 | 38.6 | n/a | n/a |
| <i>Change y-o-y</i> | - | 18.1% | 18.1% | 25.7% | 18.1% | n/a | n/a |
| Gross Profit | 12.7 | 14.7 | 16.8 | 22.1 | 18.4 | n/a | n/a |
| EBITDA | 7.4 | 8.7 | 9.1 | 11.9 | 9.1 | n/a | n/a |
| <i>margin, %</i> | 27.3% | 26.9% | 24.1% | 25.0% | 23.6% | n/a | n/a |
| Depreciation | (1.0) | (1.9) | (2.2) | (2.9) | (2.6) | n/a | n/a |
| EBIT | 6.5 | 6.7 | 6.9 | 9.0 | 6.6 | n/a | n/a |
| <i>margin, %</i> | 23.8% | 20.9% | 18.3% | 18.8% | 17.0% | n/a | n/a |
| Interest Expense | (1.0) | (1.0) | (0.9) | (1.2) | (1.5) | n/a | n/a |
| Other income/(expense) | (0.4) | (0.7) | 0.0 | 0.6 | (0.2) | n/a | n/a |
| PBT | 5.1 | 5.0 | 6.0 | 8.3 | 4.9 | n/a | n/a |
| Tax | (1.7) | (1.9) | (1.8) | (2.0) | (1.3) | n/a | n/a |
| <i>Effective tax rate</i> | 33.7% | 37.1% | 30.3% | 23.5% | 27.0% | n/a | n/a |
| Net Income | 3.4 | 3.1 | 4.2 | 6.4 | 3.6 | n/a | n/a |
| <i>Net Margin, %</i> | 12.4% | 9.8% | 11.1% | 13.4% | 9.2% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 10.0 | 12.4 | 14.9 | 19.8 | 22.7 | n/a | n/a |
| Cash & Equivalents | 0.0 | 0.2 | 0.1 | 0.2 | 0.2 | n/a | n/a |
| Trade Receivables | 4.1 | 6.0 | 7.1 | 8.2 | 10.0 | n/a | n/a |
| Inventories | 4.8 | 5.3 | 5.9 | 8.5 | 9.3 | n/a | n/a |
| Other | 1.0 | 0.9 | 1.8 | 3.0 | 3.2 | n/a | n/a |
| Fixed Assets | 25.8 | 26.0 | 29.1 | 42.8 | 45.8 | n/a | n/a |
| PP&E, net | 21.6 | 21.1 | 25.1 | 25.8 | 32.3 | n/a | n/a |
| Other | 4.2 | 4.8 | 4.1 | 17.0 | 13.5 | n/a | n/a |
| Total Assets | 35.8 | 38.4 | 44.0 | 62.6 | 68.5 | n/a | n/a |
| Shareholders' Equity | 24.0 | 26.8 | 30.8 | 38.3 | 40.8 | n/a | n/a |
| Share Capital | 6.8 | 6.8 | 6.9 | 7.2 | 7.2 | n/a | n/a |
| Retained Earnings | 13.7 | 16.3 | 20.2 | 26.9 | 29.4 | n/a | n/a |
| Other | 3.5 | 3.6 | 3.8 | 4.2 | 4.2 | n/a | n/a |
| Current Liabilities | 5.5 | 10.0 | 10.1 | 21.2 | 20.6 | n/a | n/a |
| ST Interest Bearing Debt | 2.1 | 5.9 | 4.7 | 14.2 | 13.6 | n/a | n/a |
| Trade Payables | 2.9 | 3.2 | 4.6 | 6.0 | 5.4 | n/a | n/a |
| Other | 0.5 | 0.9 | 0.8 | 1.0 | 2.4 | n/a | n/a |
| LT Liabilities | 6.3 | 1.6 | 3.1 | 3.1 | 7.1 | n/a | n/a |
| LT Interest Bearing Debt | 6.3 | 1.6 | 2.7 | 2.8 | 6.8 | n/a | n/a |
| Other | 0.0 | 0.0 | 0.4 | 0.2 | 0.3 | n/a | n/a |
| Total Liabilities & Equity | 35.8 | 38.4 | 44.0 | 62.6 | 68.5 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|------------|------------|------------|-------------|------------|------------|-------------|-------------|-------------|-------------|-------------|
| Net Revenues | 7.1 | 8.7 | 6.6 | 15.6 | 9.7 | 9.2 | 13.8 | 15.0 | 11.4 | 13.0 | 14.2 |
| <i>Change y-o-y</i> | 1.5% | 20.1% | -18.8% | 58.7% | 35.9% | 6.4% | 110.0% | -3.8% | 17.5% | 41.3% | 3.0% |
| EBITDA | 1.7 | 2.0 | 2.4 | 3.1 | 2.0 | 2.5 | 3.7 | 3.6 | 2.7 | 3.1 | 3.3 |
| <i>margin, %</i> | 23.3% | 23.2% | 36.4% | 19.8% | 20.9% | 27.5% | 26.8% | 24.3% | 24.0% | 23.9% | 22.9% |
| EBIT | 1.1 | 1.5 | 2.6 | 1.7 | 1.3 | 1.8 | 2.9 | 2.9 | 1.9 | 2.3 | 2.3 |
| <i>margin, %</i> | 16.1% | 17.2% | 39.9% | 10.7% | 13.9% | 19.6% | 21.2% | 19.2% | 17.1% | 17.7% | 16.2% |
| Net Income | 0.7 | 0.9 | 0.7 | 1.8 | 0.8 | 1.4 | 2.0 | 2.2 | 0.9 | 1.3 | 1.4 |
| <i>Net Margin, %</i> | 10.2% | 10.7% | 10.9% | 11.8% | 8.7% | 14.9% | 14.4% | 14.4% | 7.9% | 9.8% | 9.8% |

Hemoplast

HEMO UZ

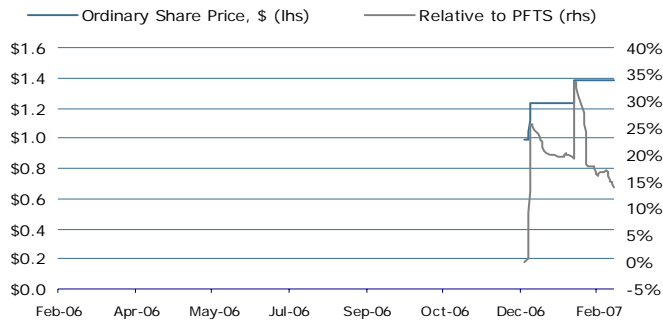
Pharmaceuticals

<http://www.hemoplast.kiev.ua>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



*listed on PFTS since 06.12.06

BUSINESS OVERVIEW

Hemoplast is a leading manufacturer of medical products made from polymers: disposable syringes, medical sondes, different types of catheters, etc. The company has an affiliate in Kyiv, a representative office in Kharkiv, and warehouses in Dnipropetrovsk, Lviv, and Donetsk. All the company's products are ISO 9001:2000 and EN 46001:1996 certified. The company sells its products domestically and exports to Russia, Azerbaijan, Georgia, Moldova and Asian countries.

In 9M06, Hemoplast posted net revenues of USD 17.5 mln (unchanged from 9M05), EBITDA of USD 2.3 mln (up 27% yoy) and net income of USD 0.6 mln (up by 356% yoy). The company's margins also improved: its EBITDA margin increased to 13.1% from 10.3% in 9M05 and net income improved to 3.5% from -1.4% in 9M05.

Finance & Credit group and the company's management own 33.6% and 23.5% of Hemoplast's shares, respectively.

* PFTS MID Price 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 | 1.39 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 1.39 / 0.99 |
| Chg 3m/6m/52w | n/a / n/a / n/a |
| Chg vs PFTS 3m/6m/52w | -43% / -47% / -58% |
| Chg YTD | 0% |
| Avg Mo Tr Vol 6M, USD ths | 36.60 |
| MCap, USD mln | 8.5 |
| Free float, % | 42.9% |
| FF MCap, USD mln | 3.6 |
| No of shares, mln | 6.1 |
| Par Value, UAH | 0.75 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|------------------|-------|
| Finance & Credit | 33.6% |
| Management | 23.5% |
| Other | 42.9% |

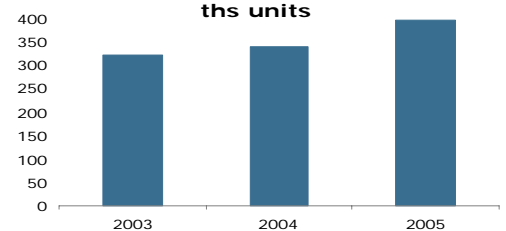
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.9 | n/a |
| EV/EBITDA | 6.7 | n/a |
| P/E | 10.3 | n/a |
| P/B | 1.6 | n/a |
| P/CF | 6.0 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 10% | 13% | n/a |
| Net Margin | 0.4% | 4% | n/a |
| ROE | 2% | 18% | n/a |
| Net Debt/Equity | 2.7 | 2.27 | n/a |

Medical Appliances Output, ths units



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|-------------|-------------|------------|------------|
| Net Revenues | 14.6 | 16.4 | 18.3 | 23.7 | 17.5 | n/a | n/a |
| <i>Change y-o-y</i> | - | 11.8% | 11.5% | 29.8% | -0.1% | n/a | n/a |
| Gross Profit | 4.2 | 4.7 | 4.4 | 6.2 | 5.5 | n/a | n/a |
| EBITDA | 2.3 | 0.9 | 0.3 | 2.4 | 2.3 | n/a | n/a |
| <i>margin, %</i> | 15.6% | 5.4% | 1.6% | 10.1% | 13.1% | n/a | n/a |
| Depreciation | (0.4) | (0.6) | (0.7) | (0.6) | (0.4) | n/a | n/a |
| EBIT | 1.9 | 0.3 | (0.4) | 1.8 | 1.9 | n/a | n/a |
| <i>margin, %</i> | 12.7% | 2.0% | -2.4% | 7.7% | 10.6% | n/a | n/a |
| Interest Expense | (0.5) | (0.7) | (1.1) | (1.5) | (1.1) | n/a | n/a |
| Other income/(expense) | (2.3) | 0.0 | 0.5 | 0.0 | 0.1 | n/a | n/a |
| PBT | (0.9) | (0.4) | (1.1) | 0.3 | 0.8 | n/a | n/a |
| Tax | (0.0) | (0.2) | (0.2) | (0.3) | (0.2) | n/a | n/a |
| <i>Effective tax rate</i> | -2.1% | -45.3% | -18.6% | 77.6% | 27.2% | n/a | n/a |
| Net Income | (1.0) | (0.6) | (1.3) | 0.1 | 0.6 | n/a | n/a |
| <i>Net Margin, %</i> | -6.5% | -3.5% | -6.9% | 0.4% | 3.5% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 4.9 | 4.6 | 8.4 | 7.8 | 8.2 | n/a | n/a |
| Cash & Equivalents | 0.2 | 0.1 | 0.1 | 0.1 | 0.2 | n/a | n/a |
| Trade Receivables | 0.7 | 0.9 | 1.6 | 2.0 | 1.9 | n/a | n/a |
| Inventories | 2.2 | 2.7 | 3.3 | 3.8 | 4.2 | n/a | n/a |
| Other | 1.7 | 1.0 | 3.5 | 1.9 | 1.9 | n/a | n/a |
| Fixed Assets | 8.3 | 12.3 | 13.5 | 13.8 | 13.5 | n/a | n/a |
| PP&E, net | 5.8 | 6.0 | 6.3 | 6.9 | 6.8 | n/a | n/a |
| Other | 2.5 | 6.3 | 7.2 | 7.0 | 6.7 | n/a | n/a |
| Total Assets | 13.2 | 16.9 | 21.9 | 21.7 | 21.7 | n/a | n/a |
| Shareholders' Equity | 7.2 | 6.6 | 5.4 | 4.5 | 5.1 | n/a | n/a |
| Share Capital | 0.9 | 0.9 | 0.9 | 0.8 | 0.8 | n/a | n/a |
| Retained Earnings | (1.0) | (0.6) | (1.3) | 1.0 | 1.8 | n/a | n/a |
| Other | 7.3 | 6.3 | 5.8 | 2.7 | 2.6 | n/a | n/a |
| Current Liabilities | 4.4 | 3.9 | 5.1 | 4.9 | 4.3 | n/a | n/a |
| ST Interest Bearing Debt | 1.4 | 0.5 | 0.1 | 0.1 | - | n/a | n/a |
| Trade Payables | 1.0 | 1.6 | 2.4 | 2.1 | 1.7 | n/a | n/a |
| Other | 2.1 | 1.8 | 2.7 | 2.7 | 3.0 | n/a | n/a |
| LT Liabilities | 1.5 | 6.4 | 11.4 | 12.2 | 12.2 | n/a | n/a |
| LT Interest Bearing Debt | 1.5 | 6.4 | 11.4 | 12.2 | 12.2 | n/a | n/a |
| Other | 0.1 | 0.0 | - | - | - | n/a | n/a |
| Total Liabilities & Equity | 13.2 | 16.9 | 21.9 | 21.7 | 21.7 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|------------|--------------|--------------|--------------|------------|--------------|------------|------------|------------|------------|
| Net Revenues | 4.3 | 4.5 | (8.8) | 18.3 | 5.6 | 5.9 | 6.0 | 6.2 | 5.9 | 6.0 | 5.6 |
| <i>Change y-o-y</i> | 14.5% | 8.0% | -316.9% | 318.2% | 29.4% | 31.6% | -167.9% | -66.1% | 4.1% | 2.9% | -7.0% |
| EBITDA | 0.2 | 0.2 | (0.4) | 0.3 | 0.6 | 0.8 | 0.4 | 0.6 | 0.7 | 0.7 | 0.9 |
| <i>margin, %</i> | 4.1% | 4.4% | 4.2% | 1.6% | 10.3% | 13.6% | 7.0% | 9.6% | 11.6% | 11.8% | 16.1% |
| EBIT | 0.1 | 0.1 | (0.1) | (0.4) | 0.4 | 0.6 | 0.3 | 0.5 | 0.5 | 0.6 | 0.8 |
| <i>margin, %</i> | 1.4% | 1.8% | 1.6% | -2.4% | 7.8% | 11.0% | 4.4% | 7.5% | 9.1% | 9.3% | 13.5% |
| Net Income | (0.2) | 0.2 | 0.0 | (1.3) | (0.3) | 0.2 | (0.2) | 0.3 | 0.1 | 0.2 | 0.3 |
| <i>Net Margin, %</i> | -4.7% | 4.4% | -0.1% | -6.8% | -4.5% | 3.6% | -3.3% | 5.3% | 1.4% | 3.2% | 6.1% |

ENERGY

Oil & Gas

Cardinal Resources
Galychyna Refinery
JKX Oil and Gas
Kherson Refinery
Naftokhimik
Prykarpattya
Ukrnafta

Cardinal Resources

CDL LN

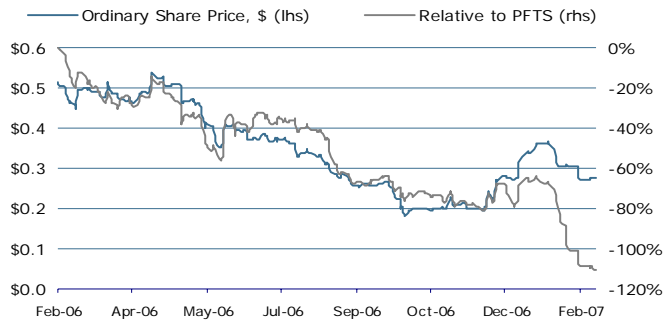
Oil & Gas

<http://www.cardinal-uk.com>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



*the stock is traded on AIM

BUSINESS OVERVIEW

Cardinal Resources plc (Cardinal) is an independent oil & gas production and exploration company, which has held interests in Ukraine since 1995. It was formerly known as the Carpatsky Petroleum Corporation, a publicly-traded corporation listed in Canada. Cardinal Resources plc was created in April 2004 as the vehicle to restructure Carpatsky Petroleum Corporation. Cardinal Resources plc was listed on the Alternative Investment Market (AIM) of the London Stock Exchange in April 2005. The company holds interests in four fields and three license areas in Ukraine. One of the licenses, Bilousivsko-Chornukhinska (BC), is 100% owned by the company and the remaining licenses and all fields are held through agreements with two Ukrainian state-controlled entities, Ukrnafta and Ukgazvydobuvannya.

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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 | 0.30 |
| Price impact** | 2 |
| 52 Wk H/L, USD | 0.6 / 0.2 |
| Chg 3m/6m/52w | 36%/-8%/-50% |
| Chg 2006 | -26.0% |
| Chg YTD | -18% |
| Avg Mo Tr Vol 6M, USD ths | 1726.9 |
| MCap, USD mln | 34.4 |
| Free float, % | 79.0% |
| FF MCap, USD mln | 27.2 |
| No of shares, mln (undiluted) | 114.6 |
| Par Value, GBP | 0.2 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|--------------|-------|
| Hares Group | 19.2% |
| QVT Fund | 15.4% |
| Millennium | 7.2% |
| JVL Partners | 5.2% |
| Management | 1.8% |
| Other | 51.2% |

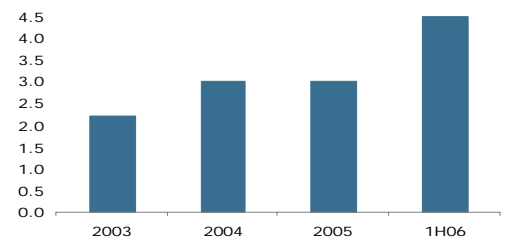
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | n/a | n/a |
| EV/EBITDA | n/a | n/a |
| P/E | n/a | n/a |
| P/B | n/a | n/a |
| P/CF | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | -163% | n/a | n/a |
| Net Margin | -163% | n/a | n/a |
| ROE | -288% | n/a | n/a |
| Net Debt/Equity | 0.02 | n/a | n/a |

Sales, USD mln



INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 1H06 | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 2.2 | 3.0 | 3.0 | 4.5 | n/a | n/a |
| <i>Change y-o-y</i> | - | 37.3% | -0.7% | 383.9% | n/a | n/a |
| Gross Profit | 0.5 | 0.4 | 1.4 | 3.0 | n/a | n/a |
| EBITDA | 0.3 | (4.5) | (7.0) | (1.0) | n/a | n/a |
| <i>margin, %</i> | 13.6% | -149.0% | -232.7% | -22.0% | n/a | n/a |
| Depreciation | (0.5) | (1.3) | (1.3) | (0.9) | n/a | n/a |
| EBIT | (0.2) | (5.8) | (8.3) | (1.9) | n/a | n/a |
| <i>margin, %</i> | -8.6% | -192.1% | -276.7% | -42.2% | n/a | n/a |
| Interest Expense | 0.1 | 0.4 | 1.0 | (1.5) | n/a | n/a |
| PBT | (0.1) | (5.4) | (7.3) | (3.4) | n/a | n/a |
| Tax | (0.2) | (0.2) | (0.5) | (0.6) | n/a | n/a |
| <i>Effective tax rate</i> | 248.5% | 3.3% | 6.4% | 18.8% | n/a | n/a |
| Net Income | (0.3) | (5.6) | (7.8) | (4.0) | n/a | n/a |
| <i>Net Margin, %</i> | -13.6% | -185.4% | -259.0% | -88.9% | n/a | n/a |

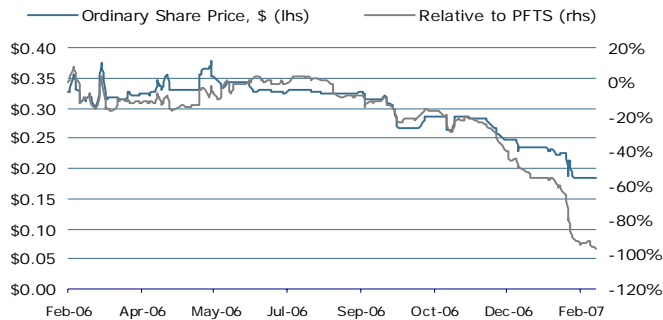
BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 1H06 | 2007E | 2008E |
|---------------------------------------|------------|------------|-------------|-------------|------------|------------|
| Current Assets | 0.9 | 5.7 | 25.7 | 21.4 | n/a | n/a |
| Cash & Equivalents | 0.4 | 2.2 | 24.0 | 14.8 | n/a | n/a |
| Trade Receivables | 0.5 | 3.5 | 1.5 | 6.6 | n/a | n/a |
| Inventories | - | - | 0.2 | - | n/a | n/a |
| Other | - | - | - | - | n/a | n/a |
| Fixed Assets | 3.5 | 2.9 | 17.9 | 19.4 | n/a | n/a |
| PP&E, net | 3.1 | 2.6 | 16.3 | 15.3 | n/a | n/a |
| Other | 0.4 | 0.3 | 1.6 | 4.1 | n/a | n/a |
| Total Assets | 4.4 | 8.6 | 43.6 | 40.8 | n/a | n/a |
| Shareholders' Equity | 0.0 | 2.6 | 19.7 | 17.5 | n/a | n/a |
| Share Capital | 8.1 | 6.8 | 45.2 | 45.2 | n/a | n/a |
| Retained Earnings | (12.9) | (18.5) | (27.6) | (30.8) | n/a | n/a |
| Other | 4.8 | 14.3 | 2.1 | 3.1 | n/a | n/a |
| Current Liabilities | 4.2 | 4.7 | 5.0 | 3.8 | n/a | n/a |
| LT Liabilities | 0.2 | 1.3 | 18.9 | 19.5 | n/a | n/a |
| Total Liabilities & Equity | 4.4 | 8.6 | 43.6 | 40.8 | n/a | n/a |

Galychyna Refinery

HANZ UZ

Oil & Gas

Target Price (USD)
N/R
Upside
n/a
SHARE PRICE PERFORMANCE*

BUSINESS OVERVIEW

Galychyna Refinery, also known as Drogobych NPZ, was founded in 1866 and is the oldest Ukrainian refinery. Its nameplate capacity of 3.5 mln mt/year ranks fifth among the six domestic refineries, though its capacity has been severely underutilized (23% in 2006). The company lacks efficiency and investments: its production facilities are outdated and its refining depth does not exceed 70%. In 2006 the company processed 22% less oil yoy (823 ths mt), which was mainly due to a shortage in crude oil supplies. Following a takeover in early 2006 by Privat Group, the company discontinued processing Russian oil and shifted completely to supplies from domestic oil extraction company Ukrnafta (also controlled by Privat). However, with one more refinery (Naftokhimik Prykarpattya) to process Ukrnafta's oil, Privat could not secure sufficient crude supplies for either refinery or contract for Russian oil. By the end of 2008, the company plans to invest around USD 50 mln in modern diesel production technology to reduce sulfur content to a level required by domestic standards. The government waived compliance in 2005 and again in 2006, but if Galychyna fails to upgrade its technology in 2007, the government might finally prohibit diesel production at the plant.

In 9M06 the company posted growth in sales by 82% yoy to USD 468 mln and around 7x times yoy increase in net loss (from USD 1.3 mln in 9M05 to USD 8.7 mln in 9M06).

* PFTS MID Price is used

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

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

MARKET INFORMATION

| | |
|---------------------------|---------------------|
| Market price*, USD | 0.17 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.38 / 0.17 |
| Chg 3m/6m/52w | -39% / -47% / -47% |
| Chg vs PFTS 3m/6m/52w | -82% / -94% / -105% |
| Chg YTD | -22% |
| Avg Mo Tr Vol 6M, USD ths | 866.30 |
| MCap, USD mln | 150.9 |
| Free float, % | 2.0% |
| FF MCap, USD mln | 3.0 |
| No of shares, mln | 870.7 |
| Par Value, UAH | 0.01 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

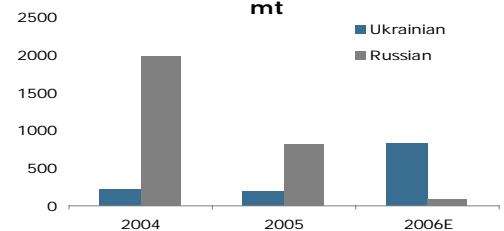
| | |
|--------------|-------|
| Privat Group | 73.0% |
| State | 25.0% |
| Other | 2.0% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.3 | n/a |
| EV/EBITDA | 26.6 | n/a |
| P/E | 109.3 | n/a |
| P/B | 3.0 | n/a |
| P/CF | 30.9 | 0.0 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 2% | 1% | n/a |
| Net Margin | 0.2% | 0.2% | n/a |
| ROE | 1% | 3% | n/a |
| Net Debt/Equity | 0.4 | 0.5 | n/a |

Crude Supplied To HANZ, ths mt


INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|------------------------|-------------|--------------|--------------|--------------|---------------|------------|------------|
| Net Revenues | 57.6 | 294.7 | 578.6 | 347.6 | 467.7 | n/a | n/a |
| Change y-o-y | - | 412.0% | 96.3% | -39.9% | 81.7% | n/a | n/a |
| Gross Profit | 13.2 | 22.3 | 9.6 | 15.6 | 20.0 | n/a | n/a |
| EBITDA | 4.7 | 7.7 | 1.0 | 6.4 | (11.6) | n/a | n/a |
| margin, % | 8.2% | 2.6% | 0.2% | 1.8% | -2.5% | n/a | n/a |
| Depreciation | (1.2) | (1.6) | (1.9) | (2.6) | (1.7) | n/a | n/a |
| EBIT | 3.5 | 6.1 | (0.9) | 3.8 | (13.4) | n/a | n/a |
| margin, % | 6.0% | 2.1% | -0.2% | 1.1% | -2.9% | n/a | n/a |
| Interest Expense | (1.0) | (1.2) | (22.7) | (3.2) | (9.2) | n/a | n/a |
| Other income/(expense) | (0.9) | (0.1) | 24.6 | 1.6 | 13.9 | n/a | n/a |
| PBT | 1.6 | 4.9 | 1.0 | 2.2 | (8.6) | n/a | n/a |
| Tax | (1.0) | (4.6) | - | (1.5) | (0.0) | n/a | n/a |
| Effective tax rate | 58.4% | 94.6% | 0.0% | 67.0% | -0.6% | n/a | n/a |
| Net Income | 0.7 | 0.3 | 1.0 | 0.7 | (8.7) | n/a | n/a |
| Net Margin, % | 1.2% | 0.1% | 0.2% | 0.2% | -1.9% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 25.1 | 88.0 | 101.8 | 65.6 | 161.5 | n/a | n/a |
| Cash & Equivalents | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 | n/a | n/a |
| Trade Receivables | 11.3 | 54.6 | 41.2 | 4.1 | 100.2 | n/a | n/a |
| Inventories | 3.2 | 7.1 | 6.4 | 22.6 | 28.2 | n/a | n/a |
| Other | 10.1 | 26.4 | 54.2 | 38.9 | 33.1 | n/a | n/a |
| Fixed Assets | 31.8 | 34.4 | 38.6 | 42.0 | 45.3 | n/a | n/a |
| PP&E, net | 15.7 | 19.8 | 21.8 | 20.7 | 20.5 | n/a | n/a |
| Other | 16.2 | 14.7 | 16.9 | 21.2 | 24.8 | n/a | n/a |
| Total Assets | 56.9 | 122.5 | 140.4 | 107.6 | 206.9 | n/a | n/a |
| Shareholders' Equity | 42.8 | 43.1 | 48.9 | 52.0 | 43.4 | n/a | n/a |
| Share Capital | 1.6 | 1.6 | 1.6 | 1.7 | 1.7 | n/a | n/a |
| Retained Earnings | 0.8 | 1.0 | 6.7 | 7.7 | (1.0) | n/a | n/a |
| Other | 40.4 | 40.4 | 40.6 | 42.6 | 42.7 | n/a | n/a |
| Current Liabilities | 13.1 | 72.8 | 72.5 | 36.2 | 155.3 | n/a | n/a |
| ST Interest Bearing Debt | 8.6 | 7.8 | 7.5 | 5.5 | - | n/a | n/a |
| Trade Payables | 2.2 | 58.9 | 45.3 | 4.2 | 149.2 | n/a | n/a |
| Other | 2.3 | 6.1 | 19.6 | 26.5 | 8.2 | n/a | n/a |
| LT Liabilities | 1.0 | 6.6 | 19.0 | 19.3 | 8.1 | n/a | n/a |
| LT Interest Bearing Debt | - | 1.1 | 18.2 | 17.2 | 5.9 | n/a | n/a |
| Other | 1.0 | 5.5 | 0.9 | 2.2 | 2.2 | n/a | n/a |
| Total Liabilities & Equity | 56.9 | 122.5 | 140.4 | 107.6 | 206.9 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|---------------------|--------------|-------------|--------------|-------------|-------------|--------------|---------------|
| Net Revenues | 158.7 | 48.2 | 50.4 | 90.3 | 78.1 | 172.5 | 217.0 |
| Change y-o-y | N/M | N/M | N/M | N/M | -50.8% | 257.6% | 330.5% |
| EBITDA | 1.4 | 0.7 | (0.1) | 4.4 | 5.2 | (0.7) | (16.1) |
| margin, % | 0.9% | 1.6% | -0.2% | 4.8% | 6.6% | -0.4% | -7.4% |
| EBIT | 0.7 | 0.1 | (0.7) | 3.7 | 4.6 | (1.3) | (16.7) |
| margin, % | 0.5% | 0.2% | -1.5% | 4.1% | 5.9% | -0.7% | -7.7% |
| Net Income | 0.0 | 0.2 | (1.5) | 2.0 | 9.9 | (1.7) | (16.9) |
| Net Margin, % | 0.0% | 0.4% | -3.0% | 2.2% | 12.7% | -1.0% | -7.8% |

JKX Oil & Gas

JKX LN

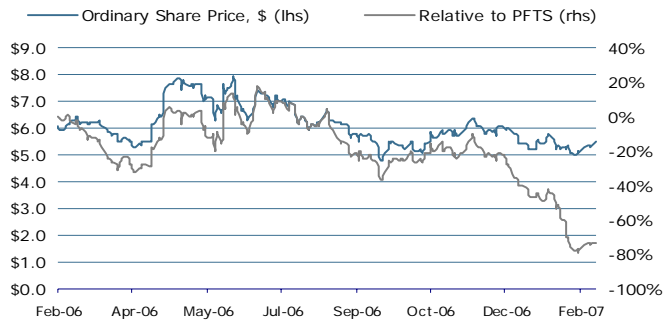
Oil & Gas

<http://www.jkx.co.uk>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



*the stock is traded on AIM

BUSINESS OVERVIEW

JKX Oil & Gas plc is an exploration and production company that is listed on the London Stock Exchange. The company has license interests in Ukraine, Georgia, Russia, Italy, Bulgaria, Turkey and the United States. JKX has been operating in Ukraine since 1994. The company's wholly owned subsidiary, the Poltava Petroleum Company (PPC), is the largest non-state producer of oil and gas in Ukraine. Domestically, the company obtained production licenses for the Ignatovskoye, Molchanovskoye, Novo-Nikolaevskoye and Rudenkovskoye fields. In addition, it has exploration licenses in Zaplavskoye, Elizaveytskoye and Chervonoyarske East. The company is continually upgrading and expanding its field facilities.

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MARKET INFORMATION

| | |
|---------------------------|---------------|
| Market price*, USD | 5.67 |
| Price impact** | 1 |
| 52 Wk H/L, USD | 8.7 / 4.9 |
| Chg 3m/6m/52w | -8%/-20%/-19% |
| Chg 2006 | 19.0% |
| Chg YTD | -4% |
| Avg Mo Tr Vol 6M, USD ths | 73759.5 |
| MCap, USD mln | 860.9 |
| Free float, % | 60.1% |
| FF MCap, USD mln | 517.4 |
| No of shares, mln | 151.9 |
| Par Value, GBP | 0.1 |
| XETRA | JKX |
| DR Ratio | 1:25 |
| Avg Mo Tr Vol 6M, USD ths | 0.0 |

STOCK OWNERSHIP

| | |
|-----------------------|-------|
| Glengary Overseas Ltd | 16.2% |
| Benam Holdings Ltd | 9.7% |
| Interneft Ltd | 7.4% |
| Naftogaz Ukrainy | 6.6% |
| Other | 60.1% |

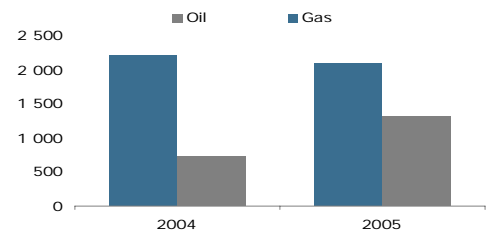
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | n/a | n/a |
| EV/EBITDA | n/a | n/a |
| P/E | n/a | n/a |
| P/B | n/a | n/a |
| P/CF | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 76% | n/a | n/a |
| Net Margin | 48% | n/a | n/a |
| ROE | 19% | n/a | n/a |
| Net Debt/Equity | -0.4 | n/a | n/a |

Oil & Gas Production, ths boe



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 1H06 | 2007E | 2008E |
|---------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Net Revenues | 19.9 | 36.9 | 46.6 | 82.9 | 60.6 | n/a | n/a |
| <i>Change y-o-y</i> | - | 85.4% | 26.3% | 77.9% | 154.6% | n/a | n/a |
| Gross Profit | 7.4 | 16.6 | 28.2 | 66.9 | 51.0 | n/a | n/a |
| EBITDA | 7.2 | 12.3 | 28.6 | 59.7 | 47.1 | n/a | n/a |
| <i>margin, %</i> | 36.2% | 33.3% | 61.4% | 72.0% | 77.7% | n/a | n/a |
| Depreciation | (3.8) | (0.4) | (5.0) | (9.7) | (7.2) | n/a | n/a |
| EBIT | 3.4 | 11.9 | 23.6 | 50.0 | 39.9 | n/a | n/a |
| <i>margin, %</i> | 17.1% | 32.2% | 50.6% | 60.3% | 65.8% | n/a | n/a |
| Interest Expense | 0.1 | (0.0) | 0.0 | 1.3 | 1.4 | n/a | n/a |
| PBT | 3.5 | 11.9 | 23.6 | 51.3 | 41.3 | n/a | n/a |
| Tax | - | (1.9) | (3.9) | (14.1) | (13.2) | n/a | n/a |
| <i>Effective tax rate</i> | - | 16.0% | 16.5% | 27.5% | 32.0% | n/a | n/a |
| Net Income | 3.5 | 10.0 | 19.7 | 37.2 | 28.1 | n/a | n/a |
| <i>Net Margin, %</i> | 17.6% | 27.1% | 42.3% | 44.9% | 46.4% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 1H06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 10.0 | 30.8 | 54.3 | 64.0 | 78.4 | n/a | n/a |
| Cash & Equivalents | 3.7 | 19.7 | 39.1 | 56.9 | 66.9 | n/a | n/a |
| Trade Receivables | 6.3 | 11.1 | 15.0 | 6.3 | 10.8 | n/a | n/a |
| Inventories | 0.0 | 0.0 | 0.2 | 0.8 | 0.7 | n/a | n/a |
| Other | - | - | - | - | - | n/a | n/a |
| Fixed Assets | 56.9 | 57.7 | 79.9 | 102.9 | 129.8 | n/a | n/a |
| PP&E, net | 37.9 | 47.5 | 65.5 | 81.5 | 106.7 | n/a | n/a |
| Other | 19.0 | 10.2 | 14.4 | 21.4 | 23.1 | n/a | n/a |
| Total Assets | 66.9 | 88.5 | 134.2 | 166.9 | 208.2 | n/a | n/a |
| Shareholders' Equity | 61.4 | 73.9 | 100.3 | 148.3 | 188.4 | n/a | n/a |
| Share Capital | 32.6 | 35.6 | 43.7 | 60.8 | 61.2 | n/a | n/a |
| Retained Earnings | (2.5) | 7.0 | 25.3 | 57.1 | 96.4 | n/a | n/a |
| Other | 31.3 | 31.3 | 31.3 | 30.4 | 30.8 | n/a | n/a |
| Current Liabilities | 5.5 | 14.5 | 33.0 | 15.2 | 13.6 | n/a | n/a |
| LT Liabilities | - | 0.1 | 0.9 | 3.4 | 6.2 | n/a | n/a |
| Total Liabilities & Equity | 66.9 | 88.5 | 134.2 | 166.9 | 208.2 | n/a | n/a |

Kherson Refinery

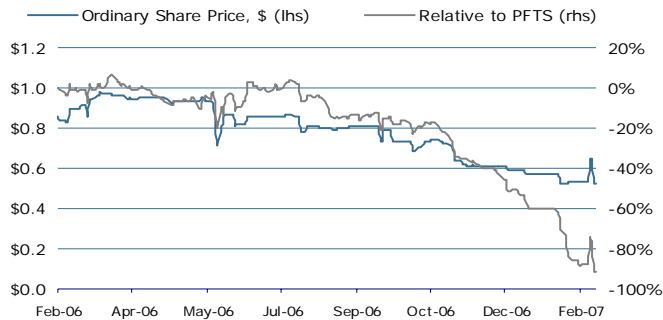
HNPk UZ

Oil & Gas

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Kherson Refinery is the number three Ukrainian refinery in terms of nameplate capacity (7.1 mln mt/year). Established in 1938, it is one of Ukraine's oldest refineries. It processes crude oil supplied from Russia. The plant was stopped for major overhauls in 1Q06. According to its modernization plan, refining depth will be increased to 90% by 2011, Russia's Alliance Group will invest USD 500 mln over the next five years. Reconstruction work includes building new isomerisation, hydro-treating, coking and sulphur production units. In the long-term, the company's goal is to capture 22% of oil product retail sales in Ukraine and bring its share in total domestic oil processing to 12.5%. However, there has not been any indication that the company has started to implement its modernization program. More likely, the company will sell-out to a strategic investor.

* PFTS MID Price is used

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- 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 | 0.52 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.98 / 0.52 |
| Chg 3m/6m/52w | -16% / -35% / -38% |
| Chg vs PFTS 3m/6m/52w | -59% / -82% / -97% |
| Chg YTD | -9% |
| Avg Mo Tr Vol 6M, USD ths | 523.5 |
| MCap, USD mln | 69.1 |
| Free float, % | 12.4% |
| FF MCap, USD mln | 8.6 |
| No of shares, mln | 131.7 |
| Par Value, UAH | 0.05 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|--------------|-------|
| KazMunaiGaz | 60.0% |
| Alyans Group | 27.6% |
| Other | 12.4% |

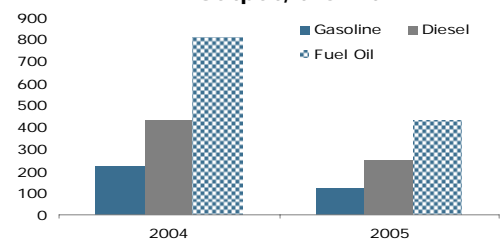
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.7 | n/a |
| EV/EBITDA | -20.3 | n/a |
| P/E | -11.3 | n/a |
| P/B | 4.1 | n/a |
| P/CF | -17.7 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | -11% | -3% | n/a |
| Net Margin | -27% | -6% | n/a |
| ROE | -19% | -27% | n/a |
| Net Debt/Equity | 0.4 | 0.5 | n/a |

HNPk Output, ths mt



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|-------------|-------------|--------------|--------------|------------|------------|
| Net Revenues | 36.8 | 20.8 | 25.2 | 17.4 | 82.7 | n/a | n/a |
| <i>Change y-o-y</i> | - | -43.5% | 21.5% | -31.1% | 378.8% | n/a | n/a |
| Gross Profit | 7.7 | 7.8 | 6.2 | 0.8 | (0.2) | n/a | n/a |
| EBITDA | 4.8 | 4.1 | 3.3 | (1.9) | (2.9) | n/a | n/a |
| <i>margin, %</i> | 13.0% | 19.6% | 12.9% | -11.2% | -3.5% | n/a | n/a |
| Depreciation | (2.3) | (2.3) | (2.6) | (2.7) | (1.7) | n/a | n/a |
| EBIT | 2.5 | 1.7 | 0.7 | (4.7) | (4.5) | n/a | n/a |
| <i>margin, %</i> | 6.7% | 8.4% | 2.8% | -27.0% | -5.5% | n/a | n/a |
| Interest Expense | (0.6) | (0.3) | (0.4) | (0.2) | (0.2) | n/a | n/a |
| Other income/(expense) | 0.1 | 0.0 | 0.1 | 0.0 | 0.1 | n/a | n/a |
| PBT | 2.0 | 1.5 | 0.4 | (4.8) | (4.6) | n/a | n/a |
| Tax | (1.0) | (0.8) | (0.4) | - | - | n/a | n/a |
| <i>Effective tax rate</i> | 50.5% | 53.9% | 98.0% | 0.0% | 0.0% | n/a | n/a |
| Net Income | 1.0 | 0.7 | 0.0 | (4.8) | (4.6) | n/a | n/a |
| <i>Net Margin, %</i> | 2.6% | 3.2% | 0.0% | -27.7% | -5.5% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 9.2 | 11.5 | 8.2 | 5.1 | 27.9 | n/a | n/a |
| Cash & Equivalents | 0.0 | 1.0 | 0.0 | 0.1 | 0.1 | n/a | n/a |
| Trade Receivables | 1.0 | 0.4 | 1.4 | 0.3 | 23.7 | n/a | n/a |
| Inventories | 3.8 | 4.5 | 3.4 | 3.2 | 2.8 | n/a | n/a |
| Other | 4.3 | 5.7 | 3.3 | 1.6 | 1.3 | n/a | n/a |
| Fixed Assets | 30.6 | 31.4 | 31.6 | 37.2 | 38.0 | n/a | n/a |
| PP&E, net | 20.0 | 20.8 | 20.9 | 22.1 | 20.6 | n/a | n/a |
| Other | 10.6 | 10.6 | 10.6 | 15.1 | 17.4 | n/a | n/a |
| Total Assets | 39.7 | 42.9 | 39.7 | 42.3 | 65.9 | n/a | n/a |
| Shareholders' Equity | 24.9 | 25.5 | 25.7 | 23.0 | 18.4 | n/a | n/a |
| Share Capital | 1.2 | 1.2 | 1.2 | 1.3 | 1.3 | n/a | n/a |
| Retained Earnings | (1.7) | (1.0) | (1.0) | (5.1) | (9.4) | n/a | n/a |
| Other | 25.3 | 25.3 | 25.5 | 26.7 | 26.5 | n/a | n/a |
| Current Liabilities | 7.1 | 9.1 | 5.6 | 10.2 | 38.5 | n/a | n/a |
| ST Interest Bearing Debt | 2.0 | 2.3 | - | - | - | n/a | n/a |
| Trade Payables | 4.1 | 2.5 | 4.4 | 4.2 | 9.9 | n/a | n/a |
| Other | 1.1 | 4.3 | 1.2 | 6.1 | 28.7 | n/a | n/a |
| LT Liabilities | 7.8 | 8.3 | 8.5 | 9.1 | 9.1 | n/a | n/a |
| LT Interest Bearing Debt | 7.6 | 7.6 | 8.3 | 9.1 | 9.1 | n/a | n/a |
| Other | 0.1 | 0.6 | 0.3 | - | - | n/a | n/a |
| Total Liabilities & Equity | 39.7 | 42.9 | 39.7 | 42.3 | 65.9 | n/a | n/a |

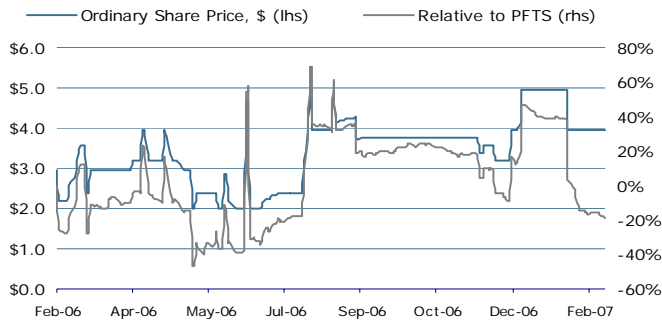
QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|--------------|------------|------------|--------------|--------------|--------------|--------------|--------------|-------------|
| Net Revenues | 4.1 | 5.5 | 7.7 | 7.9 | 5.6 | 4.4 | 7.3 | 0.1 | 6.2 | 32.9 | 43.7 |
| <i>Change y-o-y</i> | -40.6% | 14.1% | 104.7% | 50.6% | 34.8% | -19.4% | -4.9% | -98.7% | 11.2% | 645.7% | 496.8% |
| EBITDA | 0.4 | 0.4 | 0.9 | 1.6 | 1.2 | (0.1) | (0.7) | (2.4) | (2.7) | (1.1) | 0.9 |
| <i>margin, %</i> | 10.2% | 6.9% | 11.7% | 19.7% | 22.1% | -1.7% | -9.7% | -2357.5% | -44.2% | -3.3% | 2.1% |
| EBIT | (0.2) | (0.3) | 0.3 | 0.9 | 0.6 | (0.8) | (1.4) | (3.1) | (3.4) | (1.8) | 0.7 |
| <i>margin, %</i> | -5.3% | -4.9% | 3.3% | 11.7% | 10.0% | -17.7% | -18.6% | -3070.9% | -55.8% | -5.4% | 1.6% |
| Net Income | (0.4) | (0.6) | (0.1) | 1.1 | 0.0 | (1.0) | (1.4) | (2.5) | (3.4) | (1.8) | 0.7 |
| <i>Net Margin, %</i> | -9.0% | -10.5% | -1.6% | 13.5% | 0.8% | -21.6% | -19.6% | -2442.7% | -55.5% | -5.5% | 1.5% |

Naftokhimik Prykarpattya

NAFP UZ

Oil & Gas

Target Price (USD)
N/R
Upside
n/a
SHARE PRICE PERFORMANCE*

MARKET INFORMATION

| | |
|---------------------------|--------------------|
| Market price*, USD | 3.96 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 4.95 / 1.98 |
| Chg 3m/6m/52w | 5% / 0% / 43% |
| Chg vs PFTS 3m/6m/52w | -38% / -47% / -16% |
| Chg YTD | 0% |
| Avg Mo Tr Vol 6M, USD ths | 667.74 |
| MCap, USD mln | 52.0 |
| Free float, % | 5.6% |
| FF MCap, USD mln | 2.9 |
| No of shares, mln | 13.1 |
| Par Value, UAH | 0.25 |
| XETRA | N3ZA |
| DR Ratio | 1:1 |
| Avg Mo Tr Vol 6M, USD ths | 0.00 |

BUSINESS OVERVIEW

Naftokhimik Prykarpattya is the smallest Ukrainian refinery with a nameplate capacity of 2.6 mln mt/yr. Light oil products make up 59% of its total processing volume, while the average rate for Ukrainian refineries is 60-65%. The company receives stable oil supplies from the largest Ukrainian oil producer, Ukrnafta, which accounts for 85% of total crude oil supplies to the refinery. The company's petroleum products are sold mainly in western Ukraine through Ukrnafta, Galnaftogaz (OKKO brand stations), Alfa-nafta and several other retail networks. Naftokhimik Prykarpattya reported 9M06 net revenue of USD 581.1 (190% yoy growth). However, EBITDA (USD 9.9 mln) and net income (USD 1.9 mln) decreased by 57% and 89% yoy, respectively.

Companies affiliated with Privat Group control the refinery.

STOCK OWNERSHIP

| | |
|--------------|-------|
| Privat Group | 68.4% |
| State | 26.0% |
| Other | 5.6% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.3 | n/a |
| EV/EBITDA | 2.4 | n/a |
| P/E | 2.1 | n/a |
| P/B | 0.7 | n/a |
| P/CF | 1.9 | n/a |

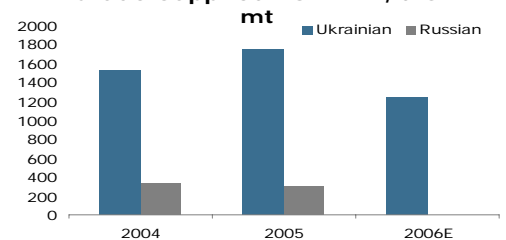
KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 10% | 11% | n/a |
| Net Margin | 6% | 9% | n/a |
| ROE | 44% | 49% | n/a |
| Net Debt/Equity | 1.18 | 0.30 | n/a |

* PFTS BID Price 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)

Crude Supplied To NAFP, ths


INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 62.3 | 180.4 | 428.1 | 265.6 | 581.1 | n/a | n/a |
| <i>Change y-o-y</i> | - | 189.4% | 137.4% | -38.0% | 190.0% | n/a | n/a |
| Gross Profit | 3.4 | 12.9 | 10.8 | 22.5 | 12.4 | n/a | n/a |
| EBITDA | 2.2 | 6.8 | 8.0 | 27.6 | 9.9 | n/a | n/a |
| <i>margin, %</i> | 3.5% | 3.8% | 1.9% | 10.4% | 1.7% | n/a | n/a |
| Depreciation | (1.1) | (1.1) | (1.3) | (2.2) | (1.8) | n/a | n/a |
| EBIT | 1.1 | 5.7 | 6.7 | 25.4 | 8.1 | n/a | n/a |
| <i>margin, %</i> | 1.8% | 3.2% | 1.6% | 9.6% | 1.4% | n/a | n/a |
| Interest Expense | (0.1) | (0.9) | (2.0) | (3.9) | (4.7) | n/a | n/a |
| Other income/(expense) | (0.4) | 0.0 | 0.6 | 0.2 | 0.2 | n/a | n/a |
| PBT | 0.7 | 4.8 | 5.3 | 21.6 | 3.5 | n/a | n/a |
| Tax | (0.7) | (0.1) | (1.7) | (6.2) | (1.6) | n/a | n/a |
| <i>Effective tax rate</i> | 106.1% | 1.5% | 32.7% | 28.5% | 45.3% | n/a | n/a |
| Net Income | (0.0) | 4.8 | 3.6 | 15.3 | 1.9 | n/a | n/a |
| <i>Net Margin, %</i> | -0.1% | 2.6% | 0.8% | 5.8% | 0.3% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 25.8 | 77.3 | 116.4 | 135.8 | 255.6 | n/a | n/a |
| Cash & Equivalents | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | n/a | n/a |
| Trade Receivables | 12.1 | 44.7 | 67.7 | 41.6 | 154.7 | n/a | n/a |
| Inventories | 4.7 | 6.0 | 8.3 | 14.3 | 21.5 | n/a | n/a |
| Other | 8.9 | 26.6 | 40.4 | 80.0 | 79.4 | n/a | n/a |
| Fixed Assets | 17.6 | 21.0 | 28.6 | 36.1 | 47.5 | n/a | n/a |
| PP&E, net | 15.7 | 15.5 | 24.1 | 25.4 | 25.1 | n/a | n/a |
| Other | 1.9 | 5.5 | 4.5 | 10.7 | 22.3 | n/a | n/a |
| Total Assets | 43.4 | 98.3 | 145.1 | 172.0 | 303.1 | n/a | n/a |
| Shareholders' Equity | 26.4 | 31.2 | 34.8 | 50.2 | 47.8 | n/a | n/a |
| Share Capital | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | n/a | n/a |
| Retained Earnings | 0.2 | 4.9 | 7.6 | 21.6 | 19.4 | n/a | n/a |
| Other | 25.6 | 25.7 | 26.6 | 27.9 | 27.8 | n/a | n/a |
| Current Liabilities | 16.6 | 56.9 | 89.1 | 56.1 | 226.2 | n/a | n/a |
| ST Interest Bearing Debt | 2.1 | - | 2.7 | 0.3 | - | n/a | n/a |
| Trade Payables | 11.4 | 46.6 | 63.2 | 40.6 | 205.8 | n/a | n/a |
| Other | 3.1 | 10.2 | 23.2 | 15.3 | 24.8 | n/a | n/a |
| LT Liabilities | 0.4 | 10.3 | 21.1 | 65.7 | 29.0 | n/a | n/a |
| LT Interest Bearing Debt | - | 9.9 | 19.4 | 59.1 | 22.4 | n/a | n/a |
| Other | 0.4 | 0.4 | 1.8 | 6.7 | 6.7 | n/a | n/a |
| Total Liabilities & Equity | 43.4 | 98.3 | 145.1 | 172.0 | 303.1 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|
| Net Revenues | 70.3 | 48.8 | 81.4 | 65.2 | 144.1 | 176.3 | 260.7 |
| <i>Change y-o-y</i> | N/M | N/M | N/M | N/M | 105.0% | 261.7% | 220.4% |
| EBITDA | 4.6 | 10.8 | 7.5 | 4.7 | 5.6 | 1.3 | 3.0 |
| <i>margin, %</i> | 6.5% | 22.2% | 9.2% | 7.1% | 3.9% | 0.8% | 1.1% |
| EBIT | 4.1 | 10.3 | 7.0 | 4.1 | 5.0 | 0.7 | 2.4 |
| <i>margin, %</i> | 5.8% | 21.1% | 8.6% | 6.2% | 3.5% | 0.4% | 0.9% |
| Net Income | 3.4 | 9.4 | 5.3 | (2.8) | 2.9 | (1.0) | 0.1 |
| <i>Net Margin, %</i> | 4.9% | 19.4% | 6.5% | -4.3% | 2.0% | -0.6% | 0.0% |

Ukrnafta

UNAF UZ

Oil & Gas

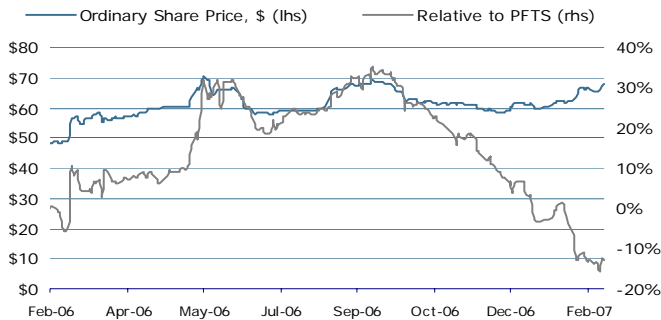
<http://www.ukrnafta.com>

Target Price (USD) 56.00
Upside -18%

INVESTMENT CASE

- Will be affected by yet another royalty hike and below-market gas pricing demanded by the government
- Revenue growth will be determined mainly by the pace of retail expansion
- Suffered from two consecutive 100% dividend payouts in 2005-06, making underinvestment another risk

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Ukrnafta is the largest oil extractor and the second largest gas extractor in Ukraine, in 2006 it accounted for about 71% of total domestic oil and condensate extraction (23.4 mln bbl/year). The company is majority owned by the state-owned oil & gas company Naftogaz Ukrainy (50%+1 share) and the local Privat business group (~42%). Ukrnafta is also involved in gas processing (3 plants) and is continually expanding its retail business. Since 2003 the company has been acquiring gas stations and currently owns the largest fuel retail network in Ukraine with ~560 outlets. Its share in the domestic retail fuel market is about 12-14%. Thanks to the expansion of its retail business, in 9M06 the company posted sales growth of 51.5% yoy and increased its EBITDA by 36.7% yoy. However, its increased focus on fuel retail came at the expense of lower profitability. Over the same period, Ukrnafta's EBITDA margin decreased by about 5 pp to 47.1% and its net margin was down 29.1%, a drop of about 8 pp.

* PFTS MID Price 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 | 68.02 |
| Price impact** | 1 |
| 9 Wk H/L, USD | 70.4 / 46.7 |
| Chg 3m/6m/52w | 11% / 8% / 40% |
| Chg vs PFTS 3m/6m/52w | -32% / -39% / -18% |
| Chg YTD | 9% |
| Avg Mo Tr Vol 6M, USD ths | 6114.87 |
| MCap, USD mln | 3688.6 |
| Free float, % | 8.0% |
| FF MCap, USD mln | 295.1 |
| No of shares, mln | 54.2 |
| Par Value, UAH | 0.25 |
| XETRA | UKAA |
| DR Ratio | 1:6 |
| Avg Mo Tr Vol 6M, USD ths | 2008.7 |

STOCK OWNERSHIP

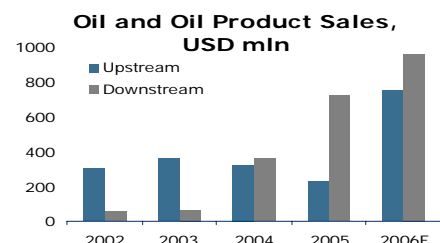
| | |
|--------------|-------|
| State | 50%+1 |
| Privat Group | 42.0% |
| Other | 8.0% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 2.2 | 1.9 |
| EV/EBITDA | 5.4 | 6.4 |
| P/E | 8.6 | 10.7 |
| P/B | 3.1 | 2.8 |
| P/CF | 6.6 | 7.4 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 54% | 41% | 30% |
| Net Margin | 34% | 25% | 17% |
| ROE | 37% | 42% | 29% |
| Net Debt/Equity | 0.1 | 0.1 | 0.2 |



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|----------------|----------------|----------------|----------------|
| Net Revenues | 384.3 | 554.0 | 820.6 | 1 090.0 | 1 701.9 | 2 052.6 | 2 537.9 |
| <i>Change y-o-y</i> | - | 44.2% | 48.1% | 32.8% | 56.4% | 20.6% | 23.6% |
| Gross Profit | 259.6 | 353.2 | 511.8 | 693.2 | 823.5 | 767.9 | 845.3 |
| EBITDA | 223.9 | 320.7 | 460.7 | 587.2 | 704.4 | 622.2 | 662.5 |
| <i>margin, %</i> | 58.3% | 57.9% | 56.1% | 53.9% | 41.4% | 30.3% | 26.1% |
| Depreciation | (60.2) | (81.8) | (91.6) | (100.2) | (128.3) | (151.9) | (174.6) |
| EBIT | 163.7 | 238.9 | 369.1 | 486.9 | 576.1 | 470.3 | 487.9 |
| <i>margin, %</i> | 42.6% | 43.1% | 45.0% | 44.7% | 33.8% | 22.9% | 19.2% |
| Interest Expense | (2.4) | (0.7) | (5.8) | (10.5) | (12.0) | (21.6) | (31.8) |
| Other income/(expense) | (18.8) | (4.7) | (3.3) | 10.4 | (13.3) | (13.3) | (13.3) |
| PBT | 142.5 | 233.5 | 360.1 | 486.8 | 574.5 | 459.1 | 466.5 |
| Tax | (58.7) | (66.6) | (106.5) | (120.7) | (143.6) | (114.8) | (116.6) |
| <i>Effective tax rate</i> | 41.2% | 28.5% | 29.6% | 24.8% | 25.0% | 25.0% | 25.0% |
| Net Income | 83.7 | 166.9 | 253.5 | 364.8 | 430.9 | 344.3 | 349.9 |
| <i>Net Margin, %</i> | 21.8% | 30.1% | 30.9% | 33.5% | 25.3% | 16.8% | 13.8% |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|--------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Current Assets | 197.4 | 237.6 | 422.1 | 340.6 | 591.1 | 688.0 | 871.5 |
| Cash & Equivalents | 8.1 | 3.9 | 23.8 | 14.9 | 50.8 | 61.6 | 76.1 |
| Trade Receivables | 78.9 | 81.1 | 137.3 | 38.5 | 186.3 | 205.3 | 253.8 |
| Inventories | 58.2 | 61.6 | 195.5 | 160.3 | 218.5 | 256.9 | 338.5 |
| Other | 52.2 | 91.0 | 65.5 | 126.8 | 135.5 | 164.2 | 203.0 |
| Fixed Assets | 737.5 | 937.8 | 1 122.7 | 1 254.7 | 1 484.4 | 1 798.4 | 2 071.0 |
| PP&E, net | 562.4 | 562.9 | 848.7 | 1 055.6 | 1 274.2 | 1 577.4 | 1 835.4 |
| Other | 175.1 | 374.9 | 274.0 | 199.1 | 210.3 | 221.1 | 235.6 |
| Total Assets | 934.9 | 1 175.4 | 1 544.8 | 1 595.3 | 2 075.5 | 2 486.4 | 2 942.5 |
| Shareholders' Equity | 826.4 | 994.3 | 1 234.8 | 1 400.6 | 1 191.7 | 1 329.4 | 1 469.3 |
| Share Capital | 2.5 | 2.5 | 2.6 | 2.7 | 2.7 | 2.7 | 2.7 |
| Retained Earnings | 567.8 | 736.4 | 981.1 | 1 134.8 | - | - | - |
| Other | 256.1 | 255.4 | 251.1 | 263.2 | 1 189.0 | 1 326.7 | 1 466.7 |
| Current Liabilities | 105.5 | 180.3 | 208.0 | 106.3 | 730.4 | 828.7 | 1 003.9 |
| ST Interest Bearing Debt | 18.0 | - | - | - | - | - | - |
| Trade Payables | 36.3 | 76.8 | 111.2 | 42.7 | 174.8 | 256.9 | 338.5 |
| Other | 51.2 | 103.6 | 96.8 | 63.6 | 556.0 | 572.0 | 665.0 |
| LT Liabilities | 3.0 | 0.8 | 102.0 | 88.4 | 153.4 | 328.3 | 469.3 |
| LT Interest Bearing Debt | 0.1 | - | 100.8 | 87.7 | 152.4 | 327.1 | 467.8 |
| Other | 3.0 | 0.8 | 1.2 | 0.7 | 1.0 | 1.2 | 1.5 |
| Total Liabilities & Equity | 934.9 | 1 175.4 | 1 544.8 | 1 595.3 | 2 075.5 | 2 486.4 | 2 942.5 |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 151.7 | 179.3 | 54.5 | 435.1 | 237.0 | 231.3 | 380.9 | 240.8 | 402.7 | 424.6 | 459.1 |
| <i>Change y-o-y</i> | 40.1% | 37.7% | -62.8% | 157.4% | 56.2% | 29.0% | 599.2% | -44.7% | 69.9% | 83.6% | 20.5% |
| EBITDA | 88.3 | 94.3 | 51.3 | 226.8 | 127.4 | 111.9 | 204.2 | 143.6 | 281.7 | 96.6 | 228.1 |
| <i>margin, %</i> | 58.2% | 52.6% | 94.1% | 52.1% | 53.8% | 48.4% | 53.6% | 59.6% | 70.0% | 22.7% | 49.7% |
| EBIT | 68.3 | 68.7 | 34.4 | 197.8 | 104.4 | 87.2 | 178.2 | 117.1 | 254.6 | 67.7 | 200.1 |
| <i>margin, %</i> | 45.0% | 38.3% | 63.1% | 45.5% | 44.1% | 37.7% | 46.8% | 48.6% | 63.2% | 15.9% | 43.6% |
| Net Income | 51.9 | 40.7 | 16.5 | 144.4 | 105.2 | 33.5 | 175.6 | 50.5 | 187.2 | 37.4 | 149.0 |
| <i>Net Margin, %</i> | 34.2% | 22.7% | 30.2% | 33.2% | 44.4% | 14.5% | 46.1% | 20.9% | 46.5% | 8.8% | 32.5% |

FINANCIAL

Banks

Forum
Khreshchatyk Bank
Megabank
Nadra Bank
Raiffeisen Bank Aval
Rodovid Bank
Ukrkazbank
Ukrinbank
Ukrsotsbank

Insurance

Universalna Insurance

Real Estate

XXI Century

Forum

FORM UZ

Banks

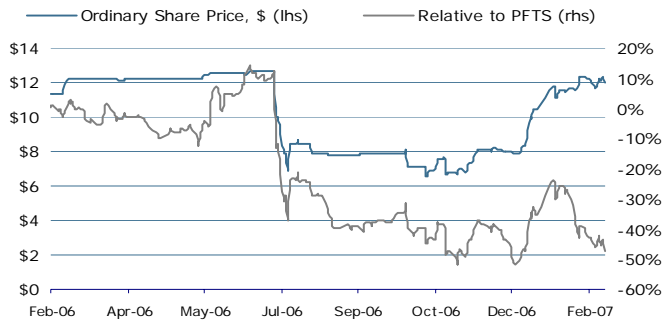
<http://www.forum.com.ua>

Target Price (USD) 13.00
Upside 15.2%

INVESTMENT CASE

- For the last few years, its growth rate has outpaced the whole banking sector
- Emphasis on expansion into the promising retail sector
- Raising cheaper foreign debt via syndicated loans, Eurobond placements and EBRD lending programs
- Only Ukrainian banking stock listed on the Frankfurt Stock Exchange
- Imminent strategic sale in 1Q07

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Bank Forum is Ukraine's 10th largest bank, with USD 1,461 mln in assets at the end of 2006. Founded in 1994, it is a universal financial institution, offering corporate, retail, treasury and investment banking services to over 7.3 ths corporate and 56 ths private customers.

Despite a primary focus on corporate clients, the bank is making a strong shift toward retail. The bank's 165 branch offices and network of 158 ATMs ensures nationwide coverage. In 2006 the bank posted growth in basic financials: the bank's gross loan portfolio expanded by 114% yoy to USD 1,009 mln while its retail lending jumped by 149% yoy to USD 164 mln, corporate loans grew by 109% yoy to USD 845 mln and customer deposits grew by 85% ytd to USD 845 mln.

An additional share issue was approved at the bank's EGM on Dec. 22, 2006. The bank will issue 50 mln new shares at par USD 1.98, which will increase its charter fund by 80% to USD 222 mln.

UPCOMING EVENTS

16 Mar 2007 AGM

* PFTS MID Price 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 | 11.29 |
| Price impact** | 2 |
| 52 Wk H/L, USD | 12.6 / 6.6 |
| Chg 3m/6m/52w | 55% / 44% / 4% |
| Chg vs PFTS 3m/6m/52w | 12% / -3% / -55% |
| Chg YTD | -3% |
| Avg Mo Tr Vol 6M, USD ths | 497.1 |
| MCap, USD mln | 699.8 |
| Free float, % | 10.0% |
| FF MCap, USD mln | 70.0 |
| No of shares, mln | 62.0 |
| Par Value, UAH | 10 |
| XETRA | B5F |
| DR Ratio | 1:1 |
| Avg Mo Tr Vol 6M, USD ths | 109.6 |

STOCK OWNERSHIP

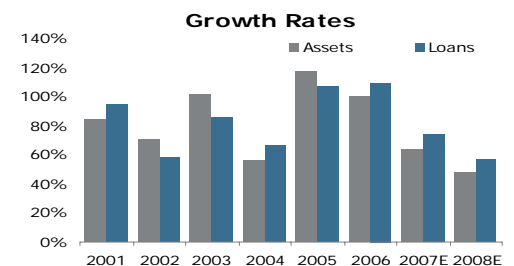
| | |
|---------------------------|-------|
| Privita Insurance | 65.0% |
| LLC Elmak | 14.8% |
| Global portfolio funds | 9.9% |
| Kontinental - Ukraine LLC | 6.6% |
| Other | 3.7% |

MARKET MULTIPLES

| | 2006 | 2007E |
|------------|-------|-------|
| P/E | 127.3 | 82.6 |
| P/B | 4.6 | 2.7 |
| P/Loans | 0.7 | 0.4 |
| P/Deposits | 0.8 | 0.5 |

KEY RATIOS

| | 2005 | 2006 | 2007E |
|------------------|------|------|-------|
| Net Income Mgn | 16% | 9% | 8% |
| Net Interest Mgn | 4% | 3% | 4% |
| ROE | 9% | 5% | 4% |
| Cost/Income | 56% | 69% | 70% |



INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 2006 | 2007E | 2008E |
|---------------------------------|--------------|---------------|---------------|---------------|---------------|----------------|
| Interest income | 20.3 | 39.7 | 66.2 | 120.7 | 196.9 | 300.3 |
| Interest expense | (10.8) | (21.7) | (38.7) | (76.6) | (115.7) | (175.4) |
| Net interest income | 9.5 | 18.0 | 27.5 | 44.1 | 81.2 | 124.9 |
| Net fee & commission income | 2.7 | 4.3 | 6.3 | 10.1 | 14.8 | 22.7 |
| Net trading income | 0.5 | 1.5 | 2.0 | 4.2 | 4.3 | 5.3 |
| Net other operating income | 0.1 | 0.1 | 0.2 | 0.8 | 0.8 | 0.9 |
| Net non interest income | 3.2 | 5.9 | 8.6 | 15.1 | 19.9 | 28.9 |
| Total income | 12.8 | 23.9 | 36.1 | 59.2 | 101.1 | 153.8 |
| Operating expenses | (6.2) | (10.0) | (20.3) | (41.1) | (70.8) | (104.7) |
| Operating income | 6.5 | 13.9 | 15.8 | 18.1 | 30.3 | 49.1 |
| Provision for loan losses | (3.6) | (8.7) | (7.2) | (10.9) | (16.2) | (23.1) |
| Other provisions | (0.2) | (0.3) | (1.0) | 0.0 | (0.6) | (1.0) |
| Profit before income tax | 2.7 | 4.9 | 7.6 | 7.2 | 13.5 | 25.0 |
| Income tax expenses | (1.1) | (1.2) | (2.1) | (1.7) | (3.4) | (6.3) |
| Net income | 1.6 | 3.7 | 5.6 | 5.5 | 10.2 | 18.8 |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 2006 | 2007E | 2008E |
|---|--------------|--------------|--------------|----------------|----------------|----------------|
| ASSETS | | | | | | |
| Cash & Balances with the National Bank of Ukraine | 21.5 | 28.8 | 50.9 | 50.9 | 147.2 | 196.1 |
| Due from other banks | 46.2 | 65.4 | 178.6 | 339.3 | 332.9 | 395.0 |
| Loans and advances to customers | 138.0 | 229.2 | 466.9 | 978.3 | 1 649.7 | 2 590.3 |
| Securities portfolio | 5.3 | 2.0 | 2.1 | 28.3 | 16.3 | 15.9 |
| Property and equipment | 6.9 | 9.4 | 27.6 | 51.1 | 62.9 | 79.4 |
| Other assets | 1.2 | 6.7 | 4.0 | 13.2 | 10.0 | 15.0 |
| TOTAL ASSETS | 219.1 | 341.6 | 730.2 | 1 461.0 | 2 219.0 | 3 291.8 |
| LIABILITIES | | | | | | |
| Due to the National Bank of Ukraine | 11.5 | 26.6 | 12.5 | - | 12.5 | 13.6 |
| Due to the other banks | 46.5 | 67.1 | 204.8 | 421.6 | 502.3 | 676.0 |
| Total customer's deposits | 131.7 | 196.3 | 424.3 | 844.6 | 1 402.0 | 2 178.8 |
| Debt securities issued | 3.1 | 4.3 | 6.3 | 9.5 | 6.3 | 6.3 |
| Other liabilities | 1.0 | 1.4 | 5.7 | 33.5 | 34.4 | 45.7 |
| TOTAL LIABILITIES | 193.8 | 295.7 | 653.7 | 1 309.2 | 1 957.4 | 2 920.4 |
| TOTAL EQUITY | 25.3 | 45.8 | 76.5 | 151.8 | 261.6 | 371.4 |
| TOTAL LIABILITIES & EQUITY | 219.1 | 341.6 | 730.2 | 1 461.0 | 2 219.0 | 3 291.8 |

Khreshchatyk Bank

BXRK UZ

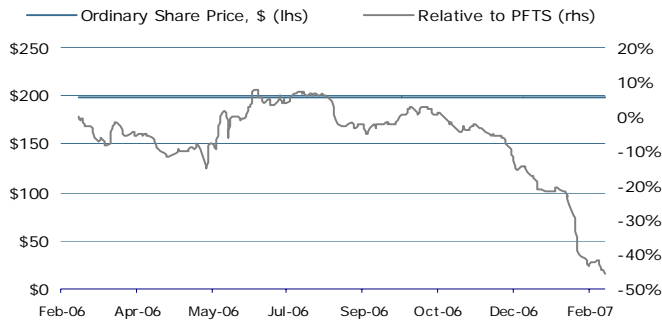
Banks

<http://www.xcitybank.com.ua>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



*Listed on PFTS since Feb. 17, 2006

BUSINESS OVERVIEW

Khreshchatyk Bank was established in 1993 and is headquartered in Kyiv. It is a universal bank, offering a standard range of banking services. Currently, the bank's network, which increased by 40% in 2006, consists of 88 branches/offices in Kyiv and other regions throughout Ukraine. In 2006, the bank posted growth in its key financials: assets increased by 15% yoy to USD 718 mln, its loan portfolio grew by 52% yoy to USD 403 mln, while customer deposits decreased by 3% yoy to USD 479 mln. In 2006, Khreshchatyk Bank conducted an additional share issue, which increased the bank's charter fund by USD 57.43 mln to USD 106.93 mln. In 2007, the bank plans to finish placing a Eurobond issue it started last year for USD 250 mln and to attract a syndicated loan for USD 35 mln. Khreshchatyk's management is also considering selling the bank to foreign investors.

* PFTS BID Price is used

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- 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 | 198.02 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 198 / 198 |
| Chg 3m/6m/52w | n/a / n/a / n/a |
| Chg vs PFTS 3m/6m/52w | -43% / -47% / -58% |
| Chg YTD | 0% |
| Avg Mo Tr Vol 6M, USD ths | 0.0 |
| MCap, USD mln | 106.9 |
| Free float, % | 6.3% |
| FF MCap, USD mln | 6.7 |
| No of shares, mln | 0.5 |
| Par Value, UAH | 1000 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|--------------------------------|-------|
| Ukrfinkom | 51.2% |
| Kyiv State City Administration | 42.0% |
| Management | 0.5% |
| Other | 6.3% |

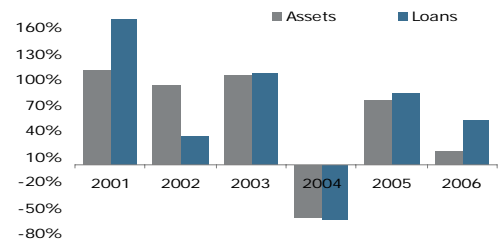
MARKET MULTIPLES

| | 2006 | 2007E |
|------------|------|-------|
| P/E | 16.6 | n/a |
| P/B | 1.5 | n/a |
| P/Loans | 0.27 | n/a |
| P/Deposits | 0.22 | n/a |

KEY RATIOS

| | 2005 | 2006 | 2007E |
|------------------|------|------|-------|
| Net Income Mgn | 19% | 19% | n/a |
| Net Interest Mgn | 3% | 4% | n/a |
| ROE | 10% | 11% | n/a |
| Cost/Income | 71% | 71% | n/a |

Growth Rates



INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 2006 | 2007E | 2008E |
|---------------------------------|--------------|---------------|---------------|---------------|------------|------------|
| Interest income | 12.2 | 20.7 | 41.6 | 69.7 | n/a | n/a |
| Interest expense | (6.6) | (12.7) | (28.3) | (47.8) | n/a | n/a |
| Net interest income | 5.6 | 8.0 | 13.3 | 21.9 | n/a | n/a |
| Net fee & commission income | 2.7 | 4.2 | 6.0 | 9.4 | n/a | n/a |
| Net trading income | 0.4 | 2.0 | 2.0 | 2.5 | n/a | n/a |
| Net other operating income | 0.04 | 0.6 | 0.1 | 0.2 | n/a | n/a |
| Net non interest income | 3.2 | 6.9 | 8.1 | 12.1 | n/a | n/a |
| Total income | 8.7 | 14.9 | 21.4 | 34.0 | n/a | n/a |
| Operating expenses | (6.0) | (10.7) | (15.2) | (24.0) | n/a | n/a |
| Operating income | 2.7 | 4.2 | 6.2 | 10.0 | n/a | n/a |
| Provision for loan losses | 0.6 | 1.1 | (1.0) | (1.0) | n/a | n/a |
| Other provisions | - | - | - | - | n/a | n/a |
| Profit before income tax | 2.1 | 3.0 | 5.2 | 9.0 | n/a | n/a |
| Income tax expenses | (0.9) | (0.8) | (1.3) | (2.6) | n/a | n/a |
| Net income | 1.2 | 2.2 | 4.0 | 6.4 | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 2006 | 2007E | 2008E |
|---|--------------|--------------|--------------|--------------|------------|------------|
| ASSETS | | | | | | |
| Cash & Balances with the National Bank of Ukraine | 103.2 | 25.8 | 66.1 | 39.1 | n/a | n/a |
| Due from other banks | 396.9 | 165.2 | 246.3 | 167.0 | n/a | n/a |
| Loans and advances to customers | 407.0 | 143.4 | 261.9 | 399.6 | n/a | n/a |
| Securities portfolio | 15.0 | 7.7 | 24.8 | 34.9 | n/a | n/a |
| Property and equipment | 25.7 | 9.3 | 18.5 | 36.7 | n/a | n/a |
| Other assets | 9.5 | 2.2 | 5.1 | 40.3 | n/a | n/a |
| TOTAL ASSETS | 957.3 | 353.6 | 622.7 | 717.6 | n/a | n/a |
| LIABILITIES | | | | | | |
| Due to the banks | 104.9 | 19.4 | 55.8 | 85.8 | n/a | n/a |
| Total customer's deposits | 713.0 | 293.0 | 491.4 | 478.6 | n/a | n/a |
| Debt securities issued | 12.4 | 4.7 | 22.9 | 19.8 | n/a | n/a |
| Other liabilities | 9.4 | 2.7 | 5.1 | 63.8 | n/a | n/a |
| TOTAL LIABILITIES | 839.7 | 319.8 | 575.2 | 647.9 | n/a | n/a |
| TOTAL EQUITY | 117.6 | 33.8 | 47.5 | 69.7 | n/a | n/a |
| TOTAL LIABILITIES & EQUITY | 957.3 | 353.6 | 622.7 | 717.6 | n/a | n/a |

Megabank

MEGA UZ

Banks

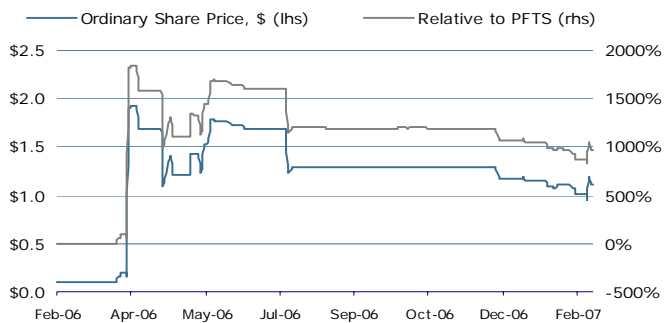
<http://www.megabank.net>

Target Price (USD) 1.55
Upside 36%

INVESTMENT CASE

- Strong regional franchise, approaching nation-wide reach
- Robust retail arm has developed over the past twelve months
- Megabank processes 11% of household utility payments in Ukraine, which ensures strong fees & commissions inflow
- Attractive acquisition target

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Megabank is a medium-sized universal bank. The bank ranked #45 in terms of assets, with a 0.3% market share at the end of 2006. Megabank focuses on corporate business and servicing household utility payments, where the bank holds a considerable 11% market share. Currently, the bank services around 200 ths individual and corporate clients. Over 2006 Megabank accelerated its efforts on building its retail franchise – loans to individuals jumped by 139% yoy. The bank operates a solid retail network of 171 outlets in 15 regions of Ukraine and plans to bring the total number of outlets to 300 during 2007. In April 2006, Megabank placed 20% of its shares with institutional investors at post-money 2.6x P/B and the deal brought in USD 19 mln in equity capital. In 2006, the bank posted growth in its key financials, a 38% yoy increase in total assets to USD 221 mln, a 48% yoy increase of loan portfolio to USD 147 mln and 32% yoy growth in customer deposits to USD 164 mln.

* PFTS MID Price is used

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- 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 | 1.14 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 1.93 / 0.10 |
| Chg 3m/6m/52w | -12% / -12% / 1050% |
| Chg vs PFTS 3m/6m/52w | -54% / -59% / 992% |
| Chg YTD | 3% |
| Avg Mo Tr Vol 6M, USD ths | 87.9 |
| MCap, USD mln | 130.9 |
| Free float, % | 20.0% |
| FF MCap, USD mln | 26.2 |
| No of shares, mln | 115.0 |
| Par Value, UAH | 1.0 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

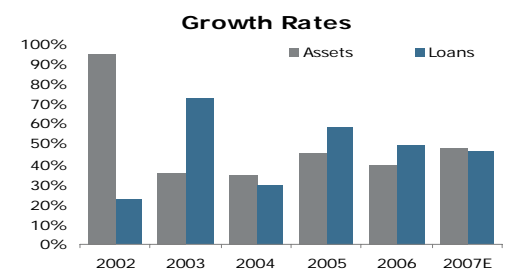
| | |
|-------------------------|-------|
| M-Invest | 33.5% |
| Institutional investors | 20.0% |
| Avtramat | 10.0% |
| Mega-Garant-Life | 5.2% |
| Turboatom | 3.2% |
| Other | 28.1% |

MARKET MULTIPLES

| | 2006E | 2007E |
|------------|-------|-------|
| P/E | 58.7 | 38.2 |
| P/B | 3.5 | 3.3 |
| P/Loans | 0.9 | 0.6 |
| P/Deposits | 0.8 | 0.6 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|------------------|------|-------|-------|
| Net Income Mgn | 13% | 12% | 14% |
| Net Interest Mgn | 4% | 4% | 3% |
| ROE | 13% | 8% | 9% |
| Cost/Income | 78% | 75% | 72% |



INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 2006 | 2007E | 2008E |
|---------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|
| Interest income | 1.2 | 10.6 | 15.1 | 19.9 | 26.9 | 36.9 |
| Interest expense | (2.8) | (7.1) | (9.4) | (12.6) | (17.2) | (23.6) |
| Net interest income | 3.7 | 3.4 | 5.7 | 7.3 | 9.7 | 13.3 |
| Net fee & commission income | 5.2 | 5.5 | 8.9 | 9.6 | 13.0 | 18.2 |
| Net trading income | 0.1 | 0.6 | 0.6 | 0.5 | 0.6 | 0.7 |
| Net other operating income | 0.2 | 1.5 | 1.5 | 0.9 | 0.9 | 0.6 |
| Net non interest income | 5.6 | 9.6 | 11.1 | 11.0 | 14.4 | 19.5 |
| Total income | 9.3 | 13.0 | 16.7 | 18.3 | 24.1 | 32.8 |
| Operating expenses | (8.5) | (11.7) | (13.0) | (13.7) | (17.2) | (22.2) |
| Operating income | 0.8 | 1.3 | 3.7 | 4.6 | 6.9 | 10.6 |
| Provision for loan losses | 0.0 | (0.7) | (0.8) | (1.5) | (2.2) | (3.3) |
| Other provisions | - | (0.1) | (0.2) | - | (0.1) | (0.2) |
| Profit before income tax | 0.9 | 0.6 | 2.7 | 3.1 | 4.6 | 7.1 |
| Income tax expenses | (0.5) | (0.2) | (0.4) | (0.9) | (1.1) | (1.8) |
| Net income | 0.3 | 0.3 | 2.2 | 2.2 | 3.4 | 5.3 |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 2006 | 2007E | 2008E |
|---|-------------|--------------|--------------|--------------|--------------|--------------|
| ASSETS | | | | | | |
| Cash & Balances with the National Bank of Ukraine | 5.7 | 7.8 | 15.2 | 15.6 | 34.0 | 44.2 |
| Due from other banks | 14.1 | 21.8 | 19.5 | 29.5 | 54.5 | 45.6 |
| Loans and advances to customers | 47.4 | 61.6 | 96.4 | 144.2 | 311.9 | 419.0 |
| Securities portfolio | 5.9 | 8.3 | 12.5 | 16.2 | 21.8 | 25.1 |
| Property and equipment | 7.7 | 9.3 | 13.8 | 14.1 | 30.0 | 34.0 |
| Other assets | 1.3 | 1.5 | 1.2 | 2.4 | 1.9 | 2.4 |
| TOTAL ASSETS | 82.0 | 110.4 | 158.5 | 221.9 | 454.2 | 570.3 |
| LIABILITIES | | | | | | |
| Due to the National Bank of Ukraine | 1.8 | 0.8 | 0.3 | - | 1.6 | 1.8 |
| Due to the other banks | 7.1 | 8.2 | 4.5 | 7.4 | 47.0 | 53.5 |
| Total customer's deposits | 52.5 | 79.1 | 122.7 | 164.5 | 222.3 | 301.5 |
| Debt securities issued | 1.6 | 7.1 | 7.2 | 0.3 | 11.6 | 11.2 |
| Other liabilities | 7.6 | 1.0 | 2.8 | 12.5 | 15.9 | 22.8 |
| TOTAL LIABILITIES | 70.5 | 96.6 | 137.5 | 184.7 | 298.4 | 390.8 |
| TOTAL EQUITY | 11.5 | 13.8 | 21.0 | 37.2 | 39.7 | 63.4 |
| TOTAL LIABILITIES & EQUITY | 82.0 | 110.4 | 158.5 | 221.9 | 338.2 | 454.2 |

Nadra Bank

NADR UZ

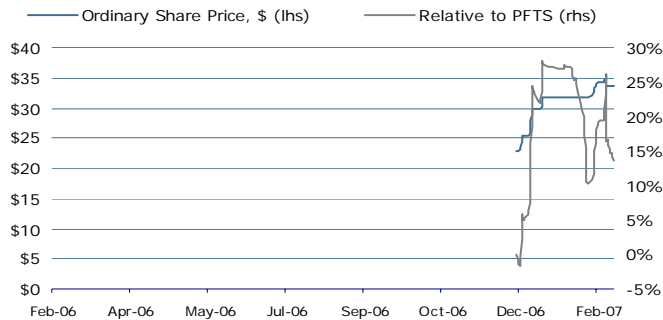
Banks

<http://www.nadra.com.ua>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



* listed on PFTS since 30.11.06

BUSINESS OVERVIEW

Founded in 1993, Nadra Bank is the ninth Ukrainian bank by assets, with 3.1% of the market as of 2006. It is a universal bank, offering corporate and SME banking, but retail is its core focus.

At the end of 2006, the bank operated 572 branches/offices, 600 ATMs and around 3,200 multifunctional POS-terminals. Its nationwide network coverage makes Nadra one of the leading retail banks in Ukraine. The bank plans to open 128 new branches/offices by 2008.

In August 2006, Nadra placed 7.7% of its stock with institutional investors at a post-money P/B of 4.1x; the deal brought in USD 51.4 mln in new equity capital.

In 2006, Nadra Bank reported 74% yoy growth in assets to USD 2.04 bln, a 30% yoy increase in corporate loans to USD 674 mln, 66% growth in customer deposits to USD 1.12 bln, and 129% yoy increase in retail loans to USD 761 mln.

In 2006, Nadra conducted an additional 15 mln share issue at USD 1.98 par value, which increased the bank's charter fund by USD 29.77 mln to USD 77.3 mln. Moody's assigned Nadra Bank a long-term rating in foreign currency at the level B2 in 2006.

* PFTS BID Price is used

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- 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 | 33.66 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 35.6 / 23.0 |
| Chg 3m/6m/52w | n/a / n/a / n/a |
| Chg vs PFTS 3m/6m/52w | -43% / -47% / -58% |
| Chg YTD | 6% |
| Avg Mo Tr Vol 6M, USD ths | 52.8 |
| MCap, USD mln | 1314.1 |
| Free float, % | 7.0% |
| FF MCap, USD mln | 92.0 |
| No of shares, mln | 39.0 |
| Par Value, UAH | 10 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

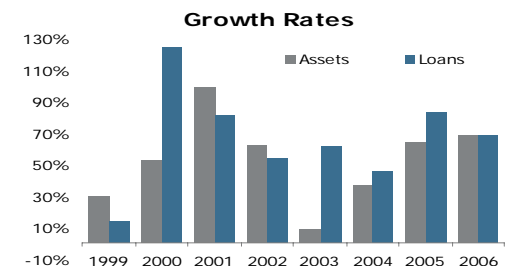
| | |
|-------------------------|-------|
| Manmade Enterprises Ltd | 30.7% |
| Novartik Trading Ltd | 28.9% |
| OJSC Agrocom -Ukraine | 10.6% |
| Axis Technologies Ltd | 8.5% |
| East Capital Group | 6.1% |
| Other | 15.1% |

MARKET MULTIPLES

| | 2006 | 2007E |
|------------|------|-------|
| P/E | 35.6 | n/a |
| P/B | 5.0 | n/a |
| P/Loans | 1.0 | n/a |
| P/Deposits | 1.2 | n/a |

KEY RATIOS

| | 2005 | 2006 | 2007E |
|-----------------|------|------|-------|
| EBITDA margin | 28% | 21% | n/a |
| Net Margin | 6% | 6% | n/a |
| ROE | 28% | 19% | n/a |
| Net Debt/Equity | 0.6 | 0.5 | n/a |



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007E |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|------------|
| Interest income | | 42.8 | 74.1 | 111.4 | 186.1 | n/a |
| Interest expense | | (25.6) | (40.1) | (64.7) | (104.6) | n/a |
| Net interest income | 11.1 | 17.3 | 33.9 | 46.7 | 81.5 | n/a |
| Net fee & commission income | 4.0 | 6.4 | 12.0 | 18.0 | 58.2 | n/a |
| Net trading income | - | 3.8 | 4.1 | 31.7 | 36.3 | n/a |
| Net other operating income | 4.2 | - | 2.0 | 0.5 | 2.8 | n/a |
| Net non interest income | 8.2 | 10.2 | 18.0 | 50.2 | 97.2 | n/a |
| Total income | 19.4 | 27.5 | 52.0 | 96.9 | 178.8 | n/a |
| Operating expenses | (14.9) | (17.8) | (33.1) | (53.6) | (98.1) | n/a |
| Operating income | 4.5 | 9.7 | 18.8 | 43.3 | 80.7 | n/a |
| Provision for loan losses | (2.1) | (6.7) | (9.6) | (8.1) | (36.3) | n/a |
| Other provisions | - | (0.3) | (1.9) | 1.0 | - | n/a |
| Profit before income tax | 2.4 | 2.7 | 7.4 | 36.2 | 44.4 | n/a |
| Income tax expenses | (0.1) | (1.7) | (2.6) | (9.1) | (7.4) | n/a |
| Net income | 2.3 | 1.0 | 4.8 | 27.1 | 37.0 | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007E |
|---|--------------|--------------|--------------|----------------|----------------|------------|
| ASSETS | | | | | | |
| Cash & Balances with the National Bank of Ukraine | 11.1 | 26.8 | 53.6 | 89.3 | 98.2 | n/a |
| Due from other banks | 262.8 | 139.0 | 155.5 | 138.9 | 325.0 | n/a |
| Loans and advances to customers | 188.0 | 303.3 | 442.2 | 814.4 | 1 374.4 | n/a |
| Securities portfolio | 6.8 | 20.9 | 17.9 | 95.5 | 104.1 | n/a |
| Property and equipment | 11.5 | 33.7 | 42.1 | 55.8 | 70.1 | n/a |
| Other assets | 6.2 | 8.1 | 21.6 | 10.6 | 66.5 | n/a |
| TOTAL ASSETS | 486.4 | 531.7 | 732.9 | 1 204.4 | 2 038.4 | n/a |
| LIABILITIES | | | | | | |
| Due to the banks | - | 186.5 | 243.1 | 276.4 | 553.5 | n/a |
| Total customer's deposits | 48.6 | 280.4 | 389.3 | 659.9 | 1 118.2 | n/a |
| Debt securities issued | 135.1 | 4.1 | - | 102.2 | 65.3 | n/a |
| Subordinated debt | 46.6 | 22.5 | 18.0 | 17.7 | - | n/a |
| Other liabilities | 245.7 | 4.1 | 16.1 | 20.2 | 39.1 | n/a |
| TOTAL LIABILITIES | 476.1 | 497.6 | 666.4 | 1 076.3 | 1 776.1 | n/a |
| TOTAL EQUITY | 10.4 | 34.2 | 66.5 | 128.0 | 262.3 | n/a |
| TOTAL LIABILITIES & EQUITY | 486.4 | 531.7 | 732.9 | 1 204.4 | 2 038.4 | n/a |

Raiffeisen Bank Aval

BAVL UZ

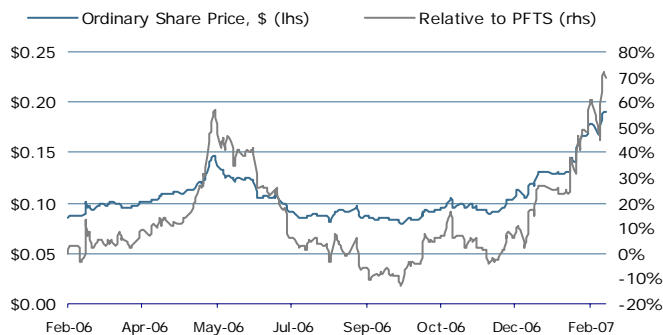
Banks

<http://www.aval.ua>
Target Price (USD)
0.19
Upside
5.29%

INVESTMENT CASE

- Strong lending growth fueled by retail loans
- Improved transparency
- Upcoming 70% increase of its charter fund will strengthen the bank's position

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Raiffeisen Bank Aval (BAVL), part of Raiffeisen International Bank Holding AG, is the second largest bank in Ukraine in terms of assets with an 8.2% market share in 2006. Aval is a universal bank, providing services to over 3.2 mln individuals and more than 200 ths corporate clients.

It operates the second largest nationwide retail network with 1,400 retail outlets. The bank, with loans to individuals of USD 4,135 mln as of Jan. 1, 2007, is the 2nd largest retail lender in Ukraine.

In 2006 Aval posted asset growth of 44% yoy, to USD 5.5 bln while the bank's loan portfolio expanded by 71% yoy to USD 4.3 bln. Retail loans increased by 141% yoy and corporate loans by 34% yoy. Customers' deposits were up 13% yoy to reach USD 3.4 bln as of Jan. 1, 2007.

On Oct. 20, 2006, Raiffeisen Bank Aval announced plans to increase its charter fund by 70% to support further rapid expansion.

* PFTS MID Price 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 | 0.18 |
| Price impact** | 2 |
| 52 Wk H/L, USD | 0.19 / 0.08 |
| Chg 3m/6m/52w | 88% / 96% / 114% |
| Chg vs PFTS 3m/6m/52w | 45% / 48% / 56% |
| Chg YTD | 39% |
| Avg Mo Tr Vol 6M, USD ths | 3719.6 |
| MCap, USD mln | 3789.2 |
| Free float, % | 4.5% |
| FF MCap, USD mln | 170.5 |
| No of shares, mln | 20999.1 |
| Par Value, UAH | 0.1 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|----------------------------|-------|
| Raiffeisen International | 95.5% |
| Ukrtelecom | 0.7% |
| Bank Austria Creditanstalt | 0.5% |
| Other | 3.3% |

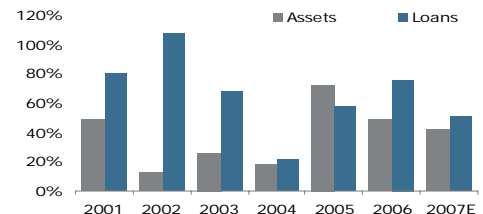
MARKET MULTIPLES

| | 2006 | 2007E |
|------------|------|-------|
| P/E | 56.6 | 31.6 |
| P/B | 6.0 | 3.6 |
| P/Loans | 0.9 | 0.6 |
| P/Deposits | 1.1 | 0.8 |

KEY RATIOS

| | 2005 | 2006 | 2007E |
|------------------|------|------|-------|
| Net Income Mgn | 4% | 14% | 14% |
| Net Interest Mgn | 7% | 8% | 8% |
| ROE | 6% | 14% | 14% |
| Cost/Income | 67% | 61% | 59% |

Growth Rates



INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 2006 | 2007E | 2008E |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Interest income | 177.4 | 233.1 | 336.9 | 513.3 | 795.6 | 1 119.0 |
| Interest expense | (90.0) | (131.3) | (172.1) | (232.4) | (325.3) | (440.1) |
| Net interest income | 87.4 | 101.7 | 164.8 | 280.9 | 470.2 | 678.9 |
| Net fee & commission income | 76.2 | 115.5 | 120.6 | 154.5 | 193.1 | 261.6 |
| Net trading income | 19.8 | 24.5 | 30.5 | 30.1 | 34.3 | 42.2 |
| Net other operating income | 1.2 | 1.9 | 0.7 | 3.2 | 0.4 | 0.6 |
| Net non interest income | 97.1 | 141.8 | 151.8 | 187.8 | 227.9 | 304.4 |
| Total income | 184.5 | 243.5 | 316.6 | 468.7 | 698.1 | 983.3 |
| Operating expenses | (138.7) | (173.4) | (212.0) | (285.4) | (413.8) | (579.4) |
| Operating income | 45.8 | 70.1 | 104.6 | 183.3 | 284.3 | 403.9 |
| Provision for loan losses | (48.7) | (20.9) | (72.0) | (81.8) | (112.0) | (138.3) |
| Other provisions | (0.3) | (2.5) | (2.8) | 0.0 | 0.0 | 0.0 |
| Profit before income tax | (3.2) | 46.7 | 29.8 | 101.6 | 172.3 | 265.6 |
| Income tax expenses | (3.8) | (13.8) | (15.6) | (34.7) | (51.7) | (79.7) |
| Net income | (7.0) | 32.9 | 14.2 | 66.9 | 120.6 | 185.9 |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 2006 | 2007E | 2008E |
|---|----------------|----------------|----------------|----------------|----------------|-----------------|
| ASSETS | | | | | | |
| Cash & Balances with the National Bank of Ukraine | 121.9 | 202.2 | 632.7 | 477.5 | 519.9 | 709.3 |
| Due from other banks | 243.1 | 178.8 | 337.5 | 368.9 | 399.7 | 452.2 |
| Loans and advances to customers | 1 231.3 | 1 496.0 | 2 354.1 | 4 135.0 | 6 637.6 | 9 534.8 |
| Securities portfolio | 52.8 | 57.9 | 175.1 | 29.6 | 123.9 | 197.9 |
| Property and equipment | 125.8 | 170.8 | 192.6 | 331.7 | 240.8 | 310.0 |
| Other assets | 32.3 | 36.3 | 14.0 | 156.8 | 71.6 | 101.8 |
| TOTAL ASSETS | 1 807.2 | 2 142.1 | 3 706.0 | 5 499.6 | 7 993.5 | 11 306.0 |
| LIABILITIES | | | | | | |
| Due to the National Bank of Ukraine | 74.9 | 132.8 | 13.2 | - | 13.3 | 14.4 |
| Due to the other banks | 209.1 | 244.7 | 496.1 | 1 316.3 | 2 382.9 | 3 363.6 |
| Total customer's deposits | 1 387.8 | 1 588.7 | 2 827.4 | 3 382.6 | 4 521.2 | 6 448.6 |
| Debt securities issued | 7.7 | 0.1 | 69.9 | - | 70.2 | 70.2 |
| Other liabilities | 7.5 | 9.0 | 29.0 | 164.9 | 142.8 | 170.0 |
| TOTAL LIABILITIES | 1 687.1 | 1 975.3 | 3 435.6 | 4 863.8 | 7 130.4 | 10 066.9 |
| TOTAL EQUITY | 120.1 | 166.8 | 270.5 | 635.8 | 863.1 | 1 239.2 |
| TOTAL LIABILITIES & EQUITY | 1 807.2 | 2 142.1 | 3 706.0 | 5 499.6 | 7 993.5 | 11 306.0 |

Rodovid Bank

RODB UZ

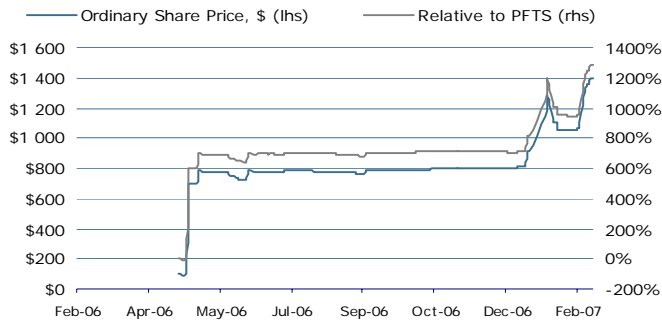
Banks

<http://www.rodovidbank.com>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



*listed on PFTS since 27 Mar 2006

BUSINESS OVERVIEW

Rodovid Bank is one of Ukraine's fastest growing banks and was the 21st largest by assets in 2006. It was created in 1990 as the open JSC bank Percombank. With the arrival of new shareholders and management in the summer of 2004, the bank was renamed to Rodovid. Headquartered in Kyiv, Rodovid is a universal banking institution, providing traditional commercial banking services (corporate and consumer lending, deposits, current accounts, F/X operations and a fixed-income brokerage) to corporate and private customers. Rodovid operates a retail network in Kyiv as well as in other regions, which consisted of 210 branches/offices at the end of 2006.

In 2006, Rodovid's assets increased by 101% yoy to USD 728 mln, loan portfolio grew by 73% yoy to reach USD 436 mln and customer deposits were raised by 53% yoy to USD 396 mln. The bank is aggressively expanding into retail – loans to individuals jumped 325% yoy to USD 185 mln in 2006.

Rodovid Bank placed a 19% stake with portfolio investors and plans to attract a USD 10 mln syndicated loan and issue Eurobonds for USD 100 mln in 2007.

* PFTS MID Price 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 | 1401 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 1 401.0 / 99.0 |
| Chg 3m/6m/52w | 76% / 81% / n/a |
| Chg vs PFTS 3m/6m/52w | 33% / 34% / -58% |
| Chg YTD | 26% |
| Avg Mo Tr Vol 6M, USD ths | 225.2 |
| MCap, USD mln | 490 |
| Free float, % | 19.0% |
| FF MCap, USD mln | 93.2 |
| No of shares, mln | 0.4 |
| Par Value, UAH | 1000 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|---------------------------------|-------|
| Institutional investors | 19.0% |
| Management affiliated companies | 18.0% |
| Legal entities | 63.0% |

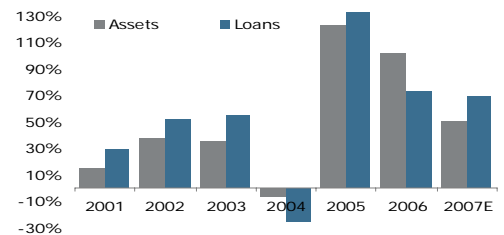
MARKET MULTIPLES

| | 2006 | 2007E |
|------------|-------|-------|
| P/E | 109.8 | 71.1 |
| P/B | 5.5 | 5.1 |
| P/Loans | 1.1 | 0.6 |
| P/Deposits | 1.2 | 0.7 |

KEY RATIOS

| | 2005 | 2006 | 2007E |
|------------------|------|------|-------|
| Net Income Mgn | 15% | 17% | 19% |
| Net Interest Mgn | 2% | 2% | 3% |
| ROE | 6% | 7% | 7% |
| Cost/Income | 57% | 67% | 63% |

Growth Rates



INCOME STATEMENT SUMMARY, USD mln

| | 2004 | 2005 | 2006 | 2007E | 2008E |
|---------------------------------|--------------|--------------|---------------|------------|------------|
| Interest income | 3.7 | 22.0 | 51.3 | n/a | n/a |
| Interest expense | (2.7) | (16.6) | (41.1) | n/a | n/a |
| Net interest income | 1.1 | 5.4 | 10.1 | n/a | n/a |
| Net fee & commission income | 3.5 | 5.4 | 10.5 | n/a | n/a |
| Net trading income | 1.1 | 2.0 | 3.1 | n/a | n/a |
| Net other operating income | 0.1 | 1.1 | 2.0 | n/a | n/a |
| Net non interest income | 4.7 | 8.5 | 15.5 | n/a | n/a |
| Total income | 5.8 | 13.8 | 25.7 | n/a | n/a |
| Operating expenses | (2.6) | (7.8) | (17.2) | n/a | n/a |
| Operating income | 3.1 | 5.9 | 8.5 | n/a | n/a |
| Provision for loan losses | (2.3) | (3.3) | (3.1) | n/a | n/a |
| Other provisions | - | - | - | n/a | n/a |
| Profit before income tax | 0.8 | 2.6 | 5.4 | n/a | n/a |
| Income tax expenses | (0.1) | (0.5) | (1.0) | n/a | n/a |
| Net income | 0.7 | 2.1 | 4.5 | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2004 | 2005 | 2006 | 2007E | 2008E |
|---|--------------|--------------|--------------|------------|------------|
| ASSETS | | | | | |
| Cash & Balances with the National Bank of Ukraine | 2.6 | 31.4 | 45.8 | n/a | n/a |
| Due from other banks | 80.0 | 49.5 | 192.9 | n/a | n/a |
| Loans and advances to customers | 42.9 | 247.3 | 428.3 | n/a | n/a |
| Securities portfolio | 11.7 | 9.4 | 22.3 | n/a | n/a |
| Property and equipment | 14.2 | 19.3 | 30.8 | n/a | n/a |
| Other assets | 0.7 | 5.4 | 7.7 | n/a | n/a |
| TOTAL ASSETS | 163.0 | 362.2 | 727.8 | n/a | n/a |
| LIABILITIES | | | | | |
| Due to the banks | 27.6 | 50.4 | 191.4 | n/a | n/a |
| Total customer's deposits | 103.0 | 264.0 | 396.0 | n/a | n/a |
| Debt securities issued | - | - | 34.1 | n/a | n/a |
| Other liabilities | 0.7 | 12.6 | 17.2 | n/a | n/a |
| TOTAL LIABILITIES | 131.3 | 327.0 | 638.6 | n/a | n/a |
| TOTAL EQUITY | 31.7 | 35.2 | 89.1 | n/a | n/a |
| TOTAL LIABILITIES & EQUITY | 163.0 | 362.2 | 727.8 | n/a | n/a |

Ukrgazbank

UGZB UZ

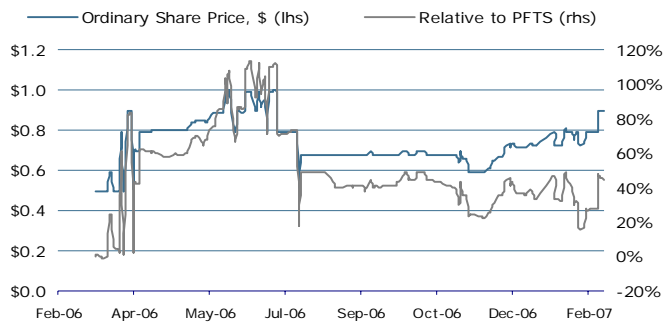
Banks

<http://www.ukrgasbank.com>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



*listed on PFTS since 1 Mar 2006

BUSINESS OVERVIEW

Established in 1993, Ukrgazbank is the successor to Intergazbank and Hadjibeybank. Headquartered in Kyiv, the bank operated a network of 149 branches/offices in different regions of Ukraine as of Oct. 1, 2006. Ukrgazbank is a universal bank, providing standard commercial banking services to 200 ths individuals and 13 ths corporate clients.

As of the end of 2006, the bank was ranked 17th in Ukraine by assets with a 1.3% market share. A charter fund increase of USD 19.8 mln to USD 79.2 mln was approved at the bank's AGM on Dec. 26, 2006.

In 2006, Ukrgazbank posted growth in its key financials: assets by 72% yoy to USD 883 mln, loan portfolio by 80% yoy to USD 428 mln and customer deposits by 76% yoy to USD 532 mln. After previously focusing more on corporate business, Ukrgazbank accelerated its expansion into retail with consumer lending surging with 306% yoy growth to USD 117 mln in 2006. The bank also plans to expand its retail network by adding 150 new outlets in 2007.

UPCOMING EVENTS

20 Mar 2007 EGM will approve the results of USD 20 mln charter fund increase

* PFTS BID Price 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 | 1.14 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.99 / 0.50 |
| Chg 3m/6m/52w | 67% / 47% / 100% |
| Chg vs PFTS 3m/6m/52w | 24% / 0% / 42% |
| Chg YTD | 22% |
| Avg Mo Tr Vol 6M, USD ths | 52.9 |
| MCap, USD mln | 341.6 |
| Free float, % | 10.0% |
| FF MCap, USD mln | 34.2 |
| No of shares, mln | 300.0 |
| Par Value, UAH | 1.0 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

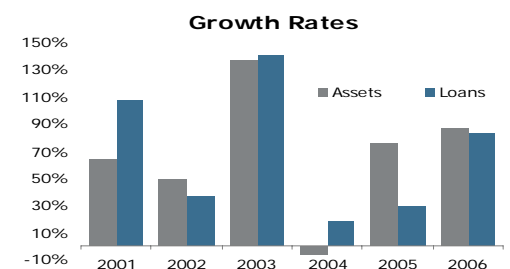
| | |
|--------------------------|-------|
| Ukrgazinvest | 10.0% |
| Individuals | 11.0% |
| Investanalytic | 10.0% |
| Finance- Invest Alliance | 10.0% |
| Naftogaz Ukraine | 5.0% |
| Other | 54.0% |

MARKET MULTIPLES

| | 2006 | 2007E |
|------------|------|-------|
| P/E | 56.0 | 35.0 |
| P/B | 3.6 | 2.8 |
| P/Loans | 1.2 | 0.7 |
| P/Deposits | 0.9 | 0.6 |

KEY RATIOS

| | 2005 | 2006 | 2007E |
|------------------|------|------|-------|
| Net Income Mgn | 11% | 14% | 15% |
| Net Interest Mgn | 2% | 4% | 3% |
| ROE | 8% | 9% | 9% |
| Cost/Income | 57% | 75% | 63% |



INCOME STATEMENT SUMMARY, USD mln

| | 2004 | 2005 | 2006 | 2007E | 2008E |
|---------------------------------|---------------|---------------|---------------|------------|------------|
| Interest income | 29.4 | 47.5 | 70.8 | n/a | n/a |
| Interest expense | (20.1) | (31.7) | (47.3) | n/a | n/a |
| Net interest income | 9.3 | 15.9 | 23.5 | n/a | n/a |
| Net fee & commission income | 6.1 | 7.4 | 11.3 | n/a | n/a |
| Net trading income | 1.8 | 2.0 | 6.5 | n/a | n/a |
| Net other operating income | 5.8 | 5.6 | 0.0 | n/a | n/a |
| Net non interest income | 13.7 | 15.0 | 17.8 | n/a | n/a |
| Total income | 23.1 | 30.9 | 44.8 | n/a | n/a |
| Operating expenses | (16.2) | (22.2) | (33.4) | n/a | n/a |
| Operating income | 6.9 | 8.7 | 11.4 | n/a | n/a |
| Provision for loan losses | (4.5) | (5.0) | (5.6) | n/a | n/a |
| Other provisions | - | - | - | n/a | n/a |
| Profit before income tax | 2.4 | 3.7 | 5.8 | n/a | n/a |
| Income tax expenses | 0.1 | (0.5) | 0.3 | n/a | n/a |
| Net income | 2.4 | 3.3 | 6.1 | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2004 | 2005 | 2006 | 2007E | 2008E |
|---|--------------|--------------|--------------|------------|------------|
| ASSETS | | | | | |
| Cash & Balances with the National Bank of Ukraine | 25.6 | 59.3 | 60.8 | n/a | n/a |
| Due from other banks | 35.7 | 112.3 | 231.6 | n/a | n/a |
| Loans and advances to customers | 174.7 | 225.2 | 411.5 | n/a | n/a |
| Securities portfolio | 9.6 | 42.6 | 93.2 | n/a | n/a |
| Property and equipment | 17.8 | 28.3 | 71.9 | n/a | n/a |
| Other assets | 5.8 | 4.9 | 14.4 | n/a | n/a |
| TOTAL ASSETS | 269.3 | 472.7 | 883.3 | n/a | n/a |
| LIABILITIES | | | | | |
| Due to the banks | 29.0 | 105.3 | 200.0 | n/a | n/a |
| Total customer's deposits | 198.1 | 303.3 | 532.4 | n/a | n/a |
| Debt securities issued | - | 0.9 | 28.1 | n/a | n/a |
| Other liabilities | 13.7 | 20.3 | 28.4 | n/a | n/a |
| TOTAL LIABILITIES | 240.9 | 429.8 | 788.9 | n/a | n/a |
| TOTAL EQUITY | 28.4 | 43.0 | 94.4 | n/a | n/a |
| TOTAL LIABILITIES & EQUITY | 269.3 | 472.7 | 883.3 | n/a | n/a |

Ukrinbank

UKIB UZ

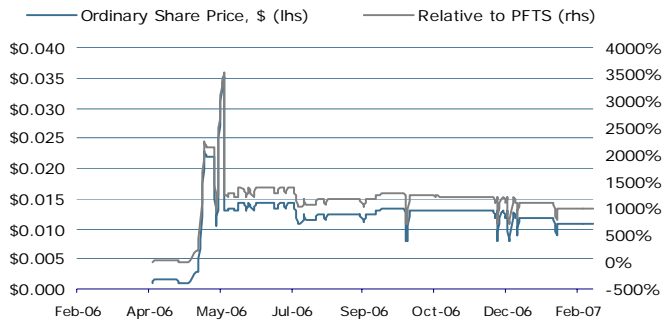
Banks

<http://www.ukrinbank.com>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



*listed on PFTS since 30 Mar 2006

BUSINESS OVERVIEW

Established in 1988, Ukrinbank is one of the oldest banks in Ukraine. It provides commercial banking services to individual and corporate clients through a comparatively wide retail branch network that consisted of 118 outlets in different regions of Ukraine at the end of 2006. The bank is headquartered in Kyiv. Ukrinbank was Ukraine's 43th largest bank by assets in 2006, enjoying a market share of 0.4%. In 2006, the bank issued 15.4 bln shares at a par value of USD 0.002, which increased its charter fund by USD 30.5 mln to USD 40.45 mln. In addition, Ukrinbank sold 20% of its shares to foreign investors for USD 36.1 mln in 2006.

In 2006, the bank's assets grew by 75% yoy to USD 246 mln, total loans expanded by 53% yoy to USD 140 mln and customer deposits increased by 12% to USD 130 mln.

In 2007 the bank plans to add another 32 outlets to its retail network.

* PFTS MID Price 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 | 0.01 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.03 / 0.00 |
| Chg 3m/6m/52w | -15% / -12% / 1022% |
| Chg vs PFTS 3m/6m/52w | -58% / -59% / 964% |
| Chg YTD | 0% |
| Avg Mo Tr Vol 6M, USD ths | 3.2 |
| MCap, USD mln | 222 |
| Free float, % | 20.0% |
| FF MCap, USD mln | 44.5 |
| No of shares, mln | 20428 |
| Par Value, UAH | 0.01 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

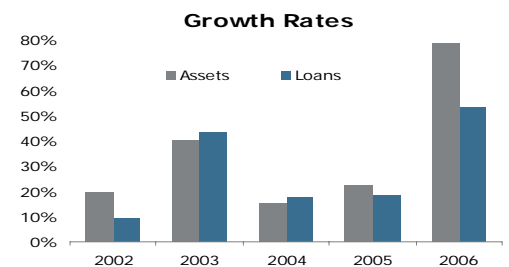
| | |
|-------------------------|-------|
| Shelton | 73.4% |
| Management | 1.3% |
| Institutional investors | 20.0% |
| Other | 5.3% |

MARKET MULTIPLES

| | 2006 | 2007E |
|------------|-------|-------|
| P/E | 156.1 | n/a |
| P/B | 2.5 | n/a |
| P/Loans | 1.7 | n/a |
| P/Deposits | 1.7 | n/a |

KEY RATIOS

| | 2005 | 2006 | 2007E |
|------------------|------|------|-------|
| Net Income Mgn | 2% | 7% | n/a |
| Net Interest Mgn | 7% | 8% | n/a |
| ROE | 2% | 3% | n/a |
| Cost/Income | 89% | 77% | n/a |



INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 2006 | 2007E | 2008E |
|---------------------------------|---------------|---------------|---------------|---------------|------------|------------|
| Interest income | 10.9 | 13.5 | 14.9 | 18.9 | n/a | n/a |
| Interest expense | (5.1) | (7.9) | (8.3) | (8.3) | n/a | n/a |
| Net interest income | 5.9 | 5.6 | 6.6 | 10.6 | n/a | n/a |
| Net fee & commission income | 4.3 | 4.6 | 5.1 | 6.3 | n/a | n/a |
| Net trading income | 1.5 | 2.0 | 2.5 | 2.4 | n/a | n/a |
| Net other operating income | 0.4 | 0.7 | 0.8 | 1.0 | n/a | n/a |
| Net non interest income | 6.2 | 7.2 | 8.5 | 9.8 | n/a | n/a |
| Total income | 12.1 | 12.8 | 15.1 | 20.4 | n/a | n/a |
| Operating expenses | (10.4) | (11.7) | (13.3) | (15.8) | n/a | n/a |
| Operating income | 1.7 | 1.2 | 1.7 | 4.6 | n/a | n/a |
| Provision for loan losses | - | (0.6) | (0.6) | (2.2) | n/a | n/a |
| Other provisions | (0.2) | (0.1) | (0.7) | - | n/a | n/a |
| Profit before income tax | 1.5 | 0.5 | 0.4 | 2.4 | n/a | n/a |
| Income tax expenses | (0.5) | (0.2) | (0.1) | (1.0) | n/a | n/a |
| Net income | 0.9 | 0.3 | 0.3 | 1.4 | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 2006 | 2007E | 2008E |
|---|-------------|--------------|--------------|--------------|------------|------------|
| ASSETS | | | | | | |
| Cash & Balances with the National Bank of Ukraine | 12.9 | 13.2 | 23.0 | 13.4 | n/a | n/a |
| Due from other banks | 6.0 | 8.3 | 8.1 | 28.0 | n/a | n/a |
| Loans and advances to customers | 63.0 | 74.1 | 87.7 | 134.4 | n/a | n/a |
| Securities portfolio | 0.5 | 0.7 | 0.7 | 0.4 | n/a | n/a |
| Property and equipment | 14.8 | 14.9 | 15.8 | 66.8 | n/a | n/a |
| Other assets | 0.9 | 1.5 | 2.5 | 2.7 | n/a | n/a |
| TOTAL ASSETS | 98.0 | 112.6 | 137.8 | 245.8 | n/a | n/a |
| LIABILITIES | | | | | | |
| Due to the banks | 6.0 | 11.2 | 3.3 | 15.4 | n/a | n/a |
| Total customer's deposits | 75.1 | 83.5 | 116.5 | 130.2 | n/a | n/a |
| Subordinated debt | 2.0 | 2.0 | - | - | n/a | n/a |
| Other liabilities | 2.5 | 1.8 | 3.3 | 12.9 | n/a | n/a |
| TOTAL LIABILITIES | 85.5 | 98.5 | 123.1 | 158.5 | n/a | n/a |
| TOTAL EQUITY | 12.5 | 14.1 | 14.7 | 87.3 | n/a | n/a |
| TOTAL LIABILITIES & EQUITY | 98.0 | 112.6 | 137.8 | 245.8 | n/a | n/a |

Ukrsotsbank

USCIB UZ

Banks

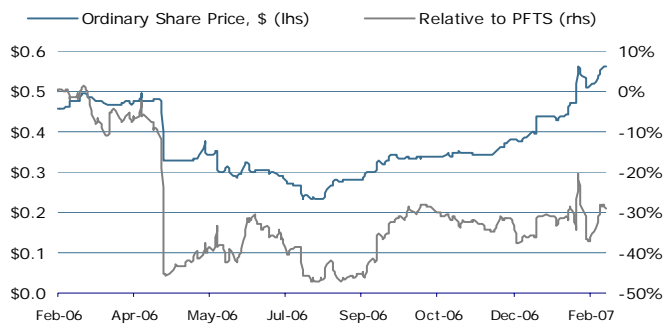
<http://www.usb.com.ua>

Target Price (USD) 0.45
Upside -20.37%

INVESTMENT CASE

- Low-cost, diversified deposit base with a sizeable portion of demand deposits
- Stable growth rates outpace the banking sector
- Plans further expansion in higher-yield retail banking
- Foreign borrowing to replace more expensive domestic debt
- Stable, above the market average margins
- A prolonged acquisition fever is close to end

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Founded in 1990, Ukrsotsbank was the sixth-largest bank in terms of assets in 2006 with a market share of 5.2%. Headquartered in Kyiv, with an extensive 530 branch network, (23 offices in Kyiv and 507 regional branches), making it one of the top retail banks in Ukraine. Ukrsotsbank provides commercial banking services to over 1 mln private clients via its broad retail network. On Feb. 15, 2006 Banca Intesa, Italy's second-largest bank, won a tender for Ukrsotsbank with an offer of USD 1.16 bln for an 88% stake.

In 2006 Ukrsotsbank increased its assets by 63% yoy to USD 3.47 bln, customer deposits grew by 32% yoy to USD 2.18 bln. The bank's loan portfolio expanded by 73% to USD 436 mln with retail lending more than doubled over 2006. Ukrsotsbank is among leading players in mortgage segment.

In 2007, Ukrsotsbank plans to increase its charter fund by USD 99-118 mln to USD 172.3-192.1 mln.

* PFTS MID Price 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 | 0.57 |
| Price impact** | 2 |
| 52 Wk H/L, USD | 0.57 / 0.23 |
| Chg 3m/6m/52w | 64% / 111% / 39% |
| Chg vs PFTS 3m/6m/52w | 21% / 63% / -19% |
| Chg YTD | 27% |
| Avg Mo Tr Vol 6M, USD ths | 7475.9 |
| MCap, USD mln | 2090.9 |
| Free float, % | 4.4% |
| FF MCap, USD mln | 92.0 |
| No of shares, mln | 3700.0 |
| Par Value, UAH | 0.1 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

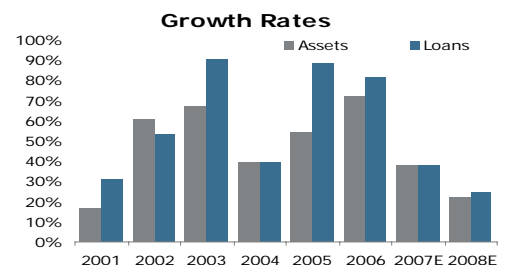
| | |
|-----------------------|-------|
| Banca Intesa | 88.0% |
| Tempsford Investments | 7.6% |
| Other | 4.4% |

MARKET MULTIPLES

| | 2006E | 2007E |
|------------|-------|-------|
| P/E | 36.7 | 24.3 |
| P/B | 5.5 | 4.5 |
| P/Loans | 0.8 | 0.5 |
| P/Deposits | 1.0 | 0.6 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|------------------|------|-------|-------|
| Net Income Mgn | 16% | 20% | 21% |
| Net Interest Mgn | 6% | 6% | 7% |
| ROE | 14% | 20% | 20% |
| Cost/Income | 72% | 59% | 68% |



INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 2006 | 2007E | 2008E |
|---------------------------------|---------------|---------------|----------------|----------------|----------------|----------------|
| Interest income | 86.7 | 122.7 | 178.0 | 281.3 | 447.9 | 502.4 |
| Interest expense | (40.8) | (70.0) | (107.8) | (162.2) | (251.3) | (275.4) |
| Net interest income | 45.9 | 52.8 | 70.2 | 119.1 | 196.6 | 226.9 |
| Net fee & commission income | 43.5 | 51.0 | 65.9 | 79.8 | 166.3 | 213.3 |
| Net trading income | (0.2) | 5.8 | 12.2 | 18.6 | 26.9 | 30.1 |
| Net other operating income | 1.3 | 2.2 | 4.5 | 5.3 | 9.0 | 10.0 |
| Net non interest income | 44.6 | 59.0 | 82.5 | 103.8 | 202.2 | 253.5 |
| Total income | 90.5 | 111.8 | 152.8 | 222.9 | 398.8 | 480.5 |
| Operating expenses | (68.7) | (84.6) | (109.4) | (131.9) | (269.9) | (311.5) |
| Operating income | 21.8 | 27.2 | 43.3 | 91.0 | 128.9 | 169.0 |
| Provision for loan losses | (5.8) | (2.3) | (11.3) | (11.5) | (27.2) | (28.2) |
| Other provisions | (0.5) | 0.3 | (0.1) | (0.0) | (0.2) | (0.3) |
| Profit before income tax | 15.6 | 25.2 | 31.9 | 79.5 | 101.5 | 140.5 |
| Income tax expenses | (4.7) | (4.2) | (7.9) | (22.6) | (25.4) | (35.1) |
| Net income | 10.9 | 21.1 | 24.0 | 56.9 | 76.1 | 105.3 |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 2006 | 2007E | 2008E |
|---|--------------|----------------|----------------|----------------|----------------|----------------|
| ASSETS | | | | | | |
| Cash & Balances with the National Bank of Ukraine | 111.3 | 170.4 | 264.2 | 541.6 | 466.9 | 493.4 |
| Due from other banks | 99.8 | 152.3 | 81.2 | 40.1 | 166.9 | 203.4 |
| Loans and advances to customers | 517.9 | 720.5 | 1 359.7 | 2 460.7 | 2 850.3 | 3 554.2 |
| Securities portfolio | 115.0 | 94.5 | 108.2 | 60.6 | 229.5 | 279.7 |
| Property and equipment | 78.6 | 157.8 | 190.6 | 293.9 | 426.3 | 513.8 |
| Other assets | 17.5 | 12.1 | 15.3 | 74.7 | 32.3 | 40.1 |
| TOTAL ASSETS | 940.2 | 1 307.6 | 2 019.2 | 3 471.6 | 4 172.1 | 5 084.6 |
| LIABILITIES | | | | | | |
| Due to the banks | 98.0 | 45.8 | 177.1 | 757.6 | 673.0 | 689.4 |
| Due to the other banks | 49.1 | 20.6 | 169.2 | 757.6 | 663.3 | 679.0 |
| Total customer's deposits | 747.7 | 1 078.4 | 1 630.9 | 2 176.7 | 3 012.0 | 3 795.4 |
| Other liabilities | 14.1 | 29.8 | 16.8 | 155.7 | 59.5 | 71.6 |
| TOTAL LIABILITIES | 859.8 | 1 154.0 | 1 824.8 | 3 090.1 | 3 744.5 | 4 556.4 |
| TOTAL EQUITY | 80.4 | 153.6 | 194.4 | 381.5 | 427.6 | 528.2 |
| TOTAL LIABILITIES & EQUITY | 940.2 | 1 307.6 | 2 019.2 | 3 471.6 | 4 172.1 | 5 084.6 |

Universalna Insurance SKUN UZ

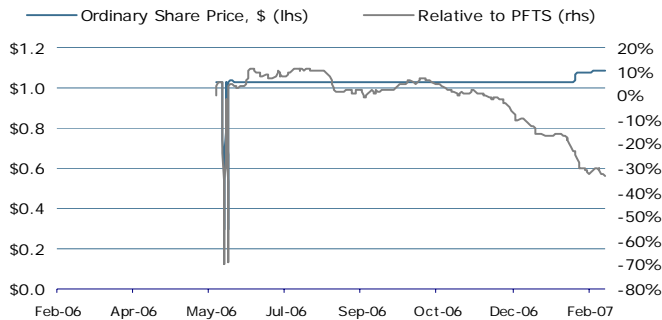
Insurance

<http://www.universalna.com>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



*listed on PFTS since 22 May 2006

BUSINESS OVERVIEW

Universalna Insurance, which was established in May 2002, is one of the largest insurance companies in Ukraine and provides 30 types of non-life insurance services to individual and corporate clients. In addition, it has 100% of the market on TIR-Carnet Insurance. As of Oct. 1, 2006, the company's network consisted of 46 outlets with the nation-wide coverage in each region of the country and was the second largest insurance network in Ukraine. A charter fund increase of USD 7.92 mln to USD 19.8 mln was approved at the company's AGM on Dec. 19, 2006. In 2006, Universalna sold 15% of its shares to international investors for USD 11.25 mln. In 9M06, the company increased its collection of insurance payments by 9% yoy to USD 23.68 mln. As of Oct. 1, 2006, the company's assets equaled USD 31.96 mln (24.6% yoy growth) and its guarantee fund totaled USD 6.25 mln, which is 1.68 times larger than in 9M05.

UPCOMING EVENTS

1 Mar-8 Apr 2007 first subscription stage to additional share issue
9 Apr-15 Apr 2007 second stage of subscription

* PFTS BID Price is used

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MARKET INFORMATION

| | |
|---------------------------|--------------------|
| Market price*, USD | 1.09 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 1.09 / 0.30 |
| Chg 3m/6m/52w | 6% / 6% / 6% |
| Chg vs PFTS 3m/6m/52w | -37% / -41% / -53% |
| Chg YTD | 6% |
| Avg Mo Tr Vol 6M, USD ths | 2168.4 |
| MCap, USD mln | 65.3 |
| Free float, % | 15.0% |
| FF MCap, USD mln | 9.8 |
| No of shares, mln | 60.0 |
| Par Value, UAH | 1.0 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

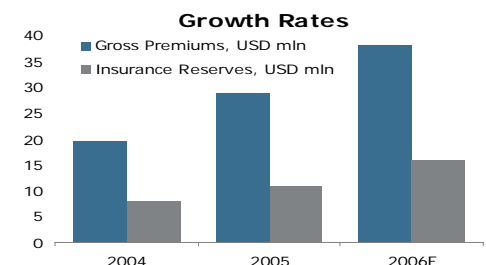
| | |
|----------|-------|
| F.I.E.H. | 82.8% |
| Other | 17.2% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 2.93 | n/a |
| EV/EBITDA | 19.2 | n/a |
| P/E | 389.4 | n/a |
| P/B | 6.6 | n/a |
| P/CF | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 9.5% | 15% | n/a |
| Net Margin | 0.7% | 1% | n/a |
| ROE | 1.6% | 2% | n/a |
| Net Debt/Equity | -0.5 | -0.4 | n/a |



INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|------------------------|------------|--------------|-------------|-------------|------------|------------|
| Net Revenues | 4.1 | 4.9 | 19.4 | 15.7 | n/a | n/a |
| <i>Change y-o-y</i> | - | 19.1% | 296.3% | 138.9% | n/a | n/a |
| Gross Profit | 2.4 | 1.9 | 6.1 | 4.3 | n/a | n/a |
| EBITDA | 1.9 | 0.6 | 1.8 | 2.4 | n/a | n/a |
| <i>margin, %</i> | 45.0% | 11.2% | 9.5% | 15.3% | n/a | n/a |
| Depreciation | (0.3) | (0.5) | (0.6) | (0.7) | n/a | n/a |
| EBIT | 1.6 | 0.1 | 1.3 | 1.7 | n/a | n/a |
| <i>margin, %</i> | 38.0% | 1.4% | 6.5% | 10.7% | n/a | n/a |
| Interest Expense | (0.0) | (0.1) | (0.1) | (0.2) | n/a | n/a |
| Other income/(expense) | (0.1) | 0.1 | (0.1) | (0.5) | n/a | n/a |
| PBT | 1.5 | 0.1 | 1.0 | 0.9 | n/a | n/a |
| Tax | (0.3) | (0.5) | (0.9) | (0.8) | n/a | n/a |
| Net Income | 1.2 | (0.5) | 0.1 | 0.1 | n/a | n/a |
| <i>Net Margin, %</i> | 28.9% | -10.0% | 0.7% | 0.8% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 7.7 | 10.7 | 17.5 | 23.1 | n/a | n/a |
| Cash & Equivalents | 2.9 | 4.5 | 6.3 | 6.4 | n/a | n/a |
| Trade Receivables | 0.7 | 1.8 | 3.0 | 4.1 | n/a | n/a |
| Inventories | 0.1 | 0.2 | 0.2 | 0.3 | n/a | n/a |
| Other | 3.9 | 4.1 | 8.0 | 12.3 | n/a | n/a |
| Fixed Assets | 6.9 | 8.0 | 7.2 | 8.8 | n/a | n/a |
| PP&E, net | 2.1 | 3.2 | 4.6 | 5.8 | n/a | n/a |
| Other | 4.7 | 4.8 | 2.6 | 3.0 | n/a | n/a |
| Total Assets | 14.5 | 18.6 | 24.7 | 32.0 | n/a | n/a |
| Shareholders' Equity | 5.6 | 9.1 | 9.7 | 18.1 | n/a | n/a |
| Share Capital | 2.0 | 3.4 | 3.7 | 12.4 | n/a | n/a |
| Retained Earnings | 3.1 | 4.5 | 4.7 | 5.0 | n/a | n/a |
| Other | 0.5 | 1.2 | 1.3 | 0.8 | n/a | n/a |
| Current Liabilities | 5.8 | 4.1 | 6.9 | 3.6 | n/a | n/a |
| ST Interest Bearing Debt | 0.6 | 0.7 | 0.1 | 0.4 | n/a | n/a |
| Trade Payables | 0.4 | 0.5 | 2.9 | 1.7 | n/a | n/a |
| Other | 4.8 | 2.9 | 4.0 | 1.7 | n/a | n/a |
| LT Liabilities | - | - | 0.8 | 2.3 | n/a | n/a |
| LT Interest Bearing Debt | - | - | 0.8 | 1.9 | n/a | n/a |
| Other | - | - | - | 0.4 | n/a | n/a |
| Total Liabilities & Equity | 11.4 | 13.1 | 17.4 | 24.0 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|------------|------------|------------|--------------|--------------|--------------|--------------|-------------|------------|------------|------------|
| Net Revenues | 1.1 | 0.9 | 0.9 | 2.0 | 1.9 | 2.5 | 2.2 | 12.9 | 5.1 | 5.0 | 5.6 |
| <i>Change y-o-y</i> | 45.0% | -6.6% | -25.1% | 62.2% | 66.8% | 190.5% | 149.6% | 532.1% | 169.2% | 99.3% | 157.8% |
| EBITDA | 0.5 | 0.2 | 0.9 | (1.1) | (0.0) | (0.1) | (0.2) | 2.2 | 0.5 | 1.2 | 0.8 |
| <i>margin, %</i> | 45.4% | 20.1% | 106.2% | -52.0% | -1.9% | -6.0% | -7.5% | 17.0% | 9.2% | 23.4% | 13.8% |
| EBIT | 0.5 | 0.1 | 0.8 | (1.4) | (0.2) | (0.3) | (0.3) | 2.1 | 0.3 | 1.0 | 0.4 |
| <i>margin, %</i> | 42.7% | 16.4% | 97.8% | -69.1% | -9.2% | -12.4% | -15.2% | 16.1% | 5.9% | 20.1% | 6.8% |
| Net Income | 0.4 | 0.0 | 0.7 | (1.6) | (0.4) | (0.6) | (0.8) | 1.9 | 0.1 | 0.0 | 0.0 |
| <i>Net Margin, %</i> | 35.2% | 2.7% | 78.3% | -78.3% | -19.3% | -23.0% | -37.3% | 14.7% | 1.4% | 0.8% | 0.3% |

XXI Century

XXIC LN

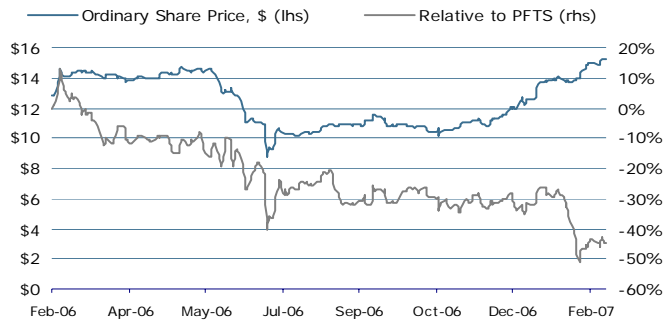
Real Estate

<http://www.21.com.ua>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



*the stock is traded on AIM

BUSINESS OVERVIEW

Established in 1999, XXI Century is currently a leading Ukrainian real-estate developer and an expert in property investment. The company's project portfolio includes commercial, office, hotel, entertainment and residential property. In 2006 the company started expanding into the regions, targeting the largest cities in Ukraine. On Dec. 16, 2005, XXI Century placed 35.7% of its shares on the London Stock Exchange and attracted USD 139 mln. Among the company's institutional shareholders are leading investment funds: JP Morgan, Merrill Lynch, Union Investment, Raiffeisen, Deka and East Capital.

In 9M06, the company reported a 39.3% ytd decrease in net revenue to USD 1.7 mln, a 361% ytd fall in EBITDA, but its net income improved by 105% ytd to USD 8.6 mln.

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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 | 15.28 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 16.4 / 9.4 |
| Chg 3m/6m/52w | 38% / 38% / 11% |
| Chg 2006 | 0.0% |
| Chg YTD | 9% |
| Avg Mo Tr Vol 6M, USD ths | 5281.4 |
| MCap, USD mln | 570.5 |
| Free float, % | 35.7% |
| FF MCap, USD mln | 203.7 |
| No of shares, mln | 37.3 |
| Par Value, USD | 0.01 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-------------------|-------|
| Lev Partskhaladze | 55.0% |
| Management | 9.0% |
| Other | 36.0% |

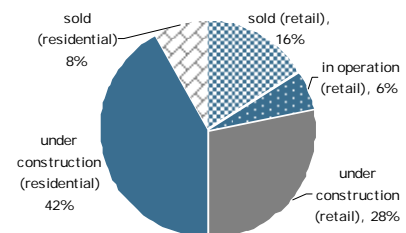
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 14.1 | n/a |
| EV/EBITDA | 20.9 | n/a |
| P/E | 31.3 | n/a |
| P/B | 2.3 | n/a |
| P/CF | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | 11% | 67% | n/a |
| Net Margin | 72.0% | 55.5% | n/a |
| ROE | 29% | 7% | n/a |
| Net Debt/Equity | -0.5 | -0.4 | n/a |

Project Portfolio Structure (sold, income generating, under construction)



INCOME STATEMENT SUMMARY, USD mln

| | 2004 | 2005 | 1H06 | 2007E | 2008E |
|------------------------|--------------|------------|--------------|------------|------------|
| Net Revenues | 5.4 | 7.1 | 1.7 | n/a | n/a |
| <i>Change y-o-y</i> | - | 31.5% | -39.3% | n/a | n/a |
| Gross Profit | 3.3 | 4.2 | 1.2 | n/a | n/a |
| EBITDA | (0.6) | 0.8 | (3.5) | n/a | n/a |
| <i>margin, %</i> | -10.9% | 10.7% | -205.9% | n/a | n/a |
| Depreciation | (0.7) | (0.6) | (0.1) | n/a | n/a |
| EBIT* | (1.3) | 0.2 | (3.6) | n/a | n/a |
| <i>margin, %</i> | -24.6% | 2.4% | -211.8% | n/a | n/a |
| Interest Expense | - | - | - | n/a | n/a |
| Other income/(expense) | 2.5 | 5.1 | 12.3 | n/a | n/a |
| PBT | 1.2 | 5.3 | 8.7 | n/a | n/a |
| Tax | (0.1) | (1.1) | (0.1) | n/a | n/a |
| Net Income | 1.1 | 4.2 | 8.6 | n/a | n/a |
| <i>Net Margin, %</i> | 20.4% | 59.2% | 505.9% | n/a | n/a |

*excluding revaluation effect

BALANCE SHEET SUMMARY, USD mln

| | 2004 | 2005 | 1H06 | 2007E | 2008E |
|---------------------------------------|-------------|--------------|--------------|------------|------------|
| Current Assets | 7.5 | 143.8 | 144.8 | n/a | n/a |
| Cash & Equivalents | 1.5 | 128.1 | 109.9 | n/a | n/a |
| Trade Receivables | 3.5 | 7.8 | 18.3 | n/a | n/a |
| Inventories | 2.5 | 7.9 | 16.6 | n/a | n/a |
| Other | - | - | - | n/a | n/a |
| Fixed Assets | 19.5 | 161.3 | 155.4 | n/a | n/a |
| PP&E, net | 3.3 | 0.4 | 0.7 | n/a | n/a |
| Other | 16.2 | 160.9 | 154.7 | n/a | n/a |
| Total Assets | 27.0 | 305.1 | 300.2 | n/a | n/a |
| Shareholders' Equity | 17.9 | 247.0 | 246.2 | n/a | n/a |
| Share Capital | 1.7 | 0.4 | 0.4 | n/a | n/a |
| Retained Earnings | 9.4 | 6.7 | 15.4 | n/a | n/a |
| Other | 6.9 | 240.0 | 230.4 | n/a | n/a |
| Current Liabilities | 6.3 | 15.9 | 12.9 | n/a | n/a |
| ST Interest Bearing Debt | 2.0 | 1.3 | 0.3 | n/a | n/a |
| Trade Payables | 4.3 | 14.6 | 12.5 | n/a | n/a |
| Other | - | - | 0.1 | n/a | n/a |
| LT Liabilities | 2.8 | 42.2 | 41.1 | n/a | n/a |
| LT Interest Bearing Debt | 2.8 | 8.1 | 9.7 | n/a | n/a |
| Other | 0.0 | 34.1 | 31.4 | n/a | n/a |
| Total Liabilities & Equity | 27.0 | 305.1 | 300.2 | n/a | n/a |

INDUSTRIAL

Metal Fabricate & Hardware

Artemvsky Non-Fe Plant
Dniprometiz
Dnipropetrovsk Pipe
Kharkiv Bearing
Khartsyzk Pipe
Kominmet
Nikopol Ferroalloy
Novomoskovsk Pipe
Nyzhnyodniprovsky Pipe
Silur
Stakhaniv Ferroalloy
Zaporizhya Ferroalloy
Zaporizhzhya Aluminum

Machinery Diversified

Azovzahalmash
Dniprovaonmash
Dniprovaonrembud
Kremenchug Wheel
Luhanskteplovoy
Maruipol Heavy Machinery
Poltava Locomotive
Stakhaniv Wagon
Sumy Frunze

Machinery-Construction & Mining

Dongirmash
Druzhkivka Machinery
Svitlo Shakhtarya
Turboatom
Yasynuvatsky Machinery

Engineering & Construction

Kyivmetrobud
Kyivmiskbud
Mostobud

Packaging & Containers

Gostomel Glass
Izmayil Pulp and Board
Rubizhne Carton and Package
Ukrplastyk

Electrical Components & Equipment

Odessa Cable
Zaporizhtransformator

Miscellaneous Manufacturers

Dnipropetrovsk Switch
Kharkiv Tractor
Kryukiv Wagon
Ukrgraphite

Building Materials

Kovalska Reinforced Concrete
Kramatorsk Cement Pushka

Shipbuilding

Zaliv

Aerospace

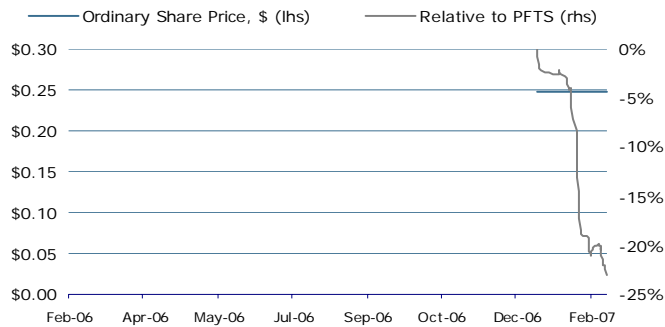
Motor Sich

Artemivsk Non-Ferrous Plant ARNF UZ Metal Fabricate & Hardware

<http://www.azocm.dn.ua>

Target Price (USD) N/R
Upside n/a

SHARE PRICE PERFORMANCE*



*listed on PFTS since 18 Dec 2006

BUSINESS OVERVIEW

Artemivsky Non-Fe Plant is the only producer of copper and copper alloy products in Ukraine. The company's 10 hectares territory houses its main production complex (including casting production, rolling production, rolled copper production, and press-drawing production), supporting production complex and sewage disposal complex. Artemivsky Non-Fe Plant operates in accordance with international quality management standards, confirmed by an ISO 9001:2000 certificate. Almost 85% of company's output is sold outside Ukraine. Artemivsky Non-Fe Plant's major customers are in Ukraine, Russia, Belarus and Baltic countries (Nord, Azmol, MAZ, AvtoVAZ, Pavlovsk Bus, etc.) The company also exports products to Hungary, Poland, Germany, Slovakia, Turkey, Greece, Bulgaria and the United States.

In 2006, Artemivsky Non-Fe Plant increased production of rolled copper by 13.7% yoy to 48,100 mt. In 9M06, the company posted net revenue growth of 70.7% yoy to USD 203.3 mln, EBITDA growth of 67% yoy to USD 10.6 mln, and a decrease in its net income by 7% yoy to USD 3.7 mln

* PFTS BID Price 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 | 0.50 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.25 / 0.25 |
| Chg 3m/6m/52w | n/a / n/a / n/a |
| Chg vs PFTS 3m/6m/52w | 23% / 23% / 23% |
| Chg YTD | 0% |
| Avg Mo Tr Vol 6M, USD ths | 0.0 |
| MCap, USD mln | 203.9 |
| Free float, % | 1.7% |
| FF MCap, USD mln | 3.5 |
| No of shares, mln | 411.8 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|---------------------|-------|
| Ukrpodshypnik Group | 98.3% |
| Other | 1.7% |

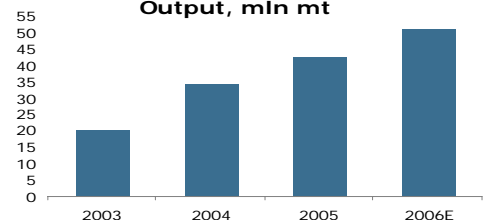
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.9 | n/a |
| EV/EBITDA | 17.4 | n/a |
| P/E | 41.3 | n/a |
| P/B | 5.2 | n/a |
| P/CF | 29.1 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 18% | 5% | n/a |
| Net Margin | 5% | 2% | n/a |
| ROE | 10% | 14% | n/a |
| Net Debt/Equity | 0.9 | 1.0 | n/a |

Rolled Copper Products Output, mln mt



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|-------------|-------------|-------------|--------------|------------|------------|
| Net Revenues | 44.4 | 61.0 | 65.1 | 94.3 | 70.0 | n/a | n/a |
| <i>Change y-o-y</i> | - | 37.4% | 6.8% | 44.8% | -4.4% | n/a | n/a |
| Gross Profit | 6.8 | 11.6 | 13.3 | 18.1 | 11.1 | n/a | n/a |
| EBITDA | 0.5 | 4.1 | 5.7 | 8.7 | 2.2 | n/a | n/a |
| <i>margin, %</i> | 1.2% | 6.7% | 8.8% | 9.3% | 3.1% | n/a | n/a |
| Depreciation | (2.9) | (2.5) | (2.3) | (3.0) | (2.4) | n/a | n/a |
| EBIT | (2.4) | 1.6 | 3.4 | 5.8 | (0.2) | n/a | n/a |
| <i>margin, %</i> | -5.3% | 2.7% | 5.2% | 6.1% | -0.3% | n/a | n/a |
| Interest Expense | (0.4) | (0.1) | (0.0) | (0.0) | (0.0) | n/a | n/a |
| Other income/(expense) | 0.1 | (0.2) | (0.1) | 0.0 | (0.6) | n/a | n/a |
| PBT | (2.7) | 1.3 | 3.3 | 5.8 | (0.8) | n/a | n/a |
| Tax | (0.0) | (0.5) | (1.8) | (2.4) | (0.1) | n/a | n/a |
| <i>Effective tax rate</i> | 0.0% | 39.4% | 53.4% | 40.8% | -7.6% | n/a | n/a |
| Net Income | (2.7) | 0.8 | 1.5 | 3.4 | (0.9) | n/a | n/a |
| <i>Net Margin, %</i> | -6.1% | 1.3% | 2.3% | 3.6% | -1.2% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 31.2 | 28.3 | 33.9 | 39.5 | 43.1 | n/a | n/a |
| Cash & Equivalents | 0.3 | 1.0 | 1.6 | 2.1 | 1.6 | n/a | n/a |
| Trade Receivables | 9.8 | 6.1 | 5.8 | 7.5 | 9.8 | n/a | n/a |
| Inventories | 18.6 | 17.8 | 23.4 | 27.6 | 29.5 | n/a | n/a |
| Other | 2.6 | 3.5 | 3.0 | 2.2 | 2.2 | n/a | n/a |
| Fixed Assets | 31.2 | 31.5 | 33.7 | 41.9 | 39.1 | n/a | n/a |
| PP&E, net | 27.1 | 26.1 | 26.4 | 32.9 | 35.0 | n/a | n/a |
| Other | 4.1 | 5.4 | 7.3 | 9.0 | 4.1 | n/a | n/a |
| Total Assets | 62.4 | 59.8 | 67.5 | 81.4 | 82.2 | n/a | n/a |
| Shareholders' Equity | 28.1 | 37.8 | 43.1 | 48.4 | 74.7 | n/a | n/a |
| Share Capital | 14.1 | 23.3 | 26.9 | 28.3 | 58.1 | n/a | n/a |
| Retained Earnings | (2.7) | 1.0 | 1.8 | 3.1 | (1.0) | n/a | n/a |
| Other | 16.7 | 13.5 | 14.3 | 17.0 | 17.5 | n/a | n/a |
| Current Liabilities | 32.9 | 21.9 | 24.3 | 32.3 | 6.8 | n/a | n/a |
| ST Interest Bearing Debt | 0.9 | - | - | 0.0 | 0.0 | n/a | n/a |
| Trade Payables | 22.8 | 21.0 | 23.0 | 29.9 | 4.9 | n/a | n/a |
| Other | 9.1 | 0.9 | 1.4 | 2.4 | 2.9 | n/a | n/a |
| LT Liabilities | 1.5 | 0.1 | 0.1 | 0.7 | 0.7 | n/a | n/a |
| LT Interest Bearing Debt | 1.3 | - | - | - | - | n/a | n/a |
| Other | 0.2 | 0.1 | 0.1 | 0.7 | 0.7 | n/a | n/a |
| Total Liabilities & Equity | 62.4 | 59.8 | 67.5 | 81.4 | 82.2 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|
| Net Revenues | 15.4 | 16.8 | 16.8 | 16.1 | 23.5 | 25.3 | 24.3 | 21.1 | 19.8 | 24.0 | 26.2 |
| <i>Change y-o-y</i> | 13.3% | 4.1% | 8.5% | 2.2% | 53.2% | 50.4% | 44.7% | 30.9% | -16.1% | -5.2% | 7.7% |
| EBITDA | 1.7 | 1.5 | 2.2 | 0.3 | 4.1 | 3.5 | 1.6 | (0.4) | 0.5 | 0.9 | 0.7 |
| <i>margin, %</i> | 11.4% | 8.9% | 13.3% | 1.6% | 17.4% | 13.6% | 6.6% | -2.1% | 2.7% | 3.9% | 2.7% |
| EBIT | 1.2 | 0.9 | 1.7 | (0.3) | 3.5 | 2.8 | 0.8 | (1.3) | (0.3) | 0.1 | (0.1) |
| <i>margin, %</i> | 7.6% | 5.5% | 9.8% | -2.0% | 14.8% | 11.0% | 3.1% | -6.1% | -1.5% | 0.6% | -0.3% |
| Net Income | 0.9 | 0.7 | 1.3 | (1.4) | 2.8 | 2.1 | 0.7 | (2.1) | (0.7) | (0.0) | (0.2) |
| <i>Net Margin, %</i> | 5.7% | 4.0% | 7.9% | -8.5% | 11.9% | 8.1% | 2.8% | -10.0% | -3.5% | 0.0% | -0.7% |

Dniprometiz

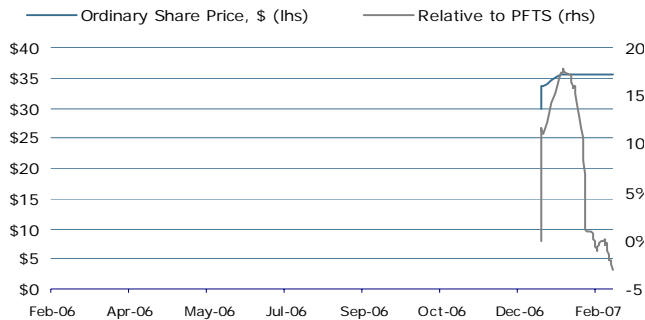
DMPO UZ

Metal Fabricate & Hardware

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



*listed on PFTS since 18 Dec 2006

BUSINESS OVERVIEW

Dniprometiz is the largest producer of wire in Ukraine, with 25% of Ukrainian production. The company's products include wires, nails, screws and grids. Dniprometiz exports to more than 25 countries, including Italy, Greece, Turkey, Russia, Slovakia, Belarus, Poland, France, Moldova and Spain. In 2006 the company was acquired by Russian giant Severstal-Metiz (a part of Severstal group). Rolled wire is the main input for the company's production, the main domestic suppliers of which are Mittal Steel Kryviy Rih and Makiyivka Steel Plant.

In 9M06, the company posted solid growth in key financials, with net revenue improving by 62.8% yoy to USD 50 mln, EBITDA increasing by 33% yoy to USD 4 mln and net income rising by 79% yoy to USD 2.3 mln. In addition, Dniprometiz's sales grew by 41% to 89.9 ths mt of wire products in 9M06. The company's management made a decision to make the CIS and EU markets its main sales targets in the mid-term.

* PFTS BID Price 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 | 35.64 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 35.6 / 29.7 |
| Chg 3m/6m/52w | n/a / n/a / n/a |
| Chg vs PFTS 3m/6m/52w | -43% / -47% / -58% |
| Chg YTD | 0% |
| Avg Mo Tr Vol 6M, USD ths | 0.00 |
| MCap, USD mln | 12.3 |
| Free float, % | 2.5% |
| FF MCap, USD mln | 0.3 |
| No of shares, mln | 0.3 |
| Par Value (UAH) | 68.08 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|--------------------|-----|
| Severstal | 60% |
| TEKO - Dniprometiz | 27% |
| Other | 13% |

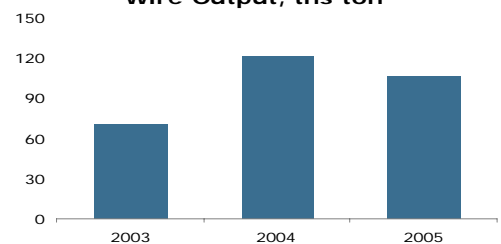
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.3 | n/a |
| EV/EBITDA | 3.7 | n/a |
| P/E | 3.9 | n/a |
| P/B | 0.8 | n/a |
| P/CF | 3.3 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 10% | 8% | n/a |
| Net Margin | 4% | 5% | n/a |
| ROE | 15% | 24% | n/a |
| Net Debt/Equity | 0.6 | 0.5 | n/a |

Wire Output, ths ton



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Net Revenues | 17.9 | 27.3 | 38.1 | 42.4 | 50.0 | n/a | n/a |
| <i>Change y-o-y</i> | - | 52.8% | 39.4% | 11.4% | 62.8% | n/a | n/a |
| Gross Profit | 3.8 | 6.7 | 6.8 | 7.8 | 6.8 | n/a | n/a |
| EBITDA | 2.2 | 3.1 | 3.4 | 4.2 | 4.0 | n/a | n/a |
| <i>margin, %</i> | 12.5% | 11.4% | 8.9% | 9.9% | 8.1% | n/a | n/a |
| Depreciation | (0.8) | (0.7) | (0.7) | (0.7) | (0.5) | n/a | n/a |
| EBIT | 1.5 | 2.4 | 2.7 | 3.5 | 3.6 | n/a | n/a |
| <i>margin, %</i> | 8.2% | 8.9% | 7.0% | 8.3% | 7.1% | n/a | n/a |
| Interest Expense | (0.7) | (0.9) | (0.9) | (1.4) | (0.6) | n/a | n/a |
| Other income/(expense) | (0.1) | 0.0 | 0.0 | 0.1 | (0.1) | n/a | n/a |
| PBT | 0.7 | 1.6 | 1.7 | 2.3 | 2.9 | n/a | n/a |
| Tax | - | (0.0) | (0.6) | (0.7) | (0.6) | n/a | n/a |
| <i>Effective tax rate</i> | 0.0% | 0.1% | 34.0% | 29.6% | 19.1% | n/a | n/a |
| Net Income | 0.7 | 1.6 | 1.1 | 1.6 | 2.3 | n/a | n/a |
| <i>Net Margin, %</i> | 3.9% | 5.9% | 3.0% | 3.7% | 4.7% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 8.6 | 9.7 | 9.4 | 13.7 | 17.5 | n/a | n/a |
| Cash & Equivalents | 0.0 | 0.0 | 0.6 | 0.1 | 0.3 | n/a | n/a |
| Trade Receivables | 2.2 | 3.1 | 1.8 | 3.0 | 3.4 | n/a | n/a |
| Inventories | 2.0 | 1.8 | 3.7 | 3.4 | 6.4 | n/a | n/a |
| Other | 4.4 | 4.7 | 3.4 | 7.3 | 7.4 | n/a | n/a |
| Fixed Assets | 9.3 | 8.7 | 11.8 | 8.6 | 11.5 | n/a | n/a |
| PP&E, net | 8.6 | 8.6 | 8.4 | 8.3 | 11.2 | n/a | n/a |
| Other | 0.7 | 0.2 | 3.5 | 0.3 | 0.3 | n/a | n/a |
| Total Assets | 17.9 | 18.4 | 21.3 | 22.4 | 29.1 | n/a | n/a |
| Shareholders' Equity | 8.5 | 9.9 | 10.9 | 12.9 | 18.2 | n/a | n/a |
| Share Capital | 1.5 | 1.5 | 1.5 | 1.5 | 4.6 | n/a | n/a |
| Retained Earnings | (1.8) | (0.5) | 0.1 | 1.8 | 4.1 | n/a | n/a |
| Other | 8.9 | 8.9 | 9.3 | 9.6 | 9.4 | n/a | n/a |
| Current Liabilities | 6.7 | 6.3 | 7.6 | 6.0 | 10.5 | n/a | n/a |
| ST Interest Bearing Debt | 4.5 | 4.7 | 5.2 | 4.9 | 7.8 | n/a | n/a |
| Trade Payables | 1.4 | 1.1 | 0.8 | 0.1 | 0.7 | n/a | n/a |
| Other | 0.9 | 0.5 | 1.6 | 1.0 | 2.8 | n/a | n/a |
| LT Liabilities | 2.7 | 2.2 | 2.8 | 3.4 | 0.4 | n/a | n/a |
| LT Interest Bearing Debt | 2.0 | 1.5 | 2.6 | 3.4 | 0.3 | n/a | n/a |
| Other | 0.7 | 0.7 | 0.2 | 0.1 | 0.1 | n/a | n/a |
| Total Liabilities & Equity | 17.9 | 18.4 | 21.3 | 22.4 | 29.1 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|------------|-------------|-------------|--------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net Revenues | 7.3 | 10.0 | 10.2 | 10.5 | 9.8 | 10.6 | 10.3 | 11.7 | 11.7 | 17.8 | 20.6 |
| <i>Change y-o-y</i> | 18.5% | 41.7% | 51.0% | 44.0% | 34.7% | 5.6% | 0.7% | 11.0% | 18.7% | 67.6% | 100.1% |
| EBITDA | 0.7 | 1.0 | 0.8 | 0.9 | 0.9 | 1.1 | 1.1 | 1.2 | 0.9 | 1.4 | 1.7 |
| <i>margin, %</i> | 10.3% | 9.5% | 7.5% | 8.6% | 8.7% | 10.2% | 10.7% | 10.0% | 7.3% | 8.1% | 8.4% |
| EBIT | 0.6 | 0.8 | 0.6 | 0.7 | 0.7 | 0.9 | 0.9 | 1.0 | 0.6 | 1.4 | 1.5 |
| <i>margin, %</i> | 8.0% | 7.8% | 5.7% | 6.8% | 7.0% | 8.6% | 9.1% | 8.5% | 5.4% | 7.9% | 7.4% |
| Net Income | 0.4 | 0.5 | 0.2 | (0.0) | 0.4 | 0.6 | 0.3 | 0.3 | 0.4 | 1.0 | 1.0 |
| <i>Net Margin, %</i> | 5.8% | 5.3% | 2.0% | -0.2% | 3.8% | 5.9% | 3.1% | 2.3% | 3.3% | 5.6% | 4.7% |

Dnipropetrovsk Pipe

DTRZ UZ

Metal Fabricate & Hardware

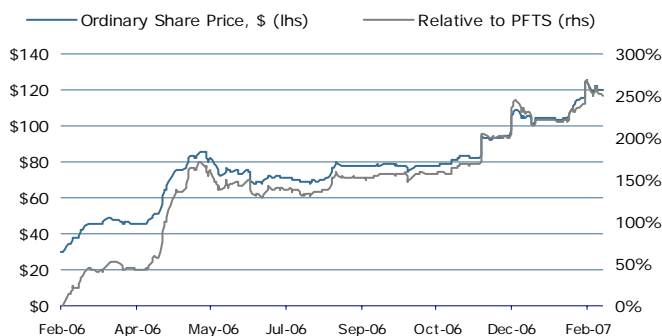
<http://aodtz.ptcor.net>

Target Price (USD) 118.90
Upside -2.8%

INVESTMENT CASE

- Improving product mix
- Advantageous sales diversification across industries and regions
- Well positioned to increase its presence in the EU due to low import duties
- Stable supply of feedstock from IUD-controlled steel makers DMK Dzerzhynskogo and Alchevsk Iron & Steel
- Slow progress in improving transparency

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Dnipropetrovsk Pipe (DTRZ) is the fourth largest pipe maker in Ukraine in terms of capacity (700 ths mt) and output (238.5 ths mt in 2006, a 9.1% share of the market). The company's product portfolio consists of over 3,000 types and sizes of pipes, including seamless pipes for oil, gas, chemical and machine-building sectors, general use pipes, rectangular profile pipes, and LSAW water and gas pipes. Dnipropetrovsk Pipe has a monopoly in the production of bi-metallic pipes in the CIS. Exports account for ~75% of Dnipropetrovsk Pipe's sales and are growing. The company's largest export markets (Europe, Russia and the Middle East & Africa) jointly accounted for over 55% of sales by weight in 2005. The company's financials for 9M06 showed 13.5 % yoy growth of net revenues to USD 116.9 mln, an increase in its EBITDA margin to 6.3% from 2.3% in 9M05, and improvement of its net margin to 3% from negative 0.1% in 9M05.

* PFTS MID Price 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 | 122.38 |
| Price impact** | 2 |
| 52 Wk H/L, USD | 125 / 29 |
| Chg 3m/6m/52w | 49% / 63% / 311% |
| Chg vs PFTS 3m/6m/52w | 6% / 16% / 252% |
| Chg YTD | 17% |
| Avg Mo Tr Vol 6M, USD ths | 1338.05 |
| MCap, USD mln | 129.2 |
| Free float, % | 24.8% |
| FF MCap, USD mln | 32.0 |
| No of shares, mln | 1.1 |
| Par Value, UAH | 82.31 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

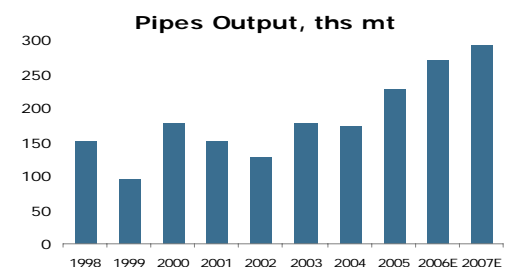
| | |
|----------------------|-------|
| IUD-related entities | 75.2% |
| Other | 24.8% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.9 | 0.8 |
| EV/EBITDA | 14.6 | 14.1 |
| P/E | 25.5 | 25.5 |
| P/B | 4.3 | 3.7 |
| P/CF | 18.3 | 18.3 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 17% | 6% | 5% |
| Net Margin | 15% | 3% | 3% |
| ROE | 911% | 20% | 17% |
| Net Debt/Equity | 0.2 | 0.4 | 0.5 |



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|
| Net Revenues | 18.5 | 47.6 | 85.2 | 144.2 | 161.2 | 188.3 | 205.6 |
| <i>Change y-o-y</i> | - | 157.4% | 79.0% | 69.2% | 12.0% | 16.8% | 9.2% |
| Gross Profit | (0.8) | 2.0 | 7.7 | 12.6 | 19.3 | 21.6 | 24.5 |
| EBITDA | (1.9) | 0.6 | 2.6 | 25.3 | 9.7 | 10.3 | 12.1 |
| <i>margin, %</i> | -10.4% | 1.3% | 3.0% | 17.6% | 6.0% | 5.5% | 5.9% |
| Depreciation | (1.5) | (1.7) | (1.7) | (2.0) | (2) | (2) | (2) |
| EBIT | (3.4) | (1.0) | 0.9 | 23.3 | 8 | 8 | 10 |
| <i>margin, %</i> | -18.5% | -2.2% | 1.1% | 16.1% | 4.8% | 4.4% | 4.8% |
| Interest Expense | (0.1) | (0.1) | (0.2) | (0.7) | (1.4) | (2.0) | (2.2) |
| Other income/(expense) | 0.0 | 0.1 | (0.4) | (0.2) | - | - | - |
| PBT | (3.6) | (1.1) | 0.4 | 22.4 | 6.3 | 6.3 | 7.7 |
| Tax | - | - | - | (0.4) | (1) | (1) | (2) |
| <i>Effective tax rate</i> | 0.0% | 0.0% | 0.0% | 1.7% | 20.0% | 20.0% | 25.0% |
| Net Income | (3.6) | (1.1) | 0.4 | 22.0 | 5.1 | 5.1 | 5.8 |
| <i>Net Margin, %</i> | -19.3% | -2.3% | 0.4% | 15.3% | 3.1% | 2.7% | 2.8% |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Current Assets | 27.8 | 33.4 | 41.9 | 55.5 | 56.4 | 65.6 | 72.0 |
| Cash & Equivalents | 0.0 | 0.0 | 0.6 | 0.9 | 0.8 | 0.9 | 1.0 |
| Trade Receivables | 20.7 | 19.6 | 18.6 | 25.0 | 22.6 | 26.2 | 28.8 |
| Inventories | 5.6 | 10.3 | 17.4 | 21.5 | 24.2 | 28.1 | 30.8 |
| Other | 1.5 | 3.6 | 5.3 | 8.2 | 8.9 | 10.3 | 11.3 |
| Fixed Assets | 20.7 | 20.2 | 19.8 | 21.8 | 22.8 | 24.9 | 30.3 |
| PP&E, net | 16.7 | 16.3 | 15.8 | 18.1 | 19.4 | 21.4 | 25.6 |
| Other | 4.0 | 3.9 | 4.0 | 3.7 | 3.4 | 3.6 | 4.6 |
| Total Assets | 48.5 | 53.6 | 61.7 | 77.3 | 79.3 | 90.5 | 102.2 |
| Shareholders' Equity | 3.3 | 2.0 | 2.4 | 24.7 | 29.8 | 34.6 | 40.3 |
| Share Capital | 16.3 | 16.3 | 16.4 | 17.2 | 16.4 | 16.4 | 16.4 |
| Retained Earnings | (23.9) | (24.7) | (24.5) | 6.2 | 11.2 | 16.2 | 22.0 |
| Other | 10.9 | 10.4 | 10.5 | 1.3 | 2.2 | 2.0 | 2.0 |
| Current Liabilities | 44.9 | 51.4 | 59.3 | 52.6 | 49.5 | 56.0 | 61.9 |
| ST Interest Bearing Debt | 6.7 | 8.1 | 3.0 | 6.9 | 13.0 | 17.3 | 19.5 |
| Trade Payables | 33.5 | 38.5 | 18.7 | 33.7 | 32.2 | 37.5 | 41.1 |
| Other | 4.7 | 4.8 | 37.5 | 12.0 | 4.2 | 1.2 | 1.3 |
| LT Liabilities | 0.2 | 0.1 | 0.0 | - | - | - | - |
| LT Interest Bearing Debt | 0.1 | 0.1 | - | - | - | - | - |
| Other | 0.1 | 0.1 | 0.0 | - | - | - | - |
| Total Liabilities & Equity | 48.5 | 53.6 | 61.7 | 77.3 | 79.3 | 90.5 | 102.2 |

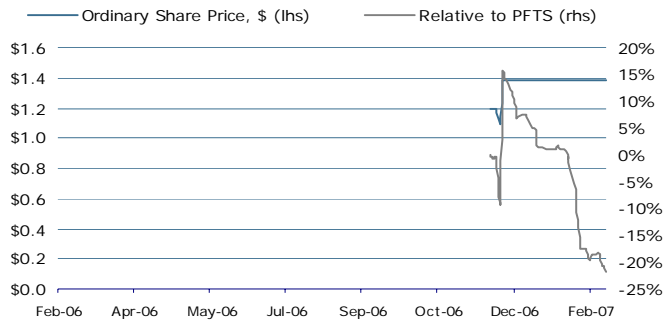
QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|-------------|-------------|-------------|--------------|-------------|--------------|-------------|-------------|-------------|-------------|
| Net Revenues | 8.4 | 22.8 | 25.6 | 28.5 | 31.9 | 34.1 | 37.1 | 41.2 | 35.1 | 40.2 | 41.6 |
| <i>Change y-o-y</i> | -16.7% | 106.9% | 68.6% | 150.5% | 280.9% | 49.9% | 44.6% | 44.7% | 10.3% | 17.9% | 12.1% |
| EBITDA | (0.2) | 1.1 | 0.8 | 0.9 | 0.5 | 1.1 | 0.8 | 23.0 | 2.2 | 1.9 | 3.2 |
| <i>margin, %</i> | -2.2% | 4.7% | 3.0% | 3.2% | 1.5% | 3.3% | 2.1% | 55.8% | 6.4% | 4.8% | 7.6% |
| EBIT | (0.5) | 0.7 | 0.3 | 0.4 | 0.1 | 0.6 | 0.2 | 22.3 | 1.6 | 1.4 | 2.7 |
| <i>margin, %</i> | -6.5% | 3.0% | 1.2% | 1.5% | 0.2% | 1.9% | 0.7% | 54.2% | 4.7% | 3.4% | 6.4% |
| Net Income | (0.6) | 0.6 | 0.1 | 0.3 | (0.1) | 0.3 | (0.2) | 21.9 | 0.8 | 0.9 | 1.8 |
| <i>Net Margin, %</i> | -7.1% | 2.7% | 0.3% | 0.9% | -0.2% | 0.9% | -0.4% | 53.2% | 2.4% | 2.2% | 4.2% |

Kharkiv Bearing

HARP UZ

Metal Fabricate & Hardware

Target Price (USD)
N/R
Upside
n/a
SHARE PRICE PERFORMANCE*


*listed on PFTS since 16 Nov 2006

BUSINESS OVERVIEW

Kharkiv Bearing is one of the largest producers of ball and roller bearings in the CIS. The company produces more than 500 types of ball and roller bearings for agricultural, machine-building, iron ore, metallurgic, electro-technical and engineering purposes. In 2007 Kharkiv Bearing plans to invest USD 1 mln in a production line for large-diameter bearings used in heavy machinery and the production of locomotives. This will shake the monopolist positions of the European Bearings Corporation (Russia), held in the local large-diameter bearings market. Bearings produced by the company are used by more than 200 companies in 26 countries world-wide, including the domestic Kharkiv Tractor plant, ZAZ, Yuzhmash, Russian Volgograd tractor plant, Rostselmash, Belarusian Minsk tractor plant, Gomselmash, etc. In 9M06, the company's net revenues decreased by 7.4% to USD 33 mln, its EBITDA margin fell to -4.7% from 4.3% in 9M05 and its net margin weakened to -9.7% from -0.7% in 9M05.

* PFTS BID Price is used

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- 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 | 1.39 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 1.39 / 1.09 |
| Chg 3m/6m/52w | n/a / n/a / n/a |
| Chg vs PFTS 3m/6m/52w | -43% / -47% / -58% |
| Chg YTD | 0% |
| Avg Mo Tr Vol 6M, USD ths | 0.0 |
| MCap, USD mln | 12.3 |
| Free float, % | 4.2% |
| FF MCap, USD mln | 0.5 |
| No of shares, mln | 8.8 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

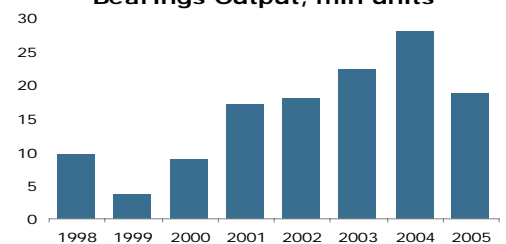
| | |
|---------------------------|-------|
| World Trading Bearing Ltd | 50.1% |
| UPEC Group | 45.4% |
| Other | 4.5% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.6 | n/a |
| EV/EBITDA | -13.7 | n/a |
| P/E | -2.9 | n/a |
| P/B | 0.6 | n/a |
| P/CF | -4.3 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 6% | -5% | n/a |
| Net Margin | 0.4% | -10% | n/a |
| ROE | 1% | -18% | n/a |
| Net Debt/Equity | 0.6 | 0.8 | n/a |

Bearings Output, mln units


INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|--------------|-------------|-------------|--------------|------------|------------|
| Net Revenues | 29.0 | 35.6 | 59.3 | 44.3 | 33.0 | n/a | n/a |
| <i>Change y-o-y</i> | - | 23.0% | 66.3% | -25.2% | -7.4% | n/a | n/a |
| Gross Profit | 6.6 | 5.6 | 13.1 | 6.9 | 2.1 | n/a | n/a |
| EBITDA | 3.7 | 1.8 | 8.8 | 2.5 | (1.6) | n/a | n/a |
| <i>margin, %</i> | 12.8% | 5.1% | 14.9% | 5.6% | -4.7% | n/a | n/a |
| Depreciation | (1.3) | (1.2) | (1.2) | (1.2) | (1.1) | n/a | n/a |
| EBIT | 2.4 | 0.7 | 7.6 | 1.3 | (2.6) | n/a | n/a |
| <i>margin, %</i> | 8.4% | 1.9% | 12.9% | 2.9% | -8.0% | n/a | n/a |
| Interest Expense | (0.1) | (0.3) | (0.5) | (0.7) | (0.5) | n/a | n/a |
| Other income/(expense) | (0.7) | (0.1) | (0.6) | (0.4) | (0.0) | n/a | n/a |
| PBT | 1.6 | 0.3 | 6.5 | 0.2 | (3.2) | n/a | n/a |
| Tax | (1.3) | (0.7) | (3.0) | - | - | n/a | n/a |
| <i>Effective tax rate</i> | 81.4% | 230.8% | 46.5% | 0.0% | 0.0% | n/a | n/a |
| Net Income | 0.3 | (0.4) | 3.5 | 0.2 | (3.2) | n/a | n/a |
| <i>Net Margin, %</i> | 1.0% | -1.1% | 5.9% | 0.4% | -9.7% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 14.5 | 24.1 | 30.7 | 25.1 | 26.3 | n/a | n/a |
| Cash & Equivalents | 0.0 | 0.3 | 0.5 | 0.3 | 0.1 | n/a | n/a |
| Trade Receivables | 1.5 | 5.3 | 13.0 | 5.4 | 5.8 | n/a | n/a |
| Inventories | 11.1 | 13.3 | 13.9 | 17.7 | 17.5 | n/a | n/a |
| Other | 1.9 | 5.2 | 3.2 | 1.6 | 3.0 | n/a | n/a |
| Fixed Assets | 13.2 | 16.8 | 27.0 | 32.4 | 34.4 | n/a | n/a |
| PP&E, net | 10.1 | 9.4 | 10.5 | 10.8 | 12.7 | n/a | n/a |
| Other | 3.1 | 7.4 | 16.5 | 21.6 | 21.7 | n/a | n/a |
| Total Assets | 27.7 | 40.9 | 57.6 | 57.5 | 60.7 | n/a | n/a |
| Shareholders' Equity | 16.0 | 19.2 | 28.3 | 23.3 | 20.2 | n/a | n/a |
| Share Capital | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | n/a | n/a |
| Retained Earnings | (5.3) | (5.9) | (2.8) | 0.8 | (2.3) | n/a | n/a |
| Other | 20.9 | 24.7 | 30.7 | 22.1 | 22.1 | n/a | n/a |
| Current Liabilities | 8.0 | 14.2 | 18.7 | 11.7 | 16.1 | n/a | n/a |
| ST Interest Bearing Debt | 0.8 | 1.6 | 3.8 | 2.4 | 2.4 | n/a | n/a |
| Trade Payables | 2.9 | 7.2 | 5.1 | 5.4 | 6.6 | n/a | n/a |
| Other | 4.2 | 5.4 | 9.8 | 4.0 | 8.3 | n/a | n/a |
| LT Liabilities | 3.7 | 7.5 | 10.6 | 22.4 | 24.4 | n/a | n/a |
| LT Interest Bearing Debt | 3.4 | 7.5 | 10.6 | 11.8 | 13.8 | n/a | n/a |
| Other | 0.3 | 0.0 | - | 10.6 | 10.6 | n/a | n/a |
| Total Liabilities & Equity | 27.7 | 40.9 | 57.6 | 57.5 | 60.7 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|------------|--------------|--------------|--------------|
| Net Revenues | 12.8 | 16.0 | 14.9 | 15.6 | 12.0 | 12.5 | 11.1 | 8.7 | 8.4 | 12.9 | 11.8 |
| <i>Change y-o-y</i> | 63.4% | 76.1% | 59.0% | 66.6% | -5.9% | -21.5% | -25.4% | -44.5% | -30.1% | 2.6% | 5.8% |
| EBITDA | 2.4 | 2.9 | 1.7 | 1.8 | 0.8 | 0.7 | (0.0) | 1.0 | (0.9) | (0.6) | (0.1) |
| <i>margin, %</i> | 18.9% | 18.4% | 11.3% | 11.6% | 6.9% | 5.8% | -0.2% | 11.2% | -10.5% | -4.3% | -0.9% |
| EBIT | 2.1 | 2.6 | 1.4 | 1.5 | 0.5 | 0.4 | (0.3) | 0.7 | (1.2) | (0.9) | (0.5) |
| <i>margin, %</i> | 16.6% | 16.5% | 9.4% | 9.6% | 4.4% | 3.3% | -3.1% | 7.6% | -14.4% | -7.2% | -4.2% |
| Net Income | 0.9 | 1.2 | 0.4 | 1.0 | (0.0) | (0.0) | (0.2) | 0.5 | (1.3) | (1.2) | (0.7) |
| <i>Net Margin, %</i> | 7.2% | 7.5% | 2.5% | 6.4% | -0.4% | -0.3% | -1.6% | 5.2% | -15.5% | -9.0% | -6.2% |

Khartsyzk Pipe

HRTR UZ

Metal Fabricate & Hardware

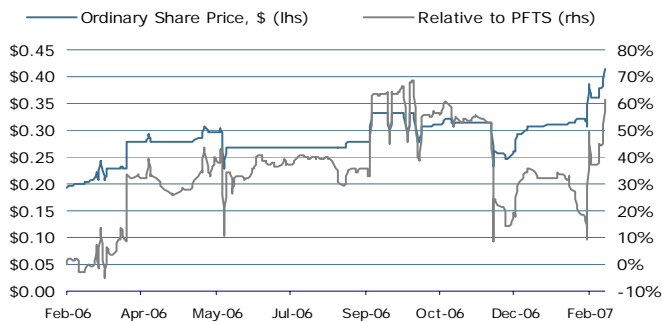
<http://1043.ukrindustrial.com>

Target Price (USD) 0.33
Upside -15%

INVESTMENT CASE

- Transparency improvement underway
- High margin product
- Risk of losing its key market, Russia, is high
- Parent company, Metinvest, is likely to go public in 2008-09

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Khartsyzk Pipe is Ukraine's second largest pipe maker in terms of production volume (581 ths mt and a 22.2% share of Ukrainian production in 2006). The plant is able to produce over 1.5 mln mt of pipes p.a. Khartsyzk Pipe's product portfolio includes over 500 items. Its core product is large diameter steel pipes with corrosion-proof coating, which are used for the construction of oil and gas-main pipelines. Pipes manufactured by the company are both locally and API-certified. In 9M06 the company posted 118.5 % yoy growth of net revenues to USD 409 mln, an increase in its EBITDA margin to 23.2% from 19.7% in 9M05, and an improvement of net margin to 14.1% from 11.3% in 9M05.

Khartsyzk Pipe exports over 90% of its total output, mainly to Russia. We expect the plant to benefit from growing demand for its LD pipes in Russia in 2007-2008. However, in 2009-2010, sales to the Russian market will be low due to intense competitive pressure from Russian pipe makers.

* PFTS MID Price 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 | 0.39 |
| Price impact** | 2 |
| 52 Wk H/L, USD | 0.42 / 0.19 |
| Chg 3m/6m/52w | 22% / 44% / 99% |
| Chg vs PFTS 3m/6m | -21% / -3% / 41% |
| Chg YTD | 24% |
| Avg Mo Tr Vol 6M, USD ths | 154.83 |
| MCap, USD mln | 984.2 |
| Free float, % | 2.0% |
| FF MCap, USD mln | 19.7 |
| No of shares, mln | 2548.8 |
| Par Value, UAH | 0.05 |
| XETRA | LBV |
| DR Ratio | 1:50 |
| Avg Mo Tr Vol 6M, USD ths | 0.44 |

STOCK OWNERSHIP

| | |
|---------------|-------|
| SCM & related | 98.0% |
| Other | 2.0% |

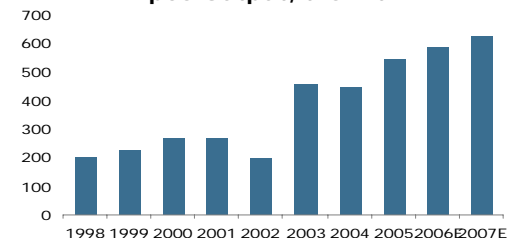
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.9 | 1.5 |
| EV/EBITDA | 7.9 | 6.6 |
| P/E | 12.1 | 10.1 |
| P/B | 5.7 | 4.5 |
| P/CF | 11.0 | 9.3 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 17% | 24% | 23% |
| Net Margin | 9% | 15% | 15% |
| ROE | 43% | 73% | 57% |
| Net Debt/Equity | 0.2 | 0.1 | 0.03 |

Pipes Output, ths mt



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 44.0 | 75.0 | 109.1 | 300.4 | 528.9 | 650.4 | 775.6 |
| <i>Change y-o-y</i> | - | 70.4% | 45.5% | 175.4% | 77.5% | 23.0% | 19.3% |
| Gross Profit | 13.4 | 24.6 | 20.4 | 80.0 | 153.7 | 189.0 | 235.9 |
| EBITDA | 6.1 | 15.1 | 8.8 | 51.5 | 127.2 | 150.0 | 181.6 |
| <i>margin, %</i> | 13.8% | 20.2% | 8.0% | 17.1% | 24.1% | 23.1% | 23.4% |
| Depreciation | (4.6) | (5.0) | (4.9) | (6.3) | (6.3) | (6.7) | (7.0) |
| EBIT | 1.5 | 10.2 | 3.8 | 45.2 | 120.9 | 143.3 | 174.6 |
| <i>margin, %</i> | 3.4% | 13.6% | 3.5% | 15.0% | 22.9% | 22.0% | 22.5% |
| Interest Expense | (1.6) | (1.8) | (0.9) | (1.3) | (4.5) | (4.1) | (3.5) |
| Other income/(expense) | (0.8) | (1.7) | (0.5) | (3.7) | - | - | - |
| PBT | (1.0) | 6.6 | 2.4 | 40.1 | 116.4 | 139.1 | 171.1 |
| Tax | (1.4) | (4.5) | (1.9) | (13.2) | (35) | (42) | (51) |
| <i>Effective tax rate</i> | -144.3% | 68.5% | 79.5% | 32.9% | 30.0% | 30.0% | 30.0% |
| Net Income | (2.3) | 2.1 | 0.4 | 26.8 | 81.5 | 97.4 | 119.8 |
| <i>Net Margin, %</i> | -5.3% | 2.8% | 0.4% | 8.9% | 15.4% | 15.0% | 15.4% |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|--------------|-------------|-------------|--------------|--------------|--------------|--------------|
| Current Assets | 43.8 | 36.6 | 38.2 | 89.7 | 142.8 | 181.2 | 224.9 |
| Cash & Equivalents | 0.2 | 0.3 | 0.9 | 11.3 | 21.2 | 25.9 | 31.0 |
| Trade Receivables | 19.6 | 16.7 | 14.9 | 10.3 | 31.7 | 38.8 | 46.5 |
| Inventories | 13.0 | 11.1 | 11.2 | 42.4 | 58.2 | 71.2 | 85.3 |
| Other | 11.0 | 8.4 | 11.2 | 25.6 | 31.7 | 45.3 | 62.0 |
| Fixed Assets | 61.7 | 58.4 | 58.1 | 69.1 | 88.6 | 97.9 | 107.3 |
| PP&E, net | 57.6 | 54.9 | 52.5 | 52.4 | 64.9 | 73.3 | 81.3 |
| Other | 4.1 | 3.5 | 5.6 | 16.6 | 23.7 | 24.6 | 26.1 |
| Total Assets | 105.4 | 95.0 | 96.3 | 158.7 | 231.4 | 279.1 | 332.3 |
| Shareholders' Equity | 63.7 | 63.3 | 62.0 | 111.9 | 171.4 | 218.2 | 266.1 |
| Share Capital | 5.1 | 5.1 | 5.2 | 25.2 | 24.0 | 24.0 | 24.0 |
| Retained Earnings | (1.4) | 58.0 | 56.6 | 86.5 | 146.0 | 193.0 | 240.9 |
| Other | 60.0 | 0.1 | 0.2 | 0.2 | 1.4 | 1.2 | 1.2 |
| Current Liabilities | 25.3 | 26.6 | 32.9 | 42.4 | 50.9 | 53.1 | 59.1 |
| ST Interest Bearing Debt | 12.4 | 9.6 | 8.0 | 27.8 | 27.1 | 23.9 | 24.1 |
| Trade Payables | 6.9 | 13.2 | 20.5 | 2.3 | 15.9 | 19.4 | 23.3 |
| Other | 6.1 | 3.8 | 4.4 | 12.3 | 8.0 | 9.8 | 11.7 |
| LT Liabilities | 16.3 | 5.1 | 1.4 | 4.4 | 9.1 | 7.8 | 7.1 |
| LT Interest Bearing Debt | - | - | - | 3.5 | 9.1 | 7.8 | 7.1 |
| Other | 16.3 | 5.1 | 1.4 | 1.0 | - | - | - |
| Total Liabilities & Equity | 105.4 | 95.0 | 96.3 | 158.7 | 231.4 | 279.1 | 332.3 |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|-------------|--------------|--------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 14.8 | 24.7 | 42.5 | 27.1 | 25.4 | 59.2 | 102.5 | 113.3 | 106.7 | 138.6 | 163.7 |
| <i>Change y-o-y</i> | 5.8% | 23.1% | 173.8% | 6.5% | 71.4% | 140.0% | 141.1% | 318.5% | 319.6% | 134.1% | 59.6% |
| EBITDA | 0.2 | 5.2 | 1.3 | 2.1 | 5.8 | 12.5 | 18.6 | 14.5 | 25.0 | 30.9 | 38.9 |
| <i>margin, %</i> | 1.1% | 21.2% | 3.1% | 7.6% | 23.0% | 21.1% | 18.1% | 12.8% | 23.5% | 22.3% | 23.8% |
| EBIT | (1.0) | 4.1 | 0.1 | 0.7 | 4.4 | 11.0 | 17.0 | 12.8 | 23.4 | 29.4 | 32.4 |
| <i>margin, %</i> | -6.9% | 16.6% | 0.2% | 2.5% | 17.2% | 18.6% | 16.5% | 11.3% | 21.9% | 21.2% | 19.8% |
| Net Income | (1.3) | 3.2 | (0.7) | (0.8) | 1.9 | 11.0 | 8.2 | 5.7 | 16.6 | 21.7 | 19.4 |
| <i>Net Margin, %</i> | -9.0% | 12.9% | -1.6% | -2.9% | 7.5% | 18.6% | 8.0% | 5.0% | 15.5% | 15.7% | 11.9% |

Kominmet

DMZK UZ

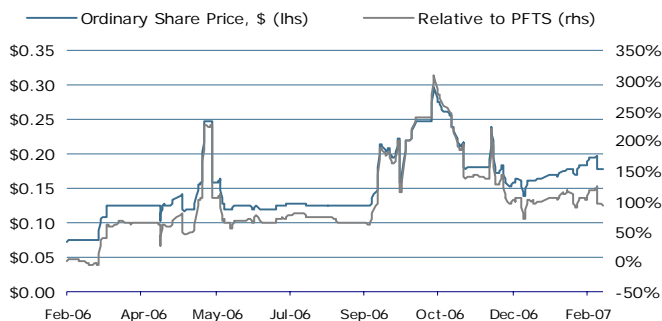
Metal Fabricate & Hardware

Target Price (USD) 0.18
Upside -27.28%

INVESTMENT CASE

- Cheap on EV/Production metric
- Low margin commodity product
- Least transparent traded pipe maker
- Lacks internal resources for development

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Kominmet is Ukraine's seventh largest pipe maker in terms of production volume, with a market share of 6.1% in 2006. The company's core product is galvanized small diameter (up to 11 mm) welded pipes that are used in the construction and repair of water and gas lines. Auxiliary production of lead steel sheets, spades and dishware make up a small portion of sales. Kominmet exports pipes mainly to FSU countries and Eastern Europe. Exports make up 50% to 80% of Kominmet's pipe shipments.

In 2006, Kominmet increased production by 26.9% yoy to 160.4 ths mt. However, it is still running far below its annual designed capacity of 282 ths mt. The company's net revenues increased in 9M06 by 31.7% yoy to USD 74.3 mln, EBITDA margin declined to negative 0.8% from 1.5% in 9M05, and net margin decreased to negative 2.2% from negative 1.3% in 9M05.

* PFTS MID Price 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 | 0.25 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.30 / 0.07 |
| Chg 3m/6m/52w | 38% / 100% / 242% |
| Chg vs PFTS 3m/6m/52w | -5% / 53% / 184% |
| Chg YTD | 41% |
| Avg Mo Tr Vol 6M, USD ths | 48.18 |
| MCap, USD mln | 25.7 |
| Free float, % | 19.8% |
| FF MCap, USD mln | 5.1 |
| No of shares, mln | 103.7 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|------------------|-------|
| Energopromresurs | 80.2% |
| Other | 19.8% |

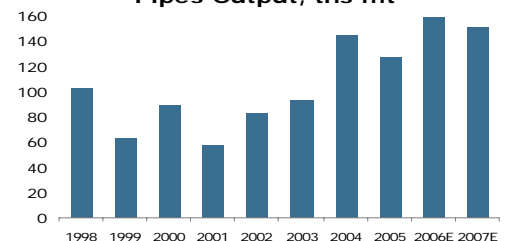
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.9 | 0.8 |
| EV/EBITDA | 14.6 | 14.1 |
| P/E | 25.5 | 25.5 |
| P/B | 4.3 | 3.7 |
| P/CF | 18.3 | 18.3 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 17% | 6% | 5% |
| Net Margin | 15% | 3% | 3% |
| ROE | 911% | 20% | 17% |
| Net Debt/Equity | 0.2 | 0.4 | 0.5 |

Pipes Output, ths mt



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|-------------|--------------|-------------|--------------|
| Net Revenues | 21.8 | 33.4 | 66.3 | 77.3 | 87.4 | 97.2 | 102.4 |
| <i>Change y-o-y</i> | - | 53.0% | 98.6% | 16.7% | 13.1% | 11.2% | 5.3% |
| Gross Profit | 3.1 | 3.0 | 1.6 | 6.1 | 5.4 | 11.7 | 13.7 |
| EBITDA | 1.0 | 0.7 | (0.9) | 8.0 | 1.1 | 6.9 | 8.5 |
| <i>margin, %</i> | 4.4% | 2.0% | -1.4% | 10.4% | 1.2% | 7.1% | 8.3% |
| Depreciation | (0.8) | (0.8) | (0.8) | (1.0) | (1.1) | (1.1) | (1.2) |
| EBIT | 0.2 | (0.1) | (1.8) | 7.0 | (0.1) | 5.7 | 7.4 |
| <i>margin, %</i> | 0.9% | -0.4% | -2.6% | 9.0% | -0.1% | 5.9% | 7.2% |
| Interest Expense | (2.8) | (2.8) | (2.3) | (3.5) | (0.3) | (0.5) | (0.7) |
| Other income/(expense) | 0.1 | (0.2) | (0.1) | 0.6 | - | - | - |
| PBT | (2.5) | (3.2) | (4.2) | 4.0 | (0.4) | 5.3 | 6.7 |
| Tax | - | - | (0.1) | (0.7) | - | (1) | (2) |
| <i>Effective tax rate</i> | 0.0% | 0.0% | -2.7% | 17.3% | 20.0% | 25.0% | 25.0% |
| Net Income | (2.5) | (3.2) | (4.3) | 3.3 | (0.4) | 4.0 | 5.0 |
| <i>Net Margin, %</i> | -11.3% | -9.5% | -6.5% | 4.3% | -0.4% | 4.1% | 4.9% |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| Current Assets | 5.6 | 5.6 | 9.5 | 10.7 | 17.9 | 19.8 | 21.5 |
| Cash & Equivalents | 0.1 | 0.0 | 0.0 | 0.2 | 0.3 | 0.3 | 0.3 |
| Trade Receivables | 2.1 | 2.3 | 0.4 | 1.9 | 2.2 | 2.4 | 3.1 |
| Inventories | 2.0 | 2.5 | 7.7 | 4.7 | 9.6 | 10.6 | 11.3 |
| Other | 1.4 | 0.8 | 1.3 | 3.8 | 5.9 | 6.5 | 6.9 |
| Fixed Assets | 20.8 | 20.6 | 20.4 | 20.0 | 19.2 | 19.7 | 20.2 |
| PP&E, net | 12.8 | 12.3 | 12.2 | 12.7 | 12.4 | 12.6 | 13.2 |
| Other | 8.0 | 8.3 | 8.2 | 7.3 | 6.9 | 7.0 | 7.0 |
| Total Assets | 26.4 | 26.2 | 29.9 | 30.7 | 37.1 | 39.5 | 41.7 |
| Shareholders' Equity | (5.7) | (8.6) | (8.6) | (6.1) | (6.4) | (1.2) | 2.3 |
| Share Capital | 4.9 | 4.9 | 4.9 | 5.1 | 4.9 | 6.1 | 6.1 |
| Retained Earnings | (24.1) | (27.0) | (27.0) | (25.3) | (25.6) | (21.5) | (17.9) |
| Other | 13.5 | 13.5 | 13.6 | 14.1 | 14.31 | 14.17 | 14.17 |
| Current Liabilities | 22.5 | 25.1 | 29.2 | 33.4 | 43.6 | 40.7 | 39.4 |
| ST Interest Bearing Debt | 3.0 | 3.0 | 3.0 | - | 2.2 | 4.8 | 6.5 |
| Trade Payables | 9.9 | 10.4 | 10.3 | 10.6 | 17.5 | 17.4 | 16.4 |
| Other | 9.5 | 11.7 | 15.9 | 22.8 | 23.9 | 18.5 | 16.6 |
| LT Liabilities | 9.5 | 9.7 | 9.2 | 3.4 | - | - | - |
| LT Interest Bearing Debt | 6.2 | 6.4 | 9.2 | 3.1 | - | - | - |
| Other | 3.4 | 3.4 | - | 0.3 | - | - | - |
| Total Liabilities & Equity | 26.4 | 26.2 | 29.9 | 30.7 | 37.1 | 39.5 | 41.7 |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|-------------|-------------|--------------|--------------|
| Net Revenues | 11.5 | 15.1 | 18.6 | 21.1 | 18.4 | 18.2 | 19.8 | 20.9 | 20.3 | 22.9 | 31.0 |
| <i>Change y-o-y</i> | 88.8% | 98.9% | 99.0% | 103.9% | 59.6% | 21.2% | 6.4% | -0.9% | 10.3% | 25.7% | 57.1% |
| EBITDA | (0.0) | (0.4) | (0.3) | (0.2) | (0.4) | 0.6 | 0.7 | 7.1 | 0.9 | (1.2) | (0.3) |
| <i>margin, %</i> | -0.4% | -2.7% | -1.4% | -1.2% | -2.3% | 3.1% | 3.7% | 34.1% | 4.7% | -5.3% | -1.0% |
| EBIT | (0.2) | (0.6) | (0.5) | (0.5) | (0.7) | 0.3 | 0.5 | 6.9 | 0.7 | (1.5) | (0.6) |
| <i>margin, %</i> | -2.1% | -4.0% | -2.4% | -2.1% | -3.7% | 1.7% | 2.4% | 32.8% | 3.2% | -6.6% | -1.9% |
| Net Income | (0.9) | (1.1) | (1.0) | (1.3) | (1.2) | 0.6 | (0.1) | 4.1 | 0.5 | (1.5) | (0.7) |
| <i>Net Margin, %</i> | -8.1% | -7.1% | -5.4% | -6.0% | -6.5% | 3.2% | -0.6% | 19.4% | 2.5% | -6.5% | -2.1% |

Nikopol Ferroalloy

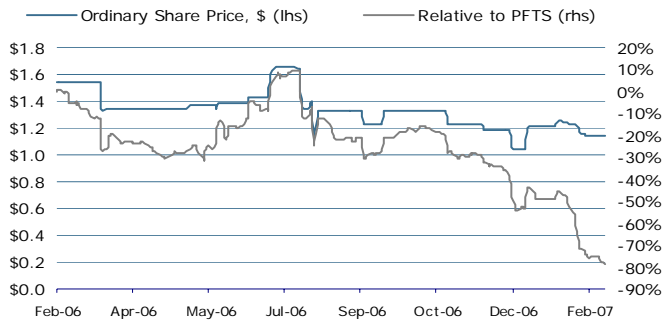
NFER UZ

Metal Fabricate & Hardware

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Nikopol Ferroalloy is the largest bulk (manganese-based) ferroalloy producer in the world. The company possesses the most modern equipment of any Ukrainian ferroalloy manufacturer. It operates 16 electric furnaces that were put into operation in the late 60s and have an annual capacity of 1.2 mln mt. Nikopol Ferroalloy produces 55% of Ukraine's ferroalloys. The company exports 70% of its output, mainly to Russia and imports over 70% of its raw materials from Ghana, Gabon and Australia.

Currently, the privatization of a 50%+1 stake is being disputed in court by the State Property Fund and Interpipe.

Nikopol Ferroalloy has implemented an energy-saving program in order to decrease the impact of higher electricity prices, which account for 30% of its total costs.

In 9M06 the company posted a 2.5% yoy growth of net revenues to USD 370.8 mln, decline of EBITDA margin to 0.3% from 3.1% in 9M05, and increase of negative net margin to 1.8% from 0.1% in 9M05.

UPCOMING EVENTS

1 Mar 2007 AGM

* PFTS MID Price 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 | 1.23 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 1.66 / 1.04 |
| Chg 3m/6m/52w | 0% / -7% / -21% |
| Chg vs PFTS 3m/6m/52w | -43% / -55% / -79% |
| Chg YTD | -1% |
| Avg Mo Tr Vol 6M, USD ths | 14.32 |
| MCap, USD mln | 372.7 |
| Free float, % | 2.0% |
| FF MCap, USD mln | 7.5 |
| No of shares, mln | 303.5 |
| Par Value (UAH) | 0.25 |
| XETRA | N4AA |
| DR Ratio | 1:25 |
| Avg Mo Tr Vol 6M, USD ths | 0.0 |

STOCK OWNERSHIP

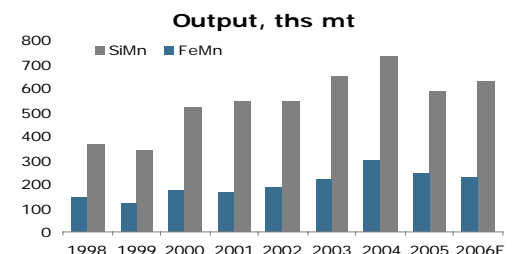
| | |
|-----------------|-------|
| State/Interpipe | 71.0% |
| Privat Group | 27.0% |
| Other | 2.0% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.9 | n/a |
| EV/EBITDA | 93.9 | n/a |
| P/E | neg | n/a |
| P/B | 3.2 | n/a |
| P/CF | 58.6 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 1% | 1% | n/a |
| Net Margin | -1% | -0.3% | n/a |
| ROE | -3% | -1% | n/a |
| Net Debt/Equity | 0.1 | 0.7 | n/a |



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 272.6 | 288.1 | 414.9 | 480.8 | 370.8 | n/a | n/a |
| <i>Change y-o-y</i> | - | 5.7% | 44.0% | 15.9% | 2.5% | n/a | n/a |
| Gross Profit | 56.6 | 49.6 | 50.8 | 41.1 | 20.7 | n/a | n/a |
| EBITDA | 14.3 | 14.6 | 26.1 | 6.3 | 1.0 | n/a | n/a |
| <i>margin, %</i> | 5.3% | 5.1% | 6.3% | 1.3% | 0.3% | n/a | n/a |
| Depreciation | (4.8) | (5.1) | (5.1) | (6.4) | (4.8) | n/a | n/a |
| EBIT | 9.6 | 9.5 | 21.0 | (0.1) | (3.7) | n/a | n/a |
| <i>margin, %</i> | 3.5% | 3.3% | 5.1% | 0.0% | -1.0% | n/a | n/a |
| Interest Expense | (2.7) | (0.7) | (0.9) | (1.1) | (2.5) | n/a | n/a |
| Other income/(expense) | (0.1) | (0.4) | 0.1 | 0.2 | (0.2) | n/a | n/a |
| PBT | 6.7 | 8.4 | 20.1 | (0.9) | (6.5) | n/a | n/a |
| Tax | (3.3) | (4.5) | (6.9) | (3.3) | - | n/a | n/a |
| <i>Effective tax rate</i> | 48.5% | 53.7% | 34.0% | -356.9% | 0.0% | n/a | n/a |
| Net Income | 3.5 | 3.9 | 13.3 | (4.2) | (6.5) | n/a | n/a |
| <i>Net Margin, %</i> | 1.3% | 1.4% | 3.2% | -0.9% | -1.8% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 74.0 | 74.3 | 91.7 | 91.2 | 149.0 | n/a | n/a |
| Cash & Equivalents | 0.1 | 0.5 | 2.4 | 0.5 | 0.3 | n/a | n/a |
| Trade Receivables | 18.6 | 25.3 | 48.7 | 43.9 | 102.4 | n/a | n/a |
| Inventories | 33.5 | 23.2 | 23.2 | 29.0 | 16.0 | n/a | n/a |
| Other | 21.8 | 25.4 | 17.4 | 17.8 | 30.3 | n/a | n/a |
| Fixed Assets | 81.8 | 78.7 | 83.7 | 95.7 | 95.6 | n/a | n/a |
| PP&E, net | 74.4 | 76.4 | 76.9 | 84.5 | 85.2 | n/a | n/a |
| Other | 7.4 | 2.4 | 6.8 | 11.2 | 10.4 | n/a | n/a |
| Total Assets | 155.8 | 153.0 | 175.3 | 186.9 | 244.6 | n/a | n/a |
| Shareholders' Equity | 99.3 | 103.3 | 117.4 | 119.3 | 112.4 | n/a | n/a |
| Share Capital | 14.2 | 14.2 | 14.3 | 15.0 | 15.0 | n/a | n/a |
| Retained Earnings | 10.8 | 14.7 | 26.9 | 24.2 | 17.3 | n/a | n/a |
| Other | 74.3 | 74.3 | 76.2 | 80.1 | 80.1 | n/a | n/a |
| Current Liabilities | 51.1 | 41.1 | 49.7 | 58.2 | 129.9 | n/a | n/a |
| ST Interest Bearing Debt | 26.0 | 5.6 | 15.0 | 7.0 | 87.9 | n/a | n/a |
| Trade Payables | 14.5 | 25.1 | 28.7 | 18.2 | 12.3 | n/a | n/a |
| Other | 10.6 | 10.4 | 5.9 | 33.0 | 31.5 | n/a | n/a |
| LT Liabilities | 5.3 | 8.6 | 8.3 | 9.4 | 2.2 | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Other | 5.3 | 8.6 | 8.3 | 9.4 | 2.2 | n/a | n/a |
| Total Liabilities & Equity | 155.8 | 153.0 | 175.3 | 186.9 | 244.6 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|
| Net Revenues | 83.6 | 103.1 | 108.4 | 119.8 | 130.1 | 124.6 | 107.1 | 119.0 | 133.4 | 100.6 | 136.7 |
| <i>Change y-o-y</i> | 36.0% | -28.9% | 68.5% | 52.0% | 55.7% | 20.9% | -1.2% | -0.7% | 2.5% | -19.2% | 27.7% |
| EBITDA | 2.0 | 3.9 | 8.7 | 11.6 | 9.6 | 8.4 | (6.7) | (5.0) | (2.0) | (6.3) | 9.4 |
| <i>margin, %</i> | 2.4% | 3.7% | 8.0% | 9.7% | 7.4% | 6.8% | -6.3% | -4.2% | -1.5% | -6.3% | 6.9% |
| EBIT | 0.7 | 2.6 | 7.3 | 10.3 | 8.2 | 6.8 | (8.4) | (6.7) | (3.6) | (7.9) | 7.8 |
| <i>margin, %</i> | 0.9% | 2.5% | 6.8% | 8.6% | 6.3% | 5.4% | -7.9% | -5.6% | -2.7% | -7.9% | 5.7% |
| Net Income | 0.7 | 0.9 | 4.6 | 7.1 | 7.9 | 3.7 | (12.0) | (3.8) | (3.9) | (8.7) | 6.0 |
| <i>Net Margin, %</i> | 0.8% | 0.9% | 4.2% | 5.9% | 6.1% | 2.9% | -11.2% | -3.2% | -2.9% | -8.6% | 4.4% |

Novomoskovsk Pipe

NVTR UZ

Metal Fabricate & Hardware

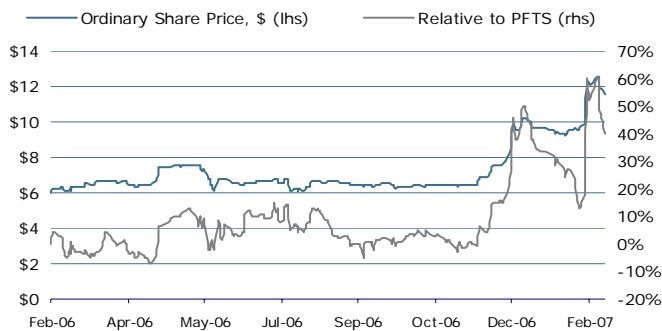
<http://www.nmtz.dp.ua>

Target Price (USD) **10.12**
Upside **-13%**

INVESTMENT CASE

- Has exposure to both the oil & gas industry and the construction industry and infrastructural projects
- Highest production growth among Ukraine's big four pipe makers in 2006 (36.3% yoy)
- Demand for its pipes is highly volatile
- Poor financial reporting standards
- Gaining momentum on the back of Russia's booming oil & gas sector
- Parent company, Interpipe, is an IPO candidate in 2008-2009

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Novomoskovsk Pipe is Ukraine's third largest pipe producer with a capacity of 1.3 mln mt of pipes p.a. and a 9.3% share of domestic total pipe output in 2006. The company's core products are large-diameter (1020 mm) and middle diameter (159 - 529 mm) electric-welded pipes (of which the company is the only producer in the CIS) for oil & gas and general purpose pipelines. Its product portfolio encompasses +/- 70 dimension sizes of pipes made from carbon, alloy and stainless steel. Exports accounted for ~65% of the company's shipments in January-September 2006 (~86% of which was to Russia).

In 2006, Novomoskovsk Pipe increased output by 36.3% yoy to 242.5 ths mt, significantly outstripping the industry's average growth of 11.4% yoy. The company's net revenues increased in 9M06 by 40.5% yoy to USD 133.2 mln, EBITDA margin grew to 8.8% from 4.4% in 9M05, and net margin improved to 4.9% from 1% in 9M05.

UPCOMING EVENTS

15 Feb 2007 AGM

* PFTS MID Price 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 | 11.68 |
| Price impact** | 2 |
| 52 Wk H/L, USD | 12.6 / 6.0 |
| Chg 3m/6m/52w | 80% / 76% / 95% |
| Chg vs PFTS 3m/6m/52w | 37% / 29% / 37% |
| Chg YTD | 25% |
| Avg Mo Tr Vol 6M, USD ths | 143.59 |
| MCap, USD mln | 140.2 |
| Free float, % | 13.5% |
| FF MCap, USD mln | 18.9 |
| No of shares, mln | 12.0 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

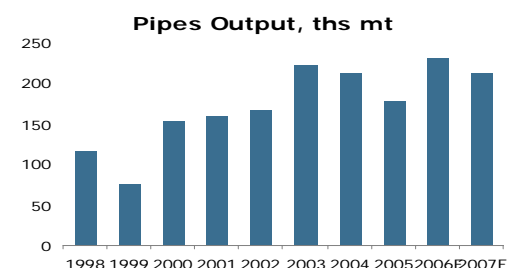
| | |
|-----------|-------|
| Interpipe | 86.5% |
| Other | 13.5% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.8 | 0.9 |
| EV/EBITDA | 9.0 | 10.0 |
| P/E | 14.5 | 16.9 |
| P/B | 3.0 | 2.9 |
| P/CF | 11.6 | 13.1 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 4% | 9% | 9% |
| Net Margin | 1% | 6% | 5% |
| ROE | 4% | 23% | 18% |
| Net Debt/Equity | 0.03 | 0.03 | 0.04 |



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 47.8 | 84.5 | 121.4 | 122.0 | 153.1 | 153.3 | 162.7 |
| <i>Change y-o-y</i> | - | 76.6% | 43.7% | 0.5% | 25.4% | 0.2% | 6.1% |
| Gross Profit | 7.2 | 11.5 | 13.1 | 15.3 | 22.8 | 24.9 | 25.4 |
| EBITDA | 2.2 | 2.2 | 5.4 | 4.6 | 9.2 | 14.2 | 15.6 |
| <i>margin, %</i> | 4.5% | 2.6% | 4.5% | 3.7% | 6.0% | 9.3% | 9.6% |
| Depreciation | (1.9) | (1.7) | (1.9) | (2.2) | (2.1) | (2.1) | (2.1) |
| EBIT | 0.2 | 0.5 | 3.5 | 2.4 | 7.1 | 12.1 | 13.5 |
| <i>margin, %</i> | 0.4% | 0.6% | 2.9% | 2.0% | 4.6% | 7.9% | 8.3% |
| Interest Expense | (0.0) | (0.0) | (0.0) | (0.0) | (0.2) | (0.2) | (0.2) |
| Other income/(expense) | (0.1) | 0.0 | (0.0) | (0.3) | - | - | - |
| PBT | 0.0 | 0.5 | 3.4 | 2.1 | (0.1) | (0.0) | (0.1) |
| Tax | (1.1) | (0.4) | (1.2) | (0.7) | (2.7) | (3.6) | (4.0) |
| <i>Effective tax rate</i> | 3702.3% | 72.0% | 36.0% | 32.6% | 40.0% | 30.0% | 30.0% |
| Net Income | (1.0) | 0.1 | 2.2 | 1.4 | 4.1 | 8.3 | 9.3 |
| <i>Net Margin, %</i> | -2.2% | 0.2% | 1.8% | 1.2% | 2.7% | 5.4% | 5.7% |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Current Assets | 11.0 | 18.5 | 24.9 | 25.5 | 32.7 | 34.2 | 36.6 |
| Cash & Equivalents | 0.0 | 0.1 | 0.0 | 1.6 | 0.2 | 0.6 | 0.8 |
| Trade Receivables | 1.1 | 7.7 | 13.7 | 15.0 | 19.9 | 19.8 | 21.2 |
| Inventories | 6.4 | 6.7 | 7.7 | 7.2 | 8.0 | 9.2 | 9.8 |
| Other | 3.5 | 4.1 | 3.4 | 1.7 | 4.6 | 4.6 | 4.9 |
| Fixed Assets | 28.2 | 29.2 | 28.1 | 29.5 | 28.8 | 30.8 | 31.5 |
| PP&E, net | 23.6 | 23.3 | 23.7 | 23.3 | 23.0 | 23.0 | 23.4 |
| Other | 4.6 | 5.8 | 4.4 | 6.2 | 5.8 | 7.8 | 8.1 |
| Total Assets | 39.1 | 47.7 | 53.0 | 55.0 | 61.6 | 65.0 | 68.1 |
| Shareholders' Equity | 34.8 | 34.2 | 38.9 | 41.9 | 46.0 | 48.9 | 51.7 |
| Share Capital | 0.1 | 0.1 | 3.3 | 3.5 | 3.3 | 3.3 | 3.3 |
| Retained Earnings | 4.2 | 5.0 | 7.3 | 9.2 | 13.3 | 16.5 | 19.3 |
| Other | 30.4 | 29.1 | 28.3 | 29.2 | 29.4 | 29.1 | 29.1 |
| Current Liabilities | 4.1 | 10.2 | 11.4 | 10.4 | 14.1 | 14.0 | 13.9 |
| ST Interest Bearing Debt | 1.1 | 0.0 | 0.0 | - | 0.2 | 0.3 | 0.4 |
| Trade Payables | 2.6 | 8.0 | 10.8 | 9.4 | 12.2 | 12.2 | 12.2 |
| Other | 0.4 | 2.2 | 0.6 | 1.0 | 1.6 | 1.4 | 1.4 |
| LT Liabilities | 0.3 | 3.3 | 2.6 | 2.7 | 1.5 | 2.2 | 2.4 |
| LT Interest Bearing Debt | - | 2.7 | 2.6 | 2.7 | 1.5 | 2.2 | 2.4 |
| Other | 0.3 | 0.6 | 0.0 | - | - | - | - |
| Total Liabilities & Equity | 39.1 | 47.7 | 53.0 | 55.0 | 61.6 | 65.0 | 68.1 |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|-------------|-------------|-------------|
| Net Revenues | 18.2 | 28.7 | 39.0 | 35.5 | 30.4 | 34.8 | 29.6 | 27.2 | 37.7 | 32.7 | 62.7 |
| <i>Change y-o-y</i> | 78.0% | 7.6% | 55.4% | 57.7% | 66.9% | 21.2% | -24.1% | -23.3% | 24.1% | -6.1% | 112.0% |
| EBITDA | 1.0 | 1.0 | 1.1 | 2.3 | 2.0 | 1.3 | 0.9 | 0.4 | 3.3 | 1.5 | 7.0 |
| <i>margin, %</i> | 5.5% | 3.6% | 2.8% | 6.4% | 6.5% | 3.7% | 3.1% | 1.4% | 8.6% | 4.6% | 11.1% |
| EBIT | 0.5 | 0.6 | 0.7 | 1.6 | 1.5 | 0.8 | 0.3 | (0.2) | 2.8 | 0.9 | 6.4 |
| <i>margin, %</i> | 3.0% | 2.2% | 1.8% | 4.5% | 4.9% | 2.2% | 1.1% | -0.7% | 7.4% | 2.8% | 10.3% |
| Net Income | 0.4 | 0.2 | 0.3 | 1.3 | 0.9 | 0.3 | (0.3) | 0.4 | 1.9 | 0.3 | 4.3 |
| <i>Net Margin, %</i> | 2.2% | 0.8% | 0.7% | 3.7% | 3.1% | 0.9% | -0.9% | 1.5% | 5.0% | 0.9% | 6.8% |

Nyzhnyodniprovsky Pipe NITR UZ

Metal Fabricate & Hardware

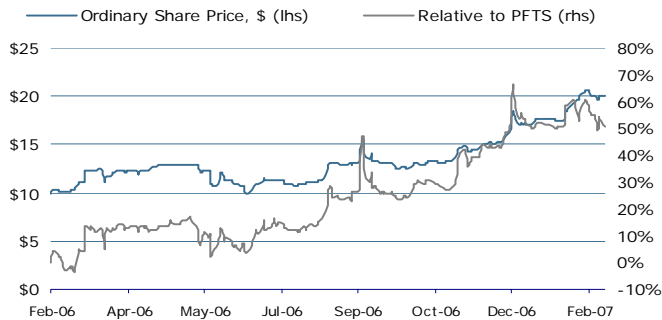
<http://www.ntz.dp.ua>

Target Price (USD) 21.88
Upside 8.7%

INVESTMENT CASE

- Boasts the highest corporate governance standards among Ukrainian pipe makers
- Best product mix among Ukrainian pipe makers
- Diversified in the highly profitable railcar wheel business
- Parent company, Interpipe, is an IPO candidate in 2008-2009
- Risk of unwelcome corporate events brought about by controlling owners still exists

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Nyzhnyodniprovsky Pipe is Ukraine's largest pipe maker by output. It has a monopoly in the production of railroad wheels, tires & rings in Ukraine and is one of the three rail wheel producers in the CIS. The company's pipe business is focused on high quality casing pipes. Pipe production conforms to local UkrSEPRO and Russian GOST systems, is certified by the API and the TÜV NORD Certification Center (Germany). The plant's pipe making capacity is 900.3 ths mt p.a., its railroad wheel production capacity is 256 ths mt p.a. and its tires & rings capacity is 70 ths mt p.a. Nyzhnyodniprovsky Pipe exports over 70% of its pipes and 50% of its pipe sales (in terms of weight) are to non-CIS markets.

In 2006, pipe output grew 22.4% yoy, which made Nyzhnyodniprovsky Pipe Ukraine's largest pipe maker with a market share of 22.4% (with 586.2 ths mt in 9M06). The company's net revenues increased in 9M06 by 16.4% yoy to USD 549.9 mln, EBITDA margin grew to 22.2% from 19.6% in 9M05, and net margin improved to 13.2% from 12.5% in 9M05.

UPCOMING EVENTS

9 Feb 2007 AGM

* PFTS MID Price is used

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

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- 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 | 20.13 |
| Price impact** | 2 |
| 52 Wk H/L, USD | 20.6 / 9.5 |
| Chg 3m/6m/52w | 41% / 53% / 102% |
| Chg vs PFTS 3m/6m/52w | -2% / 6% / 44% |
| Chg YTD | 9% |
| Avg Mo Tr Vol 6M, USD ths | 1718.55 |
| MCap, USD mln | 1084.6 |
| Free float, % | 9.3% |
| FF MCap, USD mln | 101.3 |
| No of shares, mln | 53.9 |
| Par Value, UAH | 0.25 |
| XETRA | NYZ |
| DR Ratio | 1:6 |
| Avg Mo Tr Vol 6M, USD ths | 143.09 |

STOCK OWNERSHIP

| | |
|------------|-------|
| Interpipe | 86.9% |
| Management | 3.8% |
| Other | 9.3% |

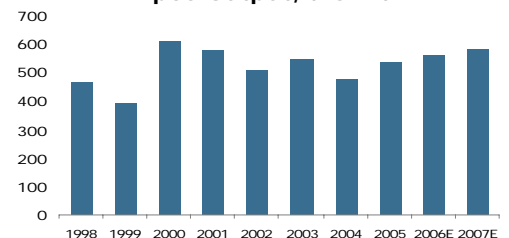
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.7 | 1.5 |
| EV/EBITDA | 7.5 | 6.0 |
| P/E | 11.4 | 8.7 |
| P/B | 4.9 | 3.9 |
| P/CF | 10.4 | 8.0 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 20% | 23% | 25% |
| Net Margin | 17% | 13% | 15% |
| ROE | 56% | 32% | 56% |
| Net Debt/Equity | -0.2 | 0.8 | 0.7 |

Pipes Output, ths mt



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 250.0 | 315.7 | 495.1 | 623.4 | 734.1 | 831.7 | 935.1 |
| <i>Change y-o-y</i> | - | 26.3% | 56.8% | 25.9% | 17.9% | 13.3% | 12.4% |
| Gross Profit | 27.2 | 47.5 | 75.3 | 181.1 | 251.9 | 285.4 | 304.8 |
| EBITDA | 12.0 | 14.0 | 43.5 | 125.6 | 185.8 | 210.5 | 220.6 |
| <i>margin, %</i> | 4.8% | 4.4% | 8.8% | 20.1% | 25.3% | 25.3% | 23.6% |
| Depreciation | (7.3) | (7.4) | (7.3) | (7.7) | (9.0) | (10.9) | (13.1) |
| EBIT | 4.7 | 6.6 | 36.2 | 117.9 | 176.8 | 199.6 | 207.6 |
| <i>margin, %</i> | 1.9% | 2.1% | 7.3% | 18.9% | 24.1% | 24.0% | 22.2% |
| Interest Expense | (0.3) | (0.5) | (2.2) | (3.2) | (14.1) | (21.3) | (21.0) |
| Other income/(expense) | 0.1 | 0.1 | (0.2) | 28.4 | - | - | - |
| PBT | 4.4 | 6.2 | 33.8 | 143.1 | 162.7 | 178.3 | 186.6 |
| Tax | (4.1) | (2.9) | (10.6) | (39.0) | (49) | (53) | (47) |
| <i>Effective tax rate</i> | 93.6% | 46.5% | 31.3% | 27.3% | 30.0% | 30.0% | 25.0% |
| Net Income | 0.3 | 3.3 | 23.2 | 103.8 | 113.9 | 124.8 | 140.0 |
| <i>Net Margin, %</i> | 0.1% | 1.1% | 4.7% | 16.7% | 15.5% | 15.0% | 15.0% |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Current Assets | 87.9 | 102.4 | 184.9 | 336.5 | 341.4 | 335.2 | 360.0 |
| Cash & Equivalents | 1.2 | 0.9 | 26.2 | 102.1 | 51.4 | 24.8 | 28.1 |
| Trade Receivables | 44.9 | 48.4 | 34.3 | 56.9 | 55.1 | 62.1 | 70.1 |
| Inventories | 34.2 | 40.5 | 51.7 | 60.1 | 73.4 | 82.8 | 93.5 |
| Other | 7.6 | 12.6 | 72.7 | 117.3 | 161.5 | 165.5 | 168.3 |
| Fixed Assets | 100.5 | 152.9 | 280.8 | 151.4 | 167.4 | 225.5 | 280.3 |
| PP&E, net | 78.7 | 81.3 | 79.6 | 84.2 | 89.4 | 130.2 | 176.7 |
| Other | 21.8 | 71.6 | 201.2 | 67.2 | 77.9 | 95.3 | 103.6 |
| Total Assets | 188.4 | 255.3 | 465.7 | 487.9 | 508.7 | 560.7 | 640.3 |
| Shareholders' Equity | 158.1 | 166.6 | 189.7 | 299.7 | 221.3 | 281.2 | 337.2 |
| Share Capital | 9.5 | 9.5 | 9.5 | 10.0 | 9.5 | 9.5 | 9.5 |
| Retained Earnings | 54.6 | 64.0 | 87.0 | 193.2 | 114.8 | 175.8 | 231.8 |
| Other | 94.0 | 93.1 | 93.2 | 96.4 | 96.9 | 95.8 | 95.8 |
| Current Liabilities | 29.1 | 50.0 | 140.7 | 126.9 | 135.7 | 172.1 | 186.5 |
| ST Interest Bearing Debt | 3.7 | 3.2 | 36.7 | 51.1 | 73.4 | 101.9 | 107.1 |
| Trade Payables | 20.9 | 41.8 | 96.1 | 55.9 | 51.4 | 57.9 | 65.5 |
| Other | 4.6 | 5.0 | 7.9 | 19.4 | 10.9 | 12.3 | 13.9 |
| LT Liabilities | 1.2 | 38.6 | 135.3 | 61.3 | 151.7 | 107.4 | 116.6 |
| LT Interest Bearing Debt | - | - | - | - | 108.2 | 95.6 | 104.9 |
| Other | 1.2 | 38.6 | 135.3 | 61.3 | 43.6 | 11.8 | 11.8 |
| Total Liabilities & Equity | 188.4 | 255.3 | 465.7 | 487.9 | 508.7 | 560.7 | 640.3 |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|
| Net Revenues | 98.9 | 117.0 | 129.9 | 149.4 | 141.0 | 166.6 | 165.0 | 150.9 | 169.7 | 192.8 | 187.4 |
| <i>Change y-o-y</i> | 69.3% | 31.5% | 53.7% | 78.1% | 42.5% | 42.4% | 27.0% | 1.0% | 20.4% | 15.7% | 13.6% |
| EBITDA | 10.6 | (1.1) | 8.3 | 25.7 | 13.1 | 39.3 | 40.4 | 32.7 | 46.8 | 44.9 | 30.6 |
| <i>margin, %</i> | 10.7% | -0.9% | 6.4% | 17.2% | 9.3% | 23.6% | 24.5% | 21.7% | 27.6% | 23.3% | 16.3% |
| EBIT | 8.6 | (2.8) | 6.4 | 24.0 | 11.2 | 37.4 | 38.5 | 30.8 | 44.6 | 42.7 | 28.6 |
| <i>margin, %</i> | 8.7% | -2.4% | 4.9% | 16.1% | 8.0% | 22.4% | 23.3% | 20.4% | 26.3% | 22.2% | 15.3% |
| Net Income | 7.0 | (5.0) | 5.0 | 16.3 | 5.8 | 73.5 | (20.3) | 44.8 | 31.8 | 29.9 | 10.9 |
| <i>Net Margin, %</i> | 7.1% | -4.3% | 3.8% | 10.9% | 4.1% | 44.1% | -12.3% | 29.7% | 18.8% | 15.5% | 5.8% |

Silur

SILUR UZ

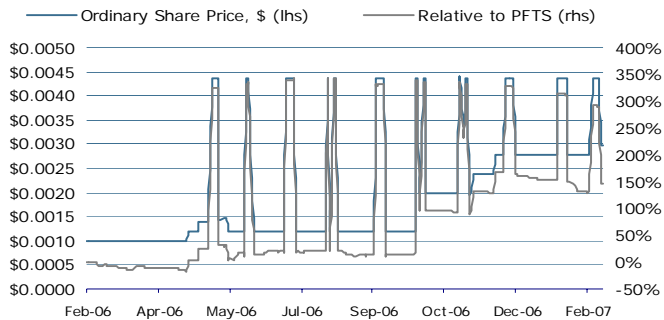
Metal Fabricate & Hardware

<http://www.silur.com>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Silur is one of the largest producers of steel cables and wires in Europe and the only producer of metal cord used in the production of automotive tires in Ukraine. The company includes cable, metal cord, and metal grid shops and other supporting enterprises that specialize in certain products and services. It produces around 2,000 different types and sizes of steel cables and wires.

The plant's main customers are leading companies in Ukraine and all over the world. Silur exports its products to 49 countries in Western Europe, Africa, North and South America, Australia, Asia and the near East.

In 9M06, the plant produced 68.7 ths mt of metal wares, a 4.5% yoy decrease. The company's financials for 9M06 reported a 15.6% yoy increase of net revenues to USD 44.7 mln, a reduction in its EBITDA margin to negative 5.2% from 11.4% in 9M05, and a decrease in its net margin to negative 15.2% from 13.5% in 9M05.

* PFTS BID Price 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 | 0.003 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.00 / 0.00 |
| Chg 3m/6m/52w | 25% / 150% / 200% |
| Chg vs PFTS 3m/6m/52w | -18% / 103% / 142% |
| Chg YTD | -32% |
| Avg Mo Tr Vol 6M, USD ths | 0.54 |
| MCap, USD mln | 13.7 |
| Free float, % | 8.2% |
| FF MCap, USD mln | 1.1 |
| No of shares, mln | 4609.4 |
| Par Value (UAH) | 0.05 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-----------------------------------|-------|
| Bank "Pivdenny" related companies | 91.8% |
| Other | 8.2% |

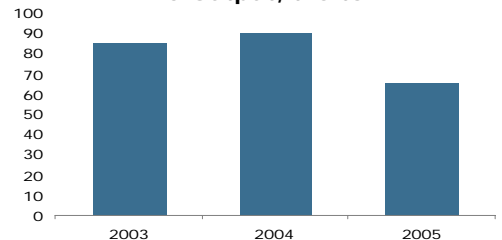
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.4 | n/a |
| EV/EBITDA | -7.2 | n/a |
| P/E | -1.5 | n/a |
| P/B | -4.2 | n/a |
| P/CF | -2.0 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | 9% | -5% | n/a |
| Net Margin | 9% | -15% | n/a |
| ROE | 1725% | -157% | n/a |
| Net Debt/Equity | 5.18 | -2.6 | n/a |

Wire Output, ths ton



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|---------------|--------------|--------------|-------------|--------------|------------|------------|
| Net Revenues | 41.7 | 39.4 | 59.9 | 55.1 | 44.7 | n/a | n/a |
| <i>Change y-o-y</i> | - | -5.4% | 51.8% | -8.0% | 15.6% | n/a | n/a |
| Gross Profit | 5.2 | 7.0 | 15.0 | 12.8 | 6.8 | n/a | n/a |
| EBITDA | (0.1) | 2.1 | 3.7 | 5.0 | (2.3) | n/a | n/a |
| <i>margin, %</i> | -0.3% | 5.2% | 6.1% | 9.0% | -5.2% | n/a | n/a |
| Depreciation | (2.9) | (2.6) | (2.5) | (2.5) | (1.7) | n/a | n/a |
| EBIT | (3.0) | (0.5) | 1.2 | 2.5 | (4.1) | n/a | n/a |
| <i>margin, %</i> | -7.3% | -1.4% | 2.0% | 4.6% | -9.1% | n/a | n/a |
| Interest Expense | (1.6) | (1.3) | (1.9) | (1.2) | (0.8) | n/a | n/a |
| Other income/(expense) | (6.4) | (5.0) | (3.5) | 4.0 | (1.8) | n/a | n/a |
| PBT | (11.1) | (6.9) | (4.2) | 5.3 | (6.7) | n/a | n/a |
| Tax | (0.1) | - | (0.5) | (0.2) | (0.1) | n/a | n/a |
| <i>Effective tax rate</i> | -0.6% | 0.0% | -11.3% | 3.5% | -2.2% | n/a | n/a |
| Net Income | (11.1) | (6.9) | (4.7) | 5.1 | (6.8) | n/a | n/a |
| <i>Net Margin, %</i> | -26.7% | -17.4% | -7.9% | 9.3% | -15.2% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 15.5 | 13.2 | 19.3 | 24.4 | 14.4 | n/a | n/a |
| Cash & Equivalents | 0.1 | 0.2 | 0.3 | 0.0 | 0.0 | n/a | n/a |
| Trade Receivables | 4.1 | 2.3 | 9.3 | 12.5 | 3.0 | n/a | n/a |
| Inventories | 8.4 | 7.5 | 6.9 | 9.4 | 9.6 | n/a | n/a |
| Other | 2.9 | 3.2 | 2.7 | 2.5 | 1.8 | n/a | n/a |
| Fixed Assets | 30.8 | 28.3 | 28.7 | 29.6 | 27.9 | n/a | n/a |
| PP&E, net | 27.2 | 24.6 | 24.5 | 26.1 | 24.6 | n/a | n/a |
| Other | 3.6 | 3.7 | 4.1 | 3.5 | 3.3 | n/a | n/a |
| Total Assets | 46.3 | 41.5 | 48.0 | 54.0 | 42.3 | n/a | n/a |
| Shareholders' Equity | 10.5 | 3.5 | 0.3 | 5.8 | 25.9 | n/a | n/a |
| Share Capital | 43.2 | 43.2 | 43.4 | 45.6 | 45.6 | n/a | n/a |
| Retained Earnings | (32.8) | (39.8) | (43.2) | (39.8) | (19.8) | n/a | n/a |
| Other | 0.1 | 0.1 | 0.1 | - | - | n/a | n/a |
| Current Liabilities | 30.9 | 36.5 | 34.1 | 35.0 | 6.5 | n/a | n/a |
| ST Interest Bearing Debt | 21.6 | 28.8 | 26.0 | 22.8 | 0.0 | n/a | n/a |
| Trade Payables | 6.5 | 3.5 | 5.9 | 10.9 | 4.4 | n/a | n/a |
| Other | 2.8 | 4.2 | 2.2 | 1.3 | 2.6 | n/a | n/a |
| LT Liabilities | 4.9 | 1.5 | 13.6 | 13.2 | 10.0 | n/a | n/a |
| LT Interest Bearing Debt | 4.8 | 1.5 | 12.8 | 7.2 | 8.7 | n/a | n/a |
| Other | 0.1 | - | 0.7 | 6.0 | 1.3 | n/a | n/a |
| Total Liabilities & Equity | 46.3 | 41.5 | 48.0 | 54.0 | 42.3 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|-------------|--------------|--------------|--------------|-------------|-------------|--------------|--------------|--------------|--------------|
| Net Revenues | 9.9 | 16.6 | 19.4 | 13.9 | 6.4 | 17.0 | 15.3 | 16.4 | 13.4 | 15.3 | 16.0 |
| <i>Change y-o-y</i> | -9.6% | 50.5% | 99.8% | 81.0% | -35.5% | 1.9% | -21.0% | 18.0% | 108.8% | -9.7% | 4.6% |
| EBITDA | 0.4 | 2.7 | 1.4 | (0.8) | (0.2) | 2.5 | 2.1 | 0.5 | 1.0 | 0.7 | (4.0) |
| <i>margin, %</i> | 3.9% | 16.0% | 7.4% | -5.8% | -3.0% | 14.7% | 13.8% | 3.3% | 7.6% | 4.3% | -25.0% |
| EBIT | (0.2) | 2.1 | 0.8 | (1.5) | (0.8) | 1.9 | 1.5 | (0.1) | 0.4 | 0.1 | (4.6) |
| <i>margin, %</i> | -2.2% | 12.4% | 4.3% | -10.5% | -13.1% | 11.2% | 10.1% | -0.5% | 3.2% | 0.4% | -28.5% |
| Net Income | (0.1) | 1.4 | (1.0) | (5.0) | (0.1) | 4.1 | 1.2 | (0.1) | (0.5) | (1.1) | (5.2) |
| <i>Net Margin, %</i> | -1.2% | 8.5% | -5.1% | -36.0% | -1.8% | 24.3% | 8.0% | -0.7% | -3.6% | -7.5% | -32.5% |

Stakhaniv Ferroalloy

SFER UZ

Metal Fabricate & Hardware

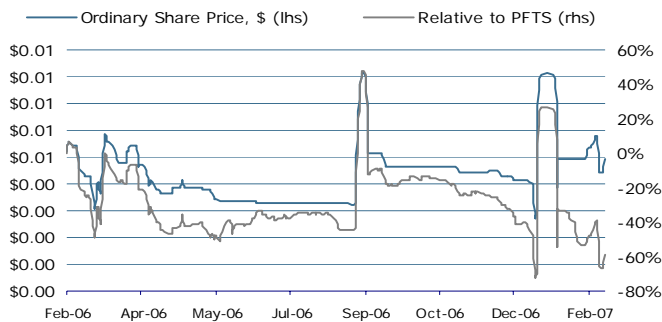
Target Price (USD)
Upside

U/R
n/a

INVESTMENT CASE

- Launch and focus on a new product (SiMn), which is in higher demand worldwide and less cost-consuming, is improved the company's economy
- Expected construction of new domestic electric arc mills and increased capacities at existing mills will increasing demand for ferroalloys from steel smelters
- Transparency improvement is in progress

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Stakhaniv Ferroalloy is the smallest bulk ferroalloy producer in Ukraine. The plant's annual capacity is 0.3 mln mt of FeSi, SiMn, and FeMn. The company exports 80% of its output, mainly to Russia. In 2005, Stakhaniv Ferroalloy started producing silicomanganese (SiMn), which comprised almost 50% of company's output and is in higher demand worldwide than FeSi. Moreover, its production costs are 10% lower than FeSi, since it uses less electricity. As of 10M06, the plant produced 162.95 ths mt of ferroalloys. In 9M06 the company posted 42% yoy growth of net revenues to USD 94.1 mln, an increase in its EBITDA margin to 7.5% from negative 2% in 9M05, and an increase in its net margin to 2% from negative 6.3% in 9M05.

Stakhaniv Ferroalloy is controlled by Privat Group, which supplies the plant with manganese ore, sinter and coke.

* PFTS MID Price 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 | 0.01 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.01 / 0.00 |
| Chg 3m/6m/52w | 13% / 52% / -4% |
| Chg vs PFTS 3m/6m/52w | -29% / 5% / -62% |
| Chg YTD | 2% |
| Avg Mo Tr Vol 6M, USD ths | 11.38 |
| MCap, USD mln | 72.5 |
| Free float, % | 2.0% |
| FF MCap, USD mln | 1.4 |
| No of shares, mln | 14356.9 |
| Par Value (UAH) | 0.01 |
| XETRA | S5Z1 |
| DR Ratio | 1:100 |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

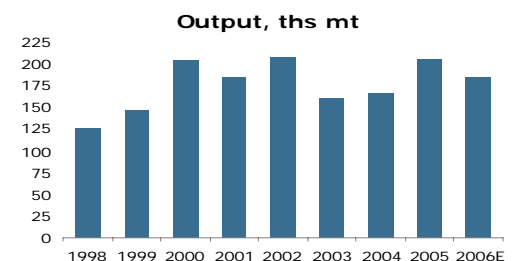
| | |
|--------------|-------|
| Privat Group | 98.0% |
| Other | 2.0% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.4 | 0.3 |
| EV/EBITDA | 11.0 | 5.3 |
| P/E | 27.9 | 8.1 |
| P/B | 3.2 | 2.7 |
| P/CF | 11.7 | 5.8 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | -1% | 8% | 14% |
| Net Margin | -6% | 2% | 6% |
| ROE | -272% | 13% | 40% |
| Net Debt/Equity | 1.2 | 1.8 | 1.4 |



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 46.6 | 43.1 | 61.0 | 94.0 | 127.1 | 149.6 | 165.7 |
| <i>Change y-o-y</i> | - | -7.5% | 41.7% | 54.1% | 45.0% | 17.7% | 10.8% |
| Gross Profit | 4.3 | 5.6 | 3.8 | 4.3 | 15.5 | 28.8 | 38.6 |
| EBITDA | 0.2 | 3.7 | 1.6 | (1.1) | 9.1 | 21.3 | 30.4 |
| <i>margin, %</i> | 0.5% | 8.5% | 2.6% | -1.1% | 7.2% | 14.2% | 18.3% |
| Depreciation | (2.0) | (2.0) | (2.2) | (2.8) | (2.7) | (2.8) | (2.8) |
| EBIT | (1.7) | 1.6 | (0.6) | (3.9) | 6.4 | 18.5 | 27.5 |
| <i>margin, %</i> | -3.7% | 3.8% | -1.0% | -4.1% | 5.1% | 12.3% | 16.6% |
| Interest Expense | (1.6) | (2.4) | (2.5) | (2.1) | (5.7) | (6.0) | (5.7) |
| Other income/(expense) | 0.0 | (0.6) | (2.4) | 0.2 | - | - | - |
| PBT | (3.3) | (1.3) | (5.6) | (5.8) | 0.7 | 12.5 | 21.8 |
| Tax | - | - | - | - | (0.2) | (3.1) | (5.4) |
| <i>Effective tax rate</i> | 0.0% | 0.0% | 0.0% | 0.0% | 25.0% | 25.3% | 25.0% |
| Net Income | (3.3) | (1.3) | (5.6) | (5.8) | 0.5 | 9.4 | 16.3 |
| <i>Net Margin, %</i> | -7.1% | -3.1% | -9.1% | -6.2% | 0.4% | 6.3% | 9.9% |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Current Assets | 20.9 | 13.0 | 26.2 | 29.9 | 34.6 | 40.4 | 43.9 |
| Cash & Equivalents | 0.0 | 0.0 | 0.0 | 1.0 | 0.9 | 3.0 | 3.3 |
| Trade Receivables | 6.3 | 1.5 | 5.4 | 7.7 | 9.5 | 12.0 | 13.3 |
| Inventories | 4.8 | 3.5 | 15.1 | 14.9 | 15.2 | 15.0 | 15.7 |
| Other | 9.8 | 7.9 | 5.8 | 6.2 | 8.9 | 10.5 | 11.6 |
| Fixed Assets | 16.1 | 15.7 | 20.3 | 30.4 | 36.8 | 41.6 | 44.1 |
| PP&E, net | 12.2 | 11.3 | 15.5 | 21.5 | 30.0 | 34.8 | 37.1 |
| Other | 4.0 | 4.4 | 4.8 | 8.9 | 6.8 | 6.9 | 7.0 |
| Total Assets | 37.0 | 28.7 | 46.6 | 60.3 | 71.3 | 82.0 | 88.0 |
| Shareholders' Equity | 8.9 | 7.8 | 2.2 | 20.1 | 18.5 | 26.9 | 38.3 |
| Share Capital | 4.4 | 4.4 | 4.4 | 28.4 | 28.7 | 28.7 | 28.7 |
| Other | 4.5 | 3.4 | (2.2) | (8.3) | (10.2) | (1.8) | 9.6 |
| Current Liabilities | 27.3 | 9.4 | 36.7 | 32.0 | 44.1 | 47.5 | 43.7 |
| ST Interest Bearing Debt | 12.5 | 5.4 | 9.9 | 16.3 | 28.8 | 33.9 | 28.6 |
| Trade Payables | 5.8 | 2.0 | 0.9 | 2.1 | 5.1 | 6.0 | 6.6 |
| Other | 9.0 | 2.0 | 25.8 | 13.5 | 10.3 | 7.6 | 8.4 |
| LT Liabilities | 0.8 | 11.6 | 7.8 | 8.1 | 8.7 | 7.6 | 6.0 |
| LT Interest Bearing Debt | - | 11.6 | 7.8 | 8.1 | 8.7 | 7.6 | 6.0 |
| Other | 0.8 | - | - | - | - | - | - |
| Total Liabilities & Equity | 37.0 | 28.7 | 46.6 | 60.3 | 71.3 | 82.0 | 88.0 |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|-------------|-------------|
| Net Revenues | 2.0 | 16.3 | 20.4 | 22.4 | 22.4 | 23.7 | 20.2 | 27.7 | 28.6 | 32.1 | 33.4 |
| <i>Change y-o-y</i> | -86.4% | 2.4% | 63.6% | 7286.4% | 1041.4% | 45.6% | -1.1% | 23.8% | 27.3% | 35.6% | 65.8% |
| EBITDA | 0.3 | 0.9 | 1.3 | (0.9) | (1.2) | (0.9) | 0.7 | 0.3 | 0.7 | 3.6 | 2.8 |
| <i>margin, %</i> | 15.9% | 5.3% | 6.4% | -3.9% | -5.5% | -3.6% | 3.6% | 1.0% | 2.5% | 11.1% | 8.3% |
| EBIT | (0.2) | 0.3 | 0.7 | (1.5) | (1.9) | (1.5) | 0.0 | (0.5) | (0.1) | 2.7 | 1.8 |
| <i>margin, %</i> | -9.6% | 2.0% | 3.6% | -6.6% | -8.3% | -6.5% | 0.1% | -1.8% | -0.3% | 8.4% | 5.5% |
| Net Income | (1.7) | (0.2) | (1.4) | (2.2) | (2.2) | (2.1) | 0.0 | (1.7) | (0.8) | 1.8 | 0.9 |
| <i>Net Margin, %</i> | -86.3% | -1.4% | -7.1% | -9.8% | -9.7% | -8.7% | 0.2% | -6.0% | -2.8% | 5.6% | 2.6% |

Zaporizhya Ferroalloy ZFER UZ

Metal Fabricate & Hardware

<http://www.zfz.com.ua>

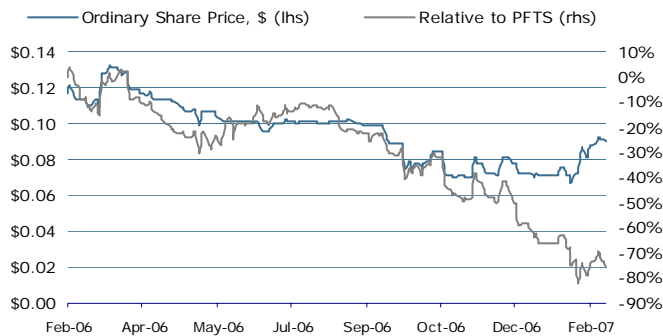
Target Price (USD)
Upside

U/R
n/a

INVESTMENT CASE

- Sound business with respectable margins
- Ensured market and stable raw material supply
- Cost-competitive because of access to cheap manganese ore
- Modified product mix hedges against hikes in electricity tariffs
- Transparency improved in 9M06

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Zaporizhya Ferroalloy is the second largest producer of bulk ferroalloys in Ukraine (31% share of domestic market) and the third largest in Europe. The plant has the widest product range among Ukrainian competitors, producing SiMn, FeSi, FeMn and metallic Mn. In 2004-2005 the company modernized its ferrosilicon furnaces to produce manganese-based alloys. The share of expensive FeSi dropped from nearly 25% in 2004 to 12% in 2006. Zaporizhya Ferroalloy exports over 70% of its total output, targeting Russian and Asian markets. In July 2006, the company obtained an ISO 9001:2000 certificate. As of 10M06, the plant produced 435 ths mt of alloys. In 9M06 the company posted 1.8% yoy growth in its net revenues to USD 234.9 mln, an increase in its EBITDA margin to 5.9% from negative 2.2% in 9M05 and an increase in its net margin to 1.6% from negative 3.7% in 9M05.

* PFTS MID Price 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 | 0.09 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.13 / 0.07 |
| Chg 3m/6m/52w | 10% / -11% / -18% |
| Chg vs PFTS 3m/6m/52w | -32% / -58% / -76% |
| Chg YTD | 26% |
| Avg Mo Tr Vol 6M, USD ths | 76.21 |
| MCap, USD mln | 204.3 |
| Free float, % | 8.0% |
| FF MCap, USD mln | 16.3 |
| No of shares, mln | 2279.6 |
| Par Value (UAH) | 0.1 |
| XETRA | ZL3 |
| DR Ratio | 1:100 |
| Avg Mo Tr Vol 6M, USD ths | 0.0 |

STOCK OWNERSHIP

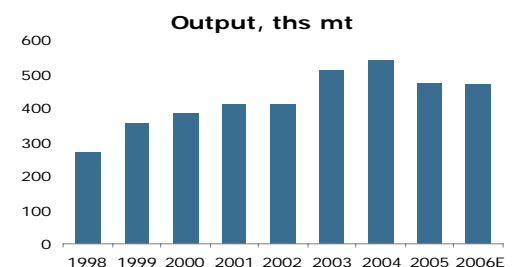
| | |
|--------------|-------|
| Privat Group | 90.0% |
| Other | 10.0% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.8 | 0.7 |
| EV/EBITDA | 13.6 | 4.2 |
| P/E | 40.1 | 6.2 |
| P/B | 2.3 | 1.6 |
| P/CF | 19.3 | 5.3 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 2% | 6% | 16% |
| Net Margin | -1% | 2% | 9% |
| ROE | -6% | 6% | 37% |
| Net Debt/Equity | 0.1 | 0.6 | 0.3 |



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|
| Net Revenues | 135.9 | 190.9 | 328.3 | 316.4 | 331.6 | 367.0 | 379.1 |
| <i>Change y-o-y</i> | - | 40.5% | 71.9% | -3.6% | 20.9% | 10.7% | 3.3% |
| Gross Profit | 16.0 | 21.3 | (10.7) | 20.1 | 59.7 | 69.7 | 73.9 |
| EBITDA | 10.5 | 14.9 | (20.1) | 6.0 | 49.7 | 58.7 | 62.6 |
| <i>margin, %</i> | 7.7% | 7.8% | -6.1% | 1.9% | 15.0% | 16.0% | 16.5% |
| Depreciation | (4.0) | (4.0) | (4.3) | (4.9) | (5.8) | (6.1) | (6.4) |
| EBIT | 6.5 | 11.0 | (24.4) | 1.1 | 44.0 | 52.7 | 56.2 |
| <i>margin, %</i> | 4.8% | 5.7% | -7.4% | 0.3% | 13.3% | 14.3% | 14.8% |
| Interest Expense | (4.5) | (2.8) | (4.4) | (3.6) | (7.2) | (8.6) | (7.8) |
| Other income/(expense) | (1.7) | (1.7) | (0.8) | 3.1 | - | - | - |
| PBT | 0.3 | 6.4 | (29.6) | 0.6 | 36.8 | 44.1 | 48.4 |
| Tax | (0.2) | (6.3) | - | (2.2) | (9.2) | (11.0) | (12.1) |
| <i>Effective tax rate</i> | 70.8% | 98.2% | 0.0% | 361.5% | 25.0% | 25.0% | 25.0% |
| Net Income | 0.1 | 0.1 | (29.6) | (1.7) | 27.6 | 33.0 | 36.3 |
| <i>Net Margin, %</i> | 0.1% | 0.1% | -9.0% | -0.5% | 8.3% | 9.0% | 9.6% |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Current Assets | 126.6 | 210.1 | 137.0 | 143.2 | 198.9 | 220.2 | 227.5 |
| Cash & Equivalents | 2.2 | 2.9 | 3.2 | 3.9 | 3.3 | 3.7 | 3.8 |
| Trade Receivables | 14.6 | 23.4 | 8.0 | 26.6 | 23.2 | 25.7 | 26.5 |
| Inventories | 12.8 | 17.4 | 31.6 | 36.4 | 39.8 | 44.0 | 45.5 |
| Other | 97.0 | 166.5 | 94.2 | 76.3 | 132.6 | 146.8 | 151.6 |
| Fixed Assets | 73.0 | 80.5 | 80.0 | 109.4 | 88.5 | 97.1 | 103.6 |
| PP&E, net | 49.3 | 58.2 | 57.5 | 80.8 | 61.3 | 68.5 | 74.7 |
| Other | 23.7 | 22.3 | 22.6 | 28.6 | 27.2 | 28.6 | 28.8 |
| Total Assets | 199.6 | 290.6 | 217.0 | 252.6 | 287.4 | 317.3 | 331.0 |
| Shareholders' Equity | 62.4 | 62.3 | 37.2 | 83.3 | 93.3 | 126.3 | 140.8 |
| Share Capital | 19.9 | 19.9 | 20.0 | 45.1 | 45.6 | 45.6 | 45.6 |
| Other | 42.5 | 42.4 | 17.2 | 38.2 | 47.7 | 80.7 | 95.2 |
| Current Liabilities | 93.1 | 162.5 | 116.6 | 105.2 | 150.2 | 155.0 | 160.2 |
| ST Interest Bearing Debt | 23.5 | 34.7 | 9.6 | 15.4 | 53.4 | 47.8 | 49.5 |
| Trade Payables | 27.9 | 22.6 | 27.7 | 0.7 | 29.8 | 33.0 | 34.1 |
| Other | 41.8 | 105.3 | 79.3 | 89.1 | 67.0 | 74.2 | 76.6 |
| LT Liabilities | 44.1 | 65.8 | 63.2 | 64.1 | 44.0 | 36.0 | 30.0 |
| LT Interest Bearing Debt | - | - | - | - | - | - | - |
| Other | 44.1 | 65.8 | 63.2 | 64.1 | 44.0 | 36.0 | 30.0 |
| Total Liabilities & Equity | 199.6 | 290.6 | 217.0 | 252.6 | 287.4 | 317.3 | 331.0 |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|--------------|---------------|---------------|--------------|-------------|-------------|-------------|-------------|--------------|
| Net Revenues | 54.3 | 88.6 | 94.1 | 91.2 | 76.9 | 82.2 | 71.8 | 85.6 | 71.1 | 80.6 | 83.2 |
| <i>Change y-o-y</i> | 22.2% | 90.7% | 89.1% | 81.7% | 41.5% | -7.2% | -23.8% | -6.2% | -7.5% | -1.9% | 15.9% |
| EBITDA | 1.5 | (4.9) | (5.3) | (11.4) | (10.7) | 0.0 | 5.7 | 11.0 | 5.3 | 6.6 | 1.9 |
| <i>margin, %</i> | 2.7% | -5.6% | -5.6% | -12.5% | -14.0% | 0.0% | 7.9% | 12.9% | 7.4% | 8.2% | 2.3% |
| EBIT | 0.4 | (6.0) | (6.3) | (12.5) | (11.8) | (1.1) | 4.3 | 9.7 | 4.0 | 5.3 | 0.5 |
| <i>margin, %</i> | 0.8% | -6.8% | -6.7% | -13.7% | -15.3% | -1.3% | 6.0% | 11.3% | 5.6% | 6.6% | 0.6% |
| Net Income | (1.7) | (5.8) | (7.6) | (14.5) | (12.1) | 0.1 | 3.4 | 6.9 | 3.5 | 3.4 | (3.2) |
| <i>Net Margin, %</i> | -3.1% | -6.5% | -8.1% | -15.9% | -15.7% | 0.1% | 4.7% | 8.1% | 4.9% | 4.3% | -3.9% |

Zaporizhzhya Aluminum ZALK UZ

Metal Fabricate & Hardware

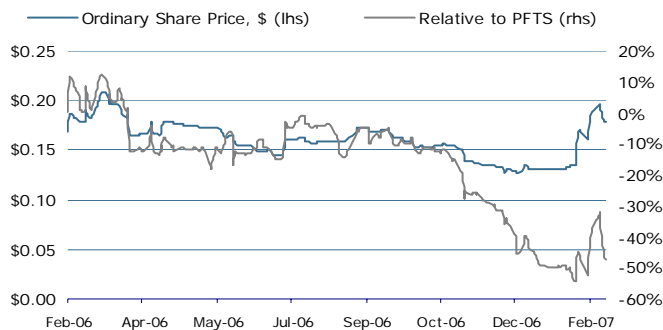
<http://www.zalk.com.ua>

Target Price (USD) 0.19
Upside 8.4%

INVESTMENT CASE

- Sky-high prices for aluminum are expected to save stable margins in 2006-2007
- Risk of electricity cost inflation is high
- Among most transparent companies in the metals sector

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Zaporizhzhya Aluminum (ZALK) is the only aluminum smelter in Ukraine. It is a full-cycle producer, able to meet its aluminum production needs with in-house alumina. The company's main products are primary aluminum (cylindrical ingots and bars) used in manufacturing car engines and alumina used in aluminum production, the chemical industry and abrasives. Zaporizhzhya Aluminum also produces aluminum alloys for engineering and value-added aluminum products such as aluminum wire rods, strips and profiles. The mill has an annual design capacity of 110 ths mt of primary aluminum and has been operating at nearly 100% capacity load for the past several years (which we believe will continue). It exports over 60% of its total output, mainly to Russia. We expect Zaporizhzhya Aluminum to complete its USD 50 mln modernization program (2004-2009) to improve environmental protection and conduct a minor overhaul. In 9M06 the company posted a 26.4 % yoy growth of net revenues to USD 226 mln, increase of EBITDA margin to 14.7% from 2.6% in 9M05, and improvement of net margin to 8.8% from negative 1% in 9M05.

UPCOMING EVENTS

15 Feb 2007 AGM

* PFTS MID Price 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 | 0.18 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.21 / 0.13 |
| Chg 3m/6m/52w | 27% / 11% / 4% |
| Chg vs PFTS 3m/6m/52w | -15% / -37% / -54% |
| Chg YTD | 32% |
| Avg. Mo Tr Volume | 76.45 |
| MCap, USD mln | 109.1 |
| Free float, % | 3.0% |
| FF MCap, USD mln | 3.3 |
| No of shares, mln | 622.7 |
| Par Value (UAH) | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-------|-------|
| SUAL | 97.0% |
| Other | 3.0% |

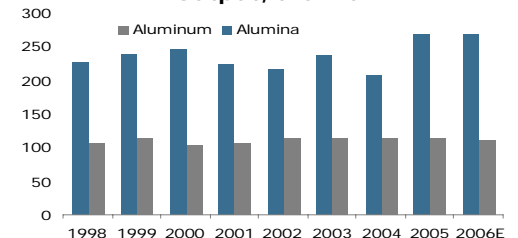
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.6 | 0.5 |
| EV/EBITDA | 3.7 | 2.7 |
| P/E | 4.1 | 3.6 |
| P/B | 1.0 | 0.8 |
| P/CF | 3.4 | 3.0 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 2% | 16% | 17% |
| Net Margin | -2% | 8.8% | 10% |
| ROE | -6% | 34% | 28% |
| Net Debt/Equity | 1.0 | 0.7 | 25% |

Output, ths mt



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 160.6 | 171.3 | 217.2 | 240.7 | 300.3 | 303.3 | 259.1 |
| <i>Change y-o-y</i> | - | 6.6% | 26.8% | 10.8% | 24.6% | 1.0% | -14.6% |
| Gross Profit | 29.3 | 38.6 | 45.1 | 27.0 | 77.6 | 78.4 | 34.4 |
| EBITDA | 16.8 | 22.2 | 27.7 | 5.7 | 52.2 | 52.9 | 12.8 |
| <i>margin, %</i> | 10.5% | 13.0% | 12.7% | 2.4% | 17.4% | 17.4% | 4.9% |
| Depreciation | (5.1) | (5.2) | (4.3) | (5.3) | (5.6) | (5.8) | (6.0) |
| EBIT | 11.7 | 17.0 | 23.4 | 0.4 | 46.6 | 47.1 | 6.8 |
| <i>margin, %</i> | 7.3% | 9.9% | 10.8% | 0.2% | 15.5% | 15.5% | 2.6% |
| Interest Expense | (9.9) | (5.9) | (4.0) | (7.4) | (10.0) | (6.9) | (4.6) |
| Other income/(expense) | 2.0 | (0.1) | (2.8) | 3.9 | - | - | - |
| PBT | 3.9 | 11.0 | 16.7 | (3.1) | 36.6 | 40.1 | 2.2 |
| Tax | (1.2) | (7.2) | (7.0) | (1.9) | (9.1) | (10.0) | (0.6) |
| <i>Effective tax rate</i> | 30.0% | 65.6% | 42.1% | -61.2% | 25.0% | 25.0% | 25.0% |
| Net Income | 2.7 | 3.8 | 9.6 | (5.1) | 27.4 | 30.1 | 1.7 |
| <i>Net Margin, %</i> | 1.7% | 2.2% | 4.4% | -2.1% | 9.1% | 9.9% | 0.7% |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Current Assets | 149.7 | 102.4 | 75.4 | 82.6 | 85.9 | 91.3 | 76.7 |
| Cash & Equivalents | 0.2 | 0.2 | 0.1 | 0.3 | 0.3 | 0.3 | 0.3 |
| Trade Receivables | 71.9 | 42.5 | 19.8 | 6.9 | 12.0 | 12.1 | 11.7 |
| Inventories | 32.4 | 41.6 | 39.0 | 54.4 | 51.0 | 54.6 | 44.0 |
| Other | 45.2 | 18.1 | 16.5 | 20.9 | 22.5 | 24.3 | 20.7 |
| Fixed Assets | 110.9 | 106.0 | 68.9 | 94.2 | 102.4 | 106.0 | 107.0 |
| PP&E, net | 55.1 | 52.4 | 51.6 | 59.6 | 63.4 | 66.8 | 68.7 |
| Other | 55.8 | 53.5 | 17.2 | 34.6 | 39.0 | 39.2 | 38.2 |
| Total Assets | 260.6 | 208.3 | 144.3 | 176.8 | 188.3 | 197.3 | 183.7 |
| Shareholders' Equity | 28.9 | 26.5 | 74.4 | 79.5 | 105.8 | 135.9 | 136.6 |
| Share Capital | 29.0 | 29.2 | 29.3 | 30.8 | 30.8 | 30.8 | 30.8 |
| Other | (0.1) | (2.7) | 45.1 | 48.7 | 75.0 | 105.1 | 105.7 |
| Current Liabilities | 134.8 | 95.0 | 53.0 | 47.1 | 47.2 | 42.0 | 34.9 |
| ST Interest Bearing Debt | 38.0 | 45.2 | 18.7 | 26.6 | 21.3 | 15.9 | 12.7 |
| Trade Payables | 94.1 | 37.3 | 22.8 | 14.3 | 21.0 | 21.2 | 18.1 |
| Other | 2.7 | 12.5 | 11.5 | 6.2 | 4.8 | 4.9 | 4.1 |
| LT Liabilities | 97.0 | 86.9 | 16.9 | 50.2 | 35.3 | 19.3 | 12.2 |
| LT Interest Bearing Debt | 96.6 | 81.6 | 12.9 | 49.9 | 35.0 | 19.0 | 11.9 |
| Other | 0.4 | 5.3 | 3.9 | 0.3 | 0.3 | 0.3 | 0.3 |
| Total Liabilities & Equity | 260.6 | 208.3 | 144.3 | 176.8 | 188.3 | 197.3 | 183.7 |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|-------------|-------------|-------------|
| Net Revenues | 51.6 | 53.4 | 56.3 | 55.9 | 59.2 | 61.9 | 57.7 | 62.0 | 71.4 | 76.2 | 78.5 |
| <i>Change y-o-y</i> | 25.2% | 31.6% | 29.3% | 21.8% | 14.8% | 15.8% | 2.5% | 10.8% | 20.5% | 23.1% | 36.0% |
| EBITDA | 8.4 | 5.6 | 5.2 | 8.4 | 5.8 | (0.9) | (0.1) | 1.0 | 9.2 | 13.1 | 11.1 |
| <i>margin, %</i> | 16.3% | 10.5% | 9.2% | 15.1% | 9.8% | -1.5% | -0.2% | 1.6% | 12.8% | 17.2% | 14.1% |
| EBIT | 7.2 | 4.4 | 3.9 | 7.9 | 4.6 | (2.3) | (1.5) | (0.5) | 7.7 | 11.5 | 9.4 |
| <i>margin, %</i> | 13.9% | 8.2% | 7.0% | 14.2% | 7.7% | -3.6% | -2.5% | -0.8% | 10.7% | 15.0% | 11.9% |
| Net Income | 4.5 | 1.7 | 1.6 | 1.9 | 4.5 | (2.2) | (4.1) | (3.3) | 5.8 | 8.5 | 5.7 |
| <i>Net Margin, %</i> | 8.6% | 3.1% | 2.9% | 3.4% | 7.6% | -3.5% | -7.1% | -5.3% | 8.1% | 11.2% | 7.2% |

Azovzahalmash

AZGM UZ

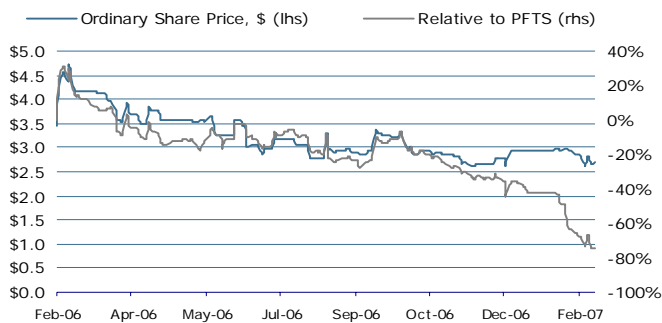
Machinery Diversified

Target Price (USD) 2.10
Upside -23%

INVESTMENT CASE

- Growth triggered by the replacement of Ukraine's and Russia's ageing freight car fleets
- Reported net margins close to zero due to tax optimization
- Orders for tank-cars for aviation refueling trucks expected in 2007 from the Association of CIS Civil Airports

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Azovzahalmash is part of the Azovmash Group, jointly with Ukraine's other major producer of cars, Mariupol Heavy Machinery (MZVM). Azovzahalmash produces gondola cars, tank cars, tank containers and hoppers. Except for railway machinery, Azovzahalmash is diversified into aviation refueling tanks and harbor cranes.

Exports to Russia and other CIS countries account for over 70% of the company's sales. The company's major domestic rivals are the Dnipropetrovsk railcar plant, Krukivsky railcar plant as well as Uralvagonzavod, Altayvagonzavod and Ruzaevsky Chemical Machine-Building Works in Russia.

The Association of CIS Civil Airports plans to order tank-cars for use as aviation refueling trucks. In 2006, the company started designing these tank-cars with a 10 cubic meter body; next year it will work out designs for tank-cars that can handle volumes of 20, 55 and 60 cubic meters.

* PFTS MID Price 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 | 2.72 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 4.70 / 2.60 |
| Chg 3m/6m/52w | 1% / -15% / -9% |
| Chg vs PFTS 3m/6m/52w | -41% / -62% / -67% |
| Chg YTD | -8% |
| Avg Mo Tr Vol 6M, USD ths | 23.60 |
| MCap, USD mln | 126.6 |
| Free float, % | 1.0% |
| FF MCap, USD mln | 1.3 |
| No of shares, mln | 46.5 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

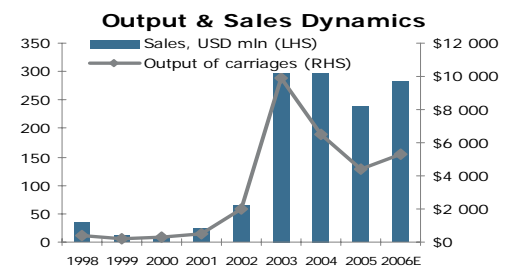
| | |
|-----------------------|-------|
| Azovmash | 26.2% |
| UITC | 18.4% |
| Derison Holdings | 20.2% |
| CJSV "AZGM Employees" | 23.8% |
| Other | 11.5% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.7 | 0.6 |
| EV/EBITDA | 27.6 | 16.8 |
| P/E | 633.1 | 57.6 |
| P/B | 4.8 | 4.4 |
| P/CF | 72.8 | 33.9 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 4% | 3% | 3% |
| Net Margin | 0.5% | 0.1% | 0.7% |
| ROE | 5% | 1% | 8% |
| Net Debt/Equity | 1.03 | 2.7 | 2.3 |



INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 260.6 | 258.2 | 238.1 | 224.4 | n/a | n/a |
| <i>Change y-o-y</i> | - | -0.9% | -7.8% | 32.3% | n/a | n/a |
| Gross Profit | 30.7 | 21.8 | 21.1 | 15.5 | n/a | n/a |
| EBITDA | 17.4 | 4.6 | 8.9 | 6.8 | n/a | n/a |
| <i>margin, %</i> | 6.7% | 1.8% | 3.7% | 3.0% | n/a | n/a |
| Depreciation | (1.3) | (1.4) | (1.5) | (1.2) | n/a | n/a |
| EBIT | 16.2 | 3.2 | 7.3 | 5.6 | n/a | n/a |
| <i>margin, %</i> | 6.2% | 1.3% | 3.1% | 2.5% | n/a | n/a |
| Interest Expense | (0.0) | (1.3) | (3.0) | (4.8) | n/a | n/a |
| Other income/(expense) | 0.0 | 0.0 | 0.0 | 0.0 | n/a | n/a |
| PBT | 16.2 | 2.0 | 4.4 | 0.8 | n/a | n/a |
| Tax | (7.8) | (1.9) | (3.3) | (0.6) | n/a | n/a |
| <i>Effective tax rate</i> | 48.0% | 97.5% | 74.5% | 77.9% | n/a | n/a |
| Net Income | 8.4 | 0.1 | 1.1 | 0.2 | n/a | n/a |
| <i>Net Margin, %</i> | 3.2% | 0.0% | 0.5% | 0.1% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|--------------|--------------|------------|------------|
| Current Assets | 55.2 | 64.5 | 87.8 | 121.9 | n/a | n/a |
| Cash & Equivalents | 0.8 | 0.3 | 8.8 | 2.3 | n/a | n/a |
| Trade Receivables | 18.0 | 22.1 | 23.2 | 46.7 | n/a | n/a |
| Inventories | 15.6 | 15.9 | 28.8 | 49.7 | n/a | n/a |
| Other | 20.9 | 26.2 | 27.0 | 23.2 | n/a | n/a |
| Fixed Assets | 21.6 | 22.5 | 27.3 | 33.6 | n/a | n/a |
| PP&E, net | 18.2 | 17.8 | 22.5 | 28.5 | n/a | n/a |
| Other | 3.4 | 4.7 | 4.8 | 5.2 | n/a | n/a |
| Total Assets | 76.9 | 87.0 | 115.1 | 155.5 | n/a | n/a |
| Shareholders' Equity | 23.8 | 24.0 | 26.4 | 26.6 | n/a | n/a |
| Share Capital | 2.2 | 2.2 | 2.3 | 2.3 | n/a | n/a |
| Retained Earnings | 13.5 | 13.6 | 15.5 | 15.6 | n/a | n/a |
| Other | 8.2 | 8.2 | 8.6 | 8.6 | n/a | n/a |
| Current Liabilities | 53.0 | 63.0 | 88.7 | 128.9 | n/a | n/a |
| ST Interest Bearing Debt | 9.6 | 24.7 | 35.9 | 74.1 | n/a | n/a |
| Trade Payables | 17.2 | 8.9 | 25.0 | 27.5 | n/a | n/a |
| Other | 26.1 | 29.3 | 27.8 | 29.0 | n/a | n/a |
| LT Liabilities | 0.0 | 0.0 | - | - | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | n/a | n/a |
| Other | 0.0 | 0.0 | - | - | n/a | n/a |
| Total Liabilities & Equity | 76.9 | 87.0 | 115.1 | 155.5 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|--------------|--------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|
| Net Revenues | 79.2 | 71.2 | 48.4 | 59.3 | 55.8 | 50.5 | 63.3 | 68.5 | 66.9 | 74.3 | 83.2 |
| <i>Change y-o-y</i> | 80.6% | 3.3% | -34.3% | -19.9% | -29.6% | -29.2% | 30.8% | 15.6% | 19.9% | 47.3% | 31.3% |
| EBITDA | 3.5 | 1.9 | (1.1) | 0.2 | 2.6 | 3.1 | 2.2 | 0.9 | 1.4 | 2.2 | 3.2 |
| <i>margin, %</i> | 4.5% | 2.7% | -2.2% | 0.3% | 4.6% | 6.2% | 3.5% | 1.4% | 2.1% | 2.9% | 3.8% |
| EBIT | 3.2 | 1.6 | (1.4) | (0.1) | 2.2 | 2.7 | 1.8 | 0.5 | 1.0 | 1.8 | 2.8 |
| <i>margin, %</i> | 4.0% | 2.2% | -2.9% | -0.2% | 4.0% | 5.4% | 2.9% | 0.8% | 1.5% | 2.4% | 3.4% |
| Net Income | 2.1 | 1.4 | (3.7) | 0.2 | 0.1 | 2.0 | 1.0 | (1.9) | 0.1 | 0.0 | 0.1 |
| <i>Net Margin, %</i> | 2.7% | 1.9% | -7.6% | 0.4% | 0.1% | 3.9% | 1.6% | -2.8% | 0.1% | 0.0% | 0.1% |

Dniprovahonmash

DNVM UZ

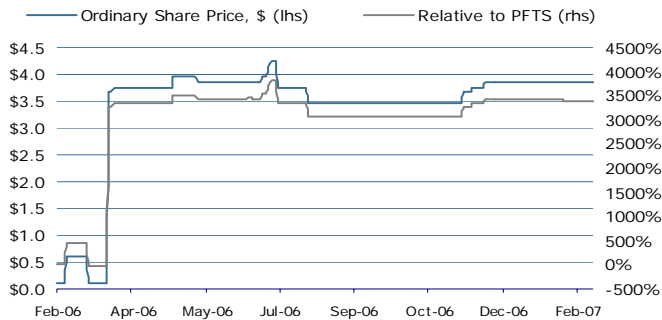
Machinery Diversified

<http://www.dvmash.com>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



MARKET INFORMATION

| | |
|---------------------------|---------------------|
| Market price*, USD | 3.86 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.05 / 0.01 |
| Chg 3m/6m/52w | 11% / 11% / 3445% |
| Chg vs PFTS 3m/6m/52w | -31% / -36% / 3387% |
| Chg YTD | 0% |
| Avg Mo Tr Vol 6M, USD ths | 2.97 |
| MCap, USD mln | 64.2 |
| Free float, % | 0.5% |
| FF MCap, USD mln | 0.3 |
| No of shares, mln | 16.6 |
| Par Value, UAH | 0.50 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

BUSINESS OVERVIEW

Dniprovahonmash is currently the third largest producer of freight cars in Ukraine, with an annual capacity of 4 ths cars. The company's production capacities enable it to produce up to six types of freight cars simultaneously. Dniprovahonmash has the widest product range of any CIS freight car producer, which consists of 150 freight car types including flat cars, gondola cars, dump cars, box and hopper cars and specialized cars. The company is targeting markets in CIS countries, China, India, Pakistan, Iran, Baltic and CEE. Exports make up over 80% of the company's total output, including 65% to Russia.

In 2006, the company opened a subsidiary in Moscow (Russia) in order to fulfill contracts with Russian customers more efficiently. Last year in Russia Dniprovahonmash delivered carriages for Severstal, EurazHolding, Gazprom, etc.

In 9M06, Dniprovahonmash decreased net revenue by 25.1% yoy to USD 68.2 mln, however EBITDA increased by 96% yoy to USD 5.1 mln and net income grew by 195% yoy to USD 2.3 mln. The company's margins also improved in 9M06: its EBITDA margin increased to 7.5% from 2.9% and net margin grew to 3.4% from -2.7% in 9M05.

STOCK OWNERSHIP

| | |
|---------------|-------|
| TAS Group | 48.0% |
| Privat Group | 21.5% |
| Midland group | 30.0% |
| Other | 0.5% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.0 | n/a |
| EV/EBITDA | 13.4 | n/a |
| P/E | 20.9 | n/a |
| P/B | 2.7 | n/a |
| P/CF | 16.1 | n/a |

KEY RATIOS

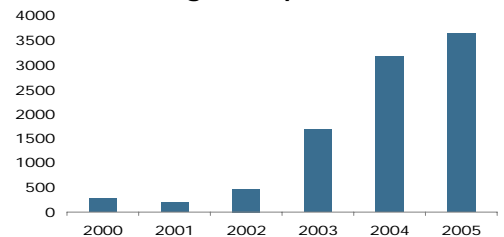
| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 5% | 7% | n/a |
| Net Margin | 0.1% | 3.4% | n/a |
| ROE | 1% | 15% | n/a |
| Net Debt/Equity | 0.81 | 1.1 | n/a |

* PFTS MID Price 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)

Carriages Output, units



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|-------------|--------------|--------------|-------------|------------|------------|
| Net Revenues | 15.0 | 40.5 | 86.6 | 122.4 | 68.2 | n/a | n/a |
| <i>Change y-o-y</i> | - | 170.1% | 113.7% | 41.3% | -25.1% | n/a | n/a |
| Gross Profit | 4.0 | 8.1 | 8.1 | 16.1 | 10.5 | n/a | n/a |
| EBITDA | 1.4 | 2.8 | (0.8) | 6.2 | 5.1 | n/a | n/a |
| <i>margin, %</i> | 9.1% | 6.8% | -0.9% | 5.0% | 7.5% | n/a | n/a |
| Depreciation | (0.5) | (0.6) | (0.7) | (1.0) | (0.7) | n/a | n/a |
| EBIT | 0.8 | 2.2 | (1.5) | 5.2 | 4.4 | n/a | n/a |
| <i>margin, %</i> | 5.5% | 5.4% | -1.7% | 4.3% | 6.5% | n/a | n/a |
| Interest Expense | (0.0) | (0.2) | (0.9) | (3.5) | (2.2) | n/a | n/a |
| Other income/(expense) | (0.2) | 0.4 | 1.0 | (0.2) | 0.2 | n/a | n/a |
| PBT | 0.6 | 2.3 | (1.4) | 1.5 | 2.5 | n/a | n/a |
| Tax | (0.3) | (1.3) | (0.1) | (1.4) | (0.2) | n/a | n/a |
| <i>Effective tax rate</i> | 54.6% | 55.0% | -9.8% | 93.5% | 6.3% | n/a | n/a |
| Net Income | 0.3 | 1.0 | (1.5) | 0.1 | 2.3 | n/a | n/a |
| <i>Net Margin, %</i> | 1.9% | 2.6% | -1.8% | 0.1% | 3.4% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 16.7 | 36.0 | 45.0 | 39.8 | 48.2 | n/a | n/a |
| Cash & Equivalents | 0.3 | 0.4 | 1.0 | 3.6 | 4.0 | n/a | n/a |
| Trade Receivables | 3.1 | 4.6 | 7.5 | 4.6 | 6.1 | n/a | n/a |
| Inventories | 8.4 | 14.2 | 18.7 | 19.6 | 16.2 | n/a | n/a |
| Other | 4.8 | 16.9 | 17.9 | 12.0 | 21.8 | n/a | n/a |
| Fixed Assets | 6.9 | 7.7 | 8.3 | 10.0 | 9.8 | n/a | n/a |
| PP&E, net | 5.6 | 6.3 | 6.2 | 7.4 | 7.3 | n/a | n/a |
| Other | 1.2 | 1.4 | 2.2 | 2.7 | 2.5 | n/a | n/a |
| Total Assets | 23.6 | 43.7 | 53.4 | 49.8 | 58.0 | n/a | n/a |
| Shareholders' Equity | 18.2 | 19.2 | 19.5 | 20.5 | 22.8 | n/a | n/a |
| Share Capital | 0.1 | 0.3 | 1.7 | 1.8 | 1.8 | n/a | n/a |
| Retained Earnings | 1.8 | 0.7 | (0.5) | (0.5) | 2.0 | n/a | n/a |
| Other | 16.3 | 18.3 | 18.3 | 19.2 | 19.1 | n/a | n/a |
| Current Liabilities | 4.4 | 22.9 | 32.9 | 29.3 | 35.2 | n/a | n/a |
| ST Interest Bearing Debt | 2.0 | 4.1 | 16.5 | 20.2 | 30.9 | n/a | n/a |
| Trade Payables | 1.1 | 1.6 | 7.0 | 5.7 | 2.1 | n/a | n/a |
| Other | 1.4 | 17.3 | 9.5 | 3.4 | 2.7 | n/a | n/a |
| LT Liabilities | 0.9 | 1.6 | 1.0 | - | - | n/a | n/a |
| LT Interest Bearing Debt | 0.0 | - | - | - | - | n/a | n/a |
| Other | 0.9 | 1.6 | 1.0 | - | - | n/a | n/a |
| Total Liabilities & Equity | 23.6 | 43.7 | 53.4 | 49.8 | 58.0 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|--------------|-------------|--------------|--------------|-------------|-------------|-------------|--------------|-------------|-------------|
| Net Revenues | 15.2 | 17.9 | 28.0 | 25.6 | 22.9 | 30.2 | 37.9 | 31.3 | 14.8 | 29.4 | 23.9 |
| <i>Change y-o-y</i> | 123.3% | 109.9% | 147.3% | 84.0% | 51.1% | 68.9% | 35.5% | 22.5% | -35.2% | -2.5% | -37.0% |
| EBITDA | 1.4 | 0.2 | 1.5 | (3.8) | (3.9) | 2.9 | 3.6 | 3.6 | 0.3 | 3.2 | 1.6 |
| <i>margin, %</i> | 9.2% | 0.9% | 5.2% | -14.9% | -16.8% | 9.5% | 9.5% | 11.4% | 1.9% | 10.9% | 6.8% |
| EBIT | 1.2 | (0.0) | 1.3 | (4.0) | (4.1) | 2.6 | 3.3 | 3.3 | 0.1 | 3.0 | 1.4 |
| <i>margin, %</i> | 8.2% | -0.1% | 4.6% | -15.7% | -17.8% | 8.7% | 8.8% | 10.6% | 0.5% | 10.1% | 5.7% |
| Net Income | 1.1 | (0.1) | 0.3 | (2.9) | (5.2) | 0.3 | 2.4 | 2.5 | (0.7) | 2.3 | 0.7 |
| <i>Net Margin, %</i> | 7.2% | -0.3% | 1.2% | -11.4% | -22.5% | 1.1% | 6.3% | 8.1% | -4.6% | 7.8% | 2.9% |

DniprovaHonrembud

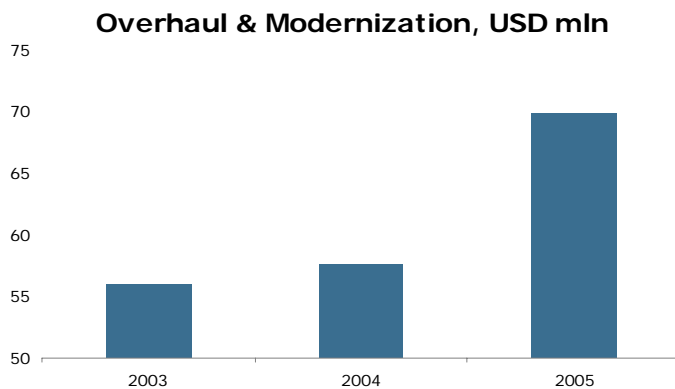
Machinery Diversified

Target Price (USD)
Upside (%)

N/R
n/a

BUSINESS OVERVIEW

DniprovaHonrembud specializes in repairing, maintaining and overhauling railway passenger wagons. The company was established in 1898 and currently is affiliated with Interpipe Group. DniprovaHonrembud's capacity allows it to repair 1.8 ths passenger wagons a year. The company exports almost 100% of its output. Its major customers are Russian and CIS railway companies. Demand for the company's services is expected to be stable due to Ukrzaliznitsya's need to repair and overhaul 3.5 ths of its worn-out passenger wagons and additional demand in 15.6 ths worn-out Russian passenger wagons. In 9M06, the company decreased its net revenue by 55.1% to USD 19.6 mln, EBITDA margin to -65.2% from 5% in 9M05 and net margin to -81.1% from 0.4% in 9M05.



UPCOMING EVENTS

16 Mar 2007 AGM

* The stock is not listed on PFTS

** 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 | n/a |
| Price impact** | 3 |
| 52 Wk H/L, USD | n/a |
| Chg 3m/6m/52w | n/a |
| Chg vs PFTS 3m/6m/52w | n/a |
| Chg YTD | |
| Avg Mo Tr Vol 6M, USD ths | n/a |
| MCap, USD mln | n/a |
| Free float, % | 0.9% |
| FF MCap, USD mln | n/a |
| No of shares, mln | 66.3 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|----------------|-------|
| Selekta LLC | 53.4% |
| Invest Holding | 25.0% |
| AZ Brok LLC | 15.0% |
| Other | 6.6% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | n/a | n/a |
| EV/EBITDA | n/a | n/a |
| P/E | n/a | n/a |
| P/B | n/a | n/a |
| P/CF | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|--------|-------|
| EBITDA margin | 8% | -65% | n/a |
| Net Margin | 0.9% | -81.1% | n/a |
| ROE | 9% | -268% | n/a |
| Net Debt/Equity | 1.44 | -1.3 | n/a |

INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|-------------|-------------|-------------|---------------|------------|------------|
| Net Revenues | 40.8 | 54.8 | 62.0 | 74.7 | 19.6 | n/a | n/a |
| <i>Change y-o-y</i> | - | 34.3% | 13.1% | 20.4% | -55.1% | n/a | n/a |
| Gross Profit | (0.7) | 9.7 | 5.1 | 10.3 | (9.1) | n/a | n/a |
| EBITDA | (4.4) | 4.1 | 1.0 | 5.8 | (12.8) | n/a | n/a |
| <i>margin, %</i> | -10.7% | 7.5% | 1.5% | 7.8% | -65.2% | n/a | n/a |
| Depreciation | (0.6) | (0.7) | (0.8) | (0.8) | (0.6) | n/a | n/a |
| EBIT | (5.0) | 3.4 | 0.2 | 5.0 | (13.4) | n/a | n/a |
| <i>margin, %</i> | -12.2% | 6.2% | 0.3% | 6.7% | -68.1% | n/a | n/a |
| Interest Expense | (0.2) | (0.4) | (0.5) | (2.1) | (2.4) | n/a | n/a |
| Other income/(expense) | 5.9 | 0.0 | 0.5 | 0.1 | 0.1 | n/a | n/a |
| PBT | 0.7 | 3.0 | 0.2 | 3.1 | (15.6) | n/a | n/a |
| Tax | (0.5) | (2.7) | - | (2.4) | (0.2) | n/a | n/a |
| <i>Effective tax rate</i> | 70.5% | 88.7% | 0.0% | 77.6% | -1.6% | n/a | n/a |
| Net Income | 0.2 | 0.3 | 0.2 | 0.6 | (15.9) | n/a | n/a |
| <i>Net Margin, %</i> | 0.5% | 0.6% | 0.4% | 0.9% | -81.1% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|--------------|------------|------------|
| Current Assets | 19.7 | 30.8 | 36.4 | 47.4 | 31.6 | n/a | n/a |
| Cash & Equivalents | 0.9 | 0.0 | 0.0 | 2.6 | 0.4 | n/a | n/a |
| Trade Receivables | 3.7 | 0.4 | 0.4 | 0.6 | 3.1 | n/a | n/a |
| Inventories | 4.4 | 6.0 | 10.9 | 4.7 | 5.5 | n/a | n/a |
| Other | 10.6 | 24.3 | 25.1 | 39.4 | 22.7 | n/a | n/a |
| Fixed Assets | 7.0 | 6.9 | 6.9 | 7.2 | 6.9 | n/a | n/a |
| PP&E, net | 6.8 | 6.7 | 6.8 | 7.1 | 6.8 | n/a | n/a |
| Other | 0.2 | 0.2 | 0.2 | 0.2 | 0.1 | n/a | n/a |
| Total Assets | 26.8 | 37.7 | 43.3 | 54.6 | 38.5 | n/a | n/a |
| Shareholders' Equity | 6.3 | 6.7 | 6.9 | 7.9 | (8.7) | n/a | n/a |
| Share Capital | 3.1 | 3.1 | 3.1 | 3.3 | 3.3 | n/a | n/a |
| Retained Earnings | (0.1) | 0.2 | 0.5 | 0.9 | (15.9) | n/a | n/a |
| Other | 3.3 | 3.3 | 3.3 | 3.7 | 3.9 | n/a | n/a |
| Current Liabilities | 20.0 | 28.0 | 33.5 | 41.4 | 42.0 | n/a | n/a |
| ST Interest Bearing Debt | 3.4 | 1.7 | 3.8 | 13.9 | 18.3 | n/a | n/a |
| Trade Payables | 13.1 | 9.5 | 9.4 | 6.5 | 4.0 | n/a | n/a |
| Other | 3.5 | 16.8 | 20.3 | 21.0 | 20.2 | n/a | n/a |
| LT Liabilities | 0.4 | 3.1 | 2.9 | 5.3 | 5.3 | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | 0.0 | - | n/a | n/a |
| Other | 0.4 | 3.1 | 2.9 | 5.3 | 5.3 | n/a | n/a |
| Total Liabilities & Equity | 26.8 | 37.7 | 43.3 | 54.6 | 38.5 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|--------------|--------------|-------------|-------------|--------------|-------------|---------------|--------------|--------------|
| Net Revenues | 13.4 | 21.7 | 14.3 | 12.6 | 11.1 | 10.4 | 22.2 | 31.0 | 1.5 | 9.2 | 8.9 |
| <i>Change y-o-y</i> | 48.0% | 52.3% | 1.4% | -27.8% | -17.3% | -52.3% | 55.4% | 146.6% | -86.9% | -11.0% | -59.9% |
| EBITDA | 1.0 | 0.4 | 0.0 | (0.4) | 0.6 | 0.8 | 0.8 | 3.6 | (12.3) | 1.0 | (1.5) |
| <i>margin, %</i> | 7.2% | 1.8% | 0.3% | -3.5% | 5.5% | 7.4% | 3.6% | 11.8% | -848.4% | 11.1% | -16.6% |
| EBIT | 0.8 | 0.2 | (0.1) | (0.6) | 0.4 | 0.6 | 0.5 | 3.5 | (12.5) | 0.8 | (1.7) |
| <i>margin, %</i> | 5.9% | 0.9% | -1.0% | -5.1% | 3.7% | 5.8% | 2.1% | 11.4% | -862.8% | 9.0% | -18.6% |
| Net Income | 0.7 | 0.1 | (0.4) | (0.2) | 0.1 | 0.1 | (0.0) | 0.4 | (13.2) | (0.1) | (2.5) |
| <i>Net Margin, %</i> | 5.1% | 0.5% | -2.6% | -1.4% | 0.9% | 1.0% | 0.0% | 1.4% | -911.1% | -1.4% | -28.4% |

Kremenchug Wheel

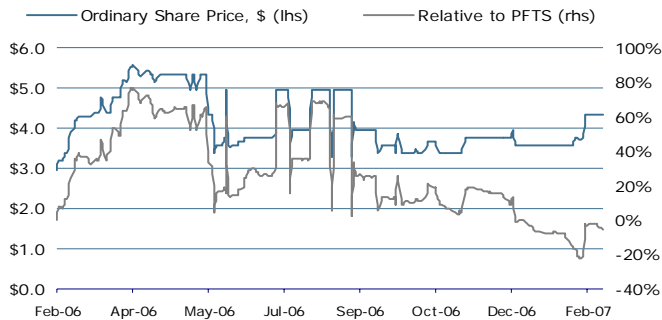
KKOL UZ

Machinery Diversified

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Kremenchug Wheel is one of the leading producers of steel wheels in Ukraine. The company produces steel wheels for cars, trucks and agricultural machines.

The company targets markets of CIS, as well as those of the EU, Australia and Middle East. Kremenchug Wheel is continually expanding its product portfolio, launching at least 8-11 new products annually. Currently it produces about 300 types of wheels and spare parts at 12 to 48 inches in diameter.

The company's annual production capacity is 6.5 mln wheels, including 3.5 mln wheels for cars. Last year capacity was loaded at close to 75%.

In 9M06 Kremenchug Wheel increased its net revenues by 17.3% yoy to USD 48.7 mln, EBITDA by 193% yoy to USD 7.4 mln and net income by 275% yoy to USD 3.7 mln. In addition, the company's margins also improved in 9M06: its EBITDA margin rose to 15.1% from 6.1% in 9M05 and its net margin increased to 7.5% from 2.3% in 9M05.

UPCOMING EVENTS

16 Mar 2007 AGM

* PFTS BID Price 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 | 4.36 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 5.56 / 2.38 |
| Chg 3m/6m/52w | 16% / 33% / 52% |
| Chg vs PFTS 3m/6m/52w | -27% / -14% / -7% |
| Chg YTD | 22% |
| Avg Mo Tr Vol 6M, USD ths | 250.5 |
| MCap, USD mln | 38.1 |
| Free float, % | 22.8% |
| FF MCap, USD mln | 8.7 |
| No of shares, mln | 8.7 |
| Par Value, UAH | 6.50 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|------------|-------|
| JV Obod | 5.8% |
| Management | 49.6% |
| Other | 44.6% |

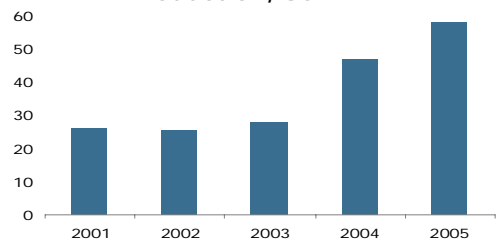
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.6 | n/a |
| EV/EBITDA | 4.3 | n/a |
| P/E | 7.8 | n/a |
| P/B | 1.2 | n/a |
| P/CF | 6.2 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 7% | 15% | n/a |
| Net Margin | 2.6% | 7.5% | n/a |
| ROE | 6% | 19% | n/a |
| Net Debt/Equity | 0.12 | 0.1 | n/a |

Production, USD mln



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Net Revenues | 24.1 | 28.7 | 44.3 | 58.6 | 48.7 | n/a | n/a |
| <i>Change y-o-y</i> | - | 19.3% | 54.1% | 32.4% | 17.3% | n/a | n/a |
| Gross Profit | 6.8 | 7.5 | 10.8 | 9.6 | 11.8 | n/a | n/a |
| EBITDA | 4.0 | 4.6 | 7.0 | 3.9 | 7.4 | n/a | n/a |
| <i>margin, %</i> | 16.7% | 15.9% | 15.7% | 6.7% | 15.1% | n/a | n/a |
| Depreciation | (1.2) | (1.2) | (1.2) | (1.1) | (1.0) | n/a | n/a |
| EBIT | 2.8 | 3.4 | 5.8 | 2.8 | 6.4 | n/a | n/a |
| <i>margin, %</i> | 11.7% | 11.7% | 13.1% | 4.8% | 13.1% | n/a | n/a |
| Interest Expense | - | - | - | (0.4) | (0.4) | n/a | n/a |
| Other income/(expense) | (0.5) | (0.6) | (0.5) | (0.3) | (0.3) | n/a | n/a |
| PBT | 2.3 | 2.7 | 5.3 | 2.1 | 5.7 | n/a | n/a |
| Tax | (0.7) | (1.0) | (1.4) | (0.6) | (2.1) | n/a | n/a |
| <i>Effective tax rate</i> | 30.0% | 37.5% | 26.8% | 28.3% | 35.9% | n/a | n/a |
| Net Income | 1.6 | 1.7 | 3.9 | 1.5 | 3.7 | n/a | n/a |
| <i>Net Margin, %</i> | 6.7% | 5.9% | 8.8% | 2.6% | 7.5% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 9.4 | 10.9 | 15.5 | 17.7 | 22.4 | n/a | n/a |
| Cash & Equivalents | 0.4 | 0.6 | 1.4 | 1.3 | 0.5 | n/a | n/a |
| Trade Receivables | 0.5 | 0.7 | 0.6 | 0.9 | 1.7 | n/a | n/a |
| Inventories | 6.2 | 6.6 | 9.9 | 11.5 | 14.3 | n/a | n/a |
| Other | 2.3 | 2.9 | 3.6 | 4.0 | 5.9 | n/a | n/a |
| Fixed Assets | 12.2 | 12.7 | 13.7 | 15.9 | 18.0 | n/a | n/a |
| PP&E, net | 9.8 | 10.7 | 10.6 | 13.3 | 14.7 | n/a | n/a |
| Other | 2.4 | 2.0 | 3.2 | 2.6 | 3.3 | n/a | n/a |
| Total Assets | 21.6 | 23.5 | 29.3 | 33.6 | 40.5 | n/a | n/a |
| Shareholders' Equity | 19.4 | 21.0 | 24.7 | 25.8 | 31.9 | n/a | n/a |
| Share Capital | 9.0 | 10.6 | 10.7 | 9.8 | 11.2 | n/a | n/a |
| Retained Earnings | 1.6 | 1.7 | 3.9 | 1.6 | 3.7 | n/a | n/a |
| Other | 8.8 | 8.7 | 10.1 | 14.5 | 17.0 | n/a | n/a |
| Current Liabilities | 2.2 | 2.5 | 4.5 | 7.8 | 8.6 | n/a | n/a |
| ST Interest Bearing Debt | - | - | 1.0 | 4.4 | 4.3 | n/a | n/a |
| Trade Payables | 0.6 | 0.4 | 0.9 | 1.0 | 1.3 | n/a | n/a |
| Other | 1.6 | 2.1 | 2.7 | 2.5 | 3.8 | n/a | n/a |
| LT Liabilities | - | - | - | - | - | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Other | - | - | - | - | - | n/a | n/a |
| Total Liabilities & Equity | 21.6 | 23.5 | 29.3 | 33.6 | 40.5 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net Revenues | 9.4 | 10.6 | 11.1 | 13.1 | 12.2 | 13.7 | 15.6 | 17.1 | 15.5 | 16.0 | 17.1 |
| <i>Change y-o-y</i> | 84.1% | 64.2% | 55.1% | 31.6% | 29.6% | 29.1% | 40.3% | 30.5% | 27.7% | 16.7% | 9.6% |
| EBITDA | 1.6 | 2.1 | 1.6 | 1.6 | 0.9 | 1.1 | 0.5 | 1.4 | 1.9 | 2.6 | 2.8 |
| <i>margin, %</i> | 16.8% | 20.2% | 14.6% | 12.3% | 7.3% | 7.9% | 3.5% | 8.3% | 12.4% | 16.3% | 16.4% |
| EBIT | 1.3 | 1.8 | 1.4 | 1.3 | 0.6 | 0.8 | 0.3 | 1.1 | 1.6 | 2.3 | 2.5 |
| <i>margin, %</i> | 13.6% | 17.3% | 12.2% | 10.3% | 5.3% | 5.9% | 1.6% | 6.5% | 10.3% | 14.4% | 14.5% |
| Net Income | 0.9 | 1.3 | 0.9 | 0.8 | 0.4 | 0.6 | 0.0 | 0.6 | 0.8 | 1.2 | 1.6 |
| <i>Net Margin, %</i> | 9.5% | 12.4% | 8.1% | 6.1% | 3.1% | 4.2% | 0.1% | 3.2% | 5.5% | 7.8% | 9.1% |

Luhanskteplovov

LTPL UZ

Machinery Diversified

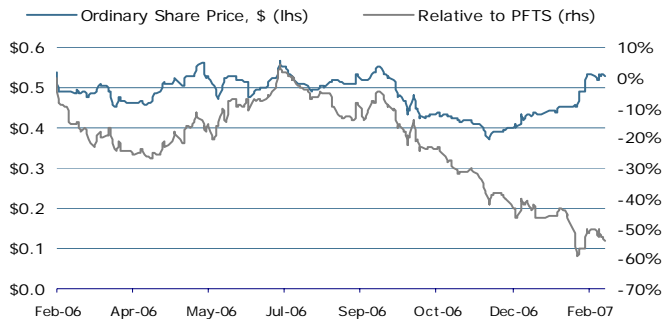
<http://www.contact-teplovov.lugansk.ua>

Target Price (USD) 0.50
Upside -5.7%

INVESTMENT CASE

- Demand for locomotives triggered by the modernization plans of Ukrainian and Russian Railways
- 83% of capacity is currently unused, which will allow it to increase sales after a strategic investor brings new orders
- 76% stake might be privatized in 2007

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Luhanskteplovov (LTPL) is a major producer of locomotives in the CIS and needs a strategic investor to ensure orders and supply working capital.

The privatization of a 76% state-owned stake in the company, scheduled for 2006, failed to take place because of lawsuits by Privat-related companies and Ukrzaliznytsya on inappropriate tender conditions favoring Transmashholding, Russia's largest railway machinery holding. Due to the lawsuits, the number of applicants decreased from six initially having voiced interest to two real bidders – Privat and Transmashholding. We expect Luhanskteplovov's privatization in 2007.

In 2006, Luhanskteplovov posted sales of USD 85.1 mln, 10% yoy growth but 10% below our projections. Last year production fell 2.7% due lack of orders from Ukrzaliznytsya because of the late adoption of its financial plan and a lack of orders for locomotives from Russian companies (12 locomotives instead of 20 as planned).

* PFTS MID Price 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 | 0.53 |
| Price impact** | 2 |
| 52 Wk H/L, USD | 0.57 / 0.37 |
| Chg 3m/6m/52w | 26% / 3% / 4% |
| Chg vs PFTS 3m/6m/52w | -17% / -44% / -55% |
| Chg YTD | 17% |
| Avg Mo Tr Vol 6M, USD ths | 833.79 |
| MCap, USD mln | 115.9 |
| Free float, % | 24.0% |
| FF MCap, USD mln | 27.8 |
| No of shares, mln | 219.2 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-------|-------|
| State | 76.0% |
| Other | 24.0% |

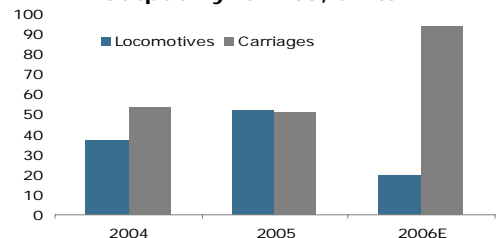
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.4 | 1.2 |
| EV/EBITDA | 17.0 | 15.5 |
| P/E | 579.4 | 34.1 |
| P/B | 3.8 | 3.4 |
| P/CF | 49.5 | 20.9 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | 6% | 8% | 8% |
| Net Margin | -0.1% | 0.2% | 3% |
| ROE | -0.2% | 1% | 11% |
| Net Debt/Equity | 0.5 | 0.5 | 0.7 |

Output Dynamics, units



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|------------------------|--------------|--------------|-------------|--------------|--------------|------------|------------|
| Net Revenues | 20.8 | 31.9 | 76.9 | 77.6 | 50.1 | n/a | n/a |
| Change y-o-y | - | 53.7% | 140.8% | 0.9% | 10.1% | n/a | n/a |
| Gross Profit | 4.4 | 7.4 | 19.4 | 15.6 | 10.0 | n/a | n/a |
| EBITDA | 11.0 | 1.9 | 6.3 | 4.9 | 1.9 | n/a | n/a |
| margin, % | 52.8% | 6.0% | 8.2% | 6.3% | 3.8% | n/a | n/a |
| Depreciation | (1.6) | (1.8) | (2.6) | (2.1) | (1.8) | n/a | n/a |
| EBIT | 9.3 | 0.1 | 3.7 | 2.8 | 0.1 | n/a | n/a |
| margin, % | 44.8% | 0.3% | 4.8% | 3.6% | 0.3% | n/a | n/a |
| Interest Expense | (11.5) | (1.4) | (2.3) | (2.1) | (1.6) | n/a | n/a |
| Other income/(expense) | (0.1) | (0.1) | 0.2 | 0.5 | 0.2 | n/a | n/a |
| PBT | (2.3) | (1.3) | 1.6 | 1.2 | (1.3) | n/a | n/a |
| Tax | - | (0.2) | (1.6) | (1.2) | (0.6) | n/a | n/a |
| Effective tax rate | 0.0% | -16.7% | 97.9% | 99.3% | -44.6% | n/a | n/a |
| Net Income | (2.3) | (1.6) | 0.0 | (0.0) | (1.9) | n/a | n/a |
| Net Margin, % | -10.9% | -5.0% | 0.0% | -0.1% | -3.9% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 22.7 | 33.5 | 39.0 | 49.1 | 55.7 | n/a | n/a |
| Cash & Equivalents | 0.1 | 1.4 | 0.7 | 0.2 | 0.4 | n/a | n/a |
| Trade Receivables | 1.4 | 2.3 | 9.7 | 2.8 | 2.1 | n/a | n/a |
| Inventories | 15.4 | 22.2 | 21.7 | 34.4 | 40.5 | n/a | n/a |
| Other | 5.7 | 7.6 | 6.9 | 11.7 | 12.8 | n/a | n/a |
| Fixed Assets | 39.9 | 33.4 | 34.1 | 36.7 | 37.7 | n/a | n/a |
| PP&E, net | 35.2 | 28.8 | 28.8 | 32.0 | 33.0 | n/a | n/a |
| Other | 4.6 | 4.6 | 5.2 | 4.8 | 4.7 | n/a | n/a |
| Total Assets | 62.5 | 66.9 | 73.1 | 85.8 | 93.5 | n/a | n/a |
| Shareholders' Equity | 36.5 | 29.4 | 28.4 | 30.7 | 29.9 | n/a | n/a |
| Share Capital | 10.3 | 10.3 | 10.3 | 10.9 | 10.9 | n/a | n/a |
| Retained Earnings | (9.7) | (10.1) | (10.8) | (11.5) | (13.2) | n/a | n/a |
| Other | 35.9 | 29.2 | 28.9 | 31.3 | 32.2 | n/a | n/a |
| Current Liabilities | 24.8 | 36.8 | 44.7 | 46.8 | 47.3 | n/a | n/a |
| ST Interest Bearing Debt | 2.0 | 8.5 | 9.0 | 15.6 | 12.0 | n/a | n/a |
| Trade Payables | 5.6 | 4.8 | 5.4 | 13.6 | 3.9 | n/a | n/a |
| Other | 17.2 | 23.5 | 30.2 | 17.6 | 32.9 | n/a | n/a |
| LT Liabilities | 1.3 | 0.7 | 0.0 | 8.3 | 16.2 | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | 7.9 | n/a | n/a |
| Other | 1.3 | 0.7 | 0.0 | 8.3 | 8.3 | n/a | n/a |
| Total Liabilities & Equity | 62.5 | 66.9 | 73.1 | 85.8 | 93.5 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|---------------------|-------------|-------------|-------------|--------------|--------------|-------------|-------------|-------------|--------------|--------------|-------------|
| Net Revenues | 21.8 | 11.5 | 23.2 | 20.4 | 11.3 | 13.5 | 20.7 | 32.1 | 11.5 | 12.6 | 25.9 |
| Change y-o-y | 171.9% | 121.7% | 205.0% | 83.4% | -48.2% | 17.3% | -10.9% | 57.3% | 2.2% | -6.6% | 25.2% |
| EBITDA | 3.7 | 1.2 | 1.5 | (0.1) | (0.2) | 0.9 | 1.7 | 2.5 | 0.1 | (0.4) | 2.2 |
| margin, % | 16.8% | 10.4% | 6.6% | -0.3% | -1.9% | 6.7% | 8.4% | 7.7% | 0.8% | -2.9% | 8.5% |
| EBIT | 3.0 | 0.6 | 0.8 | (0.7) | (0.6) | 0.4 | 1.2 | 1.8 | (0.4) | (0.9) | 1.4 |
| margin, % | 13.6% | 5.3% | 3.6% | -3.5% | -5.7% | 2.9% | 6.0% | 5.6% | -3.7% | -7.0% | 5.6% |
| Net Income | 2.4 | 0.1 | 0.3 | (2.7) | (1.0) | 0.2 | 0.7 | 0.0 | (0.9) | (1.3) | 0.3 |
| Net Margin, % | 11.1% | 0.8% | 1.1% | -13.4% | -8.8% | 1.4% | 3.4% | 0.2% | -7.8% | -10.5% | 1.1% |

Mariupol Heavy Machinery MZVM UZ

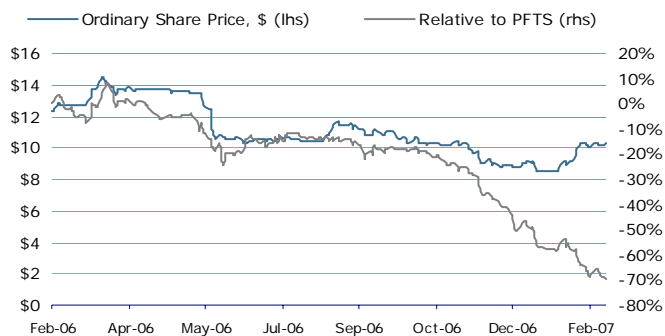
Machinery Diversified
<http://www.azovmash.ua>

Target Price (USD) 12.10
Upside 19.5%

INVESTMENT CASE

- Growth driven by renovation of the Ukrainian and Russian freight railcar fleets
- Switched its production focus in 2006 from gondola cars to higher-margin railway tank-cars and boxcars
- Practices tax optimization, with a reported net margin close to zero

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Mariupol Heavy Machinery (MZVM) is a member of the Azovmash group that also includes Azovzahalmash (AZGM). Mariupol Heavy Machinery and Azovzahalmash are the only producers of railway tank-cars in Ukraine. The company, which is controlled by SCM, also makes gondola cars, boxcars and equipment for metals companies. The sale of the last directly state-owned stake of 11%, which was scheduled for 2006, was postponed, allegedly due to the revaluation of the stake's starting price. This stake is not on the privatization list for 2007, however due to absence of attractive privatization targets to fulfill its revenue goal, the State Property Fund might consider privatizing it this year. Mariupol Heavy Machinery sells its products to the SCM-controlled Armavir Wagon Plant in Russia, and to Iran, which is renovating its rolling stock.

In 9M06, Mariupol Heavy Machinery posted 18% growth in net revenues to USD 373.2 mln, while profitability decreased (EBITDA margin fell from 4% in 9M05 to 2% in 9M06). The company's low profitability might be attributed to tax optimization and the estimated real EBITDA margin in 2006 is ~13%. More transparency is expected in the mid-term, in line with SCM's overall policy.

* PFTS MID Price 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 | 10.12 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 14.5 / 8.5 |
| Chg 3m/6m/52w | 3% / -6% / -17% |
| Chg vs PFTS 3m/6m/52w | -40% / -53% / -76% |
| Chg YTD | 13% |
| Avg Mo Tr Vol 6M, USD ths | 827.19 |
| MCap, USD mln | 155.8 |
| Free float, % | 6.5% |
| FF MCap, USD mln | 10.1 |
| No of shares, mln | 15.4 |
| Par Value, UAH | 0.25 |
| XETRA | M9X |
| DR Ratio | 1:1 |
| Avg Mo Tr Vol 6M, USD ths | 0.80 |

STOCK OWNERSHIP

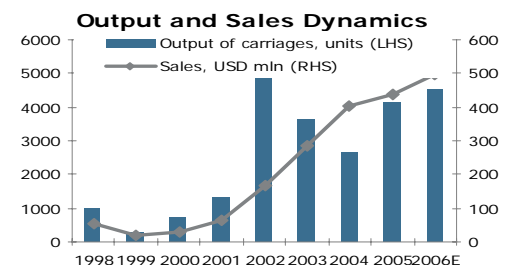
| | |
|-----------------------|-----|
| Azovmash Group | 50% |
| Derison Holdings Ltd. | 19% |
| State | 11% |
| Other | 20% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.4 | 0.4 |
| EV/EBITDA | 24.2 | 14.7 |
| P/E | 778.9 | 43.3 |
| P/B | 2.2 | 2.1 |
| P/CF | 34.5 | 19.7 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 2.5% | 1.8% | 2.7% |
| Net Margin | 0.5% | 0.04% | 0.6% |
| ROE | 3.5% | 0.3% | 5.1% |
| Net Debt/Equity | 0.7 | 0.9 | 1.0 |



INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|------------------------|--------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 245.5 | 344.3 | 436.3 | 373.2 | n/a | n/a |
| Change y-o-y | - | 40.3% | 26.7% | 17.2% | n/a | n/a |
| Gross Profit | 30.0 | 24.3 | 36.4 | 25.5 | n/a | n/a |
| EBITDA | 7.3 | 3.4 | 13.8 | 6.9 | n/a | n/a |
| margin, % | 3.0% | 1.0% | 3.2% | 1.9% | n/a | n/a |
| Depreciation | (3.8) | (2.1) | (3.0) | (2.7) | n/a | n/a |
| EBIT | 3.5 | 1.3 | 10.8 | 4.2 | n/a | n/a |
| margin, % | 1.4% | 0.4% | 2.5% | 1.1% | n/a | n/a |
| Interest Expense | (0.3) | (1.6) | (4.5) | (5.8) | n/a | n/a |
| Other income/(expense) | (0.3) | 0.9 | (1.3) | 2.6 | n/a | n/a |
| PBT | 2.9 | 0.6 | 4.9 | 0.9 | n/a | n/a |
| Tax | (2.8) | (0.5) | (2.6) | (0.9) | n/a | n/a |
| Effective tax rate | 97.2% | 88.8% | 52.5% | 95.3% | n/a | n/a |
| Net Income | 0.1 | 0.1 | 2.3 | 0.0 | n/a | n/a |
| Net Margin, % | 0.0% | 0.0% | 0.5% | 0.0% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 111.8 | 137.5 | 158.1 | 200.9 | n/a | n/a |
| Cash & Equivalents | 2.6 | 0.3 | 0.6 | 0.9 | n/a | n/a |
| Trade Receivables | 27.6 | 26.2 | 56.5 | 72.9 | n/a | n/a |
| Inventories | 38.6 | 58.6 | 63.1 | 83.4 | n/a | n/a |
| Other | 43.0 | 52.5 | 38.0 | 43.7 | n/a | n/a |
| Fixed Assets | 65.3 | 69.4 | 71.0 | 70.1 | n/a | n/a |
| PP&E, net | 47.1 | 52.3 | 57.1 | 55.2 | n/a | n/a |
| Other | 18.2 | 17.0 | 13.9 | 14.9 | n/a | n/a |
| Total Assets | 177.0 | 206.9 | 229.2 | 271.0 | n/a | n/a |
| Shareholders' Equity | 71.0 | 66.0 | 70.4 | 69.7 | n/a | n/a |
| Share Capital | 0.7 | 0.7 | 0.8 | 0.8 | n/a | n/a |
| Retained Earnings | 17.4 | 24.0 | 26.6 | 28.2 | n/a | n/a |
| Other | 52.8 | 41.3 | 43.0 | 40.8 | n/a | n/a |
| Current Liabilities | 102.3 | 139.1 | 156.8 | 185.0 | n/a | n/a |
| ST Interest Bearing Debt | 5.0 | 19.2 | 53.2 | 39.9 | n/a | n/a |
| Trade Payables | 39.5 | 34.4 | 49.6 | 85.6 | n/a | n/a |
| Other | 57.8 | 85.5 | 54.1 | 61.1 | n/a | n/a |
| LT Liabilities | 3.7 | 1.7 | 2.0 | 16.4 | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | 14.5 | n/a | n/a |
| Other | 3.7 | 1.7 | 2.0 | 1.9 | n/a | n/a |
| Total Liabilities & Equity | 177.0 | 206.9 | 229.2 | 271.0 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|---------------------|-------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 89.4 | 84.9 | 84.1 | 85.9 | 99.7 | 102.8 | 115.8 | 118.0 | 119.5 | 128.5 | 125.1 |
| Change y-o-y | 77.7% | 43.2% | 27.9% | 22.5% | 11.6% | 21.1% | 37.8% | 37.3% | 19.9% | 25.1% | 8.0% |
| EBITDA | 4.4 | 0.2 | (0.8) | (0.4) | 2.4 | 4.9 | 5.3 | 1.2 | 2.9 | 3.4 | 0.6 |
| margin, % | 5.0% | 0.2% | -1.0% | -0.4% | 2.4% | 4.8% | 4.6% | 1.0% | 2.4% | 2.7% | 0.5% |
| EBIT | 4.0 | (0.4) | (1.4) | (0.9) | 1.8 | 4.1 | 4.5 | 0.4 | 2.1 | 2.5 | (0.4) |
| margin, % | 4.5% | -0.5% | -1.7% | -1.0% | 1.8% | 4.0% | 3.9% | 0.4% | 1.7% | 2.0% | -0.3% |
| Net Income | 3.7 | (2.3) | (1.3) | (0.0) | 0.1 | 1.1 | 2.7 | (1.6) | 0.1 | 0.0 | (0.1) |
| Net Margin, % | 4.1% | -2.7% | -1.6% | 0.0% | 0.1% | 1.1% | 2.3% | -1.4% | 0.1% | 0.0% | 0.0% |

Poltava Locomotive

PTRZ UZ

Machinery Diversified

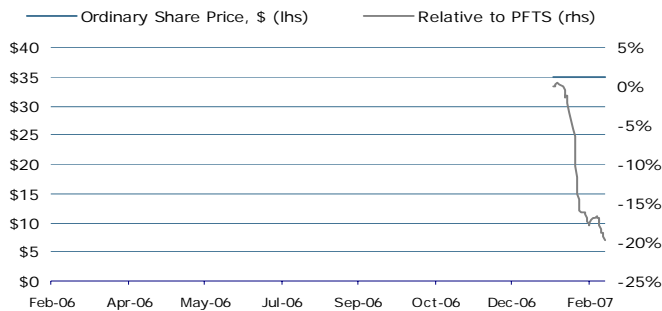
Target Price (USD)
Upside

N/R
n/a

INVESTMENT CASE

- Transforming into an integrated leasing operator to service the two major Eurasian railway systems, Ukraine and Russia
- Since 2H06 it has been the exclusive supplier of repair kits to national railway operator Ukrzaliznitsya
- Launching a leasing business for a fleet of freight locomotives

SHARE PRICE PERFORMANCE*



*listed on PFTS since 21 Dec 2006

BUSINESS OVERVIEW

The Poltava Diesel Locomotive Overhaul Plant (DLOP) is a CIS leading provider of overhauling services for Ukrainian, Russian, Mongolian and Baltic Railways. DLOP's core business is to overhaul diesel locomotives (70%-80% of revenues). The company's annual installed capacity of 600 locomotive sections was only 30% loaded in 2005. Diesel/wheel-set repairs and spare parts each made up 9%-10% of sales. DLOP's services include deep overhauls and modernization, which increases the productivity of a locomotive. DLOP has its own full production cycle for metal spare parts. Its own mini-electric arc furnaces and milling allow it to produce spare parts for internal needs and for sale (9% of sales 9M06). Ukraine and Russia are traditionally the two largest markets for the company's products. DLOP's major competitors are the Russian Voronezhsky, Usurytsky, Orenburgsky overhaul plants and the Latvian Daugavpils plant.

In 2006, the company signed contracts with world majors, General Electric and Caterpillar, for the delivery of state-of-the-art diesel engines, which brought its modernization capabilities up another notch in terms of quality.

In 9M06 the company posted growth in sales by 26% yoy and decrease in net income by 55% yoy (from USD 2.1 mln in 9M05 to USD 0.9 mln in 9M06).

* PFTS BID Price 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 | 35.00 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 35.0 / 35.0 |
| Chg 3m/6m/52w | n/a / n/a / n/a |
| Chg vs PFTS 3m/6m/52w | -43% / -47% / -58% |
| Chg YTD | 0% |
| Avg Mo Tr Vol 6M, USD ths | 0.0 |
| MCap, USD mln | 24.5 |
| Free float, % | 12.2% |
| FF MCap, USD mln | 3.0 |
| No of shares, mln | 0.7 |
| Par Value, UAH | 5.00 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

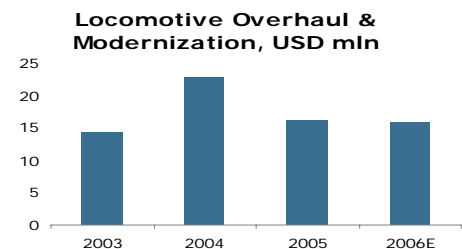
| | |
|------------------|-------|
| CJSC "Vneshtorg" | 98.0% |
| Other | 2.0% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.8 | 0.6 |
| EV/EBITDA | 7.1 | 5.7 |
| P/E | 24.5 | 12.2 |
| P/B | 1.6 | 1.4 |
| P/CF | N/M | 24.5 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 14% | 11% | 10% |
| Net Margin | 8.0% | 2.9% | 4.2% |
| ROE | 17% | 7% | 13% |
| Net Debt/Equity | 0.3 | 0.3 | 0.2 |



INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net Revenues | 14.5 | 22.6 | 25.5 | 35.0 | 48.0 | 56.0 |
| <i>Change y-o-y</i> | - | 55.9% | 12.8% | 37.5% | 37.1% | 17.5% |
| Gross Profit | 4.3 | 5.5 | 6.4 | 8.0 | 10.0 | 12.0 |
| EBITDA | 2.5 | 2.6 | 3.5 | 4.0 | 5.0 | 6.0 |
| <i>margin, %</i> | 17.0% | 11.7% | 13.9% | 10.5% | 10.5% | 10.5% |
| Depreciation | (0.2) | (0.6) | (0.7) | (1) | (1) | (1) |
| EBIT | 2.3 | 2.1 | 2.9 | 3 | 4 | 5 |
| <i>margin, %</i> | 15.6% | 9.1% | 11.3% | 8.6% | 9.1% | 9.3% |
| Interest Expense | (0.1) | (0.3) | (0.5) | (1.0) | (1.0) | (1.0) |
| Other income/(expense) | 0.2 | (0.4) | (0.1) | - | - | - |
| PBT | 2.4 | 1.3 | 2.3 | 2.0 | 3.0 | 4.0 |
| Tax | (0.7) | (0.3) | (0.2) | (0.2) | (1) | (1) |
| <i>Effective tax rate</i> | 30.0% | 19.4% | 10.2% | 25.0% | 25.0% | 25.0% |
| Net Income | 1.6 | 1.1 | 2.0 | 1.0 | 2.0 | 3.0 |
| <i>Net Margin, %</i> | 11.4% | 4.8% | 8.0% | 4.2% | 5.1% | 5.5% |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Current Assets | 8.6 | 11.0 | 16.0 | 20.0 | 23.0 | 24.0 |
| Cash & Equivalents | 0.1 | 0.7 | 0.9 | 1.0 | 1.0 | 2.0 |
| Trade Receivables | 2.8 | 3.0 | 1.2 | 2.0 | 3.0 | 3.0 |
| Inventories | 2.9 | 4.2 | 9.1 | 10.0 | 11.0 | 12.0 |
| Other | 2.8 | 3.1 | 4.7 | 6.0 | 7.0 | 7.0 |
| Fixed Assets | 5.4 | 5.9 | 5.9 | 6.0 | 14.0 | 15.0 |
| PP&E, net | 5.0 | 5.0 | 5.4 | 6.0 | 6.0 | 6.0 |
| Other | 0.4 | 0.9 | 0.5 | - | 8.0 | 8.0 |
| Total Assets | 14.0 | 16.9 | 21.9 | 26.0 | 37.0 | 39.0 |
| Shareholders' Equity | 10.1 | 11.9 | 14.4 | 2.0 | 25.0 | 35.0 |
| Share Capital | 0.1 | 0.7 | 0.7 | 1.0 | 16.0 | 26.0 |
| Other | 10.0 | 11.2 | 13.7 | 1.0 | 9.0 | 9.0 |
| Current Liabilities | 3.8 | 4.9 | 3.5 | 6.0 | 7.0 | 7.0 |
| ST Interest Bearing Debt | 1.0 | 0.2 | 0.9 | 1.0 | 1.0 | 1.0 |
| Trade Payables | 1.1 | 2.1 | 1.2 | 2.2 | 3.0 | 3.0 |
| Other | 1.7 | 2.7 | 1.4 | 2.8 | 3.0 | 3.0 |
| LT Liabilities | 0.1 | 0.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| LT Interest Bearing Debt | - | - | 4.0 | 4.0 | 4.0 | 4.0 |
| Other | 0.1 | 0.0 | 0.0 | - | - | - |
| Total Liabilities & Equity | 14.0 | 16.9 | 21.9 | 26.0 | 37.0 | 39.0 |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|------------|------------|------------|--------------|------------|------------|------------|--------------|------------|--------------|-------------|
| Net Revenues | 3.8 | 5.6 | 6.3 | 6.9 | 4.9 | 8.2 | 7.4 | 5.1 | 6.6 | 7.3 | 11.8 |
| <i>Change y-o-y</i> | 49.6% | 59.3% | 58.3% | 54.6% | 28.5% | 46.5% | 16.0% | -26.1% | 33.9% | -11.0% | 60.8% |
| EBITDA | 0.8 | 0.7 | 1.0 | 0.2 | 0.6 | 1.5 | 1.1 | 0.4 | 1.0 | 0.7 | 1.2 |
| <i>margin, %</i> | 20.2% | 12.8% | 15.3% | 2.7% | 12.6% | 17.8% | 14.8% | 7.6% | 14.6% | 10.1% | 9.8% |
| EBIT | 0.6 | 0.6 | 0.8 | 0.0 | 0.5 | 1.3 | 0.9 | 0.2 | 0.8 | 0.5 | 0.9 |
| <i>margin, %</i> | 16.4% | 10.2% | 13.1% | 0.6% | 9.5% | 15.8% | 12.4% | 3.9% | 11.6% | 7.2% | 7.9% |
| Net Income | 0.3 | 0.4 | 0.7 | (0.3) | 0.5 | 0.9 | 0.7 | (0.0) | 0.4 | (0.0) | 0.6 |
| <i>Net Margin, %</i> | 8.5% | 7.4% | 10.5% | -4.6% | 9.5% | 11.1% | 9.6% | -0.9% | 5.9% | -0.3% | 4.9% |

Stakhaniv Wagon

SVGZ UZ

Machinery Diversified

Target Price (USD) 80.50
Upside 96%

INVESTMENT CASE

- Specialization in gondola-cars, the most demanded type of cars in Ukraine and Russia
- Output grew by 60% in 2006 to 2,400 cars
- Profitability margins higher than that of MZVM and AZGM and are growing

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Stakhaniv Wagon specializes in the production of hopper cars for transporting mineral fertilizers, but also produces other types of freight cars, including gondola cars for the transportation of iron ore, which have the highest demand of all railcars in Ukraine and Russia. The company delivers cars for the transportation of chemicals to Uralkaliy (Russia), Azot Cherkasy (Ukraine) and several private Russian transportation companies. Stakhaniv gondola cars are being used by Poltava Iron Ore and Yuzhny Iron Ore.

Finance & Credit, Stakhaniv Wagon's major shareholder, plans to include the company in KrAZ Industries, Ukraine's largest machine-building holding centered around truck-maker AvtoKrAZ. While almost all of Stakhaniv Wagon's exports went to Russia last year, we believe, the company will benefit from AvtoKrAZ' expertise in terms of sales to developing markets.

The company announced a 9.9 times increase in its charter fund to USD 2.6 mln, with subscription on March 1-23, 2007 (first stage) and March 26-30 (second stage). The attracted money will be spent to increase working capital related to further production increases.

In 2006 sales are expected to grow by 95% yoy to USD 98 mln and net income to grow to USD 4 mln (versus USD 0.5 mln in 2005).

UPCOMING EVENTS

1-23 Mar 2007 first stage of subscription to additional share issue
 26-30 Mar 2007 second stage of subscription

* PFTS MID Price 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 | 41.09 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 63.8 / 5.6 |
| Chg 3m/6m/52w | 73% / 98% / 628% |
| Chg vs PFTS 3m/6m/52w | 30% / 50% / 570% |
| Chg YTD | 24% |
| Avg Mo Tr Vol 6M, USD ths | 403.92 |
| MCap, USD mln | 47.2 |
| Free float, % | 6.0% |
| FF MCap, USD mln | 2.8 |
| No of shares, mln | 1.1 |
| Par Value, UAH | 1.05 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

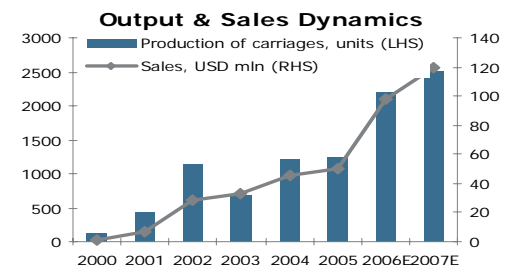
| | |
|------------------|-------|
| Finance & Credit | 77.8% |
| Other | 22.2% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.7 | 0.6 |
| EV/EBITDA | 7.3 | 4.4 |
| P/E | 11.8 | 5.2 |
| P/B | 13.1 | 13.1 |
| P/CF | 7.9 | 4.3 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 6% | 9% | 14% |
| Net Margin | 1% | 4% | 8% |
| ROE | 510% | 1667% | 250% |
| Net Debt/Equity | -0.8 | 4.7 | 7.8 |



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------|-------------|--------------|--------------|-------------|-------------|--------------|--------------|
| Net Revenues | 25.4 | 28.7 | 40.6 | 49.8 | 97.9 | 120.0 | 147.6 |
| <i>Change y-o-y</i> | - | 13.1% | 41.4% | 22.5% | 96.6% | 22.6% | 23.0% |
| Gross Profit | 3.3 | 3.0 | 1.8 | 5.6 | 14.7 | 24.0 | 31.0 |
| EBITDA | 1.7 | (1.5) | (1.8) | 2.9 | 8.8 | 16.8 | 22.1 |
| <i>margin, %</i> | 6.7% | -5.1% | -4.3% | 5.9% | 9.0% | 14.0% | 15.0% |
| Depreciation | (0.9) | (0.9) | (1.1) | (1.2) | (1.5) | (1.8) | (2.5) |
| EBIT | 0.8 | (2.4) | (2.9) | 1.7 | 7.3 | 15.0 | 19.7 |
| <i>margin, %</i> | 3.2% | -8.2% | -7.1% | 3.5% | 7.5% | 12.5% | 13.3% |
| Interest Expense | - | (0.1) | (0.2) | (1.7) | (2.4) | (3.1) | (3.7) |
| Other income/(expense) | 0.8 | (0.2) | 0.6 | 0.5 | 40.0% | 40.0% | 40.0% |
| PBT | 1.6 | (2.7) | (2.5) | 0.5 | 5.3 | 12.3 | 16.4 |
| Tax | - | - | - | - | (1.3) | (3.1) | (4.1) |
| <i>Effective tax rate</i> | 0.0% | 0.0% | 0.0% | 0.0% | 25.0% | 25.0% | 25.0% |
| Net Income | 1.6 | (2.7) | (2.4) | 0.5 | 4.0 | 9.2 | 12.3 |
| <i>Net Margin, %</i> | 6.3% | -9.3% | -6.0% | 1.0% | 4.1% | 7.7% | 8.3% |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Current Assets | 11.6 | 4.7 | 6.1 | 28.3 | 19.1 | 23.4 | 30.3 |
| Cash & Equivalents | 0.0 | 0.0 | 0.0 | 18.7 | 1.0 | 1.2 | 1.5 |
| Trade Receivables | 3.8 | 0.4 | 1.0 | 0.9 | 3.9 | 4.8 | 7.4 |
| Inventories | 4.4 | 2.7 | 2.8 | 3.3 | 9.8 | 12.0 | 14.8 |
| Other | 3.4 | 1.7 | 2.3 | 5.4 | 4.4 | 5.4 | 6.6 |
| Fixed Assets | 13.9 | 13.3 | 13.5 | 14.0 | 20.6 | 33.9 | 51.4 |
| PP&E, net | 12.9 | 12.9 | 13.2 | 13.7 | 20.6 | 33.9 | 51.4 |
| Other | 1.0 | 0.4 | 0.3 | 0.3 | 0.0 | 0.0 | 0.0 |
| Total Assets | 25.5 | 18.1 | 19.6 | 42.3 | 39.7 | 57.3 | 81.7 |
| Shareholders' Equity | 5.8 | 3.0 | 0.1 | 0.2 | 3.6 | 12.8 | 25.1 |
| Share Capital | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Retained Earnings | (14.4) | (17.1) | (19.6) | (20.1) | (17.2) | (8.0) | 4.3 |
| Other | 20.0 | 19.8 | 19.5 | 20.1 | 21.0 | 21.0 | 21.0 |
| Current Liabilities | 19.2 | 14.9 | 12.9 | 39.1 | 25.0 | 32.6 | 41.0 |
| ST Interest Bearing Debt | - | 1.8 | 2.0 | 18.5 | 10.8 | 17.2 | 19.2 |
| Trade Payables | 10.7 | 8.3 | 7.2 | 5.1 | 3.4 | 6.0 | 10.3 |
| Other | 8.5 | 4.8 | 3.7 | 15.4 | 11.0 | 9.0 | 11.0 |
| LT Liabilities | 0.4 | 0.2 | 6.6 | 3.0 | 11.1 | 11.8 | 15.4 |
| LT Interest Bearing Debt | - | - | - | - | 7.1 | 7.8 | 12.4 |
| Other | 0.4 | 0.2 | 6.6 | 3.0 | 4.0 | 4.0 | 3.0 |
| Total Liabilities & Equity | 25.5 | 18.1 | 19.6 | 42.3 | 39.7 | 57.3 | 81.6 |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|-------------|--------------|-------------|-------------|
| Net Revenues | 3.4 | 14.7 | 7.1 | 15.4 | 22.2 | 13.1 | 3.1 | 11.3 | 11.0 | 26.7 | 19.9 |
| <i>Change y-o-y</i> | -38.3% | 84.9% | -21.7% | 148.8% | 553.8% | -10.8% | -56.5% | -26.4% | -50.6% | 103.1% | 544.4% |
| EBITDA | (0.8) | (0.5) | (0.6) | 0.1 | 0.2 | 1.2 | (0.6) | 2.2 | 0.4 | 2.3 | 1.4 |
| <i>margin, %</i> | -24.5% | -3.4% | -7.9% | 0.9% | 0.7% | 8.9% | -20.3% | 19.7% | 4.0% | 8.7% | 7.0% |
| EBIT | (1.1) | (0.8) | (0.9) | (0.1) | (0.1) | 0.9 | (0.9) | 1.9 | 0.1 | 2.0 | 1.1 |
| <i>margin, %</i> | -31.7% | -5.2% | -12.4% | -1.0% | -0.6% | 6.7% | -30.3% | 16.9% | 1.2% | 7.6% | 5.3% |
| Net Income | (1.1) | (0.7) | (0.7) | 0.1 | (0.1) | 0.9 | (1.4) | 1.1 | (1.0) | 1.1 | 0.4 |
| <i>Net Margin, %</i> | -32.6% | -4.7% | -9.9% | 0.4% | -0.3% | 6.5% | -45.1% | 9.8% | -8.7% | 4.0% | 2.1% |

Sumy Frunze

SMASH UZ

Machinery Diversified

<http://www.frunze.com.ua>

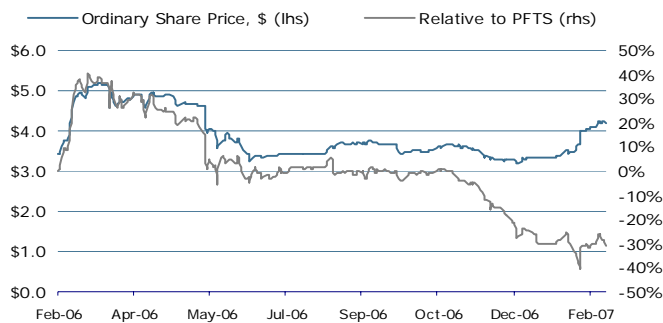
Target Price (USD)
Upside

U/R
n/a

INVESTMENT CASE

- Creating Concern Atomashproject with the Project Institute Energoprojekt to participate in a tender to construct a nuclear waste depositary
- Started realization of an internal reorganization program, through 2016 that will lead to the creation of 26 limited liability companies; risk of asset stripping

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Sumy Frunze is one of largest engineering companies in Ukraine. The company specializes in the production of equipment for the oil & gas and chemical industries. Its product portfolio includes pumps, compressors, centrifuges, fits for gas-main pipelines, heavy-drilling pipes and mobile filling stations. The plant is the only Ukrainian producer of gas pumping units (50-60% of total sales) for gas-main pipelines and pumping equipment for nuclear power plants in the CIS. Sumy Frunze exports around 70% of its total output to more than 20 countries. The company has subsidiaries in Russia, Turkmenistan, Kazakhstan and Azerbaijan. Sumy Frunze supplies its products to pipe operators, steel mills and nuclear power plants. Among the company's major customers are Gazprom, Naftogaz Ukrainy and Turkmennaftogaz. In 9M06 the company reduced net revenues by 20.3% yoy to USD 171.8 mln, weakened its EBITDA and net margins from 10.9% and 5.1%, respectively, in 9M05 to 4.6% and negative 4.1% in 9M06.

* PFTS MID Price 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 | 4.21 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 5.20 / 3.21 |
| Chg 3m/6m/52w | 20% / 17% / 23% |
| Chg vs PFTS 3m/6m/52w | -23% / -30% / -36% |
| Chg YTD | 19% |
| Avg Mo Tr Vol 6M, USD ths | 436.20 |
| MCap, USD mln | 299.1 |
| Free float, % | 9.8% |
| FF MCap, USD mln | 29.4 |
| No of shares, mln | 71.1 |
| Par Value, UAH | |
| XETRA | M9Y1 |
| DR Ratio | 1:20 |
| Avg Mo Tr Vol 6M, USD ths | 0.0 |

STOCK OWNERSHIP

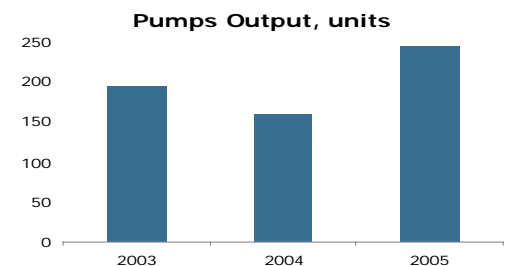
| | |
|-----------------------|-------|
| Tecline Invest | 25.0% |
| Torberg Beteiligungen | 23.6% |
| Dastime Group | 12.7% |
| Ogres Komerbanka | 9.8% |
| Hambay Trading | 8.9% |
| Other | 20.0% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.4 | 1.4 |
| EV/EBITDA | 20.7 | 17.2 |
| P/E | 25.1 | 24.2 |
| P/B | 1.6 | 1.5 |
| P/CF | 15.0 | 13.2 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 7% | 7% | n/a |
| Net Margin | 0% | 5% | n/a |
| ROE | 1% | 7% | n/a |
| Net Debt/Equity | 0.1 | 0.2 | n/a |



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|------------------------|--------------|---------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 120.4 | 174.7 | 216.6 | 282.1 | 171.8 | n/a | n/a |
| Change y-o-y | - | 45.0% | 24.0% | 30.2% | -20.3% | n/a | n/a |
| Gross Profit | 58.0 | 97.6 | 123.3 | 130.3 | 72.5 | n/a | n/a |
| EBITDA | 13.7 | (5.6) | 26.3 | 19.1 | 7.8 | n/a | n/a |
| margin, % | 11.4% | -3.2% | 12.1% | 6.8% | 4.6% | n/a | n/a |
| Depreciation | (5.7) | (5.7) | (6.2) | (7.1) | (5.3) | n/a | n/a |
| EBIT | 8.1 | (11.3) | 20.1 | 12.0 | 2.6 | n/a | n/a |
| margin, % | 6.7% | -6.5% | 9.3% | 4.3% | 1.5% | n/a | n/a |
| Interest Expense | (1.0) | (1.0) | (2.3) | (1.9) | (3.1) | n/a | n/a |
| Other income/(expense) | (3.6) | (1.4) | (1.2) | (1.9) | (1.2) | n/a | n/a |
| PBT | 3.5 | (13.7) | 16.5 | 8.2 | (1.7) | n/a | n/a |
| Tax | (3.1) | (3.9) | (5.1) | (7.2) | (5.3) | n/a | n/a |
| Effective tax rate | 88.6% | -28.2% | 31.1% | 87.3% | -313.6% | n/a | n/a |
| Net Income | 0.4 | (17.6) | 11.3 | 1.2 | (7.0) | n/a | n/a |
| Net Margin, % | 0.3% | -10.0% | 5.2% | 0.4% | -4.1% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 118.4 | 122.1 | 177.0 | 217.6 | 202.4 | n/a | n/a |
| Cash & Equivalents | 1.8 | 1.0 | 1.8 | 5.9 | 0.4 | n/a | n/a |
| Trade Receivables | 12.8 | 23.1 | 56.9 | 25.1 | 24.5 | n/a | n/a |
| Inventories | 66.7 | 86.5 | 102.2 | 151.9 | 146.7 | n/a | n/a |
| Other | 37.2 | 11.5 | 16.0 | 34.8 | 30.7 | n/a | n/a |
| Fixed Assets | 174.2 | 171.1 | 167.4 | 175.1 | 164.2 | n/a | n/a |
| PP&E, net | 64.5 | 67.8 | 72.7 | 75.6 | 72.9 | n/a | n/a |
| Other | 109.7 | 103.3 | 94.7 | 99.6 | 91.3 | n/a | n/a |
| Total Assets | 292.6 | 293.2 | 344.3 | 392.7 | 366.6 | n/a | n/a |
| Shareholders' Equity | 186.9 | 161.9 | 162.7 | 172.9 | 164.8 | n/a | n/a |
| Share Capital | 133.1 | 133.1 | 133.9 | 140.8 | 140.8 | n/a | n/a |
| Retained Earnings | 37.4 | 13.9 | 14.7 | 16.9 | 8.6 | n/a | n/a |
| Other | 16.3 | 14.9 | 14.0 | 15.2 | 15.4 | n/a | n/a |
| Current Liabilities | 34.5 | 64.5 | 116.8 | 154.1 | 136.1 | n/a | n/a |
| ST Interest Bearing Debt | 6.4 | 12.1 | 27.2 | 27.9 | 46.2 | n/a | n/a |
| Trade Payables | 13.1 | 16.3 | 21.4 | 30.3 | 15.3 | n/a | n/a |
| Other | 14.9 | 36.1 | 68.2 | 95.8 | 79.2 | n/a | n/a |
| LT Liabilities | 71.3 | 66.9 | 64.8 | 65.7 | 65.7 | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Other | 71.3 | 66.9 | 64.8 | 65.7 | 65.7 | n/a | n/a |
| Total Liabilities & Equity | 292.6 | 293.2 | 344.3 | 392.7 | 366.6 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|---------------------|-------------|-------------|-------------|--------------|---------------|-------------|-------------|--------------|--------------|-------------|--------------|
| Net Revenues | 31.3 | 80.3 | 50.7 | 54.3 | 69.8 | 68.4 | 77.4 | 66.6 | 54.9 | 57.0 | 59.9 |
| Change y-o-y | -25.6% | 91.4% | -160.3% | -68.9% | 122.9% | -14.8% | 52.6% | 22.6% | -21.3% | -16.7% | -22.6% |
| EBITDA | 3.3 | 9.2 | 16.2 | (2.5) | (6.3) | 2.2 | 27.5 | (4.3) | 0.3 | 7.3 | 0.2 |
| margin, % | 10.4% | 11.5% | 32.0% | -4.5% | -9.0% | 3.2% | 35.6% | -6.5% | 0.5% | 12.9% | 0.4% |
| EBIT | 1.8 | 7.7 | 14.6 | (4.0) | (8.0) | 0.6 | 25.7 | (6.3) | (1.5) | 5.6 | (1.5) |
| margin, % | 5.6% | 9.6% | 28.8% | -7.4% | -11.4% | 0.8% | 33.3% | -9.5% | -2.7% | 9.8% | -2.6% |
| Net Income | 0.2 | 5.6 | 12.0 | (6.4) | (14.7) | 0.8 | 24.9 | (9.8) | (5.6) | 7.0 | (8.4) |
| Net Margin, % | 0.7% | 7.0% | 23.6% | -11.8% | -21.1% | 1.2% | 32.2% | -14.7% | -10.2% | 12.2% | -14.0% |

Dongirmash

DGRM UZ

Machinery-Construction & Mining

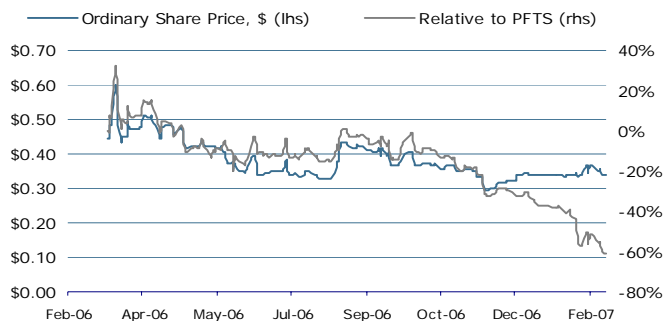
<http://www.dongormash.donetsk.ua>

Target Price (USD) 0.77
Upside 122%

INVESTMENT CASE

- Through its subsidiaries, major shareholder SCM guarantees stable inflow of orders
- Corporate governance is expected to improve in line with a common SCM-wide strategy

SHARE PRICE PERFORMANCE*



* listed on PFTS since 02 Mar 2006

BUSINESS OVERVIEW

Dongirmash is the most diversified coal mining equipment producer in Ukraine in terms of products. The company produces about 60 types of small-series and tailor-made heavy machinery for mining, steel, electricity generation, railcar and chemical industries, with coal mining equipment accounting for ~70% of the company's sales. Underground conveyors constitute the largest share of the company's coal machinery output, followed by mine fans, conveyors, carriages and excavating equipment. The company sells most of its mining equipment to domestic coal mines and ore-enrichment plants like Pavlogradugol, Makiyivugol and Artemugol. Dongirmash operates its own research and development department, which designs about 85% of company's products.

The company was one of the winners of a May 2, 2006 government tender to provide state-owned mines with mining equipment. The orders are valued at USD 12 mln (32% of 2005 sales). Therefore, we estimate that in 2006 Dongirmash will improve its weak 2005 results.

In 9M06 the company posted a decrease in sales by 9.7% yoy to USD 24.2 mln and a drastic change in net income from 0.1 net profit in 9M05 to negative USD 2.2 mln in 9M06.

* PFTS MID Price 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 | 0.35 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.60 / 0.30 |
| Chg 3m/6m/52w | -1% / -8% / -22% |
| Chg vs PFTS 3m/6m/52w | -44% / -55% / -81% |
| Chg YTD | 1% |
| Avg Mo Tr Vol 6M, USD ths | 165.60 |
| MCap, USD mln | 15.8 |
| Free float, % | 20.0% |
| FF MCap, USD mln | 3.2 |
| No of shares, mln | 45.5 |
| Par Value, UAH | |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-----------------|-------|
| Ukrvuglemash | 19.0% |
| Gorlivsky | |
| Mashynoduvivnyk | 19.0% |
| IUD | 17.0% |
| Other | 45.0% |

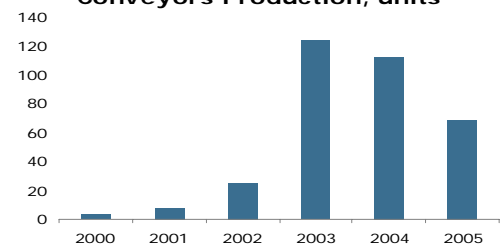
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.7 | n/a |
| EV/EBITDA | 7.8 | n/a |
| P/E | 7.9 | n/a |
| P/B | 1.3 | n/a |
| P/CF | 4.4 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 7% | 9% | n/a |
| Net Margin | 3.2% | 4.2% | n/a |
| ROE | 18% | 19% | n/a |
| Net Debt/Equity | 1.7 | 1.4 | n/a |

Conveyors Production, units



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|-------------|-------------|--------------|------------|------------|
| Net Revenues | 12.0 | 22.4 | 56.6 | 52.4 | 24.2 | n/a | n/a |
| <i>Change y-o-y</i> | - | 86.9% | 152.9% | -7.4% | -9.7% | n/a | n/a |
| Gross Profit | 1.8 | 3.0 | 8.5 | 10.3 | 5.1 | n/a | n/a |
| EBITDA | 0.2 | (1.9) | 2.7 | 3.7 | 0.0 | n/a | n/a |
| <i>margin, %</i> | 1.9% | -8.4% | 4.7% | 7.0% | 0.0% | n/a | n/a |
| Depreciation | (0.6) | (0.7) | (0.9) | (1.2) | (0.9) | n/a | n/a |
| EBIT | (0.4) | (2.6) | 1.8 | 2.4 | (0.9) | n/a | n/a |
| <i>margin, %</i> | -3.2% | -11.4% | 3.1% | 4.7% | -3.6% | n/a | n/a |
| Interest Expense | - | - | (0.0) | (0.2) | (0.6) | n/a | n/a |
| Other income/(expense) | 0.1 | 0.0 | 0.1 | 0.0 | (0.5) | n/a | n/a |
| PBT | (0.2) | (2.5) | 1.9 | 2.2 | (1.9) | n/a | n/a |
| Tax | (0.1) | - | (0.4) | (0.5) | (0.3) | n/a | n/a |
| <i>Effective tax rate</i> | -26.0% | 0.0% | 21.7% | 23.1% | -13.7% | n/a | n/a |
| Net Income | (0.3) | (2.5) | 1.5 | 1.7 | (2.2) | n/a | n/a |
| <i>Net Margin, %</i> | -2.5% | -11.3% | 2.6% | 3.3% | -9.0% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 17.1 | 28.0 | 27.5 | 46.2 | 26.6 | n/a | n/a |
| Cash & Equivalents | 0.0 | 0.0 | 0.0 | 0.2 | 0.9 | n/a | n/a |
| Trade Receivables | 5.6 | 4.7 | 8.4 | 15.7 | 10.5 | n/a | n/a |
| Inventories | 10.8 | 21.1 | 14.1 | 11.9 | 10.9 | n/a | n/a |
| Other | 0.6 | 2.2 | 4.9 | 18.4 | 4.2 | n/a | n/a |
| Fixed Assets | 10.2 | 11.4 | 13.0 | 14.7 | 18.0 | n/a | n/a |
| PP&E, net | 9.7 | 8.9 | 10.8 | 12.3 | 12.3 | n/a | n/a |
| Other | 0.6 | 2.5 | 2.2 | 2.5 | 5.8 | n/a | n/a |
| Total Assets | 27.3 | 39.5 | 40.5 | 61.0 | 44.6 | n/a | n/a |
| Shareholders' Equity | 10.9 | 8.3 | 9.2 | 10.5 | 8.3 | n/a | n/a |
| Share Capital | 2.1 | 2.1 | 2.1 | 2.3 | 2.3 | n/a | n/a |
| Retained Earnings | (1.7) | (4.1) | (0.1) | 0.7 | (1.5) | n/a | n/a |
| Other | 10.4 | 10.2 | 7.1 | 7.5 | 7.6 | n/a | n/a |
| Current Liabilities | 16.2 | 31.0 | 31.1 | 35.0 | 23.4 | n/a | n/a |
| ST Interest Bearing Debt | - | - | - | 3.2 | 3.2 | n/a | n/a |
| Trade Payables | 15.0 | 29.9 | 29.2 | 24.1 | 19.0 | n/a | n/a |
| Other | 1.2 | 1.2 | 1.9 | 7.7 | 1.4 | n/a | n/a |
| LT Liabilities | 0.2 | 0.1 | 0.2 | 15.5 | 12.9 | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | 14.6 | 12.1 | n/a | n/a |
| Other | 0.2 | 0.1 | 0.2 | 0.8 | 0.8 | n/a | n/a |
| Total Liabilities & Equity | 27.3 | 39.5 | 40.5 | 61.0 | 44.6 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|------------|-------------|-------------|-------------|--------------|------------|------------|-------------|------------|--------------|--------------|
| Net Revenues | 8.6 | 15.5 | 19.8 | 12.8 | 9.4 | 8.0 | 9.4 | 25.6 | 9.8 | 6.6 | 7.8 |
| <i>Change y-o-y</i> | 20.3% | 284.6% | 715.8% | 45.0% | 10.2% | -48.6% | -52.3% | 100.2% | 4.0% | -17.4% | -16.9% |
| EBITDA | 0.4 | 1.0 | 0.4 | 0.8 | (0.3) | 0.4 | 1.1 | 2.5 | 1.1 | 0.3 | (1.4) |
| <i>margin, %</i> | 4.8% | 6.7% | 2.0% | 6.5% | -2.7% | 4.5% | 11.1% | 9.8% | 11.7% | 3.8% | -17.7% |
| EBIT | 0.2 | 0.8 | 0.2 | 0.6 | (0.5) | 0.0 | 0.8 | 2.2 | 0.9 | (0.1) | (1.7) |
| <i>margin, %</i> | 2.4% | 5.3% | 0.9% | 4.3% | -5.7% | 0.3% | 8.0% | 8.6% | 8.7% | -0.9% | -21.3% |
| Net Income | 0.2 | 0.7 | 0.2 | 0.4 | (0.6) | 0.0 | 0.7 | 1.6 | 0.7 | (0.5) | (2.4) |
| <i>Net Margin, %</i> | 2.3% | 4.5% | 0.9% | 3.1% | -6.2% | 0.5% | 7.4% | 6.1% | 6.7% | -7.3% | -30.1% |

Druzhkivka Machinery

DRMZ UZ

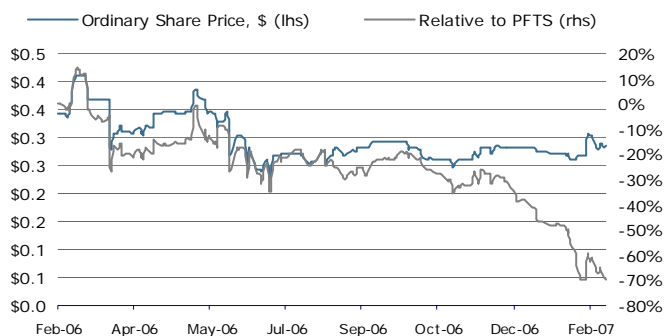
Machinery-Construction & Mining

Target Price (USD) 0.48
Upside 69%

INVESTMENT CASE

- Stable orders ensured by its major shareholder, SCM
- The government program to construct new mines is an additional top line driver

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Druzhkivka Machine Building is the largest producer of mining machinery and the monopoly producer of powered supports in Ukraine. It is located in close proximity to its major customers, in the Donetsk region (Eastern Ukraine). The company enjoys stable orders from state tenders for mining equipment thanks to its affiliation with SCM.

The company's management forecasted a 44.3% yoy boost in sales in 2006 to USD 128.2 mln. The company plans to extend its markets by participating in tenders in India, Iran, Vietnam and Russia.

In 9M06 the company posted growth in sales by 12% yoy to USD 54.6 mln and growth in net income by 6.4% yoy to USD 1.3 mln.

UPCOMING EVENTS

01 Mar 2007 AGM

* PFTS MID Price 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 | 0.28 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.41 / 0.23 |
| Chg 3m/6m/52w | 8% / 6% / -18% |
| Chg vs PFTS 3m/6m/52w | -35% / -41% / -76% |
| Chg YTD | 5% |
| Avg Mo Tr Vol 6M, USD ths | 37.14 |
| MCap, USD mln | 59.0 |
| Free float, % | 12.0% |
| FF MCap, USD mln | 7.1 |
| No of shares, mln | 207.5 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-------|-------|
| SCM | 65.0% |
| IUD | 12.0% |
| Other | 23.0% |

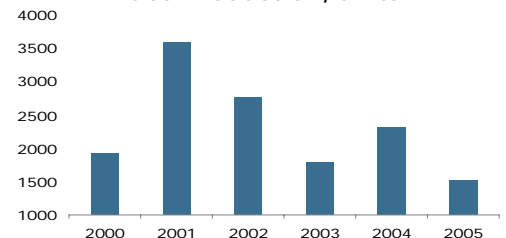
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.6 | n/a |
| EV/EBITDA | 6.2 | n/a |
| P/E | 18.4 | n/a |
| P/B | 1.6 | n/a |
| P/CF | 7.9 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 7% | 9% | n/a |
| Net Margin | 0% | 3% | n/a |
| ROE | 1% | 9% | n/a |
| Net Debt/Equity | 0.1 | 0.3 | n/a |

Tubs Production, units



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|-------------|-------------|------------|------------|
| Net Revenues | 35.3 | 59.3 | 122.8 | 90.4 | 54.6 | n/a | n/a |
| <i>Change y-o-y</i> | - | 68.2% | 107.0% | -26.4% | 12.3% | n/a | n/a |
| Gross Profit | 5.4 | 11.7 | 28.1 | 26.2 | 10.6 | n/a | n/a |
| EBITDA | (1.2) | 0.6 | 7.4 | 6.6 | 5.0 | n/a | n/a |
| <i>margin, %</i> | -3.4% | 1.0% | 6.1% | 7.3% | 9.2% | n/a | n/a |
| Depreciation | (2.1) | (1.5) | (0.9) | (4.2) | (2.6) | n/a | n/a |
| EBIT | (3.4) | (0.9) | 6.5 | 2.3 | 2.4 | n/a | n/a |
| <i>margin, %</i> | -9.5% | -1.5% | 5.3% | 2.6% | 4.4% | n/a | n/a |
| Interest Expense | (0.1) | (0.0) | (0.0) | (0.5) | (0.9) | n/a | n/a |
| Other income/(expense) | (0.1) | (0.0) | (4.0) | 0.0 | (0.0) | n/a | n/a |
| PBT | (3.5) | (0.9) | 2.5 | 1.9 | 1.4 | n/a | n/a |
| Tax | (0.0) | (0.7) | - | (1.6) | (0.7) | n/a | n/a |
| <i>Effective tax rate</i> | -1.3% | -81.8% | 0.0% | 82.9% | 47.1% | n/a | n/a |
| Net Income | (3.6) | (1.6) | 2.5 | 0.3 | 0.8 | n/a | n/a |
| <i>Net Margin, %</i> | -10.1% | -2.8% | 2.0% | 0.4% | 1.4% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 39.1 | 125.3 | 99.3 | 112.6 | 124.4 | n/a | n/a |
| Cash & Equivalents | 0.0 | 0.5 | 0.6 | 2.2 | 1.4 | n/a | n/a |
| Trade Receivables | 8.8 | 69.5 | 37.0 | 27.8 | 29.6 | n/a | n/a |
| Inventories | 27.5 | 35.3 | 33.3 | 37.2 | 47.8 | n/a | n/a |
| Other | 2.7 | 20.0 | 28.4 | 45.3 | 45.7 | n/a | n/a |
| Fixed Assets | 33.4 | 12.9 | 33.7 | 35.9 | 36.3 | n/a | n/a |
| PP&E, net | 28.1 | 7.5 | 27.9 | 26.6 | 27.0 | n/a | n/a |
| Other | 5.3 | 5.4 | 5.9 | 9.2 | 9.3 | n/a | n/a |
| Total Assets | 72.4 | 138.3 | 133.0 | 148.4 | 160.7 | n/a | n/a |
| Shareholders' Equity | 39.1 | 38.1 | 35.2 | 34.6 | 35.4 | n/a | n/a |
| Share Capital | 9.7 | 9.7 | 9.8 | 10.3 | 10.3 | n/a | n/a |
| Retained Earnings | 27.5 | 25.9 | 22.9 | 22.4 | 23.1 | n/a | n/a |
| Other | 1.9 | 2.5 | 2.5 | 2.0 | 2.0 | n/a | n/a |
| Current Liabilities | 33.2 | 99.7 | 97.7 | 113.8 | 125.4 | n/a | n/a |
| ST Interest Bearing Debt | 0.6 | 0.3 | 0.3 | 6.1 | 6.1 | n/a | n/a |
| Trade Payables | 30.6 | 89.3 | 65.8 | 94.0 | 100.7 | n/a | n/a |
| Other | 1.9 | 10.1 | 31.6 | 13.7 | 19.0 | n/a | n/a |
| LT Liabilities | 0.2 | 0.5 | 0.1 | - | - | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Other | 0.2 | 0.5 | 0.1 | - | - | n/a | n/a |
| Total Liabilities & Equity | 72.4 | 138.3 | 133.0 | 148.4 | 160.7 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|-------------|
| Net Revenues | 12.7 | 35.3 | 46.7 | 28.0 | 14.2 | 17.5 | 16.9 | 41.8 | 9.9 | 11.9 | 32.8 |
| <i>Change y-o-y</i> | 20.9% | 165.6% | 127.4% | 87.3% | 12.0% | -50.5% | -63.8% | 48.9% | -30.7% | -31.8% | 94.1% |
| EBITDA | 0.2 | 2.1 | 2.3 | 2.9 | 1.2 | 1.5 | 2.0 | 1.9 | 0.6 | 0.6 | 3.8 |
| <i>margin, %</i> | 1.8% | 5.9% | 4.9% | 10.2% | 8.3% | 8.8% | 11.7% | 4.5% | 6.3% | 4.8% | 11.6% |
| EBIT | 0.1 | 1.9 | 2.1 | 2.5 | 0.6 | 0.9 | 0.0 | 0.8 | (0.2) | (0.3) | 2.9 |
| <i>margin, %</i> | 0.5% | 5.3% | 4.4% | 9.0% | 4.1% | 5.3% | 0.2% | 1.9% | -2.2% | -2.3% | 8.8% |
| Net Income | 0.1 | 1.6 | 0.7 | 0.1 | 0.2 | 0.6 | (0.3) | (0.1) | (0.6) | (1.2) | 2.5 |
| <i>Net Margin, %</i> | 0.4% | 4.5% | 1.6% | 0.4% | 1.2% | 3.3% | -1.9% | -0.3% | -5.8% | -10.1% | 7.7% |

Svitlo Shakhtarya

HMBZ UZ

Machinery-Construction & Mining

<http://www.shaht.kharkov.ua>

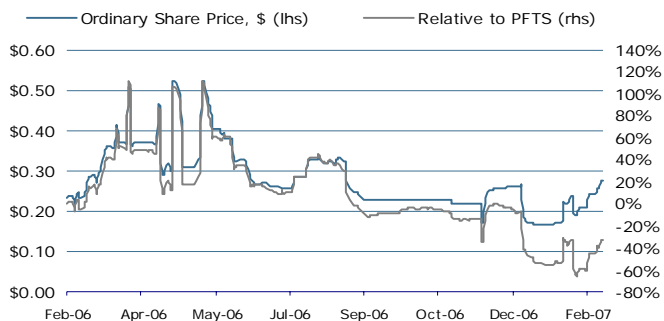
Target Price (USD)
Upside

Susp
n/a

INVESTMENT CASE

- An additional share issue in 2006 was a part of a hostile takeover by SCM
- Ownership situation is not clear

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Svitlo Shakhtarya is one of the oldest coal machinery producers in the CIS. Initially, the company specialized in the production of lamps for mines, but it later focused on the production of conveyors. Currently, the company is the leading conveyor producer in Ukraine and controls 47% of the domestic market. The company is ISO 9001:2000 certified. In 2006 Svitlo Shakhtarya became the first in Ukraine to produce scraping conveyors for the development of hard-to-reach coal seams. The company's main customers in Ukraine are domestic mines. Major company's export markets are Russia, Belarus, Estonia, Bulgaria and India.

Svitlo Shakhtarya conducted an additional share issue in 2006, increasing its charter fund by USD 442.77 ths to USD 663.96 ths.

In 9M06 the company posted sales at the same level as in 9M05 (USD 27 mln) and a decrease in EBITDA and net income by 20% and 11% respectively.

* PFTS MID Price 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 | 0.30 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.52 / 0.15 |
| Chg 3m/6m/52w | 38% / -6% / 80% |
| Chg vs PFTS 3m/6m/52w | -5% / -53% / 22% |
| Chg YTD | 37% |
| Avg Mo Tr Vol 6M, USD ths | 121.28 |
| MCap, USD mln | 100.6 |
| Free float, % | 25.0% |
| FF MCap, USD mln | 25.1 |
| No of shares, mln | 335.3 |
| Par Value, UAH | 0.01 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|---------------------------|-------|
| Individuals | 26.4% |
| Gorlivsky Mashynobudivnyk | 15.5% |
| Keramet Invest | 10.9% |
| Other | 47.2% |

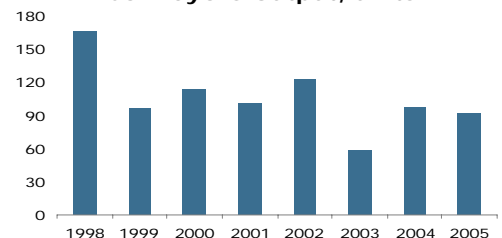
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 2.2 | n/a |
| EV/EBITDA | 8.2 | n/a |
| P/E | 14.0 | n/a |
| P/B | 1.9 | n/a |
| P/CF | 10.6 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 32% | 27% | n/a |
| Net Margin | 23% | 18% | n/a |
| ROE | 27% | 16% | n/a |
| Net Debt/Equity | -0.3 | -0.2 | n/a |

Conveyors Output, units



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Net Revenues | 20.6 | 18.5 | 38.5 | 40.3 | 27.0 | n/a | n/a |
| <i>Change y-o-y</i> | - | -10.0% | 107.6% | 4.9% | -0.1% | n/a | n/a |
| Gross Profit | 9.5 | 7.1 | 17.9 | 18.2 | 11.5 | n/a | n/a |
| EBITDA | 6.8 | 4.3 | 11.6 | 13.2 | 6.0 | n/a | n/a |
| <i>margin, %</i> | 33.3% | 23.0% | 30.1% | 32.6% | 22.1% | n/a | n/a |
| Depreciation | (1.3) | (1.3) | (1.7) | (2.0) | (1.6) | n/a | n/a |
| EBIT | 5.6 | 2.9 | 9.9 | 11.1 | 4.3 | n/a | n/a |
| <i>margin, %</i> | 27.1% | 15.8% | 25.7% | 27.6% | 16.0% | n/a | n/a |
| Interest Expense | - | - | (0.0) | - | (0.0) | n/a | n/a |
| Other income/(expense) | 0.3 | (0.2) | 0.8 | 1.2 | 1.2 | n/a | n/a |
| PBT | 5.8 | 2.7 | 10.6 | 12.4 | 5.6 | n/a | n/a |
| Tax | (2.2) | (1.5) | (3.3) | (2.9) | (1.5) | n/a | n/a |
| <i>Effective tax rate</i> | 37.9% | 53.4% | 31.0% | 23.4% | 26.4% | n/a | n/a |
| Net Income | 3.6 | 1.3 | 7.3 | 9.5 | 4.1 | n/a | n/a |
| <i>Net Margin, %</i> | 17.6% | 6.9% | 19.1% | 23.5% | 15.1% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 22.4 | 25.4 | 30.3 | 40.8 | 44.0 | n/a | n/a |
| Cash & Equivalents | 5.2 | 5.8 | 7.3 | 12.0 | 11.8 | n/a | n/a |
| Trade Receivables | 5.0 | 4.5 | 5.4 | 4.4 | 3.3 | n/a | n/a |
| Inventories | 10.0 | 11.2 | 12.6 | 16.4 | 17.4 | n/a | n/a |
| Other | 2.3 | 4.0 | 5.0 | 8.0 | 11.5 | n/a | n/a |
| Fixed Assets | 10.1 | 8.3 | 7.9 | 9.0 | 9.6 | n/a | n/a |
| PP&E, net | 9.1 | 7.7 | 7.1 | 7.8 | 8.3 | n/a | n/a |
| Other | 1.0 | 0.6 | 0.8 | 1.2 | 1.3 | n/a | n/a |
| Total Assets | 32.5 | 33.7 | 38.2 | 49.8 | 53.5 | n/a | n/a |
| Shareholders' Equity | 26.5 | 27.8 | 34.8 | 45.9 | 50.1 | n/a | n/a |
| Share Capital | 0.2 | 0.2 | 0.2 | 0.2 | 0.7 | n/a | n/a |
| Retained Earnings | 12.2 | 13.5 | 20.9 | 12.0 | 16.1 | n/a | n/a |
| Other | 14.1 | 14.1 | 13.7 | 33.7 | 33.3 | n/a | n/a |
| Current Liabilities | 2.6 | 4.2 | 3.1 | 3.8 | 3.5 | n/a | n/a |
| ST Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Trade Payables | 1.8 | 3.5 | 1.6 | 1.7 | 1.3 | n/a | n/a |
| Other | 0.8 | 0.7 | 1.6 | 2.2 | 3.1 | n/a | n/a |
| LT Liabilities | 3.4 | 1.7 | 0.2 | 0.1 | - | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Other | 3.4 | 1.7 | 0.2 | 0.1 | - | n/a | n/a |
| Total Liabilities & Equity | 32.5 | 33.7 | 38.2 | 49.8 | 53.5 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|------------|------------|------------|-------------|------------|------------|-------------|-------------|------------|------------|-------------|
| Net Revenues | 7.7 | 9.1 | 9.3 | 12.3 | 7.2 | 7.6 | 12.2 | 13.3 | 8.0 | 8.5 | 10.6 |
| <i>Change y-o-y</i> | 101.5% | 276.3% | 84.7% | 70.3% | -5.7% | -16.9% | 30.8% | 7.9% | 10.7% | 11.5% | -13.6% |
| EBITDA | 2.0 | 2.1 | 3.0 | 4.5 | 1.3 | 2.1 | 4.1 | 5.7 | 2.0 | 1.6 | 2.3 |
| <i>margin, %</i> | 25.8% | 23.5% | 32.0% | 36.3% | 17.7% | 27.8% | 33.2% | 42.8% | 24.8% | 19.3% | 22.2% |
| EBIT | 1.6 | 1.7 | 2.6 | 4.0 | 0.8 | 1.7 | 3.6 | 5.1 | 1.4 | 1.1 | 1.8 |
| <i>margin, %</i> | 20.3% | 19.1% | 27.3% | 32.7% | 11.2% | 21.9% | 29.2% | 38.4% | 17.8% | 13.1% | 17.0% |
| Net Income | 0.8 | 1.3 | 1.9 | 3.2 | 0.4 | 1.5 | 2.7 | 4.9 | 1.6 | 0.9 | 1.6 |
| <i>Net Margin, %</i> | 11.0% | 14.7% | 20.6% | 26.1% | 5.1% | 20.0% | 22.2% | 36.8% | 20.3% | 10.8% | 14.7% |

Turboatom

TATM UZ

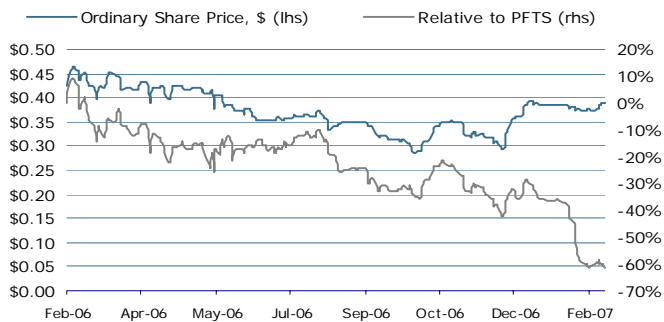
Machinery-Construction & Mining

<http://www.turboatom.kharkov.ua>
Target Price (USD)
Upside
Pend'g
n/a

INVESTMENT CASE

- Participation in national energy machine-building corporation is still under consideration, but not likely
- Rosenergoatom placed an order to modernize 21 turbines in 2007-2009
- Ukrhydroenergo made long-term orders to construct storage plants and reconstruct 46 hydraulic units
- Privatization of a 75.22% stake, which failed to take place in 2006, is expected in 2007

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Turboatom, established in 1934, is one of the largest producers of turbine equipment for thermal, hydroelectric, and nuclear power plants in the CIS. The company's designed production capacities enable it to produce 8 GW of thermal power turbines (20 steam turbines) and 2 GW of hydraulic turbines (15 hydro turbines) p.a. Turboatom operates a closed production cycle. Its products are ISO 9001 certified. Turboatom ranks fourth in the world, providing 13% of global nuclear power turbines. A total of 114 turbines with a total capacity above 50 GW have been produced by the company for 26 nuclear power plants. The company exports 60-70% of its products to the CIS, Asia, Europe and Latin America. One of Turboatom's major competitive advantages is its ability to produce low-noise 1 GW turbines for nuclear power plants.

The State Property Fund still controls a 75.22% share in the company, however, privatization is expected in 2007.

In 9M06, the company's net revenues decreased by 17.3% yoy to USD 33.2 mln, its EBITDA increased by 33% yoy to USD 8.2 mln and net income decreased by 8% yoy to USD 3.00 mln. Its EBITDA margin improved from 15.4% in 9M05 to 24.8% in 9M06 and its net margin increased from 8.1% in 9M05 to 9.1% in 9M06.

* PFTS MID Price 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 | 0.41 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.46 / 0.29 |
| Chg 3m/6m/52w | 24% / 20% / -2% |
| Chg vs PFTS 3m/6m/52w | -19% / -27% / -61% |
| Chg YTD | 9% |
| Avg Mo Tr Vol 6M, USD ths | 45.37 |
| MCap, USD mln | 172.8 |
| Free float, % | 3.1% |
| FF MCap, USD mln | 5.4 |
| No of shares, mln | 422.5 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

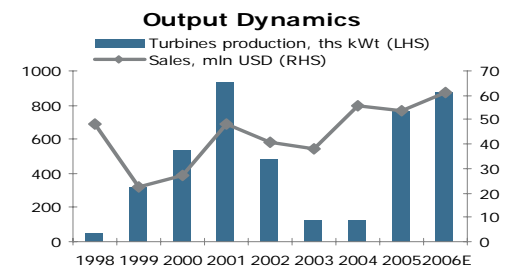
| | |
|-------|-------|
| State | 75.2% |
| Other | 24.8% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 2.5 | 1.7 |
| EV/EBITDA | 12.6 | 8.4 |
| P/E | 41.1 | 23.7 |
| P/B | 1.1 | 1.0 |
| P/CF | 25.3 | 17.0 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 14% | 20% | 20% |
| Net Margin | 7% | 7% | 8% |
| ROE | 3% | 3% | 5% |
| Net Debt/Equity | -0.2 | -0.1 | -0.1 |



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Net Revenues | 39.4 | 34.0 | 51.9 | 53.8 | 33.2 | n/a | n/a |
| <i>Change y-o-y</i> | - | -13.7% | 52.5% | 3.5% | -17.3% | n/a | n/a |
| Gross Profit | 20.3 | 14.5 | 13.6 | 12.1 | 12.4 | n/a | n/a |
| EBITDA | 17.2 | 11.7 | 9.5 | 7.5 | 8.2 | n/a | n/a |
| <i>margin, %</i> | 43.6% | 34.5% | 18.3% | 13.9% | 24.8% | n/a | n/a |
| Depreciation | (2.8) | (2.6) | (2.4) | (2.5) | (1.6) | n/a | n/a |
| EBIT | 14.4 | 9.2 | 7.0 | 4.9 | 6.6 | n/a | n/a |
| <i>margin, %</i> | 36.4% | 26.9% | 13.6% | 9.2% | 19.8% | n/a | n/a |
| Interest Expense | (0.0) | (0.0) | (0.1) | (0.1) | (0.1) | n/a | n/a |
| Other income/(expense) | (1.5) | 0.8 | 0.4 | 0.9 | (0.1) | n/a | n/a |
| PBT | 12.9 | 10.0 | 7.3 | 5.8 | 6.4 | n/a | n/a |
| Tax | (1.2) | (5.6) | (2.8) | (1.8) | (3.4) | n/a | n/a |
| <i>Effective tax rate</i> | 9.4% | 55.8% | 38.6% | 32.0% | 53.0% | n/a | n/a |
| Net Income | 11.7 | 4.4 | 4.5 | 4.0 | 3.0 | n/a | n/a |
| <i>Net Margin, %</i> | 29.7% | 13.0% | 8.7% | 7.4% | 9.1% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 65.2 | 77.6 | 83.4 | 110.4 | 115.9 | n/a | n/a |
| Cash & Equivalents | 25.5 | 18.9 | 22.8 | 23.8 | 19.2 | n/a | n/a |
| Trade Receivables | 6.7 | 8.9 | 11.4 | 22.3 | 27.8 | n/a | n/a |
| Inventories | 17.8 | 28.6 | 38.9 | 42.9 | 49.2 | n/a | n/a |
| Other | 15.2 | 21.3 | 10.4 | 21.3 | 19.7 | n/a | n/a |
| Fixed Assets | 78.5 | 72.8 | 85.0 | 70.4 | 85.1 | n/a | n/a |
| PP&E, net | 33.5 | 30.8 | 29.1 | 34.3 | 43.0 | n/a | n/a |
| Other | 45.0 | 42.0 | 55.9 | 36.1 | 42.1 | n/a | n/a |
| Total Assets | 143.8 | 150.5 | 168.4 | 180.8 | 201.0 | n/a | n/a |
| Shareholders' Equity | 137.7 | 139.9 | 144.6 | 154.1 | 163.3 | n/a | n/a |
| Share Capital | 19.8 | 19.8 | 19.9 | 20.9 | 20.9 | n/a | n/a |
| Retained Earnings | 39.0 | 41.8 | 46.1 | 45.6 | 46.1 | n/a | n/a |
| Other | 78.9 | 78.3 | 78.6 | 87.6 | 96.2 | n/a | n/a |
| Current Liabilities | 6.0 | 9.0 | 23.8 | 26.6 | 37.7 | n/a | n/a |
| ST Interest Bearing Debt | - | - | - | - | 1.8 | n/a | n/a |
| Trade Payables | 1.7 | 1.8 | 5.6 | 4.9 | 2.6 | n/a | n/a |
| Other | 4.3 | 7.1 | 18.2 | 21.7 | 34.9 | n/a | n/a |
| LT Liabilities | 0.1 | 1.6 | - | - | - | n/a | n/a |
| LT Interest Bearing Debt | 0.1 | 0.1 | - | - | - | n/a | n/a |
| Other | - | 1.5 | - | - | - | n/a | n/a |
| Total Liabilities & Equity | 143.8 | 150.5 | 168.4 | 180.8 | 201.0 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|-------------|--------------|-------------|--------------|-------------|-------------|-------------|------------|-------------|
| Net Revenues | 12.1 | 12.0 | 12.2 | 15.5 | 13.5 | 7.5 | 19.1 | 13.6 | 11.9 | 9.1 | 12.2 |
| <i>Change y-o-y</i> | 57.2% | 112.2% | 25.7% | 42.4% | 10.8% | -37.1% | 56.3% | -12.4% | -11.3% | 20.0% | -36.2% |
| EBITDA | 3.6 | 3.3 | 2.7 | (0.1) | 2.5 | (3.2) | 6.9 | 1.3 | 2.4 | 2.2 | 3.6 |
| <i>margin, %</i> | 29.9% | 27.1% | 22.1% | -0.7% | 18.6% | -43.1% | 36.1% | 9.5% | 20.2% | 24.1% | 29.7% |
| EBIT | 3.0 | 2.6 | 2.1 | (0.7) | 1.9 | (3.9) | 6.2 | 0.8 | 2.0 | 1.6 | 3.0 |
| <i>margin, %</i> | 24.9% | 21.9% | 17.2% | -4.5% | 13.9% | -52.1% | 32.4% | 5.8% | 16.4% | 17.6% | 24.9% |
| Net Income | 1.5 | 1.4 | 1.2 | 0.5 | 0.8 | (4.2) | 6.7 | 0.7 | 0.9 | 0.8 | 1.4 |
| <i>Net Margin, %</i> | 12.0% | 11.9% | 9.5% | 3.0% | 5.6% | -55.3% | 35.0% | 5.1% | 7.5% | 8.5% | 11.2% |

Yasnuvatsky Machinery YAMZ UZ Machinery-Construction & Mining

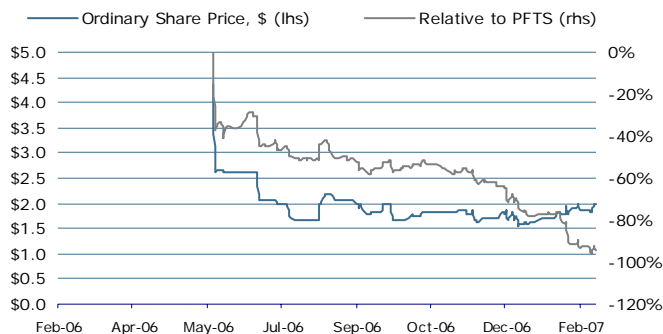
<http://www.jscymz.com>

Target Price (USD) 3.10
Upside 61%

INVESTMENT CASE

- Stable orders from large Russian mines
- Liberalization of domestic coal market due to privatization is a catalyst for order book growth
- High profitability compared to international peers
- Low risk of unfriendly minority actions

SHARE PRICE PERFORMANCE*



*listed on PFTS since 22 May 2006

BUSINESS OVERVIEW

Yasnuvatsky Machine Building is one of the most active exporters, as it specializes in heading machines, Ukraine's main coal machinery product in demand abroad. The company enjoys stable demand from Russian, Kazakh and domestic (mostly private) mines, as its machines are 3-5 times cheaper than West European analogues of comparable quality.

Yasnuvatsky Machine Building is a family-controlled business; the Trubchianin family owning ~65% of it. The owners manage the company directly and have fought off all external takeover attempts. In 2006, Yasnuvatsky Machine Building increased its charter fund by USD 15.74 mln. The company announced orders for 82 machines in 2006, up 17% yoy. However, 20 of those were preliminary orders from the government that have not been confirmed.

In 9M06 the company posted decrease in sales by 30.3% yoy to USD 15.4 mln (versus USD 22.1 mln in 9M06) and the same drop in net income to USD 2.4 mln (versus USD 3.5 mln in 9M06).

* PFTS MID Price 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 | 1.93 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 4.36 / 1.54 |
| Chg 3m/6m/52w | 4% / -11% / -56% |
| Chg vs PFTS 3m/6m/52w | -39% / -59% / -114% |
| Chg YTD | 8% |
| Avg Mo Tr Vol 6M, USD ths | 478.12 |
| MCap, USD mln | 44.0 |
| Free float, % | 24.0% |
| FF MCap, USD mln | 10.6 |
| No of shares, mln | 22.8 |
| Par Value, UAH | 4.65 |
| XETRA | WPB1 |
| DR Ratio | 1:10 |
| Avg Mo Tr Vol 6M, USD ths | 0.0 |

STOCK OWNERSHIP

| | |
|------------|-------|
| Management | 76.5% |
| Employees | 7.2% |
| Other | 16.3% |

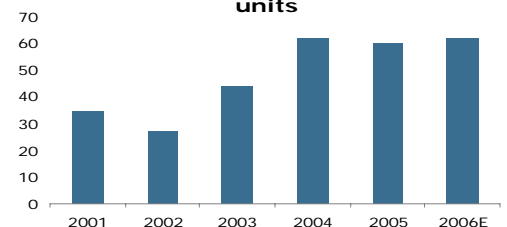
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.4 | n/a |
| EV/EBITDA | 6.1 | n/a |
| P/E | 9.8 | n/a |
| P/B | 1.6 | n/a |
| P/CF | 7.9 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 23% | 23% | n/a |
| Net Margin | 15% | 16% | n/a |
| ROE | 27% | 20% | n/a |
| Net Debt/Equity | -0.2 | -0.2 | n/a |

Heading Machines Output, units



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|------------|--------------|-------------|-------------|-------------|------------|------------|
| Net Revenues | 9.8 | 12.6 | 23.9 | 29.5 | 15.4 | n/a | n/a |
| <i>Change y-o-y</i> | - | 28.8% | 89.8% | 23.3% | -30.3% | n/a | n/a |
| Gross Profit | 5.0 | 3.9 | 9.5 | 12.4 | 7.2 | n/a | n/a |
| EBITDA | 1.5 | 0.3 | 4.8 | 6.6 | 3.3 | n/a | n/a |
| <i>margin, %</i> | 15.6% | 2.4% | 20.2% | 22.5% | 21.5% | n/a | n/a |
| Depreciation | (0.4) | (0.4) | (0.6) | (0.8) | (0.5) | n/a | n/a |
| EBIT | 1.2 | (0.1) | 4.3 | 5.9 | 2.8 | n/a | n/a |
| <i>margin, %</i> | 11.8% | -1.2% | 17.9% | 19.9% | 18.0% | n/a | n/a |
| Interest Expense | (0.6) | - | - | - | - | n/a | n/a |
| Other income/(expense) | 0.6 | 0.2 | 0.0 | 0.1 | 0.5 | n/a | n/a |
| PBT | 1.1 | 0.0 | 4.3 | 6.0 | 3.3 | n/a | n/a |
| Tax | (0.3) | (0.0) | (1.1) | (1.5) | (0.8) | n/a | n/a |
| <i>Effective tax rate</i> | 30.0% | 30.2% | 25.0% | 25.1% | 25.0% | n/a | n/a |
| Net Income | 0.8 | 0.0 | 3.2 | 4.5 | 2.4 | n/a | n/a |
| <i>Net Margin, %</i> | 8.2% | 0.2% | 13.5% | 15.2% | 15.9% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 9.2 | 12.7 | 12.4 | 18.1 | 21.8 | n/a | n/a |
| Cash & Equivalents | 1.4 | 2.5 | 2.1 | 4.7 | 4.0 | n/a | n/a |
| Trade Receivables | 1.2 | 3.2 | 2.2 | 3.5 | 4.7 | n/a | n/a |
| Inventories | 4.0 | 4.9 | 5.1 | 6.1 | 8.3 | n/a | n/a |
| Other | 2.5 | 2.1 | 3.1 | 3.9 | 4.7 | n/a | n/a |
| Fixed Assets | 6.8 | 7.6 | 9.1 | 10.2 | 25.5 | n/a | n/a |
| PP&E, net | 4.7 | 5.5 | 6.7 | 6.8 | 6.6 | n/a | n/a |
| Other | 2.1 | 2.1 | 2.5 | 3.4 | 19.0 | n/a | n/a |
| Total Assets | 16.0 | 20.3 | 21.6 | 28.3 | 47.3 | n/a | n/a |
| Shareholders' Equity | 13.7 | 13.7 | 17.0 | 22.4 | 40.3 | n/a | n/a |
| Share Capital | 4.9 | 5.0 | 5.0 | 5.2 | 20.6 | n/a | n/a |
| Retained Earnings | 5.8 | 5.8 | 8.9 | 13.7 | 16.1 | n/a | n/a |
| Other | 3.0 | 3.0 | 3.1 | 3.5 | 3.5 | n/a | n/a |
| Current Liabilities | 1.9 | 6.3 | 3.3 | 3.1 | 3.7 | n/a | n/a |
| ST Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Trade Payables | 0.8 | 2.9 | 1.2 | 1.0 | 1.2 | n/a | n/a |
| Other | 1.1 | 3.4 | 2.0 | 2.1 | 2.7 | n/a | n/a |
| LT Liabilities | 0.4 | 0.3 | 1.3 | 2.7 | 3.4 | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Other | 0.4 | 0.3 | 1.3 | 2.7 | 3.4 | n/a | n/a |
| Total Liabilities & Equity | 16.0 | 20.3 | 21.6 | 28.3 | 47.3 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Net Revenues | 4.9 | 5.6 | 6.7 | 6.7 | 6.8 | 8.6 | 6.7 | 7.4 | 3.9 | 7.2 | 4.4 |
| <i>Change y-o-y</i> | 121.9% | 119.7% | 124.9% | 38.3% | 37.5% | 53.4% | 0.8% | 10.0% | -43.0% | -16.7% | -35.1% |
| EBITDA | 0.9 | 1.4 | 1.9 | 0.6 | 1.9 | 2.3 | 0.9 | 1.6 | 0.2 | 2.7 | 0.3 |
| <i>margin, %</i> | 18.0% | 25.9% | 28.4% | 8.9% | 27.9% | 26.9% | 12.7% | 21.2% | 6.4% | 38.3% | 7.4% |
| EBIT | 0.8 | 1.3 | 1.8 | 0.4 | 1.7 | 2.1 | 0.6 | 1.4 | 0.1 | 2.6 | 0.1 |
| <i>margin, %</i> | 15.4% | 23.5% | 26.3% | 6.6% | 25.4% | 24.8% | 9.4% | 18.7% | 1.6% | 35.8% | 3.2% |
| Net Income | 0.6 | 1.0 | 1.4 | 0.2 | 1.5 | 1.6 | 0.4 | 1.0 | 0.1 | 2.1 | 0.2 |
| <i>Net Margin, %</i> | 11.8% | 18.5% | 21.0% | 3.2% | 21.5% | 18.7% | 6.6% | 13.3% | 3.1% | 29.9% | 4.2% |

Kyivmetrobud

KMEB UZ

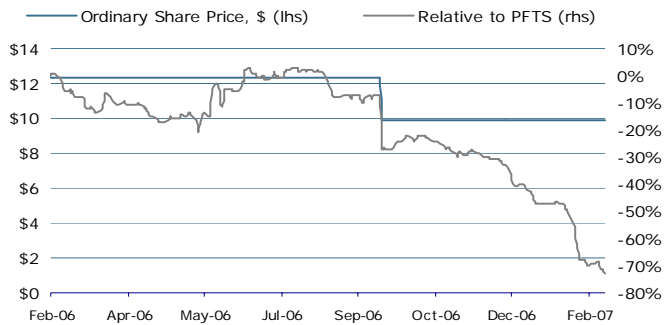
Engineering & Construction

<http://www.metrostroy.kiev.ua>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Kyivmetrobud is the only company in Kyiv specializing in the construction of subways, subway tunnels and other underground facilities. The company is also involved in the construction of city sewage collectors, tunnels at the Dnistrovska hydroelectric power station and is taking part in the reconstruction of railway terminals in Uzhgorod and Vinnytsya. Kyivmetrobud was a general contractor for the Kyiv underground shopping mall, Globus.

In 9M06, the company's net revenues decreased by 24.5% yoy to USD 75.1 mln, its EBITDA fell by 108% yoy to negative USD 0.5 mln, and its net income was down by 155% yoy to negative USD 2.1 mln.

* PFTS MID Price 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 | 9.90 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 12.4 / 9.9 |
| Chg 3m/6m/52w | 0% / -20% / -20% |
| Chg vs PFTS 3m/6m/52w | -43% / -67% / -78% |
| Chg YTD | 0% |
| Avg Mo Tr Vol 6M, USD ths | 0.0 |
| MCap, USD mln | 39.6 |
| Free float, % | 10.4% |
| FF MCap, USD mln | 4.1 |
| No of shares, mln | 4.0 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

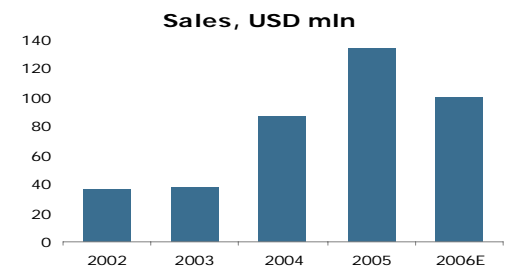
| | |
|----------------------------|-------|
| CJSC Metrobud | 50.7% |
| N. E. Construction Company | 17.5% |
| SKMG Holding AB | 21.4% |
| Other | 10.4% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.4 | n/a |
| EV/EBITDA | -69.7 | n/a |
| P/E | -14.4 | n/a |
| P/B | 3.0 | n/a |
| P/CF | -24.7 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | 5% | -1% | n/a |
| Net Margin | 2% | -3% | n/a |
| ROE | 25% | -17% | n/a |
| Net Debt/Equity | -0.13 | 0.37 | n/a |



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|-------------|-------------|--------------|--------------|------------|------------|
| Net Revenues | 36.3 | 37.8 | 87.3 | 134.3 | 75.1 | n/a | n/a |
| <i>Change y-o-y</i> | - | 4.4% | 130.7% | 53.9% | -24.5% | n/a | n/a |
| Gross Profit | 4.7 | 4.0 | 8.2 | 9.6 | 2.4 | n/a | n/a |
| EBITDA | 3.5 | 2.1 | 6.0 | 6.2 | (0.5) | n/a | n/a |
| <i>margin, %</i> | 9.6% | 5.6% | 6.8% | 4.7% | -0.6% | n/a | n/a |
| Depreciation | (0.8) | (0.9) | (1.1) | (1.1) | (0.9) | n/a | n/a |
| EBIT | 2.7 | 1.2 | 4.8 | 5.2 | (1.3) | n/a | n/a |
| <i>margin, %</i> | 7.3% | 3.2% | 5.5% | 3.8% | -1.8% | n/a | n/a |
| Interest Expense | - | - | - | - | - | n/a | n/a |
| Other income/(expense) | 0.0 | (0.0) | (0.1) | (0.0) | (0.1) | n/a | n/a |
| PBT | 2.7 | 1.2 | 4.8 | 5.2 | (1.4) | n/a | n/a |
| Tax | (1.1) | (0.8) | (1.7) | (2.0) | (0.7) | n/a | n/a |
| <i>Effective tax rate</i> | 40.3% | 66.6% | 36.2% | 39.4% | -47.6% | n/a | n/a |
| Net Income | 1.6 | 0.4 | 3.0 | 3.1 | (2.1) | n/a | n/a |
| <i>Net Margin, %</i> | 4.4% | 1.0% | 3.5% | 2.3% | -2.8% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 18.5 | 15.0 | 22.9 | 36.3 | 45.5 | n/a | n/a |
| Cash & Equivalents | 0.3 | 1.0 | 1.3 | 2.1 | 1.8 | n/a | n/a |
| Trade Receivables | 6.7 | 2.9 | 7.6 | 10.2 | 14.2 | n/a | n/a |
| Inventories | 1.9 | 2.7 | 4.3 | 7.5 | 6.9 | n/a | n/a |
| Other | 9.5 | 8.4 | 9.7 | 16.5 | 22.6 | n/a | n/a |
| Fixed Assets | 6.6 | 7.2 | 7.1 | 7.2 | 7.2 | n/a | n/a |
| PP&E, net | 6.5 | 6.9 | 7.1 | 7.2 | 7.1 | n/a | n/a |
| Other | 0.1 | 0.4 | 0.0 | 0.0 | 0.0 | n/a | n/a |
| Total Assets | 25.0 | 22.2 | 30.0 | 43.5 | 52.6 | n/a | n/a |
| Shareholders' Equity | 9.3 | 9.3 | 12.3 | 16.2 | 14.0 | n/a | n/a |
| Share Capital | 4.0 | 4.4 | 0.2 | 0.3 | 0.3 | n/a | n/a |
| Retained Earnings | 0.9 | 0.9 | 2.6 | 5.2 | 3.0 | n/a | n/a |
| Other | 4.3 | 4.1 | 9.4 | 10.7 | 10.7 | n/a | n/a |
| Current Liabilities | 15.7 | 12.8 | 17.8 | 27.3 | 38.6 | n/a | n/a |
| ST Interest Bearing Debt | - | - | - | - | 6.7 | n/a | n/a |
| Trade Payables | 6.1 | 3.0 | 5.7 | 7.3 | 9.0 | n/a | n/a |
| Other | 9.6 | 9.9 | 12.0 | 20.0 | 24.4 | n/a | n/a |
| LT Liabilities | - | - | - | - | - | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Other | - | - | - | - | - | n/a | n/a |
| Total Liabilities & Equity | 25.0 | 22.2 | 30.0 | 43.5 | 52.6 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|
| Net Revenues | 25.0 | 33.4 | 41.2 | 34.8 | 34.8 | 21.1 | 19.2 |
| <i>Change y-o-y</i> | N/M | N/M | N/M | N/M | 39.3% | -36.8% | -53.4% |
| EBITDA | 2.6 | 2.6 | 1.0 | 0.1 | 0.7 | 0.1 | (1.3) |
| <i>margin, %</i> | 10.3% | 7.7% | 2.5% | 0.2% | 2.0% | 0.7% | -6.9% |
| EBIT | 2.3 | 2.3 | 0.8 | (0.2) | 0.4 | (0.2) | (1.6) |
| <i>margin, %</i> | 9.3% | 6.8% | 1.9% | -0.6% | 1.2% | -0.8% | -8.4% |
| Net Income | 1.7 | 1.3 | 0.7 | (0.6) | (0.1) | (0.3) | (1.6) |
| <i>Net Margin, %</i> | 6.8% | 4.0% | 1.8% | -1.8% | -0.3% | -1.6% | -8.5% |

Kyivmiskbud

Engineering & Construction

<http://www.kgs.kiev.ua>
Target Price (USD)
N/R
Upside (%)
n/a

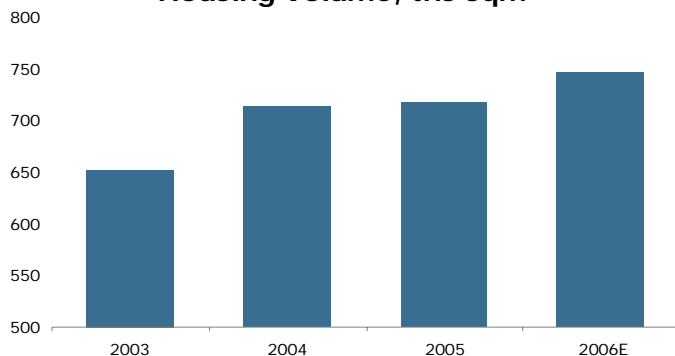
BUSINESS OVERVIEW

Kyivmiskbud is a holding company that owns controlling stakes in 28 residential construction companies, which makes it the largest residential construction company in Ukraine.

As a contractor, the company builds more than 50% of residential property in Ukraine. The company works on the primary residential estate market. Kyivmiskbud's major customer is the Kyiv City Administration.

In 9M06, the company decreased its net revenues by 25.4% yoy to USD 53.5 mln and EBITDA fell by 12% to USD 3.8 mln but its net income increased by 141% yoy to USD 2.0 mln. The company's margins also improved: EBITDA margin from 6% in 9M05 to 7% in 9M06 and net margin from 1.1% to 3.7% in 9M06.

Housing Volume, ths sqm



* The stock is not listed on PFTS

** 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 | n/a |
| Price impact** | 3 |
| 52 Wk H/L, USD | n/a |
| Chg 3m/6m/52w | 0.0% |
| Chg vs PFTS 3m/6m/52w | n/a |
| Chg YTD | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |
| MCap, USD mln | n/a |
| Free float, % | 11.4% |
| FF MCap, USD mln | n/a |
| No of shares, mln | 66.1 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|---------------------|-------|
| Kyiv Administration | 80.0% |
| Management | 8.6% |
| Other | 11.4% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | n/a | n/a |
| EV/EBITDA | n/a | n/a |
| P/E | n/a | n/a |
| P/B | n/a | n/a |
| P/CF | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | 6% | 7% | n/a |
| Net Margin | 1.1% | 3.7% | n/a |
| ROE | 8% | 9% | n/a |
| Net Debt/Equity | -0.04 | -0.09 | n/a |

INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|--------------|--------------|-------------|------------|------------|
| Net Revenues | 70.2 | 138.4 | 129.0 | 53.5 | n/a | n/a |
| <i>Change y-o-y</i> | - | 97.0% | -6.8% | -25.4% | n/a | n/a |
| Gross Profit | 5.7 | 12.0 | 8.7 | 3.4 | n/a | n/a |
| EBITDA | 4.0 | 5.0 | 7.1 | 3.8 | n/a | n/a |
| <i>margin, %</i> | 5.7% | 3.6% | 5.5% | 7.0% | n/a | n/a |
| Depreciation | (0.9) | (0.6) | (0.6) | (0.3) | n/a | n/a |
| EBIT | 3.1 | 4.4 | 6.5 | 3.4 | n/a | n/a |
| <i>margin, %</i> | 4.4% | 3.2% | 5.1% | 6.4% | n/a | n/a |
| Interest Expense | (0.0) | (0.0) | (0.0) | (0.0) | n/a | n/a |
| Other income/(expense) | (0.8) | (2.0) | (1.7) | 1.6 | n/a | n/a |
| PBT | 2.3 | 2.4 | 4.8 | 5.1 | n/a | n/a |
| Tax | (1.1) | (1.4) | (3.4) | (3.1) | n/a | n/a |
| <i>Effective tax rate</i> | 46.6% | 57.3% | 71.1% | 61.0% | n/a | n/a |
| Net Income | 1.2 | 1.0 | 1.4 | 2.0 | n/a | n/a |
| <i>Net Margin, %</i> | 1.7% | 0.7% | 1.1% | 3.7% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 51.9 | 64.2 | 64.4 | 117.3 | n/a | n/a |
| Cash & Equivalents | 4.3 | 0.7 | 1.2 | 2.8 | n/a | n/a |
| Trade Receivables | 12.7 | 26.3 | 20.4 | 26.1 | n/a | n/a |
| Inventories | 5.3 | 4.1 | 5.7 | 13.9 | n/a | n/a |
| Other | 29.7 | 33.1 | 37.1 | 74.6 | n/a | n/a |
| Fixed Assets | 427.5 | 180.6 | 278.6 | 368.6 | n/a | n/a |
| PP&E, net | 13.9 | 15.2 | 25.9 | 24.5 | n/a | n/a |
| Other | 413.6 | 165.3 | 252.8 | 344.0 | n/a | n/a |
| Total Assets | 479.4 | 244.7 | 343.0 | 485.9 | n/a | n/a |
| Shareholders' Equity | 17.9 | 16.6 | 29.0 | 28.2 | n/a | n/a |
| Share Capital | 3.1 | 3.1 | 3.3 | 3.3 | n/a | n/a |
| Retained Earnings | 1.3 | 1.6 | 2.1 | 2.0 | n/a | n/a |
| Other | 13.5 | 11.9 | 23.6 | 22.9 | n/a | n/a |
| Current Liabilities | 461.1 | 228.2 | 314.1 | 457.7 | n/a | n/a |
| ST Interest Bearing Debt | - | - | - | - | n/a | n/a |
| Trade Payables | 14.2 | 22.1 | 31.1 | 23.0 | n/a | n/a |
| Other | 446.9 | 206.1 | 282.9 | 437.8 | n/a | n/a |
| LT Liabilities | 0.5 | - | - | - | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | n/a | n/a |
| Other | 0.5 | - | - | - | n/a | n/a |
| Total Liabilities & Equity | 479.4 | 244.7 | 343.0 | 485.9 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|
| Net Revenues | 21.0 | 22.1 | 28.7 | 57.2 | 16.6 | 22.4 | 14.5 |
| <i>Change y-o-y</i> | N/M | N/M | N/M | N/M | -20.8% | 1.5% | -49.5% |
| EBITDA | 2.6 | 0.1 | 1.7 | 2.8 | 1.3 | 1.3 | 1.2 |
| <i>margin, %</i> | 12.3% | 0.2% | 5.8% | 5.0% | 7.6% | 5.7% | 8.5% |
| EBIT | 2.5 | (0.1) | 1.5 | 2.7 | 1.1 | 1.2 | 1.1 |
| <i>margin, %</i> | 11.9% | -0.7% | 5.3% | 4.7% | 6.9% | 5.4% | 7.5% |
| Net Income | 2.1 | (1.9) | 0.7 | 0.5 | 0.6 | 0.4 | 0.9 |
| <i>Net Margin, %</i> | 9.8% | -8.6% | 2.3% | 0.9% | 3.9% | 1.8% | 6.4% |

Mostobud

MTBD UZ

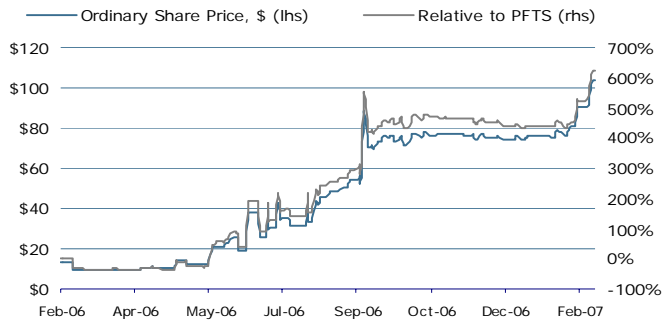
Engineering & Construction

<http://www.mostobud.com.ua>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Mostobud is the largest bridge and overpass builder in Ukraine. OJSC Mostobud was created in 1993 during the re-organization of state-owned Mostobud.

The company has built over 5 ths engineering facilities, including over 4 ths road bridges and overpasses, in addition to numerous pedestrian bridges, underground passes and road interchanges in Ukraine and abroad.

The company's major customers include Kyiv and Zaporizhzhya city administrations, Ukrzaliznytsya and state-owned road-servicing companies.

Mostobud has branches located throughout Ukraine, which insures the company's mobility. It obtained an ISO 9001:2001 quality management certificate in 2005.

In 9M06, the company's net revenues increased by 49.1% yoy to USD 100.8 mln, EBITDA grew by 109% yoy to USD 6.4 mln and its net income improved by 52% yoy to USD 1.5 mln.

* PFTS MID Price 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 | 110.89 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 111 / 10 |
| Chg 3m/6m/52w | 45% / 138% / 730% |
| Chg vs PFTS 3m/6m/52w | 2% / 91% / 671% |
| Chg YTD | 42% |
| Avg Mo Tr Vol 6M, USD ths | 996.0 |
| MCap, USD mln | 64.3 |
| Free float, % | 34.1% |
| FF MCap, USD mln | 21.9 |
| No of shares, mln | 0.6 |
| Par Value, UAH | 10.0 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|------------|-------|
| Management | 65.9% |
| Other | 34.1% |

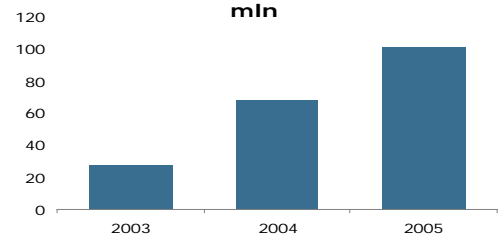
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.6 | n/a |
| EV/EBITDA | 8.8 | n/a |
| P/E | 32.0 | n/a |
| P/B | 2.0 | n/a |
| P/CF | 10.3 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 6% | 6.3% | n/a |
| Net Margin | 0.4% | 1.5% | n/a |
| ROE | 2% | 7% | n/a |
| Net Debt/Equity | 0.1 | 0.3 | n/a |

Construction Volume, USD mln



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|-------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 14.2 | 31.9 | 88.3 | 102.1 | 100.8 | n/a | n/a |
| <i>Change y-o-y</i> | - | 124.5% | 176.6% | 15.7% | 49.1% | n/a | n/a |
| Gross Profit | 2.4 | 2.7 | 2.9 | 10.8 | 8.1 | n/a | n/a |
| EBITDA | 2.1 | 2.4 | 3.4 | 5.7 | 6.4 | n/a | n/a |
| <i>margin, %</i> | 14.7% | 7.4% | 3.8% | 5.6% | 6.3% | n/a | n/a |
| Depreciation | (1.2) | (1.2) | (2.3) | (3.5) | (3.2) | n/a | n/a |
| EBIT | 0.9 | 1.2 | 1.1 | 2.2 | 3.2 | n/a | n/a |
| <i>margin, %</i> | 6.2% | 3.7% | 1.2% | 2.1% | 3.2% | n/a | n/a |
| Interest Expense | (0.1) | (0.2) | (0.7) | (1.0) | (1.0) | n/a | n/a |
| Other income/(expense) | (0.0) | (0.0) | (0.0) | 0.1 | 0.0 | n/a | n/a |
| PBT | 0.7 | 1.0 | 0.4 | 1.2 | 2.2 | n/a | n/a |
| Tax | (0.6) | (0.4) | (0.5) | (0.7) | (0.7) | n/a | n/a |
| <i>Effective tax rate</i> | 80.6% | 38.3% | 133.5% | 61.5% | 30.9% | n/a | n/a |
| Net Income | 0.1 | 0.6 | (0.1) | 0.5 | 1.5 | n/a | n/a |
| <i>Net Margin, %</i> | 1.0% | 1.9% | -0.1% | 0.4% | 1.5% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|--------------|------------|------------|
| Current Assets | 7.5 | 15.8 | 31.7 | 47.7 | 69.8 | n/a | n/a |
| Cash & Equivalents | 0.3 | 0.3 | 1.5 | 0.7 | 0.2 | n/a | n/a |
| Trade Receivables | 2.8 | 5.5 | 7.6 | 7.7 | 18.3 | n/a | n/a |
| Inventories | 2.3 | 4.9 | 7.7 | 20.2 | 20.9 | n/a | n/a |
| Other | 2.1 | 5.0 | 14.9 | 19.1 | 30.3 | n/a | n/a |
| Fixed Assets | 8.5 | 8.8 | 24.1 | 35.7 | 37.5 | n/a | n/a |
| PP&E, net | 8.4 | 8.4 | 23.3 | 34.6 | 34.1 | n/a | n/a |
| Other | 0.1 | 0.4 | 0.9 | 1.1 | 3.4 | n/a | n/a |
| Total Assets | 16.0 | 24.5 | 55.9 | 83.4 | 107.3 | n/a | n/a |
| Shareholders' Equity | 11.1 | 11.4 | 26.4 | 30.5 | 32.0 | n/a | n/a |
| Share Capital | 0.8 | 0.8 | 0.8 | 0.9 | 0.9 | n/a | n/a |
| Retained Earnings | 1.0 | 1.3 | 0.9 | 1.3 | 2.8 | n/a | n/a |
| Other | 9.3 | 9.3 | 24.7 | 28.3 | 28.3 | n/a | n/a |
| Current Liabilities | 4.9 | 13.1 | 29.4 | 52.3 | 70.1 | n/a | n/a |
| ST Interest Bearing Debt | 0.7 | 0.3 | 4.7 | 3.3 | 9.4 | n/a | n/a |
| Trade Payables | 1.4 | 4.4 | 2.5 | 5.5 | 14.5 | n/a | n/a |
| Other | 2.7 | 8.3 | 22.2 | 43.4 | 48.0 | n/a | n/a |
| LT Liabilities | 0.1 | 0.0 | 0.1 | 0.6 | 5.2 | n/a | n/a |
| LT Interest Bearing Debt | - | 0.0 | 0.0 | - | 1.3 | n/a | n/a |
| Other | 0.1 | 0.0 | 0.0 | 0.6 | 3.9 | n/a | n/a |
| Total Liabilities & Equity | 16.0 | 24.5 | 55.9 | 83.4 | 107.3 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|-------------|-------------|--------------|-------------|--------------|-------------|
| Net Revenues | 15.0 | 26.9 | 25.8 | 34.5 | 29.1 | 38.5 | 33.2 |
| <i>Change y-o-y</i> | N/M | N/M | N/M | N/M | 94.5% | 43.5% | 28.6% |
| EBITDA | (0.4) | 1.9 | 1.6 | 2.7 | 2.5 | 1.1 | 2.8 |
| <i>margin, %</i> | -2.8% | 6.9% | 6.2% | 7.7% | 8.6% | 2.8% | 8.4% |
| EBIT | (0.8) | 1.4 | 1.2 | 0.4 | 1.4 | (0.0) | 1.8 |
| <i>margin, %</i> | -5.2% | 5.1% | 4.6% | 1.1% | 4.8% | 0.0% | 5.4% |
| Net Income | (1.0) | 1.2 | 0.8 | (0.5) | 1.0 | (0.5) | 1.0 |
| <i>Net Margin, %</i> | -6.8% | 4.4% | 3.2% | -1.6% | 3.3% | -1.3% | 3.1% |

Gostomel Glass

GSKZ UZ

Packaging & Containers

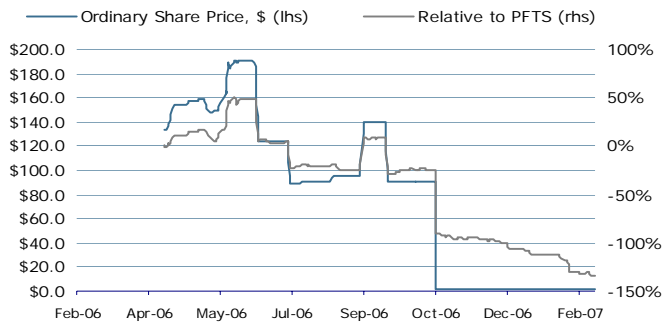
<http://www.gostomelglass.com>

Target Price (USD) 2.30
Upside 5.6%

INVESTMENT CASE

- Ahead of its competition in terms of modernizing its equipment and introducing energy-saving technology
- Glass packaging production will grow at 8% CAGR in 2005-2010
- Reconstruction of its third furnace in 3Q06 is expected to decrease energy consumption by 17%
- Launch of a fifth furnace will increase its capacity by 63% by the end of 2007

SHARE PRICE PERFORMANCE*



*listed on PFTS since 07 Apr 2006

BUSINESS OVERVIEW

Vetropack Gostomel Glass (GSKZ) is one of Ukraine's largest producers of glass packaging, accounting for ~17% of the entire glass packaging market and for about quarter of bottle production in the country. The company produces bottles for vodka, beer, wine, soft drinks and pharmaceuticals. A new furnace launched in April 2005 is used to make bottles for Stella Artois, Beck's and Tuborg beer brands (for Sun Interbrew Ukraine), which up until then had been imported. GSKZ also makes bottles for Coca-Cola, Obolon (a local beer producer with 26% of the market), Nemiroff, Soyuz-Viktan, Olimp, Myagkov and Knyazhyy Grad (Ukraine's major vodka brands that account for ~32% of the local glass market), Unipharm and Galychpharm (pharmaceuticals). Ukraine's glass industry is well positioned in terms of inputs - all silica sand used in production is mined in Ukraine; and soda ash producers satisfy 99.9% of demand. Vetropack Gostomel Glass' largest threat is increase in gas and energy prices (these inputs accounted for 26% of production costs in 2006). In February 2006, a 75% stake in the company was acquired by Vetropack (Switzerland). In 9M06 the company posted sales on par with 9M05 (USD 34.6 mln), and decreased in net income 7 times (from USD 7 mln in 9M05 to USD 1 mln in 9M06).

* PFTS MID Price 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 | 2.18 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 190 / 2 |
| Chg 3m/6m/52w | 10% / -98% / -98% |
| Chg vs PFTS 3m/6m/52w | -33% / -145% / -157% |
| Chg YTD | 18% |
| Avg Mo Tr Vol 6M, USD ths | 25.15 |
| MCap, USD mln | 96.5 |
| Free float, % | 25.0% |
| FF MCap, USD mln | 24.1 |
| No of shares, mln | 44.3 |
| Par Value, UAH | 0.35 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|----------------------|-------|
| Vetropack Holding AG | 75.0% |
| Management | 20.0% |
| Other | 5.0% |

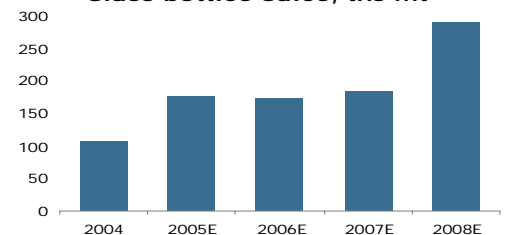
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 2.5 | 2.9 |
| EV/EBITDA | 8.2 | 9.8 |
| P/E | 22.4 | 16.9 |
| P/B | 2.4 | 2.1 |
| P/CF | 10.3 | 8.2 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 33% | 30% | 30% |
| Net Margin | 18% | 9% | 10% |
| ROE | 37% | 13% | 14% |
| Net Debt/Equity | 0.69 | 0.68 | 1.37 |

Glass bottles Sales, ths mt



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net Revenues | 21.8 | 23.2 | 28.1 | 46.2 | 49.6 | 54.6 | 88.8 |
| <i>Change y-o-y</i> | - | 6.8% | 20.4% | 64.5% | 7.4% | 10.1% | 62.4% |
| Gross Profit | 8.7 | 11.2 | 12.3 | 20.2 | 20.2 | 21.9 | 35.6 |
| EBITDA | 5.2 | 8.6 | 8.7 | 15.2 | 15.1 | 16.2 | 26.4 |
| <i>margin, %</i> | 24.1% | 36.8% | 31.0% | 33.0% | 30.4% | 29.7% | 29.7% |
| Depreciation | (1.6) | (2.3) | (3.1) | (5.1) | (4.6) | (4.9) | (6.7) |
| EBIT | 3.7 | 6.3 | 5.6 | 10.2 | 10.4 | 11.3 | 19.7 |
| <i>margin, %</i> | 16.9% | 27.0% | 19.9% | 22.0% | 21.1% | 20.7% | 22.1% |
| Interest Expense | (0.6) | (0.4) | (1.2) | (1.9) | (2.2) | (3.7) | (5.2) |
| Other income/(expense) | 0.3 | 1.0 | 1.9 | 2.5 | - | - | - |
| PBT | 3.4 | 6.9 | 6.3 | 10.8 | 8.3 | 7.6 | 14.4 |
| Tax | (1.2) | (2.7) | (1.8) | (2.4) | (4.0) | (1.9) | (3.6) |
| <i>Effective tax rate</i> | 36.0% | 38.6% | 28.3% | 21.9% | 48.0% | 25.0% | 25.0% |
| Net Income | 2.1 | 4.2 | 4.5 | 8.4 | 4.3 | 5.7 | 10.8 |
| <i>Net Margin, %</i> | 9.9% | 18.2% | 16.1% | 18.2% | 8.7% | 10.4% | 12.2% |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|
| Current Assets | 5.6 | 10.9 | 13.9 | 15.4 | 15.6 | 18.0 | 28.4 |
| Cash & Equivalents | 0.8 | 3.6 | 3.1 | 2.1 | 1.5 | 1.6 | 2.7 |
| Trade Receivables | 1.2 | 3.0 | 2.2 | 3.4 | 3.2 | 5.5 | 10.7 |
| Inventories | 2.1 | 2.8 | 4.2 | 8.5 | 6.4 | 8.2 | 12.4 |
| Other | 1.5 | 1.4 | 4.4 | 1.4 | 4.5 | 2.7 | 2.7 |
| Fixed Assets | 15.8 | 18.1 | 38.5 | 45.0 | 57.4 | 96.8 | 103.2 |
| PP&E, net | 12.9 | 14.5 | 13.7 | 35.2 | 45.3 | 96.8 | 103.2 |
| Other | 2.9 | 3.6 | 24.8 | 9.8 | 12.1 | 0.0 | 0.0 |
| Total Assets | 21.3 | 28.9 | 52.5 | 60.5 | 73.0 | 114.8 | 131.7 |
| Shareholders' Equity | 12.9 | 18.4 | 22.5 | 32.2 | 39.5 | 45.5 | 56.4 |
| Share Capital | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Retained Earnings | 8.0 | 11.8 | 15.9 | 25.4 | 29.8 | 35.7 | 46.6 |
| Other | 4.9 | 6.6 | 6.6 | 6.7 | 9.7 | 9.8 | 9.8 |
| Current Liabilities | 2.0 | 3.3 | 6.3 | 9.0 | 5.0 | 5.7 | 10.2 |
| ST Interest Bearing Debt | 0.2 | 0.5 | 0.6 | 5.0 | - | 0.5 | 0.9 |
| Trade Payables | 1.2 | 1.9 | 3.4 | 2.4 | 3.2 | 3.3 | 6.2 |
| Other | 0.6 | 0.8 | 2.4 | 1.6 | 1.7 | 1.9 | 3.1 |
| LT Liabilities | 6.5 | 7.2 | 23.6 | 19.3 | 28.5 | 63.6 | 65.0 |
| LT Interest Bearing Debt | 6.5 | 7.0 | 23.6 | 19.3 | 28.5 | 63.6 | 65.0 |
| Other | 0.0 | 0.2 | - | 0.0 | - | - | - |
| Total Liabilities & Equity | 21.3 | 28.9 | 52.5 | 60.5 | 72.9 | 114.9 | 131.6 |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|------------|------------|------------|-------------|------------|-------------|-------------|-------------|--------------|-------------|--------------|
| Net Revenues | 6.7 | 6.8 | 3.9 | 10.5 | 8.6 | 13.0 | 13.0 | 11.5 | 12.9 | 12.8 | 8.9 |
| <i>Change y-o-y</i> | 25.7% | 13.1% | -35.0% | 81.1% | 28.9% | 90.5% | 229.8% | 8.8% | 50.5% | -1.6% | -31.8% |
| EBITDA | 2.0 | 2.0 | 2.6 | 2.1 | 2.9 | 4.6 | 4.4 | 3.4 | 3.8 | 3.7 | 1.6 |
| <i>margin, %</i> | a | 28.8% | 64.8% | 20.4% | 33.5% | 34.9% | 33.5% | 29.8% | 29.1% | 28.7% | 17.8% |
| EBIT | 1.2 | 1.2 | 2.4 | 0.7 | 1.9 | 3.2 | 3.0 | 2.0 | 2.4 | 2.4 | 0.5 |
| <i>margin, %</i> | 18.3% | 17.6% | 60.7% | 7.0% | 21.6% | 24.9% | 23.3% | 17.5% | 18.9% | 19.0% | 5.9% |
| Net Income | 1.1 | 1.0 | 1.4 | 1.1 | 1.6 | 3.4 | 2.0 | 1.4 | (0.1) | 1.4 | (0.3) |
| <i>Net Margin, %</i> | 16.0% | 14.1% | 35.3% | 10.3% | 18.5% | 26.3% | 15.2% | 12.3% | -0.8% | 11.2% | -3.8% |

Izmayil Pulp & Board

Packaging & Containers

<http://www.osnova.ua>

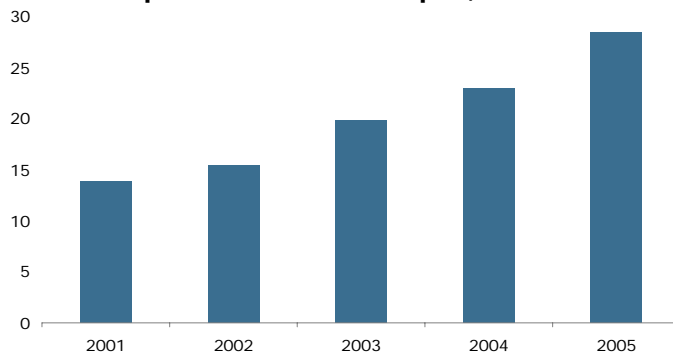
Target Price (USD)
Upside (%)

N/R
n/a

BUSINESS OVERVIEW

Izmayil Pulp & Board, part of the Osnova Papir concern that also includes Zhydachiv Pulp & Paper, is Ukraine's major producer of cardboard and corrugated board packaging. The company produces over 600 types of corrugated products. The company's major customers include trade brands Shustov, Klinkov (alcohol) and Roshen (confectionary). In summer 2006, the company underwent a major overhaul, including the modernization of board-making machinery and launch of new production lines for corrugated board containers with complex cutting and two-color printing. Osnova Papir Ltd plans to invest another USD 3 mln on modernization in 2007. In 9M06, the company posted sales growth of 21% yoy to USD 11.1 mln, an EBITDA that rose 3% yoy to USD 1.4 mln and a net income increase of 3% yoy to USD 0.7 mln.

Paper and Carton Output, ths mt



* The stock is not listed on PFTS

** 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 | 3.00 |
| Price impact** | 3 |
| 52 Wk H/L, USD | n/a |
| Chg 3m/6m/52w | n/a |
| Chg vs PFTS 3m/6m/52w | n/a |
| Chg YTD | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |
| MCap, USD mln | n/a |
| Free float, % | 15.9% |
| FF MCap, USD mln | n/a |
| No of shares, mln | 16.6 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|----------------------------|-------|
| Privat Group | 65.3% |
| Energetical Standart Group | 18.8% |
| Other | 15.9% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | n/a | n/a |
| EV/EBITDA | n/a | n/a |
| P/E | n/a | n/a |
| P/B | n/a | n/a |
| P/CF | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 13% | 13% | n/a |
| Net Margin | 5% | 6% | n/a |
| ROE | 18% | 22% | n/a |
| Net Debt/Equity | 0.6 | 0.56 | n/a |

INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|------------|------------|------------|-------------|-------------|------------|------------|
| Net Revenues | 8.2 | 9.0 | 9.9 | 12.7 | 11.1 | n/a | n/a |
| <i>Change y-o-y</i> | - | 9.6% | 9.9% | 28.4% | 21.2% | n/a | n/a |
| Gross Profit | 1.2 | 2.4 | 2.4 | 3.3 | 2.5 | n/a | n/a |
| EBITDA | 0.4 | 1.4 | 1.3 | 1.6 | 1.4 | n/a | n/a |
| <i>margin, %</i> | 4.8% | 16.0% | 13.1% | 12.5% | 12.6% | n/a | n/a |
| Depreciation | (0.2) | (0.3) | (0.5) | (0.6) | (0.5) | n/a | n/a |
| EBIT | 0.2 | 1.2 | 0.8 | 1.0 | 0.9 | n/a | n/a |
| <i>margin, %</i> | 2.6% | 12.9% | 8.1% | 8.0% | 8.2% | n/a | n/a |
| Interest Expense | (0.1) | (0.2) | (0.3) | (0.3) | (0.2) | n/a | n/a |
| Other income/(expense) | 0.1 | (0.4) | 0.1 | 0.1 | 0.0 | n/a | n/a |
| PBT | 0.2 | 0.5 | 0.6 | 0.9 | 0.7 | n/a | n/a |
| Tax | (0.1) | (0.2) | (0.2) | (0.3) | (0.1) | n/a | n/a |
| <i>Effective tax rate</i> | 78.7% | 40.8% | 28.9% | 34.9% | 7.3% | n/a | n/a |
| Net Income | 0.0 | 0.3 | 0.4 | 0.6 | 0.7 | n/a | n/a |
| <i>Net Margin, %</i> | 0.4% | 3.2% | 4.4% | 4.6% | 6.0% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|------------|------------|------------|------------|-------------|------------|------------|
| Current Assets | 3.8 | 2.6 | 2.0 | 2.3 | 5.4 | n/a | n/a |
| Cash & Equivalents | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | n/a | n/a |
| Trade Receivables | 2.6 | 1.2 | 0.6 | 0.9 | 3.0 | n/a | n/a |
| Inventories | 0.8 | 0.9 | 0.8 | 1.0 | 1.1 | n/a | n/a |
| Other | 0.5 | 0.4 | 0.4 | 0.2 | 1.3 | n/a | n/a |
| Fixed Assets | 3.3 | 4.3 | 4.7 | 5.2 | 5.2 | n/a | n/a |
| PP&E, net | 2.7 | 4.3 | 4.7 | 5.2 | 5.0 | n/a | n/a |
| Other | 0.6 | 0.0 | 0.0 | 0.0 | 0.2 | n/a | n/a |
| Total Assets | 7.2 | 6.9 | 6.7 | 7.4 | 10.6 | n/a | n/a |
| Shareholders' Equity | 2.5 | 2.8 | 3.3 | 4.1 | 5.4 | n/a | n/a |
| Share Capital | 2.1 | 2.1 | 2.1 | 2.2 | 2.9 | n/a | n/a |
| Retained Earnings | 0.0 | 0.3 | 0.4 | 0.6 | 1.3 | n/a | n/a |
| Other | 0.4 | 0.4 | 0.7 | 1.2 | 1.2 | n/a | n/a |
| Current Liabilities | 2.4 | 1.1 | 1.2 | 1.2 | 3.0 | n/a | n/a |
| ST Interest Bearing Debt | - | - | - | 0.2 | 0.6 | n/a | n/a |
| Trade Payables | 2.3 | 0.8 | 1.0 | 0.7 | 2.0 | n/a | n/a |
| Other | 0.2 | 0.2 | 0.2 | 0.3 | 0.5 | n/a | n/a |
| LT Liabilities | 2.2 | 3.0 | 2.2 | 2.2 | 2.2 | n/a | n/a |
| LT Interest Bearing Debt | 1.7 | 2.2 | 2.1 | 2.2 | 2.2 | n/a | n/a |
| Other | 0.5 | 0.9 | 0.0 | 0.0 | 0.0 | n/a | n/a |
| Total Liabilities & Equity | 7.2 | 6.9 | 6.7 | 7.4 | 10.6 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|------------|------------|------------|--------------|------------|------------|------------|
| Net Revenues | 2.6 | 3.0 | 3.5 | 3.6 | 3.3 | 3.8 | 3.9 |
| <i>Change y-o-y</i> | N/M | N/M | N/M | N/M | 26.3% | 27.2% | 12.2% |
| EBITDA | 0.6 | 0.4 | 0.4 | 0.2 | 0.5 | 0.5 | 0.4 |
| <i>margin, %</i> | 22.1% | 12.4% | 11.4% | 6.6% | 14.9% | 12.3% | 10.8% |
| EBIT | 0.4 | 0.2 | 0.3 | 0.1 | 0.3 | 0.3 | 0.3 |
| <i>margin, %</i> | 16.8% | 7.7% | 7.3% | 2.4% | 10.1% | 8.2% | 6.7% |
| Net Income | 0.3 | 0.2 | 0.2 | (0.1) | 0.3 | 0.2 | 0.2 |
| <i>Net Margin, %</i> | 12.3% | 5.1% | 4.9% | -1.7% | 7.7% | 5.9% | 4.7% |

Rubizhne Carton & Package

Packaging & Containers

Target Price (USD)
Upside (%)

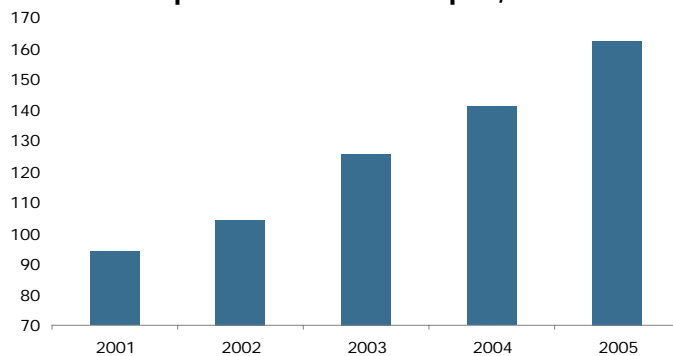
N/R
n/a

BUSINESS OVERVIEW

Rubizhne Carton & Paper (RCP) is a major producer of corrugated containers and cardboard in Ukraine. It holds 30% of the domestic market for corrugated products. Its closest competition is from Osnova Papir Ltd (Zhydachiv Pulp & Paper and Izmayil Pulp & Board). The company's main customers are food processing plants and confectionary producers. Exports to CIS countries account for about 30% of Rubizhne Carton & Paper's sales. The company's shareholders decided to decrease its charter fund to USD 4.16 mln by voiding 3,714,829 shares. The shares will be voided by Dec. 8, 2007.

In 11M06 Rubizhne Carton & Paper produced 182.3 mln sq m of corrugated boxes (5.9% up yoy) and increased its overall output volume by 12.8% yoy. In 9M06 the company posted growth in sales by 11% yoy to USD 69.4 mln and in net income by 16% yoy to USD 12.9 mln.

Paper and Carton Output, ths mt



* The stock is not listed on PFTS

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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 | n/a |
| Price impact** | 3 |
| 52 Wk H/L, USD | n/a |
| Chg 3m/6m/52w | n/a |
| Chg vs PFTS 3m/6m/52w | n/a |
| Chg YTD | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |
| MCap, USD mln | n/a |
| Free float, % | 1.6% |
| FF MCap, USD mln | n/a |
| No of shares, mln | 17.7 |
| Par Value, UAH | 1.5 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|------------------------------|-------|
| DSS Eastern Europe Ltd | 34.8% |
| SBM Trading Ltd | 22.0% |
| Paper Investment Company Ltd | 18.1% |
| Other | 25.1% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | n/a | n/a |
| EV/EBITDA | n/a | n/a |
| P/E | n/a | n/a |
| P/B | n/a | n/a |
| P/CF | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | 28% | 28% | n/a |
| Net Margin | 18% | 19% | n/a |
| ROE | 14% | 13% | n/a |
| Net Debt/Equity | -0.17 | -0.01 | n/a |

INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Net Revenues | 46.2 | 60.5 | 67.1 | 86.8 | 69.4 | n/a | n/a |
| <i>Change y-o-y</i> | - | 30.9% | 10.9% | 29.4% | 11.2% | n/a | n/a |
| Gross Profit | 20.3 | 22.2 | 27.3 | 34.3 | 26.9 | n/a | n/a |
| EBITDA | 14.3 | 15.5 | 18.4 | 24.3 | 19.5 | n/a | n/a |
| <i>margin, %</i> | 30.8% | 25.6% | 27.4% | 28.0% | 28.1% | n/a | n/a |
| Depreciation | (3.1) | (3.9) | (4.5) | (6.7) | (5.5) | n/a | n/a |
| EBIT | 11.2 | 11.6 | 13.9 | 17.5 | 14.0 | n/a | n/a |
| <i>margin, %</i> | 24.2% | 19.1% | 20.7% | 20.2% | 20.1% | n/a | n/a |
| Interest Expense | (0.0) | (0.0) | (0.7) | (1.0) | (0.8) | n/a | n/a |
| Other income/(expense) | 1.1 | 1.2 | 4.8 | 4.3 | 3.5 | n/a | n/a |
| PBT | 12.2 | 12.7 | 18.0 | 20.8 | 16.7 | n/a | n/a |
| Tax | (3.8) | (3.8) | (4.0) | (5.1) | (3.8) | n/a | n/a |
| <i>Effective tax rate</i> | 31.1% | 30.1% | 22.0% | 24.6% | 22.9% | n/a | n/a |
| Net Income | 8.4 | 8.9 | 14.0 | 15.7 | 12.9 | n/a | n/a |
| <i>Net Margin, %</i> | 18.2% | 14.7% | 20.9% | 18.1% | 18.6% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 21.6 | 29.5 | 42.3 | 55.1 | 67.3 | n/a | n/a |
| Cash & Equivalents | 5.4 | 14.0 | 23.8 | 34.0 | 21.3 | n/a | n/a |
| Trade Receivables | 3.5 | 5.4 | 3.7 | 5.3 | 8.1 | n/a | n/a |
| Inventories | 7.7 | 6.5 | 8.3 | 10.6 | 9.9 | n/a | n/a |
| Other | 5.0 | 3.6 | 6.6 | 5.1 | 28.1 | n/a | n/a |
| Fixed Assets | 37.5 | 44.9 | 86.6 | 93.3 | 105.2 | n/a | n/a |
| PP&E, net | 24.9 | 34.0 | 76.9 | 80.1 | 79.0 | n/a | n/a |
| Other | 12.5 | 11.0 | 9.7 | 13.2 | 26.3 | n/a | n/a |
| Total Assets | 59.1 | 74.4 | 128.9 | 148.4 | 172.5 | n/a | n/a |
| Shareholders' Equity | 56.1 | 65.0 | 112.5 | 134.1 | 147.0 | n/a | n/a |
| Share Capital | 11.0 | 11.0 | 11.0 | 11.6 | 11.6 | n/a | n/a |
| Retained Earnings | 22.2 | 31.5 | 45.9 | 64.2 | 12.9 | n/a | n/a |
| Other | 22.9 | 22.6 | 55.6 | 58.3 | 122.6 | n/a | n/a |
| Current Liabilities | 3.0 | 2.3 | 2.4 | 5.9 | 18.3 | n/a | n/a |
| ST Interest Bearing Debt | - | - | - | 2.8 | 12.7 | n/a | n/a |
| Trade Payables | 1.7 | 1.3 | 1.4 | 1.7 | 3.4 | n/a | n/a |
| Other | 1.2 | 1.0 | 1.0 | 1.4 | 3.8 | n/a | n/a |
| LT Liabilities | 0.1 | 7.1 | 14.0 | 8.4 | 7.3 | n/a | n/a |
| LT Interest Bearing Debt | 0.1 | 7.1 | 14.0 | 8.4 | 7.0 | n/a | n/a |
| Other | - | - | - | 0.0 | 0.3 | n/a | n/a |
| Total Liabilities & Equity | 59.1 | 74.4 | 128.9 | 148.4 | 172.5 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net Revenues | 14.2 | 17.4 | 17.2 | 18.3 | 18.9 | 21.7 | 21.8 | 24.4 | 20.5 | 22.3 | 26.6 |
| <i>Change y-o-y</i> | 13.4% | 10.2% | 11.0% | 9.8% | 33.1% | 24.4% | 26.9% | 33.7% | 8.6% | 2.9% | 21.7% |
| EBITDA | 4.1 | 4.9 | 4.3 | 5.0 | 5.5 | 5.7 | 4.4 | 8.6 | 5.7 | 6.0 | 7.7 |
| <i>margin, %</i> | 29.2% | 27.9% | 25.2% | 27.6% | 29.1% | 26.4% | 20.3% | 35.3% | 27.9% | 27.0% | 29.1% |
| EBIT | 3.1 | 3.8 | 3.2 | 3.8 | 4.4 | 4.0 | 4.0 | 5.1 | 4.0 | 4.2 | 5.8 |
| <i>margin, %</i> | 21.5% | 21.8% | 18.8% | 21.0% | 23.1% | 18.6% | 18.5% | 21.0% | 19.4% | 18.8% | 21.8% |
| Net Income | 3.1 | 3.4 | 2.8 | 4.8 | 3.7 | 3.5 | 4.0 | 4.6 | 3.8 | 3.8 | 5.2 |
| <i>Net Margin, %</i> | 21.6% | 19.6% | 16.2% | 26.1% | 19.5% | 16.0% | 18.2% | 18.9% | 18.6% | 17.2% | 19.7% |

Ukrplastyk

Packaging & Containers

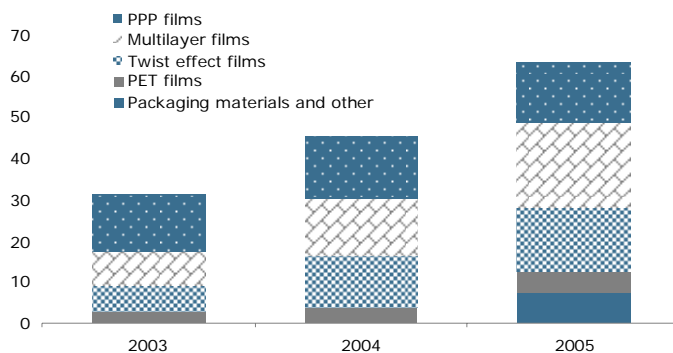
Target Price (USD)
Upside (%)

N/R
n/a

BUSINESS OVERVIEW

Ukrplastyk is the largest producer of soft plastic packaging for food, cosmetic, tobacco, and pharmaceutical companies, with 25% of the domestic packaging market. The company produces PPP films, multilayer films, PET films, twist effect films, stick labels, packaging materials, plates, etc. Ukrplastyk exports its products mainly to CIS and Baltic countries. Major customers are Ukrainian dairy, confectionary and other food product manufacturers; along with tobacco and beverage producers, these sectors collectively account for 81% of Ukrplastyk's sales. In 9M06 the company posted a 15.7% yoy growth of net revenue, improved its EBITDA margin to 33.8% from 35.2% in 9M05, and unchanged net margin of 11%.

Output Dynamics, USD mln



* The stock is not listed on PFTS

** 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 | n/a |
| Price impact** | 3 |
| 52 Wk H/L, USD | n/a |
| Chg 3m/6m/52w | n/a |
| Chg vs PFTS 3m/6m/52w | n/a |
| Chg YTD | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |
| MCap, USD mln | n/a |
| Free float, % | 1.5% |
| FF MCap, USD mln | n/a |
| No of shares, mln | 32.6 |
| Par Value, UAH | 7.50 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|------------|-------|
| Management | 98.4% |
| Other | 1.6% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | n/a | n/a |
| EV/EBITDA | n/a | n/a |
| P/E | n/a | n/a |
| P/B | n/a | n/a |
| P/CF | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 34% | 34% | n/a |
| Net Margin | 11% | 11% | n/a |
| ROE | 8% | 7% | n/a |
| Net Debt/Equity | 0.2 | 0.33 | n/a |

INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Net Revenues | 25.6 | 33.5 | 47.2 | 62.8 | 55.5 | n/a | n/a |
| <i>Change y-o-y</i> | - | 30.6% | 40.8% | 33.2% | 15.7% | n/a | n/a |
| Gross Profit | 8.6 | 9.6 | 18.2 | 23.1 | 23.5 | n/a | n/a |
| EBITDA | 5.8 | 6.2 | 14.1 | 21.5 | 18.8 | n/a | n/a |
| <i>margin, %</i> | 22.6% | 18.4% | 29.8% | 34.3% | 33.8% | n/a | n/a |
| Depreciation | (2.3) | (2.4) | (7.0) | (8.4) | (6.8) | n/a | n/a |
| EBIT | 3.5 | 3.7 | 7.0 | 13.1 | 12.0 | n/a | n/a |
| <i>margin, %</i> | 13.5% | 11.1% | 14.9% | 20.8% | 21.5% | n/a | n/a |
| Interest Expense | (1.0) | (1.3) | (2.3) | (2.3) | (2.2) | n/a | n/a |
| Other income/(expense) | 5.1 | 0.0 | 0.2 | 0.3 | 0.2 | n/a | n/a |
| PBT | 7.6 | 2.4 | 5.0 | 11.1 | 9.9 | n/a | n/a |
| Tax | (4.5) | (0.1) | (2.7) | (3.8) | (3.8) | n/a | n/a |
| <i>Effective tax rate</i> | 59.0% | 6.1% | 54.3% | 34.5% | 38.4% | n/a | n/a |
| Net Income | 3.1 | 2.3 | 2.3 | 7.2 | 6.1 | n/a | n/a |
| <i>Net Margin, %</i> | 12.1% | 6.8% | 4.8% | 11.5% | 11.0% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 14.3 | 18.8 | 31.3 | 26.0 | 35.8 | n/a | n/a |
| Cash & Equivalents | 0.3 | 1.1 | 0.1 | 0.1 | 0.7 | n/a | n/a |
| Trade Receivables | 2.4 | 7.0 | 10.9 | 13.8 | 14.5 | n/a | n/a |
| Inventories | 9.0 | 9.3 | 9.0 | 11.7 | 20.1 | n/a | n/a |
| Other | 2.5 | 1.3 | 11.3 | 0.5 | 0.5 | n/a | n/a |
| Fixed Assets | 50.2 | 57.7 | 107.9 | 137.0 | 171.9 | n/a | n/a |
| PP&E, net | 43.8 | 53.4 | 72.6 | 94.2 | 103.1 | n/a | n/a |
| Other | 6.3 | 4.3 | 35.3 | 42.8 | 68.8 | n/a | n/a |
| Total Assets | 64.5 | 76.5 | 139.1 | 163.0 | 207.7 | n/a | n/a |
| Shareholders' Equity | 38.1 | 45.6 | 87.6 | 109.8 | 118.7 | n/a | n/a |
| Share Capital | 0.7 | 10.0 | 46.1 | 48.4 | 48.4 | n/a | n/a |
| Retained Earnings | 6.1 | 7.4 | 10.0 | 13.8 | 19.2 | n/a | n/a |
| Other | 31.3 | 28.3 | 31.5 | 47.6 | 51.1 | n/a | n/a |
| Current Liabilities | 11.5 | 14.4 | 27.7 | 22.4 | 49.0 | n/a | n/a |
| ST Interest Bearing Debt | 3.7 | 7.8 | 11.2 | 11.7 | 20.8 | n/a | n/a |
| Trade Payables | 4.5 | 5.2 | 7.2 | 8.0 | 27.2 | n/a | n/a |
| Other | 3.3 | 1.4 | 9.3 | 2.7 | 1.6 | n/a | n/a |
| LT Liabilities | 14.9 | 16.4 | 23.9 | 30.8 | 40.0 | n/a | n/a |
| LT Interest Bearing Debt | 6.1 | 6.0 | 12.8 | 11.1 | 18.3 | n/a | n/a |
| Other | 8.8 | 10.4 | 11.1 | 19.8 | 21.8 | n/a | n/a |
| Total Liabilities & Equity | 64.5 | 76.5 | 139.1 | 163.0 | 207.7 | n/a | n/a |

Odessa Cable

OCAB

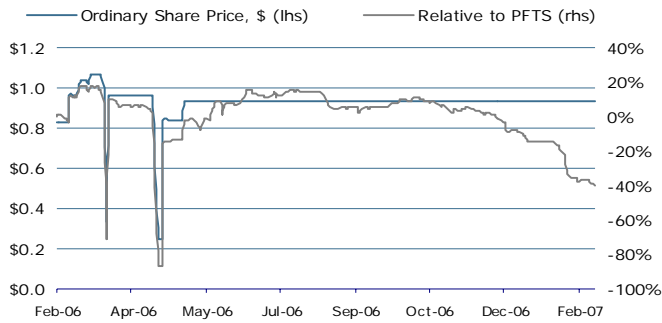
Electrical Components & Equipment

<http://www.odeskabel.com>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Odessa Cable is the largest cable producer in Ukraine and the only domestic manufacturer of telecom cables. The company is also a leader in the production of cable and wire products in the CIS. Its product portfolio includes fiber-optic, LAN and communication cables; oxygen-free copper cords; radio frequency and mounting wires; and other products. Odessa Cable mainly supplies its products to telecommunications and broadcasting industries, but they are also used in electric appliances, explosive and copper cable manufacturing, and industrial power equipment. The company is ISO 9001:2000, ISO 9001:2001, ISO 14001:2006, OHSAS 18001:1999 and SA 8000:2001 certified.

Odessa Cable posted a net revenue increase of 32.4% yoy to USD 59.8 mln in 9M06, an EBITDA decrease of 40% yoy to USD 3.8 mln and a net income reduction of 68% yoy to USD 1.1 mln.

* PFTS MID Price is used

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- 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 | 0.93 |
| Price impact* | 3 |
| 52 Wk H/L, USD | 1.06 / 0.25 |
| Chg 3m/6m/52w | 0% / 0% / 13% |
| Chg vs PFTS 3m/6m/52w | -43% / -47% / -46% |
| Chg YTD | 0% |
| Avg Mo Tr Vol 6M, USD ths | 0.00 |
| MCap, USD mln | 52.1 |
| Free float, % | 2.0% |
| FF MCap, USD mln | 1.0 |
| No of shares, mln | 56.0 |
| Par Value, UAH | 0.25 |
| XETRA | 05N1 |
| DR Ratio | 1:50 |
| Avg Mo Tr Vol 6M, USD ths | 0 |

STOCK OWNERSHIP

| | |
|------------------|-------|
| Management | 76.8% |
| ING Bank Ukraine | 17.3% |
| Other | 5.9% |

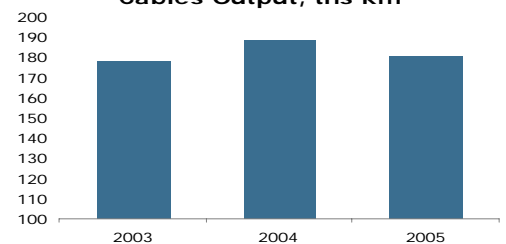
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/EBITDA | 12.7 | n/a |
| P/E | 34.7 | n/a |
| P/B | 1.2 | n/a |
| P/CF | 14.9 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| Net Margin | 7% | 2% | n/a |
| ROE | 4% | 2% | n/a |
| Net Debt/Equity | 0.2 | 0.3 | n/a |

Cables Output, ths km



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Net Revenues | 37.9 | 50.3 | 65.1 | 62.6 | 59.8 | n/a | n/a |
| <i>Change y-o-y</i> | - | 32.6% | 29.5% | -3.8% | 32.4% | n/a | n/a |
| Gross Profit | 7.3 | 11.9 | 11.3 | 13.5 | 10.0 | n/a | n/a |
| EBITDA | 2.5 | 6.3 | 4.5 | 8.0 | 3.8 | n/a | n/a |
| <i>margin, %</i> | 6.5% | 12.5% | 7.0% | 12.8% | 6.4% | n/a | n/a |
| Depreciation | (1.0) | (1.5) | (2.0) | (2.2) | (1.5) | n/a | n/a |
| EBIT | 1.4 | 4.8 | 2.6 | 5.9 | 2.3 | n/a | n/a |
| <i>margin, %</i> | 3.7% | 9.5% | 4.0% | 9.4% | 3.9% | n/a | n/a |
| Interest Expense | (0.3) | (0.3) | (0.8) | (0.8) | (0.9) | n/a | n/a |
| Other income/(expense) | (0.0) | (0.0) | 0.0 | 0.7 | 0.0 | n/a | n/a |
| PBT | 1.1 | 4.4 | 1.8 | 5.7 | 1.5 | n/a | n/a |
| Tax | (0.3) | (1.3) | (0.7) | (1.3) | (0.4) | n/a | n/a |
| <i>Effective tax rate</i> | 30.0% | 30.0% | 40.3% | 22.8% | 25.0% | n/a | n/a |
| Net Income | 0.8 | 3.1 | 1.1 | 4.4 | 1.1 | n/a | n/a |
| <i>Net Margin, %</i> | 2.0% | 6.2% | 1.6% | 7.0% | 1.9% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 18.2 | 28.7 | 30.6 | 30.3 | 40.1 | n/a | n/a |
| Cash & Equivalents | 0.5 | 0.7 | 0.8 | 0.6 | 0.3 | n/a | n/a |
| Trade Receivables | 5.5 | 6.7 | 10.8 | 9.8 | 15.9 | n/a | n/a |
| Inventories | 7.9 | 10.1 | 13.7 | 15.4 | 15.7 | n/a | n/a |
| Other | 4.2 | 11.1 | 5.4 | 4.6 | 8.2 | n/a | n/a |
| Fixed Assets | 14.7 | 15.0 | 17.1 | 35.4 | 34.8 | n/a | n/a |
| PP&E, net | 9.7 | 13.2 | 14.7 | 30.7 | 32.3 | n/a | n/a |
| Other | 5.0 | 1.8 | 2.4 | 4.7 | 2.5 | n/a | n/a |
| Total Assets | 32.9 | 43.7 | 47.7 | 65.7 | 74.9 | n/a | n/a |
| Shareholders' Equity | 15.2 | 18.4 | 19.5 | 40.7 | 41.8 | n/a | n/a |
| Share Capital | 2.6 | 2.6 | 2.6 | 2.8 | 2.8 | n/a | n/a |
| Retained Earnings | 5.9 | 8.9 | 10.1 | 15.3 | 16.5 | n/a | n/a |
| Other | 6.7 | 6.8 | 6.8 | 22.6 | 22.5 | n/a | n/a |
| Current Liabilities | 17.7 | 25.3 | 28.2 | 25.0 | 31.6 | n/a | n/a |
| ST Interest Bearing Debt | 2.2 | 4.3 | 7.6 | 7.9 | 11.3 | n/a | n/a |
| Trade Payables | 15.0 | 19.3 | 20.5 | 15.9 | 18.6 | n/a | n/a |
| Other | 0.5 | 1.7 | 0.1 | 1.2 | 2.1 | n/a | n/a |
| LT Liabilities | - | - | - | - | 1.6 | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | 1.6 | n/a | n/a |
| Other | - | - | - | - | - | n/a | n/a |
| Total Liabilities & Equity | 32.9 | 43.7 | 47.7 | 65.7 | 74.9 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net Revenues | 11.8 | 18.1 | 15.3 | 17.4 | 13.5 | 21.7 | 24.6 |
| <i>Change y-o-y</i> | N/M | N/M | N/M | N/M | 13.9% | 20.1% | 61.1% |
| EBITDA | 0.7 | 3.5 | 2.2 | 1.6 | 0.7 | 1.8 | 1.3 |
| <i>margin, %</i> | 6.0% | 19.5% | 14.4% | 9.2% | 5.5% | 8.4% | 5.2% |
| EBIT | 0.2 | 3.0 | 1.6 | 1.1 | 0.2 | 1.3 | 0.8 |
| <i>margin, %</i> | 1.6% | 16.5% | 10.8% | 6.1% | 1.8% | 6.1% | 3.1% |
| Net Income | 0.0 | 2.4 | 1.1 | 1.0 | 0.0 | 0.8 | 0.3 |
| <i>Net Margin, %</i> | 0.2% | 13.1% | 7.0% | 5.5% | 0.3% | 3.5% | 1.3% |

Zaporizhtransformator ZATR UZ

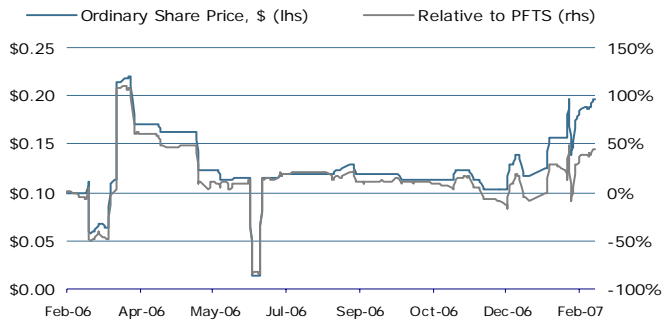
Electrical Components & Equipment

<http://www.ztr.ua>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Zaporizhtransformator is the only producer of high-voltage transformers for electric power stations in the CIS and a leading transformer producer in the world. The company manufactures power transformers, electric transformers, heavy-current distributors, power blocks and monitoring systems for transformers. More than 85% of energy companies in the CIS are equipped with transformers produced by Zaporizhtransformator. It exports products to 83 countries all over the world, with its sales focus being on the Russian market.

The company almost doubled its sales in 2006, which reached USD 207 mln in comparison to USD 108 mln in 2005. In addition, Zaporizhtransformator increased production by 90% in 2006. The company's management has announced plans for 2007, which include increasing production capacities, investing in modernization and increasing sales by 83.6% yoy to USD 380 mln.

UPCOMING EVENTS

13 Mar 2007 AGM

* PFTS MID Price is used

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- 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 | 0.20 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.22 / 0.01 |
| Chg 3m/6m/52w | 59% / 66% / 97% |
| Chg vs PFTS 3m/6m/52w | 16% / 19% / 39% |
| Chg YTD | 26% |
| Avg Mo Tr Vol 6M, USD ths | 19.3 |
| MCap, USD mln | 435.5 |
| Free float, % | 2.0% |
| FF MCap, USD mln | 8.7 |
| No of shares, mln | 2210.3 |
| Par Value, UAH | 0.01 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-----------------------|-------|
| Energy Standard Group | 98.0% |
| Other | 2.0% |

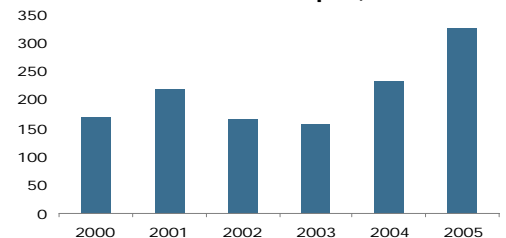
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 2.7 | n/a |
| EV/EBITDA | 16.2 | n/a |
| P/E | 24.2 | n/a |
| P/B | 7.7 | n/a |
| P/CF | 21.9 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 11% | 17% | n/a |
| Net Margin | 6% | 10% | n/a |
| ROE | 31% | 47% | n/a |
| Net Debt/Equity | 1.2 | 0.8 | n/a |

Transformers Output, units



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|-------------|-------------|--------------|--------------|------------|------------|
| Net Revenues | 36.7 | 45.8 | 63.8 | 110.5 | 134.5 | n/a | n/a |
| <i>Change y-o-y</i> | - | 24.9% | 39.3% | 73.2% | 101.0% | n/a | n/a |
| Gross Profit | 10.6 | 12.0 | 13.2 | 28.3 | 40.5 | n/a | n/a |
| EBITDA | 3.0 | 5.8 | 4.7 | 12.1 | 22.1 | n/a | n/a |
| <i>margin, %</i> | 8.2% | 12.7% | 7.3% | 11.0% | 16.5% | n/a | n/a |
| Depreciation | (1.6) | (1.2) | (1.2) | (1.5) | (1.3) | n/a | n/a |
| EBIT | 1.4 | 4.6 | 3.5 | 10.6 | 20.8 | n/a | n/a |
| <i>margin, %</i> | 3.7% | 10.0% | 5.5% | 9.6% | 15.5% | n/a | n/a |
| Interest Expense | (2.0) | (3.1) | (3.5) | (3.6) | (4.1) | n/a | n/a |
| Other income/(expense) | (0.2) | 0.4 | 0.4 | 2.5 | (0.6) | n/a | n/a |
| PBT | (0.8) | 1.9 | 0.5 | 9.5 | 16.2 | n/a | n/a |
| Tax | - | (0.5) | (0.4) | (2.0) | (3.9) | n/a | n/a |
| <i>Effective tax rate</i> | 0.0% | 24.0% | 88.4% | 21.2% | 24.0% | n/a | n/a |
| Net Income | (0.8) | 1.5 | 0.1 | 7.5 | 12.3 | n/a | n/a |
| <i>Net Margin, %</i> | -2.3% | 3.2% | 0.1% | 6.8% | 9.1% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|--------------|--------------|------------|------------|
| Current Assets | 22.2 | 32.3 | 43.6 | 73.2 | 84.3 | n/a | n/a |
| Cash & Equivalents | 0.1 | 0.4 | 1.2 | 3.6 | 5.9 | n/a | n/a |
| Trade Receivables | 2.1 | 14.1 | 15.8 | 19.2 | 19.1 | n/a | n/a |
| Inventories | 14.6 | 11.3 | 18.5 | 35.6 | 48.2 | n/a | n/a |
| Other | 5.5 | 6.5 | 8.1 | 14.9 | 11.1 | n/a | n/a |
| Fixed Assets | 34.1 | 31.5 | 30.3 | 40.1 | 43.7 | n/a | n/a |
| PP&E, net | 17.6 | 16.8 | 17.3 | 27.8 | 30.4 | n/a | n/a |
| Other | 16.5 | 14.7 | 13.1 | 12.2 | 13.3 | n/a | n/a |
| Total Assets | 56.4 | 63.8 | 74.0 | 113.3 | 128.0 | n/a | n/a |
| Shareholders' Equity | 26.2 | 24.2 | 22.8 | 38.4 | 45.5 | n/a | n/a |
| Share Capital | 4.8 | 0.8 | 0.8 | 4.4 | 4.4 | n/a | n/a |
| Retained Earnings | (7.2) | 0.7 | (0.2) | 5.0 | 11.7 | n/a | n/a |
| Other | 28.5 | 22.7 | 22.2 | 29.0 | 29.4 | n/a | n/a |
| Current Liabilities | 29.7 | 33.6 | 28.5 | 39.6 | 48.8 | n/a | n/a |
| ST Interest Bearing Debt | 15.3 | 16.3 | 7.4 | 13.5 | 14.2 | n/a | n/a |
| Trade Payables | 8.0 | 11.3 | 12.5 | 15.0 | 14.9 | n/a | n/a |
| Other | 6.4 | 6.0 | 8.6 | 11.1 | 23.3 | n/a | n/a |
| LT Liabilities | 0.5 | 6.0 | 22.6 | 35.2 | 33.7 | n/a | n/a |
| LT Interest Bearing Debt | - | 5.6 | 22.6 | 35.2 | 33.7 | n/a | n/a |
| Other | 0.5 | 0.4 | - | - | - | n/a | n/a |
| Total Liabilities & Equity | 56.4 | 63.8 | 74.0 | 113.3 | 128.0 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net Revenues | 5.9 | 15.4 | 13.5 | 29.1 | 10.3 | 22.1 | 34.5 | 43.6 | 26.0 | 43.7 | 64.8 |
| <i>Change y-o-y</i> | 105.7% | 119.8% | 4.7% | 25.9% | 76.1% | 43.7% | 155.6% | 50.0% | 151.7% | 97.3% | 88.1% |
| EBITDA | (0.5) | 0.5 | 2.4 | 2.3 | (4.8) | 4.4 | 5.1 | 7.4 | 1.9 | 8.6 | 11.6 |
| <i>margin, %</i> | -7.8% | 3.2% | 17.7% | 7.8% | -46.1% | 19.8% | 14.7% | 17.0% | 7.2% | 19.8% | 17.9% |
| EBIT | (0.7) | 0.2 | 2.1 | 2.0 | (5.1) | 4.2 | 4.6 | 7.0 | 1.5 | 8.2 | 11.1 |
| <i>margin, %</i> | -12.7% | 1.4% | 15.6% | 6.7% | -49.2% | 18.8% | 13.3% | 16.0% | 5.8% | 18.8% | 17.2% |
| Net Income | (1.4) | (0.5) | 0.8 | 1.1 | (5.8) | 4.3 | 3.0 | 6.0 | 0.0 | 5.2 | 7.0 |
| <i>Net Margin, %</i> | -23.7% | -3.3% | 6.2% | 3.8% | -56.1% | 19.2% | 8.8% | 13.7% | 0.1% | 12.0% | 10.8% |

Dnipropetrovsk Switch

DSTR UZ

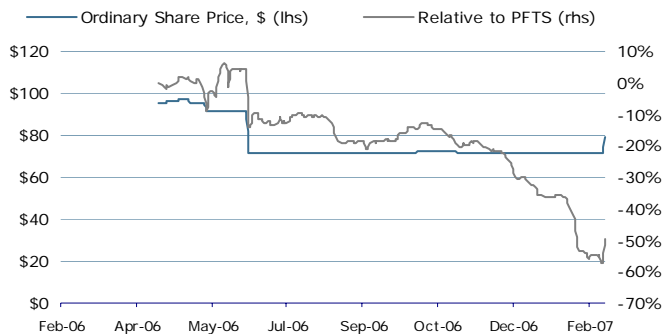
Miscellaneous Manufacturers

<http://www.dsz.dp.ua>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



MARKET INFORMATION

| | |
|---------------------------|--------------------|
| Market price*, USD | 79.21 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.02 / 0.01 |
| Chg 3m/6m/52w | 11% / 11% / -17% |
| Chg vs PFTS 3m/6m/52w | -32% / -36% / -75% |
| Chg YTD | 11% |
| Avg Mo Tr Vol 6M, USD ths | 3.0 |
| MCap, USD mln | 20.2 |
| Free float, % | 7.0% |
| FF MCap, USD mln | 1.4 |
| No of shares, mln | 0.3 |
| Par Value, UAH | 10.50 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

BUSINESS OVERVIEW

Dnipropetrovsk Switch is Ukraine's largest producer of railway switches and approaching lines for industrial companies. The company's major domestic consumer is Ukrzaliznytsya. It also exports products to Russia, Belarus, other CIS countries and the Baltics. Dnipropetrovsk Switch is continuously investing in modernization to improve quality. The company's main competitors are Russian switch plants in Murom and Novosibirsk. After the investigation initiated by Dnipropetrovsk Switch, Ukraine imposed an antidumping import duty in 2002 of 59.4% against switches from Russia, which is valid till July 2007.

The company's 9M06 key financials showed growth - net revenues were up 12.9% yoy to USD 35.9 mln, though EBITDA was down 5% yoy to USD 2.9 mln, and net income was reduced by 9% yoy to USD 1.3 mln. In 11M06, Dnipropetrovsk Switch increased sales by 13.8% yoy to USD 41.4 mln.

UPCOMING EVENTS

16 Mar 2007 AGM

* PFTS BID Price 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)

STOCK OWNERSHIP

| | |
|--------------------|-------|
| CJSC Tako | 35.1% |
| CJSC Yugtransstroy | 13.8% |
| Management | 16.3% |
| Other | 34.8% |

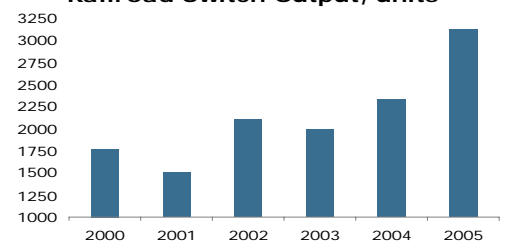
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.4 | n/a |
| EV/EBITDA | 5.1 | n/a |
| P/E | 11.9 | n/a |
| P/B | 0.7 | n/a |
| P/CF | 6.5 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|--------|-------|-------|
| EBITDA margin | 9% | 8% | n/a |
| Net Margin | 4.1% | 3.5% | n/a |
| ROE | 7% | 7% | n/a |
| Net Debt/Equity | -0.004 | 0.0 | n/a |

Railroad Switch Output, units



INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|-------------|-------------|-------------|------------|------------|
| Net Revenues | 25.5 | 32.4 | 40.5 | 35.9 | n/a | n/a |
| <i>Change y-o-y</i> | - | 27.1% | 24.9% | 12.9% | n/a | n/a |
| Gross Profit | 6.3 | 8.3 | 8.3 | 6.4 | n/a | n/a |
| EBITDA | 3.3 | 3.9 | 3.8 | 2.9 | n/a | n/a |
| <i>margin, %</i> | 13.1% | 12.1% | 9.4% | 8.2% | n/a | n/a |
| Depreciation | (1.0) | (1.2) | (1.5) | (1.1) | n/a | n/a |
| EBIT | 2.4 | 2.7 | 2.3 | 1.9 | n/a | n/a |
| <i>margin, %</i> | 9.2% | 8.4% | 5.7% | 5.2% | n/a | n/a |
| Interest Expense | (0.0) | (0.0) | (0.0) | - | n/a | n/a |
| Other income/(expense) | (0.0) | (0.2) | (0.2) | (0.1) | n/a | n/a |
| PBT | 2.3 | 2.5 | 2.1 | 1.7 | n/a | n/a |
| Tax | (0.6) | (0.7) | (0.4) | (0.5) | n/a | n/a |
| <i>Effective tax rate</i> | 26.9% | 29.3% | 20.4% | 26.9% | n/a | n/a |
| Net Income | 1.7 | 1.8 | 1.7 | 1.3 | n/a | n/a |
| <i>Net Margin, %</i> | 6.5% | 5.4% | 4.1% | 3.5% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 13.0 | 13.5 | 14.8 | 10.5 | n/a | n/a |
| Cash & Equivalents | 0.2 | 0.4 | 0.1 | 0.3 | n/a | n/a |
| Trade Receivables | 1.2 | 2.6 | 2.0 | 2.6 | n/a | n/a |
| Inventories | 9.3 | 8.6 | 11.3 | 6.9 | n/a | n/a |
| Other | 2.3 | 2.0 | 1.4 | 0.7 | n/a | n/a |
| Fixed Assets | 16.0 | 17.5 | 20.7 | 20.8 | n/a | n/a |
| PP&E, net | 14.5 | 15.9 | 19.4 | 19.4 | n/a | n/a |
| Other | 1.5 | 1.6 | 1.2 | 1.4 | n/a | n/a |
| Total Assets | 29.0 | 31.0 | 35.5 | 31.2 | n/a | n/a |
| Shareholders' Equity | 21.0 | 22.8 | 25.5 | 26.8 | n/a | n/a |
| Share Capital | 0.5 | 0.5 | 0.5 | 0.5 | n/a | n/a |
| Retained Earnings | 10.9 | 12.7 | 15.0 | 16.4 | n/a | n/a |
| Other | 9.5 | 9.5 | 10.0 | 9.8 | n/a | n/a |
| Current Liabilities | 7.9 | 8.2 | 9.9 | 4.5 | n/a | n/a |
| ST Interest Bearing Debt | - | - | - | - | n/a | n/a |
| Trade Payables | 7.6 | 7.8 | 9.3 | 3.1 | n/a | n/a |
| Other | 0.4 | 0.4 | 0.6 | 2.0 | n/a | n/a |
| LT Liabilities | 0.1 | 0.1 | 0.0 | 0.0 | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | n/a | n/a |
| Other | 0.1 | 0.1 | 0.0 | 0.0 | n/a | n/a |
| Total Liabilities & Equity | 29.0 | 31.0 | 35.5 | 31.2 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|------------|------------|------------|------------|------------|-------------|-------------|------------|-------------|-------------|-------------|
| Net Revenues | 5.9 | 7.5 | 9.8 | 9.1 | 7.7 | 11.7 | 12.4 | 8.7 | 11.2 | 12.5 | 12.2 |
| <i>Change y-o-y</i> | 29.5% | -5.4% | 41.9% | 51.3% | 29.9% | 54.9% | 26.0% | -4.3% | 45.1% | 6.8% | -1.4% |
| EBITDA | 0.6 | 0.9 | 1.2 | 1.3 | 0.6 | 1.4 | 1.0 | 0.7 | 0.7 | 1.1 | 1.1 |
| <i>margin, %</i> | 9.4% | 12.0% | 12.1% | 13.8% | 8.2% | 12.2% | 8.2% | 8.3% | 6.6% | 9.0% | 8.8% |
| EBIT | 0.3 | 0.7 | 0.9 | 0.9 | 0.3 | 1.1 | 0.6 | 0.3 | 0.4 | 0.8 | 0.7 |
| <i>margin, %</i> | 5.0% | 8.7% | 8.9% | 10.0% | 4.1% | 9.3% | 5.2% | 3.2% | 3.2% | 6.2% | 6.1% |
| Net Income | 0.2 | 0.5 | 0.6 | 0.5 | 0.1 | 0.9 | 0.4 | 0.3 | 0.3 | 0.5 | 0.5 |
| <i>Net Margin, %</i> | 2.9% | 6.3% | 5.9% | 5.8% | 1.7% | 7.4% | 3.3% | 3.0% | 2.4% | 3.9% | 4.2% |

Kharkiv Tractor

HTZD UZ

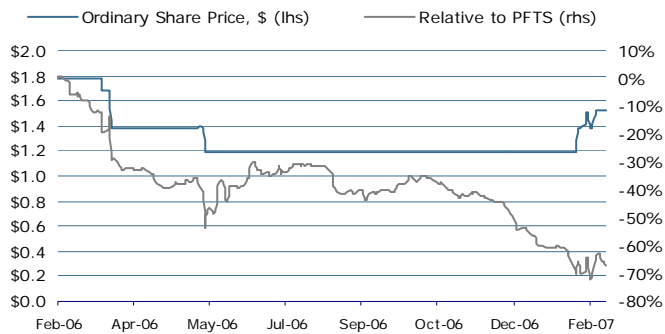
Miscellaneous Manufacturers

<http://www.traktor-plant.kharkov.com>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Kharkiv Tractor is the only producer of general-purpose tractors in Ukraine and the CIS. The company produces agricultural tractors and special-purpose tractors with a capacity of 14-240 h.p., spare parts and more. Currently, the plant produces around 2 ths tractors p.a., while it manufactured up to 50 ths tractors annually during Soviet times.

Its key export markets are Russia, Kazakhstan, Uzbekistan, Lithuania, Moldova, Estonia, Romania, Bulgaria, Hungary, Poland and Mongolia.

In 9M06, the company's net revenues decreased by 13.3% yoy to USD 54.6 mln, EBITDA by 20% to USD 2.3 mln, and EBITDA margin to 4.2% from 4.6% in 9M05.

* PFTS BID Price is used

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

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- 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 | n/a |
| Price impact** | 3 |
| 52 Wk H/L, USD | 1.52 / 1.19 |
| Chg 3m/6m/52w | n/a / n/a / 28% |
| Chg vs PFTS 3m/6m/52w | -43% / -47% / -30% |
| Chg YTD | n/a |
| Avg Mo Tr Vol 6M, USD ths | 16.7 |
| MCap, USD mln | n/a |
| Free float, % | 5.6% |
| FF MCap, USD mln | n/a |
| No of shares, mln | 17.4 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|--------------|-------|
| Uksrib Group | 66.8% |
| State | 27.6% |
| Other | 5.6% |

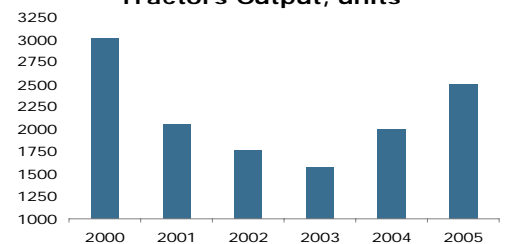
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | n/a | n/a |
| EV/EBITDA | n/a | n/a |
| P/E | n/a | n/a |
| P/B | n/a | n/a |
| P/CF | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | 3% | 4% | n/a |
| Net Margin | -7.2% | -3.8% | n/a |
| ROE | -19% | -10% | n/a |
| Net Debt/Equity | 2.23 | 2.4 | n/a |

Tractors Output, units



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|---------------|---------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 45.9 | 37.5 | 54.9 | 75.3 | 54.6 | n/a | n/a |
| <i>Change y-o-y</i> | - | -18.4% | 46.5% | 37.1% | -13.3% | n/a | n/a |
| Gross Profit | 2.0 | 1.5 | 8.6 | 15.4 | 6.7 | n/a | n/a |
| EBITDA | (4.4) | (4.7) | (1.4) | 2.1 | 2.3 | n/a | n/a |
| <i>margin, %</i> | -9.7% | -12.6% | -2.5% | 2.8% | 4.2% | n/a | n/a |
| Depreciation | (3.3) | (3.4) | (3.5) | (3.4) | (2.6) | n/a | n/a |
| EBIT | (7.8) | (8.1) | (4.8) | (1.3) | (0.3) | n/a | n/a |
| <i>margin, %</i> | -16.9% | -21.6% | -8.8% | -1.7% | -0.5% | n/a | n/a |
| Interest Expense | (3.0) | (2.4) | (3.5) | (5.8) | (1.7) | n/a | n/a |
| Other income/(expense) | 0.6 | (2.8) | (1.4) | 1.7 | (0.1) | n/a | n/a |
| PBT | (10.1) | (13.4) | (9.7) | (5.4) | (2.0) | n/a | n/a |
| Tax | - | - | - | - | (0.0) | n/a | n/a |
| <i>Effective tax rate</i> | 0.0% | 0.0% | 0.0% | 0.0% | -0.3% | n/a | n/a |
| Net Income | (10.1) | (13.3) | (9.7) | (5.4) | (2.1) | n/a | n/a |
| <i>Net Margin, %</i> | -22.0% | -35.6% | -17.7% | -7.2% | -3.8% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|--------------|--------------|------------|------------|
| Current Assets | 36.5 | 35.5 | 41.9 | 64.7 | 56.4 | n/a | n/a |
| Cash & Equivalents | 0.0 | 0.1 | 0.4 | 1.8 | 0.1 | n/a | n/a |
| Trade Receivables | 6.1 | 2.4 | 3.1 | 9.6 | 16.4 | n/a | n/a |
| Inventories | 27.8 | 30.1 | 34.6 | 46.3 | 31.7 | n/a | n/a |
| Other | 2.5 | 2.9 | 3.8 | 6.9 | 8.2 | n/a | n/a |
| Fixed Assets | 58.1 | 55.0 | 52.5 | 53.8 | 53.6 | n/a | n/a |
| PP&E, net | 55.2 | 52.3 | 49.9 | 48.1 | 48.2 | n/a | n/a |
| Other | 3.0 | 2.6 | 2.5 | 5.7 | 5.4 | n/a | n/a |
| Total Assets | 94.6 | 90.5 | 94.4 | 118.6 | 110.0 | n/a | n/a |
| Shareholders' Equity | 49.4 | 35.2 | 29.4 | 27.6 | 25.9 | n/a | n/a |
| Share Capital | 0.8 | 0.8 | 0.8 | 0.9 | 0.9 | n/a | n/a |
| Retained Earnings | - | - | - | (4.5) | (6.5) | n/a | n/a |
| Other | 48.6 | 34.4 | 28.6 | 31.2 | 31.5 | n/a | n/a |
| Current Liabilities | 36.5 | 51.2 | 59.5 | 55.8 | 49.7 | n/a | n/a |
| ST Interest Bearing Debt | 12.8 | 25.9 | 34.0 | 31.6 | 27.5 | n/a | n/a |
| Trade Payables | 12.9 | 9.7 | 13.4 | 10.7 | 10.6 | n/a | n/a |
| Other | 10.7 | 15.6 | 12.1 | 13.5 | 14.5 | n/a | n/a |
| LT Liabilities | 8.7 | 4.1 | 5.5 | 35.2 | 34.4 | n/a | n/a |
| LT Interest Bearing Debt | 6.5 | 2.4 | - | 31.8 | 31.9 | n/a | n/a |
| Other | 2.3 | 1.7 | 5.5 | 3.4 | 2.5 | n/a | n/a |
| Total Liabilities & Equity | 94.6 | 90.5 | 94.4 | 118.6 | 110.0 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Net Revenues | 14.5 | 14.3 | 12.7 | 13.4 | 14.0 | 21.5 | 27.4 | 12.4 | 18.9 | 18.4 | 17.3 |
| <i>Change y-o-y</i> | 60.0% | 52.5% | 40.7% | 34.0% | -3.6% | 50.3% | 115.9% | -7.5% | 34.9% | -14.4% | -37.0% |
| EBITDA | (1.0) | 0.3 | 0.3 | (1.0) | 0.0 | 0.4 | 2.5 | (0.8) | (0.2) | 2.1 | 0.5 |
| <i>margin, %</i> | -6.6% | 1.9% | 2.2% | -7.1% | 0.1% | 2.0% | 8.9% | -6.3% | -1.2% | 11.2% | 2.7% |
| EBIT | (1.8) | (0.6) | (0.6) | (1.8) | (0.8) | (0.4) | 1.6 | (1.6) | (1.1) | 1.2 | (0.4) |
| <i>margin, %</i> | -12.5% | -4.1% | -4.6% | -13.6% | -5.9% | -2.0% | 5.8% | -13.2% | -5.7% | 6.6% | -2.3% |
| Net Income | (2.2) | (1.5) | (1.5) | (4.5) | (0.6) | 0.6 | (0.0) | (5.5) | (2.2) | 0.3 | (0.2) |
| <i>Net Margin, %</i> | -15.3% | -10.4% | -11.9% | -33.6% | -4.1% | 2.7% | 0.0% | -43.9% | -11.7% | 1.9% | -1.2% |

Kryukiv Wagon

KVBZ UZ

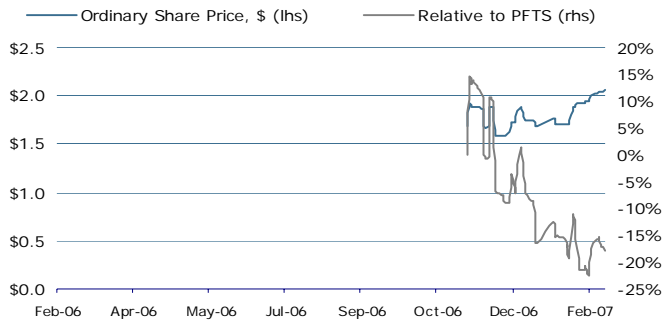
Miscellaneous Manufacturers

<http://www.kvsz.com>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



*listed on PFTS since 7 Nov 2006

BUSINESS OVERVIEW

Kryukiv Wagon is the only producer in Ukraine that makes both passenger and freight wagons. The plant's production capacity is 200 ths passenger and 8 ths freight wagons p.a. Kryukiv Wagon exports around 70% of its output to the CIS and Iran. Ukrzaliznytsya's orders for passenger wagons account for 10% of the company's sales. In 2006, the company reduced production volumes by 27.9% yoy to USD 198 mln. Management explains that the reduction was due to tightening competition and a switch toward the development of a new type of wagon. Kryukiv Wagon produced a total of 4.42 ths wagons of 11 different types in 2006.

The company's reported 9M06 interim results showed a downward trend in its key financials: net revenue reduced by 27.1% yoy to USD 145.1 mln, EBITDA by 33% yoy to USD 20.1 mln, and its net income was down 33% yoy to USD 15.5 mln.

* PFTS MID Price 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 | 2.09 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 2.09 / 1.60 |
| Chg 3m/6m/52w | 11% / n/a / n/a |
| Chg vs PFTS 3m/6m/52w | -32% / -47% / -58% |
| Chg YTD | 22% |
| Avg Mo Tr Vol 6M, USD ths | 37.66 |
| MCap, USD mln | 239.9 |
| Free float, % | 2.0% |
| FF MCap, USD mln | 4.8 |
| No of shares, mln | 114.7 |
| Par Value, UAH | 0.75 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|------------------|-------|
| Severstal Trans | 25.0% |
| TAS Group | 27.0% |
| Physical persons | 14.0% |
| Other | 34.0% |

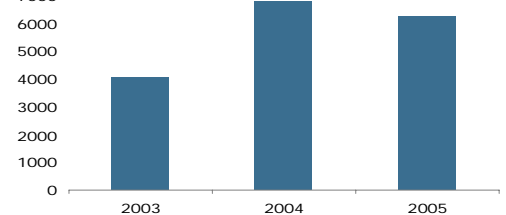
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.0 | 0.9 |
| EV/EBITDA | 7.0 | 6.5 |
| P/E | 11.2 | 10.1 |
| P/B | 2.0 | 1.6 |
| P/CF | 10.5 | 9.5 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 15% | 14% | 14% |
| Net Margin | 11% | 9% | 9% |
| ROE | 41% | 21% | 19% |
| Net Debt/Equity | -0.1 | -0.1 | -0.01 |

Freight Carriages Output, units



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|--------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 64.2 | 165.1 | 249.8 | 272.2 | 145.1 | n/a | n/a |
| <i>Change y-o-y</i> | - | 157.2% | 51.3% | 9.0% | -27.1% | n/a | n/a |
| Gross Profit | 12.4 | 32.2 | 43.0 | 56.8 | 27.3 | n/a | n/a |
| EBITDA | 9.7 | 27.2 | 31.1 | 40.7 | 20.1 | n/a | n/a |
| <i>margin, %</i> | 15.1% | 16.5% | 12.5% | 15.0% | 13.9% | n/a | n/a |
| Depreciation | (1.2) | (1.5) | (1.4) | (1.5) | (1.5) | n/a | n/a |
| EBIT | 8.5 | 25.7 | 29.7 | 39.2 | 18.6 | n/a | n/a |
| <i>margin, %</i> | 13.2% | 15.6% | 11.9% | 14.4% | 12.8% | n/a | n/a |
| Interest Expense | (0.0) | (0.0) | (0.3) | (0.1) | (0.2) | n/a | n/a |
| Other income/(expense) | (1.2) | (1.8) | (1.9) | (0.4) | (1.0) | n/a | n/a |
| PBT | 7.2 | 23.9 | 27.6 | 38.8 | 17.4 | n/a | n/a |
| Tax | (3.3) | (8.1) | (10.5) | (9.7) | (2.0) | n/a | n/a |
| <i>Effective tax rate</i> | 45.8% | 33.8% | 38.2% | 25.1% | 11.2% | n/a | n/a |
| Net Income | 3.9 | 15.8 | 17.0 | 28.9 | 15.5 | n/a | n/a |
| <i>Net Margin, %</i> | 6.1% | 9.6% | 6.8% | 10.6% | 10.7% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 32.3 | 50.3 | 80.2 | 98.1 | 106.9 | n/a | n/a |
| Cash & Equivalents | 0.5 | 3.7 | 7.1 | 11.2 | 5.2 | n/a | n/a |
| Trade Receivables | 5.6 | 3.9 | 9.8 | 17.9 | 20.8 | n/a | n/a |
| Inventories | 19.2 | 29.7 | 40.6 | 50.3 | 61.4 | n/a | n/a |
| Other | 7.1 | 13.0 | 22.6 | 18.7 | 19.5 | n/a | n/a |
| Fixed Assets | 20.6 | 23.0 | 24.5 | 31.5 | 36.1 | n/a | n/a |
| PP&E, net | 15.0 | 15.8 | 19.7 | 26.5 | 29.3 | n/a | n/a |
| Other | 5.6 | 7.1 | 4.8 | 5.0 | 6.7 | n/a | n/a |
| Total Assets | 52.9 | 73.3 | 104.7 | 129.6 | 142.9 | n/a | n/a |
| Shareholders' Equity | 36.3 | 52.2 | 69.7 | 100.6 | 115.8 | n/a | n/a |
| Share Capital | 0.1 | 0.3 | 0.3 | 17.0 | 17.0 | n/a | n/a |
| Retained Earnings | 6.6 | - | 14.1 | 42.2 | 51.9 | n/a | n/a |
| Other | 29.6 | 51.9 | 55.3 | 41.4 | 46.8 | n/a | n/a |
| Current Liabilities | 16.3 | 20.9 | 35.0 | 29.0 | 27.1 | n/a | n/a |
| ST Interest Bearing Debt | 0.8 | - | - | 1.3 | 3.2 | n/a | n/a |
| Trade Payables | 2.7 | 2.6 | 5.7 | 8.4 | 5.2 | n/a | n/a |
| Other | 12.9 | 18.3 | 29.3 | 19.3 | 20.0 | n/a | n/a |
| LT Liabilities | 0.3 | 0.2 | 0.0 | 0.0 | 0.0 | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Other | 0.3 | 0.2 | 0.0 | 0.0 | 0.0 | n/a | n/a |
| Total Liabilities & Equity | 52.9 | 73.3 | 104.7 | 129.6 | 142.9 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net Revenues | 55.6 | 57.7 | 66.1 | 70.4 | 70.0 | 71.3 | 57.8 | 73.1 | 40.0 | 58.5 | 46.6 |
| <i>Change y-o-y</i> | 72.5% | 70.0% | 39.3% | 36.7% | 25.8% | 23.6% | -12.5% | 3.9% | -42.9% | -18.0% | -19.4% |
| EBITDA | 8.3 | 6.3 | 7.6 | 9.0 | 12.9 | 9.8 | 7.4 | 10.7 | 6.0 | 9.1 | 5.1 |
| <i>margin, %</i> | 14.8% | 10.9% | 11.5% | 12.7% | 18.4% | 13.7% | 12.7% | 14.6% | 14.9% | 15.5% | 10.9% |
| EBIT | 7.8 | 5.9 | 7.3 | 8.6 | 12.6 | 9.4 | 7.0 | 10.3 | 5.5 | 8.6 | 4.5 |
| <i>margin, %</i> | 14.1% | 10.3% | 11.1% | 12.3% | 18.0% | 13.2% | 12.0% | 14.0% | 13.8% | 14.7% | 9.7% |
| Net Income | 7.4 | 3.1 | 4.9 | 1.6 | 12.5 | 6.3 | 4.2 | 5.9 | 5.2 | 6.1 | 4.1 |
| <i>Net Margin, %</i> | 13.3% | 5.4% | 7.4% | 2.3% | 17.9% | 8.8% | 7.3% | 8.0% | 13.1% | 10.4% | 8.8% |

Ukrgraphite

UGRA UZ

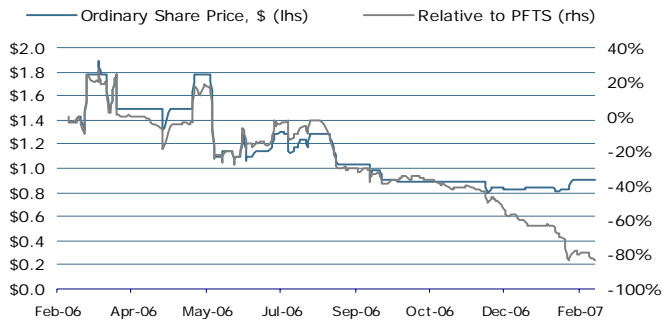
Miscellaneous Manufacturers

<http://www.ukrgrafit.com.ua>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



*listed on PFTS since 14 Feb 2006

BUSINESS OVERVIEW

Ukrgraphite is a leading producer of graphite electrodes (used in electric arc furnaces), carbon paste and carbon-based lining materials for metallurgical, machine-building and chemical industries. Ukrgraphite exports its products to Belgium, Germany, Spain, Hungary, Czech Republic, Slovakia, Poland, Romania, the United States, Brazil, Australia, CIS and Baltic countries, with the latter two accounting for 47% of total sales. Around 45% of the company's sales are made to more than 60 domestic machine-building, chemical and steel plants. In 2006, Ukrgraphite conducted a USD 30 mln share capital increase in order to finance capacity expansion. The company plans to develop cost-cutting measures and further diversify exports. In 9M06 the company posted decrease in sales by 4% yoy to USD 70 mln and a drop in net income from positive USD 5.5 mln in 9M05 to negative USD 0.9 mln in 9M05.

* PFTS MID Price 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 | 0.90 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 1.88 / 0.79 |
| Chg 3m/6m/52w | 2% / -30% / -35% |
| Chg vs PFTS 3m/6m/52w | -41% / -77% / -93% |
| Chg YTD | 12% |
| Avg Mo Tr Vol 6M, USD ths | 50.89 |
| MCap, USD mln | 62.9 |
| Free float, % | 9.0% |
| FF MCap, USD mln | 5.7 |
| No of shares, mln | 69.8 |
| Par Value, UAH | 3.35 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-------|-------|
| SUAL | 91.0% |
| Other | 9.0% |

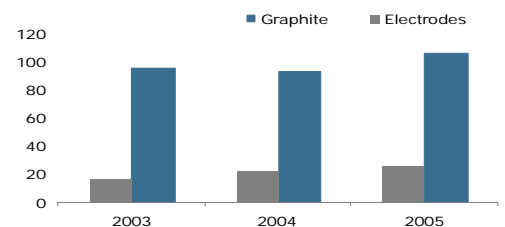
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.4 | n/a |
| EV/EBITDA | 4.8 | n/a |
| P/E | 12.2 | n/a |
| P/B | 1.2 | n/a |
| P/CF | 7.5 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 9% | 9% | n/a |
| Net Margin | 4% | 4% | n/a |
| ROE | 8% | 11% | n/a |
| Net Debt/Equity | 0.0 | -0.03 | n/a |

Output, ths mt



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|-------------|-------------|-------------|--------------|------------|------------|
| Net Revenues | 44.4 | 61.0 | 65.1 | 94.3 | 70.0 | n/a | n/a |
| <i>Change y-o-y</i> | - | 37.4% | 6.8% | 44.8% | -4.4% | n/a | n/a |
| Gross Profit | 6.8 | 11.6 | 13.3 | 18.1 | 11.1 | n/a | n/a |
| EBITDA | 0.5 | 4.1 | 5.7 | 8.7 | 2.2 | n/a | n/a |
| <i>margin, %</i> | 1.2% | 6.7% | 8.8% | 9.3% | 3.1% | n/a | n/a |
| Depreciation | (2.9) | (2.5) | (2.3) | (3.0) | (2.4) | n/a | n/a |
| EBIT | (2.4) | 1.6 | 3.4 | 5.8 | (0.2) | n/a | n/a |
| <i>margin, %</i> | -5.3% | 2.7% | 5.2% | 6.1% | -0.3% | n/a | n/a |
| Interest Expense | (0.4) | (0.1) | (0.0) | (0.0) | (0.0) | n/a | n/a |
| Other income/(expense) | 0.1 | (0.2) | (0.1) | 0.0 | (0.6) | n/a | n/a |
| PBT | (2.7) | 1.3 | 3.3 | 5.8 | (0.8) | n/a | n/a |
| Tax | (0.0) | (0.5) | (1.8) | (2.4) | (0.1) | n/a | n/a |
| <i>Effective tax rate</i> | 0.0% | 39.4% | 53.4% | 40.8% | -7.6% | n/a | n/a |
| Net Income | (2.7) | 0.8 | 1.5 | 3.4 | (0.9) | n/a | n/a |
| <i>Net Margin, %</i> | -6.1% | 1.3% | 2.3% | 3.6% | -1.2% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 31.2 | 28.3 | 33.9 | 39.5 | 43.1 | n/a | n/a |
| Cash & Equivalents | 0.3 | 1.0 | 1.6 | 2.1 | 1.6 | n/a | n/a |
| Trade Receivables | 9.8 | 6.1 | 5.8 | 7.5 | 9.8 | n/a | n/a |
| Inventories | 18.6 | 17.8 | 23.4 | 27.6 | 29.5 | n/a | n/a |
| Other | 2.6 | 3.5 | 3.0 | 2.2 | 2.2 | n/a | n/a |
| Fixed Assets | 31.2 | 31.5 | 33.7 | 41.9 | 39.1 | n/a | n/a |
| PP&E, net | 27.1 | 26.1 | 26.4 | 32.9 | 35.0 | n/a | n/a |
| Other | 4.1 | 5.4 | 7.3 | 9.0 | 4.1 | n/a | n/a |
| Total Assets | 62.4 | 59.8 | 67.5 | 81.4 | 82.2 | n/a | n/a |
| Shareholders' Equity | 28.1 | 37.8 | 43.1 | 48.4 | 74.7 | n/a | n/a |
| Share Capital | 14.1 | 23.3 | 26.9 | 28.3 | 58.1 | n/a | n/a |
| Retained Earnings | (2.7) | 1.0 | 1.8 | 3.1 | (1.0) | n/a | n/a |
| Other | 16.7 | 13.5 | 14.3 | 17.0 | 17.5 | n/a | n/a |
| Current Liabilities | 32.9 | 21.9 | 24.3 | 32.3 | 6.8 | n/a | n/a |
| ST Interest Bearing Debt | 0.9 | - | - | 0.0 | 0.0 | n/a | n/a |
| Trade Payables | 22.8 | 21.0 | 23.0 | 29.9 | 4.9 | n/a | n/a |
| Other | 9.1 | 0.9 | 1.4 | 2.4 | 2.9 | n/a | n/a |
| LT Liabilities | 1.5 | 0.1 | 0.1 | 0.7 | 0.7 | n/a | n/a |
| LT Interest Bearing Debt | 1.3 | - | - | - | - | n/a | n/a |
| Other | 0.2 | 0.1 | 0.1 | 0.7 | 0.7 | n/a | n/a |
| Total Liabilities & Equity | 62.4 | 59.8 | 67.5 | 81.4 | 82.2 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|
| Net Revenues | 15.4 | 16.8 | 16.8 | 16.1 | 23.5 | 25.3 | 24.3 | 21.1 | 19.8 | 24.0 | 26.2 |
| <i>Change y-o-y</i> | 13.3% | 4.1% | 8.5% | 2.2% | 53.2% | 50.4% | 44.7% | 30.9% | -16.1% | -5.2% | 7.7% |
| EBITDA | 1.7 | 1.5 | 2.2 | 0.3 | 4.1 | 3.5 | 1.6 | (0.4) | 0.5 | 0.9 | 0.7 |
| <i>margin, %</i> | 11.4% | 8.9% | 13.3% | 1.6% | 17.4% | 13.6% | 6.6% | -2.1% | 2.7% | 3.9% | 2.7% |
| EBIT | 1.2 | 0.9 | 1.7 | (0.3) | 3.5 | 2.8 | 0.8 | (1.3) | (0.3) | 0.1 | (0.1) |
| <i>margin, %</i> | 7.6% | 5.5% | 9.8% | -2.0% | 14.8% | 11.0% | 3.1% | -6.1% | -1.5% | 0.6% | -0.3% |
| Net Income | 0.9 | 0.7 | 1.3 | (1.4) | 2.8 | 2.1 | 0.7 | (2.1) | (0.7) | (0.0) | (0.2) |
| <i>Net Margin, %</i> | 5.7% | 4.0% | 7.9% | -8.5% | 11.9% | 8.1% | 2.8% | -10.0% | -3.5% | 0.0% | -0.7% |

Kovalska Reinforced Concrete

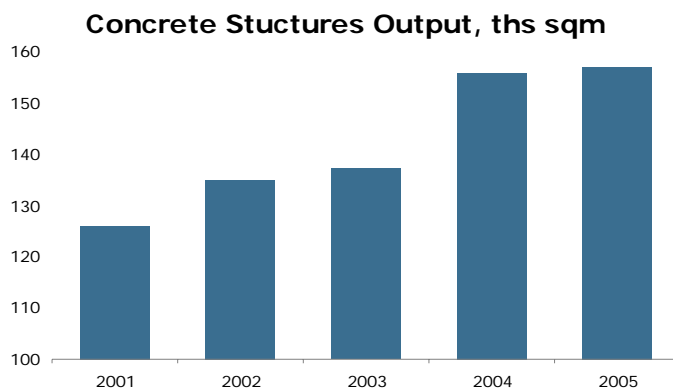
Building Materials

Target Price (USD)
N/R
Upside (%)
n/a

BUSINESS OVERVIEW

Kovalska Reinforced Concrete is currently the largest producer of construction materials in Ukraine and one of the leading producers in Europe. The company manufactures concrete of all types, paving slabs, mortar and other concrete and reinforced concrete products, with 30 types and 300 product titles in total. It also does concrete pouring. All the company's products are ISO 9001:2000 certified. The plant's capacity is 700 ths cm of concrete per year. Kovalska Reinforced Concrete sells 100% of its output domestically. Its main customers are Ukraine's road building monopoly Ukravtodor, railway monopoly Ukrzaliznytsya and city administrations.

In 9M06, Kovalska Reinforced Concrete posted growth in its key financials: net revenues increased by 51% yoy to USD 95.6 mln, EBITDA grew by 28% yoy to USD 5.7 mln and net income showed 30% yoy growth to USD 4.1 mln.



* The stock is not listed on PFTS

** 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 | n/a |
| Price impact** | 3 |
| 52 Wk H/L, USD | n/a |
| Chg 3m/6m/52w | 0.0% |
| Chg vs PFTS 3m/6m/52w | n/a |
| Chg YTD | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |
| MCap, USD mln | n/a |
| Free float, % | 21.8% |
| FF MCap, USD mln | n/a |
| No of shares, mln | 18.3 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|------------|-------|
| Management | 78.2% |
| Other | 21.8% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | n/a | n/a |
| EV/EBITDA | n/a | n/a |
| P/E | n/a | n/a |
| P/B | n/a | n/a |
| P/CF | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 6% | 6% | n/a |
| Net Margin | 4.4% | 4.2% | n/a |
| ROE | 30% | 31% | n/a |
| Net Debt/Equity | -0.4 | -0.5 | n/a |

INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Net Revenues | 30.5 | 52.1 | 68.4 | 89.9 | 63.7 | n/a | n/a |
| <i>Change y-o-y</i> | - | 71.1% | 31.3% | 31.4% | 70.7% | n/a | n/a |
| Gross Profit | 4.7 | 4.8 | 8.9 | 12.2 | 8.9 | n/a | n/a |
| EBITDA | 3.5 | 3.6 | 4.7 | 5.5 | 4.4 | n/a | n/a |
| <i>margin, %</i> | 11.4% | 6.9% | 6.9% | 6.1% | 6.9% | n/a | n/a |
| Depreciation | (0.5) | (0.7) | (0.7) | (0.7) | (0.5) | n/a | n/a |
| EBIT | 2.9 | 2.9 | 4.0 | 4.8 | 3.9 | n/a | n/a |
| <i>margin, %</i> | 9.6% | 5.6% | 5.8% | 5.4% | 6.1% | n/a | n/a |
| Interest Expense | (0.0) | - | - | - | - | n/a | n/a |
| Other income/(expense) | (0.0) | 0.1 | 0.4 | 0.5 | 0.3 | n/a | n/a |
| PBT | 2.9 | 3.0 | 4.3 | 5.3 | 4.2 | n/a | n/a |
| Tax | (0.9) | (1.0) | (1.3) | (1.4) | (1.1) | n/a | n/a |
| <i>Effective tax rate</i> | 29.8% | 33.6% | 29.4% | 25.7% | 25.3% | n/a | n/a |
| Net Income | 2.1 | 2.0 | 3.1 | 4.0 | 3.1 | n/a | n/a |
| <i>Net Margin, %</i> | 6.7% | 3.9% | 4.5% | 4.4% | 4.9% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 6.0 | 8.1 | 11.0 | 14.9 | 13.7 | n/a | n/a |
| Cash & Equivalents | 2.2 | 3.5 | 3.6 | 7.5 | 5.7 | n/a | n/a |
| Trade Receivables | 1.2 | 2.5 | 3.3 | 4.4 | 5.1 | n/a | n/a |
| Inventories | 2.1 | 1.1 | 1.0 | 1.6 | 1.5 | n/a | n/a |
| Other | 0.4 | 0.9 | 3.1 | 1.3 | 1.4 | n/a | n/a |
| Fixed Assets | 5.3 | 6.0 | 6.1 | 9.3 | 9.3 | n/a | n/a |
| PP&E, net | 4.2 | 4.3 | 4.5 | 7.6 | 7.6 | n/a | n/a |
| Other | 1.2 | 1.7 | 1.6 | 1.7 | 1.7 | n/a | n/a |
| Total Assets | 11.3 | 14.1 | 17.2 | 24.2 | 23.0 | n/a | n/a |
| Shareholders' Equity | 8.3 | 10.4 | 13.0 | 17.3 | 16.5 | n/a | n/a |
| Share Capital | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | n/a | n/a |
| Retained Earnings | 3.7 | 5.6 | 8.2 | 5.4 | 4.6 | n/a | n/a |
| Other | 4.5 | 4.5 | 4.5 | 11.6 | 11.6 | n/a | n/a |
| Current Liabilities | 2.9 | 3.7 | 4.2 | 5.5 | 6.5 | n/a | n/a |
| ST Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Trade Payables | 2.2 | 2.2 | 1.5 | 2.5 | 3.0 | n/a | n/a |
| Other | 0.8 | 1.5 | 2.6 | 3.0 | 4.8 | n/a | n/a |
| LT Liabilities | - | - | - | 1.4 | - | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | 1.4 | - | n/a | n/a |
| Other | - | - | - | - | - | n/a | n/a |
| Total Liabilities & Equity | 11.3 | 14.1 | 17.2 | 24.2 | 23.0 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net Revenues | 13.5 | 3.9 | 19.9 | 31.1 | 13.3 | 22.4 | 28.0 | 26.2 | 20.8 | 33.1 | 41.7 |
| <i>Change y-o-y</i> | 48.9% | -70.2% | 33.3% | 109.1% | -1.3% | 468.7% | 40.5% | -15.8% | 56.8% | 47.4% | 49.0% |
| EBITDA | 1.0 | 0.5 | 1.4 | 1.9 | 0.9 | 1.6 | 1.9 | 1.1 | 1.2 | 1.9 | 2.5 |
| <i>margin, %</i> | 7.1% | 11.6% | 6.9% | 6.1% | 6.5% | 7.3% | 6.9% | 4.2% | 5.7% | 5.9% | 6.1% |
| EBIT | 0.8 | 0.4 | 1.1 | 1.7 | 0.7 | 1.5 | 1.7 | 0.9 | 0.8 | 1.6 | 2.2 |
| <i>margin, %</i> | 6.0% | 10.4% | 5.4% | 5.4% | 5.2% | 6.5% | 6.2% | 3.5% | 3.9% | 4.8% | 5.3% |
| Net Income | 0.6 | 0.3 | 0.6 | 1.5 | 0.6 | 1.1 | 1.4 | 0.8 | 0.8 | 1.4 | 1.9 |
| <i>Net Margin, %</i> | 4.7% | 8.7% | 3.1% | 4.7% | 4.6% | 5.0% | 5.0% | 3.2% | 3.8% | 4.2% | 4.5% |

Kramatorsk Cement Pushka

KRCS UZ

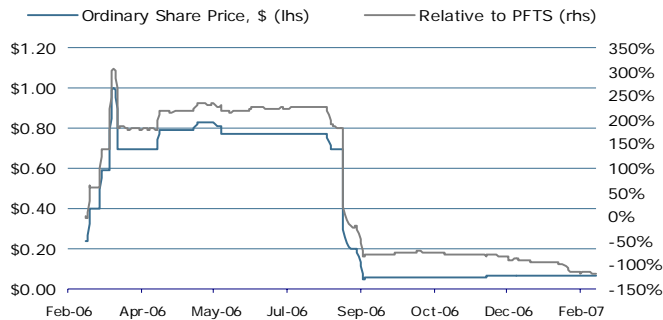
Building Materials

<http://www.eurocem.ru>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



*listed on PFTS since 17 Feb 2006

BUSINESS OVERVIEW

Kramatorsk Cement Pushka (KRCS) is among the top ten producers of cement in Ukraine and is the largest slate producer in the country. The company has a natural resource base of high quality clay and chalk, which ensures a competitive advantage in specialized cements.

The plant's main domestic customers are industrial enterprises in Donetsk, Luhansk, Zaporizhyya, Kharkiv, Sumy and Dnipropetrovsk regions. The company exports its products to CIS countries and Eastern Europe. Exports to Moldova, Hungary and Romania account for 15% of total sales.

In 2005, the company certified 4 types of cement by European quality ISO-9000-9004 international standards. Pushka along with OJSC Baltsem is a part of Eurocement Group Ukraine (a daughter enterprise of the Eurocement Group, Russia that unites 15 plants).

The company's annual capacity is 580 ths mt of cement, 400 ths mt of clinker and 300 mln slates. In 2006 Pushka cut cement production by 8.3% yoy to 604 ths mt, still having worked above its full capacity.

In 9M06 it posted sales growth of 15% yoy to USD 23.1 mln and decreased net income by 45% yoy to USD 0.5 mln.

UPCOMING EVENTS

17 Feb 2006 AGM

* PFTS BID Price 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 | 0.07 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.99 / 0.05 |
| Chg 3m/6m/52w | 17% / -90% / -71% |
| Chg vs PFTS 3m/6m/52w | -26% / -137% / -130% |
| Chg YTD | 9% |
| Avg Mo Tr Vol 6M, USD ths | 15.6 |
| MCap, USD mln | 26.1 |
| Free float, % | 4.2% |
| FF MCap, USD mln | 1.1 |
| No of shares, mln | 376.7 |
| Par Value, UAH | 0.01 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|------------------|-------|
| Eurocement Group | 90.1% |
| Other | 9.9% |

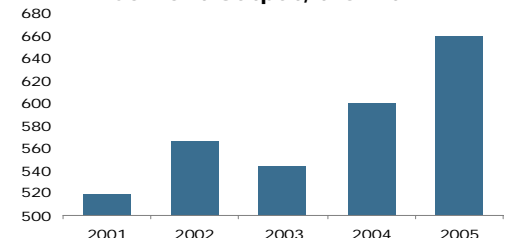
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.8 | n/a |
| EV/EBITDA | 10.9 | n/a |
| P/E | 37.1 | n/a |
| P/B | 2.3 | n/a |
| P/CF | 20.6 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | 8% | 7% | n/a |
| Net Margin | 4.1% | 2.3% | n/a |
| ROE | 12% | 7% | n/a |
| Net Debt/Equity | -0.04 | -0.08 | n/a |

Cement Output, ths mt



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Net Revenues | 19.0 | 21.9 | 23.0 | 26.6 | 23.1 | n/a | n/a |
| <i>Change y-o-y</i> | - | 14.8% | 5.4% | 15.5% | 14.8% | n/a | n/a |
| Gross Profit | 3.6 | 3.8 | 6.2 | 7.0 | 5.3 | n/a | n/a |
| EBITDA | 0.9 | 1.6 | 3.2 | 2.1 | 1.7 | n/a | n/a |
| <i>margin, %</i> | 4.5% | 7.5% | 14.0% | 7.8% | 7.5% | n/a | n/a |
| Depreciation | (0.5) | (0.5) | (0.5) | (0.6) | (0.4) | n/a | n/a |
| EBIT | 0.3 | 1.1 | 2.7 | 1.4 | 1.3 | n/a | n/a |
| <i>margin, %</i> | 1.7% | 5.2% | 11.8% | 5.4% | 5.7% | n/a | n/a |
| Interest Expense | (0.1) | (0.1) | (0.0) | (0.0) | - | n/a | n/a |
| Other income/(expense) | - | 0.1 | 0.1 | 0.0 | (0.0) | n/a | n/a |
| PBT | 0.2 | 1.1 | 2.8 | 1.4 | 1.3 | n/a | n/a |
| Tax | (0.1) | (0.3) | (0.7) | (0.4) | (0.8) | n/a | n/a |
| <i>Effective tax rate</i> | 29.9% | 29.8% | 25.0% | 24.5% | 58.7% | n/a | n/a |
| Net Income | 0.2 | 0.8 | 2.1 | 1.1 | 0.5 | n/a | n/a |
| <i>Net Margin, %</i> | 0.8% | 3.5% | 9.1% | 4.1% | 2.3% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 7.2 | 7.6 | 5.4 | 6.6 | 7.3 | n/a | n/a |
| Cash & Equivalents | 0.1 | 0.3 | 0.3 | 0.4 | 0.9 | n/a | n/a |
| Trade Receivables | 0.8 | 0.8 | 1.0 | 1.6 | 1.6 | n/a | n/a |
| Inventories | 4.2 | 2.6 | 2.8 | 3.4 | 3.2 | n/a | n/a |
| Other | 2.1 | 4.0 | 1.3 | 1.2 | 1.5 | n/a | n/a |
| Fixed Assets | 5.6 | 6.0 | 7.3 | 8.5 | 8.0 | n/a | n/a |
| PP&E, net | 5.2 | 5.6 | 4.6 | 4.6 | 4.4 | n/a | n/a |
| Other | 0.4 | 0.4 | 2.6 | 3.9 | 3.6 | n/a | n/a |
| Total Assets | 12.9 | 13.6 | 12.7 | 15.1 | 15.2 | n/a | n/a |
| Shareholders' Equity | 6.3 | 7.1 | 9.2 | 10.7 | 11.3 | n/a | n/a |
| Share Capital | 0.1 | 0.1 | 0.1 | 0.1 | 0.8 | n/a | n/a |
| Retained Earnings | 0.7 | 1.4 | 3.5 | 4.8 | 4.6 | n/a | n/a |
| Other | 5.6 | 5.6 | 5.6 | 5.8 | 5.9 | n/a | n/a |
| Current Liabilities | 6.4 | 6.2 | 2.7 | 3.6 | 3.1 | n/a | n/a |
| ST Interest Bearing Debt | 1.3 | 2.2 | - | - | - | n/a | n/a |
| Trade Payables | 4.8 | 3.2 | 1.8 | 2.5 | 1.4 | n/a | n/a |
| Other | 0.3 | 0.8 | 0.9 | 1.1 | 2.3 | n/a | n/a |
| LT Liabilities | 0.1 | 0.3 | 0.8 | 0.8 | 0.8 | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Other | 0.1 | 0.3 | 0.8 | 0.8 | 0.8 | n/a | n/a |
| Total Liabilities & Equity | 12.9 | 13.6 | 12.7 | 15.1 | 15.2 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|------------|------------|------------|--------------|------------|------------|--------------|--------------|------------|------------|
| Net Revenues | 4.8 | 6.8 | 6.2 | 5.2 | 4.7 | 7.6 | 7.8 | 6.5 | 4.3 | 9.3 | 9.4 |
| <i>Change y-o-y</i> | 107.6% | 16.8% | -25.2% | -3.4% | -1.0% | 11.1% | 25.7% | 24.2% | -7.5% | 22.6% | 20.8% |
| EBITDA | (0.1) | 1.3 | 1.4 | 0.7 | (0.3) | 1.4 | 1.0 | (0.1) | (0.4) | 1.0 | 1.1 |
| <i>margin, %</i> | -2.0% | 19.0% | 21.8% | 13.0% | -5.5% | 18.6% | 13.0% | -1.3% | -8.1% | 11.0% | 11.3% |
| EBIT | (0.2) | 1.2 | 1.2 | 0.5 | (0.4) | 1.2 | 0.9 | (0.2) | (0.5) | 0.9 | 0.9 |
| <i>margin, %</i> | -4.9% | 17.2% | 19.9% | 10.3% | -8.7% | 16.4% | 10.9% | -3.7% | -11.4% | 9.5% | 9.8% |
| Net Income | (0.3) | 0.8 | 0.6 | 1.0 | (0.6) | 0.8 | 0.7 | 0.1 | (0.5) | 0.5 | 0.5 |
| <i>Net Margin, %</i> | -5.8% | 11.7% | 10.0% | 18.2% | -13.2% | 10.9% | 9.6% | 2.1% | -11.7% | 5.9% | 5.2% |

Zaliv

SZLV UZ

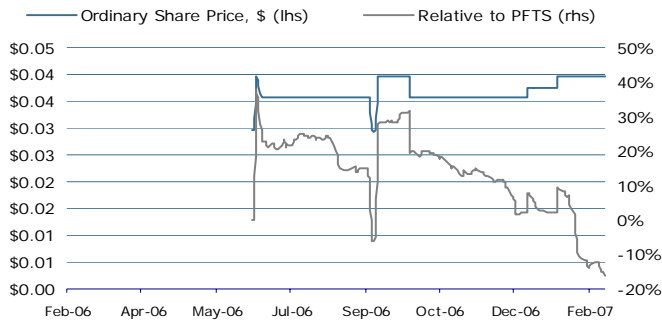
Shipbuilding

<http://zaliv.com>

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



*listed on PFTS since 8 Jun 2006

BUSINESS OVERVIEW

Zaliv shipyard is a leading producer of large-capacity vessels in Ukraine, specializing in the construction of tankers, small-size container-ships and offshore oil and gas drilling platforms. The company is located in Crimea, on the coast of the Kerchensky strait, between Black and Azov sea at the territory of over 260 ha.

It is able to produce vessels with a capacity of up to 150,000 deadweight mt. The company's management plans to switch from currently producing ship hulls to complete vessels, stating that Zaliv's technical potential allows for it.

Zaliv exports more than 80% of its output to European countries, including Spain, the Netherlands, Greece and Romania, while domestic demand for the company's ships is still low. The company boasts having filled its order book for 2007, enjoying strong foreign demand for merchant ships.

In 2006, the company increased its charter fund by USD 20 mln to USD 45.55 mln. In 9M06 Zaliv posted a 35.8% yoy decrease in net revenues, a negative EBITDA of USD 0.5 mln, down from zero in 9M05 and an unchanged net income of USD 2.1 mln.

* PFTS BID Price is used

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- 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 | 0.04 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.04 / 0.03 |
| Chg 3m/6m/52w | 11% / 11% / n/a |
| Chg vs PFTS 3m/6m/52w | -32% / -36% / -58% |
| Chg YTD | 0% |
| Avg Mo Tr Vol 6M, USD ths | 2.0 |
| MCap, USD mln | 36.4 |
| Free float, % | 13.1% |
| FF MCap, USD mln | n/a |
| No of shares, mln | 920.2 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|------------------|-------|
| Finance & Credit | 86.9% |
| Other | 13.1% |

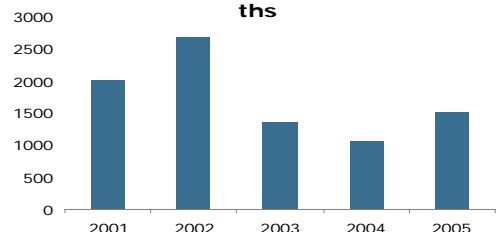
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|--------|-------|
| EV/Sales | 5.4 | n/a |
| EV/EBITDA | -109.8 | n/a |
| P/E | -12.8 | n/a |
| P/B | 1.1 | n/a |
| P/CF | -22.8 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | -7% | -5% | n/a |
| Net Margin | -10% | -21% | n/a |
| ROE | -7% | -8% | n/a |
| Net Debt/Equity | 0.477 | 1.2 | n/a |

Ship Repair Services, USD ths



INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 12.1 | 9.0 | 21.0 | 10.4 | n/a | n/a |
| <i>Change y-o-y</i> | - | -25.6% | 133.5% | -35.8% | n/a | n/a |
| Gross Profit | 2.9 | 2.9 | 0.6 | 1.8 | n/a | n/a |
| EBITDA | 1.2 | 0.4 | (1.4) | (0.5) | n/a | n/a |
| <i>margin, %</i> | 10.1% | 4.3% | -6.7% | -4.9% | n/a | n/a |
| Depreciation | (0.7) | (0.9) | (1.2) | (0.9) | n/a | n/a |
| EBIT | 0.5 | (0.6) | (2.6) | (1.4) | n/a | n/a |
| <i>margin, %</i> | 4.1% | -6.3% | -12.4% | -13.9% | n/a | n/a |
| Interest Expense | (1.0) | (1.3) | (1.5) | (0.9) | n/a | n/a |
| Other income/(expense) | (0.5) | 0.2 | 0.2 | 0.2 | n/a | n/a |
| PBT | (1.0) | (1.7) | (3.9) | (2.1) | n/a | n/a |
| Tax | - | - | - | - | n/a | n/a |
| <i>Effective tax rate</i> | 0.0% | 0.0% | 0.0% | 0.0% | n/a | n/a |
| Net Income | (1.0) | (1.7) | (3.9) | (2.1) | n/a | n/a |
| <i>Net Margin, %</i> | -8.4% | -18.9% | -18.7% | -20.6% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|--------------|------------|------------|
| Current Assets | 14.6 | 19.1 | 21.2 | 44.9 | n/a | n/a |
| Cash & Equivalents | 1.6 | 0.2 | 3.8 | 0.9 | n/a | n/a |
| Trade Receivables | 0.4 | 0.2 | 4.1 | 0.2 | n/a | n/a |
| Inventories | 9.3 | 15.6 | 9.1 | 17.4 | n/a | n/a |
| Other | 3.3 | 3.1 | 4.2 | 26.4 | n/a | n/a |
| Fixed Assets | 37.0 | 39.0 | 47.6 | 66.8 | n/a | n/a |
| PP&E, net | 35.2 | 38.6 | 47.2 | 46.8 | n/a | n/a |
| Other | 1.9 | 0.4 | 0.4 | 20.0 | n/a | n/a |
| Total Assets | 51.7 | 58.0 | 68.8 | 111.7 | n/a | n/a |
| Shareholders' Equity | 30.8 | 31.3 | 35.5 | 33.4 | n/a | n/a |
| Share Capital | 0.2 | 24.5 | 25.8 | 25.8 | n/a | n/a |
| Retained Earnings | (2.4) | (4.0) | (8.2) | (10.1) | n/a | n/a |
| Other | 33.0 | 10.9 | 17.9 | 17.8 | n/a | n/a |
| Current Liabilities | 20.6 | 26.7 | 19.1 | 64.1 | n/a | n/a |
| ST Interest Bearing Debt | 6.8 | 11.6 | 6.5 | 24.6 | n/a | n/a |
| Trade Payables | 2.4 | 1.0 | 1.4 | 0.8 | n/a | n/a |
| Other | 11.5 | 14.1 | 11.2 | 39.2 | n/a | n/a |
| LT Liabilities | 0.2 | - | 14.2 | 14.3 | n/a | n/a |
| LT Interest Bearing Debt | - | - | 14.2 | 14.2 | n/a | n/a |
| Other | 0.2 | - | - | 0.0 | n/a | n/a |
| Total Liabilities & Equity | 51.7 | 58.0 | 68.8 | 111.7 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 0.3 | 0.5 | 15.3 | 4.9 | 0.9 | 3.3 | 6.1 |
| <i>Change y-o-y</i> | N/M | N/M | N/M | N/M | 181.4% | 514.2% | -59.9% |
| EBITDA | 0.0 | 0.5 | (0.5) | (1.4) | (0.2) | (0.1) | (0.2) |
| <i>margin, %</i> | 6.3% | 89.1% | -3.2% | -29.1% | -20.6% | -3.9% | -3.1% |
| EBIT | (0.2) | 0.2 | (0.8) | (1.7) | (0.5) | (0.4) | (0.5) |
| <i>margin, %</i> | -74.0% | 34.2% | -5.3% | -35.7% | -52.7% | -13.3% | -8.2% |
| Net Income | (0.7) | (0.4) | (1.1) | (1.8) | (0.5) | (0.5) | (1.1) |
| <i>Net Margin, %</i> | -200.1% | -68.6% | -7.3% | -36.4% | -58.3% | -14.4% | -18.1% |

Motor Sich

MSICH UZ

Aerospace

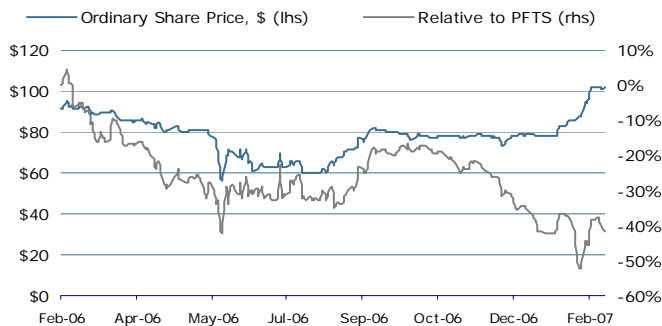
<http://www.motorsich.com>

Target Price (USD) **115.0**
Upside **9%**

INVESTMENT CASE

- Announced integration with the design bureau Progress, which if implemented will boost efficiency
- Certification of the AN-148 regional jet expected in February 2007 will set in motion 41 signed production contracts
- JV with Volga-Dniper should restart production of the AN-124 Ruslan, the world's largest cargo plane
- Clear signs from management about an upcoming IPO for 3-5% of its shares

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Motor Sich is one of the world's largest producers of aircraft and helicopter engines and the only one in Ukraine. The company's product mix consists of up to 50 different types of aircraft engines for small and mid-sized planes, along with engines for the world's largest aircraft, Mriya and Ruslan. Motor Sich also manufactures non-aircraft related products which account for 13-17% of its sales. Motor Sich exports more than 80% of its total output, most of which goes to Russia, China and Iran.

Motor Sich and the Zaporizhia-based Progress engineering design bureau intend to found the Oleksandr Ivchenko Corporation in 2007. It is estimated that this merger will enable the companies to increase capitalization and strengthen their position on the world market. In addition, Motor Sich is being eyed by Russian Oboronprom for acquisition. Motor Sich announced plans to conduct an IPO of 3-5% of its shares in 2Q07.

The company's 9M06 financials posted a decrease in net revenue by 7.4% yoy to USD 136.2 mln, a reduction in EBITDA by 22% yoy to USD 19.4 mln and a decrease in net income by 93% yoy to USD 0.4 mln.

UPCOMING EVENTS

22 Mar 2007 AGM

* PFTS MID Price 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 | 105.6 |
| Price impact** | 2 |
| 52 Wk H/L, USD | 106 / 56 |
| Chg 3m/6m/52w | 35% / 66% / 16% |
| Chg vs PFTS 3m/6m/52w | -8% / 19% / -42% |
| Chg YTD | 26% |
| Avg Mo Tr Vol 6M, USD ths | 870.67 |
| MCap, USD mln | 219.5 |
| Free float, % | 12.1% |
| FF MCap, USD mln | 26.6 |
| No of shares, mln | 2.1 |
| Par Value, UAH | 135.0 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

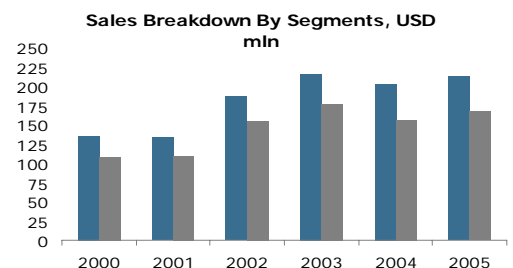
| | |
|------------------|-------|
| Garant Invest | 46.2% |
| Treasury Stock | 15.7% |
| Physical persons | 15.0% |
| Other | 23.1% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.2 | 1.4 |
| EV/EBITDA | 6.5 | 9.4 |
| P/E | 22.7 | 24.1 |
| P/B | 0.8 | 0.8 |
| P/CF | 8.1 | 8.5 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 19% | 15% | 16% |
| Net Margin | 5% | 4% | 5% |
| ROE | 4% | 3% | 4% |
| Net Debt/Equity | 0.2 | 0.2 | 0.2 |



INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 216.7 | 203.7 | 213.2 | 136.2 | n/a | n/a |
| <i>Change y-o-y</i> | - | -6.0% | 4.7% | -7.4% | n/a | n/a |
| Gross Profit | 106.4 | 90.3 | 89.0 | 55.7 | n/a | n/a |
| EBITDA | 43.3 | 31.5 | 40.3 | 19.4 | n/a | n/a |
| <i>margin, %</i> | 20.0% | 15.4% | 18.9% | 14.3% | n/a | n/a |
| Depreciation | (16.4) | (16.5) | (17.6) | (12.6) | n/a | n/a |
| EBIT | 27.0 | 14.9 | 22.7 | 6.8 | n/a | n/a |
| <i>margin, %</i> | 12.4% | 7.3% | 10.6% | 5.0% | n/a | n/a |
| Interest Expense | (3.8) | (3.7) | (4.9) | (5.0) | n/a | n/a |
| Other income/(expense) | 8.5 | 2.0 | (0.8) | (0.0) | n/a | n/a |
| PBT | 31.6 | 13.3 | 17.0 | 1.7 | n/a | n/a |
| Tax | (9.6) | (3.1) | (7.1) | (1.4) | n/a | n/a |
| <i>Effective tax rate</i> | 30.3% | 23.7% | 41.9% | 78.6% | n/a | n/a |
| Net Income | 22.1 | 10.0 | 9.8 | 0.4 | n/a | n/a |
| <i>Net Margin, %</i> | 10.2% | 4.9% | 4.6% | 0.3% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 174.3 | 176.3 | 203.4 | 236.7 | n/a | n/a |
| Cash & Equivalents | 10.5 | 9.1 | 14.3 | 6.8 | n/a | n/a |
| Trade Receivables | 20.8 | 11.4 | 22.2 | 23.0 | n/a | n/a |
| Inventories | 115.4 | 126.1 | 140.2 | 172.2 | n/a | n/a |
| Other | 27.6 | 29.7 | 26.7 | 34.7 | n/a | n/a |
| Fixed Assets | 172.4 | 186.4 | 204.0 | 206.5 | n/a | n/a |
| PP&E, net | 113.7 | 121.7 | 139.3 | 137.2 | n/a | n/a |
| Other | 58.6 | 64.8 | 64.7 | 69.3 | n/a | n/a |
| Total Assets | 346.6 | 362.7 | 407.4 | 443.3 | n/a | n/a |
| Shareholders' Equity | 235.6 | 246.2 | 268.0 | 269.2 | n/a | n/a |
| Share Capital | 50.0 | 50.1 | 52.6 | 52.6 | n/a | n/a |
| Retained Earnings | 54.4 | 64.2 | 76.6 | 77.5 | n/a | n/a |
| Other | 131.1 | 131.9 | 138.8 | 139.1 | n/a | n/a |
| Current Liabilities | 102.9 | 109.0 | 128.3 | 163.0 | n/a | n/a |
| ST Interest Bearing Debt | 25.3 | 38.5 | 56.1 | 72.4 | n/a | n/a |
| Trade Payables | 40.2 | 34.0 | 28.7 | 22.6 | n/a | n/a |
| Other | 37.4 | 36.6 | 43.6 | 73.9 | n/a | n/a |
| LT Liabilities | 8.2 | 7.5 | 11.0 | 11.1 | n/a | n/a |
| LT Interest Bearing Debt | 0.6 | 0.2 | - | - | n/a | n/a |
| Other | 7.6 | 7.3 | 11.0 | 11.1 | n/a | n/a |
| Total Liabilities & Equity | 346.6 | 362.7 | 407.4 | 443.3 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|--------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|--------------|
| Net Revenues | 45.3 | 42.7 | 47.4 | 68.2 | 46.5 | 39.7 | 60.9 | 66.1 | 37.9 | 43.1 | 55.2 |
| <i>Change y-o-y</i> | 46.0% | -13.5% | -24.6% | -6.9% | 2.7% | -7.1% | 28.4% | -3.2% | -18.5% | 8.4% | -9.3% |
| EBITDA | 9.1 | 6.5 | 3.8 | 12.1 | 4.8 | 5.8 | 14.4 | 15.3 | 5.9 | 5.6 | 8.0 |
| <i>margin, %</i> | 20.1% | 15.1% | 8.1% | 17.7% | 10.4% | 14.5% | 23.6% | 23.2% | 15.5% | 12.9% | 14.5% |
| EBIT | 5.2 | 2.6 | (0.5) | 7.7 | 1.3 | 2.2 | 7.9 | 11.3 | 1.8 | 1.5 | 3.6 |
| <i>margin, %</i> | 11.4% | 6.0% | -1.0% | 11.3% | 2.8% | 5.5% | 13.0% | 17.1% | 4.6% | 3.5% | 6.4% |
| Net Income | 3.0 | 2.6 | (2.3) | 6.7 | 0.4 | (0.3) | 5.4 | 4.3 | 0.1 | 0.4 | (0.1) |
| <i>Net Margin, %</i> | 6.6% | 6.2% | -4.9% | 9.8% | 0.8% | -0.8% | 8.9% | 6.5% | 0.4% | 0.9% | -0.3% |

UTILITIES

Electric

Centrenerg
Cherkasyoblenergo
Chernihivoblenergo
Chernivtsioblenergo
Dniproenergo
Dniprooblenergo
Donbasenergo
Donetskoblenergo
Energougol
Kharkivoblenergo
Khersonoblenergo
Khmelnitskoblenergo
Kirovogradoblenergo
Krymenergo
Kyivenergo
Lvivoblenergo
Odessaoblenergo
Poltavaoblenergo
Prykarpatooblenergo
Sevastopolenergo
Sumyoblenergo
Ternopiloblenergo
Vinnitsaoblenergo
Volynoblenergo
Vostokenergo
Zakarpatooblenergo
Zakhidenergo
Zaporizhiaoblenergo
Zhytomiroblenergo

Gas

DnipropetrovskGaz
DonetskoblGaz
Ivano-FrankivskGaz
KharkivGaz
KhmelnitskGaz
KyivoblGaz
LuhanskGaz
LvivGaz
OdessaGaz
PoltavaGaz
ZhytomirGaz

Centrenerg

CEEN UZ

Electric

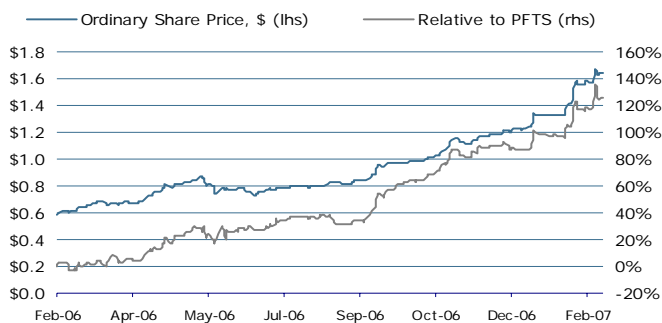
<http://www.centrenerg.com>

Target Price (USD) 1.40
Upside -15%

INVESTMENT CASE

- Improved efficiency and capacity load due to the reconstruction of a 300 MW power unit in 2005, further reconstruction is ahead
- Lower risk of bankruptcy after the company wrote off USD 37 mln in current debt in 3Q06
- Gas-fueled capacity of 3,000 MW (40% of total) is unused due to high gas prices
- 18.3% of the company might be privatized in 2007

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Centrenerg (CEEN) is the largest thermal power generation company in terms of total installed capacity. The company operates three power plants located in northern and eastern Ukraine: Uglegorsk TPP in Donetsk region, Zmiiv TPP in Kharkiv region and Trypillia TPP in Kyiv region. Centrenerg operates 23 power units with a total capacity of 8.55 GW, 5.55 coal-fueled and 3.0 gas-and-oil-fueled. The latter group has not been in operation since 2004 due to relatively high gas prices. In 2005, a 300 MW power unit at Zmiiv TPP was reconstructed, which allowed the company to increase its profitability and competitiveness on the wholesale market. The company's electricity output grew 16% in 2006 to 14.11 TWh. In 9M06, Centrenerg reported sales growth of 38% yoy, its EBITDA margin advanced to 9.8%. Temporary differences caused by large income taxes led its income margin to drop to -7%. The government might privatize 18.3% of the company in 2007.

MARKET INFORMATION

| | |
|---------------------------|------------------|
| Market price*, USD | 1.65 |
| Price impact** | : |
| 52 Wk H/L, USD | 1.68 / 0.51 |
| Chg 3m/6m/52w | 47% / 98% / 178% |
| Chg vs PFTS 3m/6m/52w | 4% / 50% / 119% |
| Chg YTD | 23% |
| Avg Mo Tr Vol 6M, USD ths | 2179.91 |
| MCap, USD mln | 604.4 |
| Free float, % | 21.7% |
| FF MCap, USD mln | 131.1 |
| No of shares, mln | 369.4 |
| Par Value, UAH | 1.1 |
| XETRA | DBC |
| DR Ratio | 1:11 |
| Avg Mo Tr Vol 6M, USD ths | 263.5 |

STOCK OWNERSHIP

| | |
|--------|-------|
| NC ECU | 87.3% |
| Other | 21.7% |

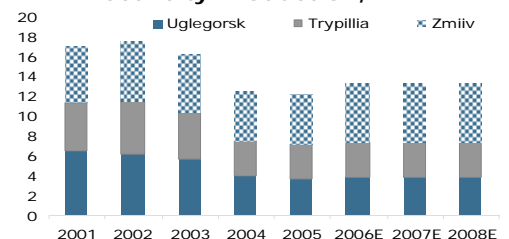
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.1 | 1.0 |
| EV/EBITDA | 15.5 | 12.9 |
| P/E | 62.4 | 48.0 |
| P/B | 1.4 | 1.4 |
| P/CF | 16.7 | 15.5 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 10% | 8% | 9% |
| Net Margin | 3% | 2% | 2% |
| ROE | 3% | 2% | 13% |
| Net Debt/Equity | 0.26 | 0.29 | 0.31 |

Electricity Production, TWh



* PFTS MID Price 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)

INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------|---------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 346.4 | 307.6 | 380.5 | 570.2 | 639.2 | 698.0 |
| <i>Change y-o-y</i> | - | -11.2% | 23.7% | 49.5% | 12.1% | 9.2% |
| Gross Profit | 55.5 | 51.9 | 62.9 | 75.3 | 85.7 | 96.3 |
| EBITDA | 23.3 | 38.7 | 38.3 | 46.8 | 58.1 | 67.1 |
| <i>margin, %</i> | 6.7% | 12.6% | 10.1% | 8.2% | 9.1% | 9.6% |
| Depreciation | (26.0) | (24.1) | (24.1) | (23.9) | (27.0) | (33.6) |
| EBIT | (2.7) | 14.6 | 14.1 | 22.9 | 31.1 | 33.5 |
| <i>margin, %</i> | -0.8% | 4.7% | 3.7% | 4.0% | 4.9% | 4.8% |
| Interest Expense | (10.3) | (8.9) | (9.2) | (9.4) | (19.5) | (34.4) |
| Other income/(expense) | (7.1) | (4.5) | 14.7 | - | - | - |
| PBT | (20.1) | 1.2 | 19.6 | 13.5 | 11.6 | (0.9) |
| Tax | - | (7.6) | (7.7) | (5.2) | (2.9) | (5.5) |
| <i>Effective tax rate</i> | 0.0% | 655.4% | 39.4% | 25.0% | 25.0% | 25.0% |
| Net Income | (20.1) | (6.4) | 12.1 | 10.1 | 12.7 | 16.6 |
| <i>Net Margin, %</i> | -5.8% | -2.1% | 3.2% | 1.8% | 2.0% | 2.4% |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|----------------|----------------|
| Current Assets | 406.5 | 380.0 | 374.1 | 394.8 | 390.9 | 399.5 |
| Cash & Equivalents | 3.5 | 7.9 | 2.4 | 5.8 | 6.6 | 7.3 |
| Trade Receivables | 331.4 | 325.6 | 319.0 | 316.7 | 303.6 | 303.6 |
| Inventories | 54.6 | 30.8 | 37.4 | 72.2 | 80.6 | 88.5 |
| Other | 17.0 | 15.7 | 15.3 | 20.4 | 23.1 | 25.7 |
| Fixed Assets | 535.7 | 514.0 | 511.9 | 520.6 | 683.6 | 890.0 |
| PP&E, net | 459.7 | 440.6 | 498.8 | 484.7 | 566.9 | 746.3 |
| Other | 76.0 | 73.4 | 13.1 | 35.9 | 116.7 | 143.7 |
| Total Assets | 942.2 | 894.0 | 886.0 | 915.5 | 1 074.5 | 1 289.5 |
| Shareholders' Equity | 403.1 | 393.7 | 415.9 | 423.8 | 447.7 | 476.3 |
| Share Capital | 90.1 | 90.5 | 95.1 | 90.1 | 90.1 | 90.1 |
| Retained Earnings | (99.0) | (110.1) | (102.9) | (97.8) | (90.6) | (75.1) |
| Other | 412.0 | 413.2 | 423.7 | 431.5 | 448.2 | 461.3 |
| Current Liabilities | 349.7 | 311.8 | 317.4 | 247.4 | 235.9 | 243.1 |
| ST Interest Bearing Debt | 29.3 | 27.9 | 36.2 | 32.1 | 27.3 | 27.9 |
| Trade Payables | 238.9 | 196.4 | 198.4 | 126.7 | 121.5 | 125.6 |
| Other | 81.4 | 87.4 | 82.9 | 88.7 | 87.1 | 89.6 |
| LT Liabilities | 189.5 | 188.6 | 152.7 | 244.2 | 390.9 | 570.2 |
| LT Interest Bearing Debt | 90.0 | 89.6 | 72.8 | 96.2 | 250.9 | 440.2 |
| Other | 99.4 | 98.9 | 79.8 | 148.0 | 140.0 | 130.0 |
| Total Liabilities & Equity | 942.2 | 894.0 | 886.0 | 915.5 | 1 074.5 | 1 289.5 |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|-------------|---------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Net Revenues | 76.0 | 66.4 | 115.3 | 49.8 | 80.5 | 78.0 | 109.0 | 113.0 | 144.5 | 106.1 | 125.3 |
| <i>Change y-o-y</i> | -33.8% | 9.3% | 41.5% | -44.1% | 5.9% | 17.5% | -5.5% | 126.7% | 79.5% | 36.0% | 14.9% |
| EBITDA | 4.8 | 9.4 | 5.7 | 18.7 | 9.7 | 4.3 | 21.5 | 2.7 | 24.0 | 8.5 | 12.2 |
| <i>margin, %</i> | 6.3% | 14.1% | 5.0% | 37.6% | 12.0% | 5.5% | 19.8% | 2.4% | 16.6% | 8.0% | 9.8% |
| EBIT | (1.3) | 3.2 | (1.7) | 14.3 | 4.0 | (1.6) | 15.2 | (3.5) | 17.5 | 1.8 | 5.6 |
| <i>margin, %</i> | -1.7% | 4.9% | -1.5% | 28.8% | 5.0% | -2.0% | 13.9% | -3.1% | 12.1% | 1.7% | 4.5% |
| Net Income | (0.7) | 0.7 | (13.2) | 6.7 | (1.2) | 3.1 | 13.4 | (3.2) | 9.3 | (0.1) | (36.8) |
| <i>Net Margin, %</i> | -0.9% | 1.1% | -11.4% | 13.4% | -1.5% | 3.9% | 12.3% | -2.8% | 6.4% | -0.1% | -29.3% |

Cherkasyoblenergo

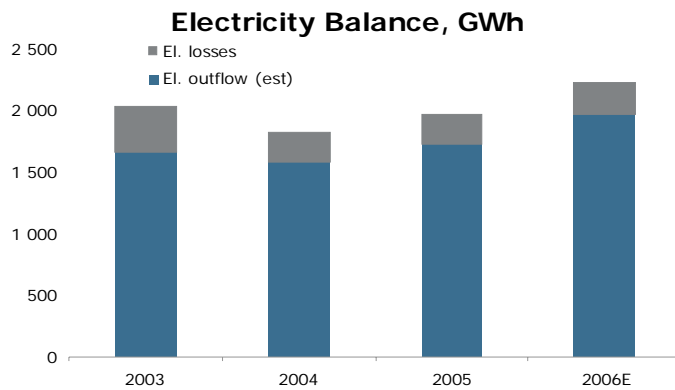
CHON UZ

Electric

Target Price (USD)
N/R
Upside (%)
n/a

BUSINESS OVERVIEW

Cherkasyoblenergo (CHON) is an electricity distribution and supply company providing services to the central Cherkasy region (area 20,900 km²; population 1.39 mln). The company owns a 38,500 km transmission grid with a transformer capacity of 3.8 GVA. The company's main customers are chemical enterprises in Cherkasy. The company is controlled by state, which owns only 46% of shares. Other large holders are the state company UkrEsCo (25%) and offshore companies related to Energy Standard. The government might privatize 6% of the company in 2007. The company's operating results are among the lowest in Ukraine. The company supplied 1.82 TWh of electricity in 2006. In 9M06 the company posted growth in sales by 38% yoy to USD 60.8 mln, no change in EBITDA at USD 7.3 mln, and a drop in net income by 48% to USD 1.8 mln.



**** 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 | n/a |
| Price impact** | 3 |
| 52 Wk H/L, USD | n/a |
| Chg 3m/6m/52w | n/a |
| Chg vs PFTS 3m/6m/52w | n/a |
| Chg YTD | |
| Avg Mo Tr Vol 6M, USD ths | n/a |
| MCap, USD mln | n/a |
| Free float, % | 2.3% |
| FF MCap, USD mln | n/a |
| No of shares, mln | 148.4 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|---------|-------|
| NC ECU | 46.0% |
| UkrEsCo | 25.0% |
| Other | 29.0% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | n/a | n/a |
| EV/EBITDA | n/a | n/a |
| P/E | n/a | n/a |
| P/B | n/a | n/a |
| P/CF | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | 13% | 11% | 11% |
| Net Margin | 5% | 5% | 5% |
| ROE | 47% | 27% | 26% |
| Net Debt/Equity | -0.09 | -0.1 | -0.04 |

INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|-------------|-------------|------------|------------|
| Net Revenues | 22.5 | 57.8 | 68.7 | 60.8 | n/a | n/a |
| <i>Change y-o-y</i> | - | 156.3% | 18.9% | 38.2% | n/a | n/a |
| Gross Profit | 11.2 | 12.4 | 11.7 | 12.9 | n/a | n/a |
| EBITDA | 2.2 | (1.5) | 9.2 | 7.3 | n/a | n/a |
| <i>margin, %</i> | 9.7% | -2.5% | 13.4% | 12.1% | n/a | n/a |
| Depreciation | (3.3) | (3.6) | (4.0) | (3.1) | n/a | n/a |
| EBIT | (1.1) | (5.1) | 5.2 | 4.2 | n/a | n/a |
| <i>margin, %</i> | -5.0% | -8.8% | 7.6% | 6.9% | n/a | n/a |
| Interest Expense | (0.0) | - | - | (0.0) | n/a | n/a |
| Other income/(expense) | (0.3) | (0.0) | 0.0 | (0.3) | n/a | n/a |
| PBT | (1.4) | (5.1) | 5.2 | 3.9 | n/a | n/a |
| Tax | (1.4) | (1.6) | (1.7) | (2.1) | n/a | n/a |
| <i>Effective tax rate</i> | -96.4% | -31.4% | 31.9% | 52.9% | n/a | n/a |
| Net Income | (2.8) | (6.7) | 3.6 | 1.8 | n/a | n/a |
| <i>Net Margin, %</i> | -12.2% | -11.6% | 5.2% | 3.0% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 21.1 | 14.6 | 13.6 | 11.2 | n/a | n/a |
| Cash & Equivalents | 1.3 | 1.0 | 1.5 | 0.7 | n/a | n/a |
| Trade Receivables | 14.1 | 9.4 | 8.4 | 6.3 | n/a | n/a |
| Inventories | 1.4 | 1.2 | 1.3 | 1.8 | n/a | n/a |
| Other | 4.3 | 2.9 | 2.4 | 2.4 | n/a | n/a |
| Fixed Assets | 39.2 | 41.3 | 50.8 | 52.1 | n/a | n/a |
| PP&E, net | 36.0 | 38.2 | 45.6 | 45.5 | n/a | n/a |
| Other | 3.2 | 3.2 | 5.2 | 6.6 | n/a | n/a |
| Total Assets | 60.3 | 55.9 | 64.4 | 63.4 | n/a | n/a |
| Shareholders' Equity | 14.2 | 7.6 | 17.0 | 18.4 | n/a | n/a |
| Share Capital | 7.0 | 7.0 | 7.3 | 7.3 | n/a | n/a |
| Retained Earnings | (43.4) | (50.3) | (49.6) | (48.2) | n/a | n/a |
| Other | 50.6 | 50.9 | 59.3 | 59.3 | n/a | n/a |
| Current Liabilities | 46.0 | 48.2 | 47.1 | 44.6 | n/a | n/a |
| ST Interest Bearing Debt | - | - | - | - | n/a | n/a |
| Trade Payables | 40.8 | 36.8 | 34.5 | 27.9 | n/a | n/a |
| Other | 5.2 | 11.4 | 12.6 | 18.2 | n/a | n/a |
| LT Liabilities | 0.2 | 0.2 | 0.4 | 0.3 | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | n/a | n/a |
| Other | 0.2 | 0.2 | 0.4 | 0.3 | n/a | n/a |
| Total Liabilities & Equity | 60.3 | 55.9 | 64.4 | 63.4 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|
| Net Revenues | 15.8 | 13.9 | 14.3 | 24.7 | 26.5 | 17.2 | 17.1 |
| <i>Change y-o-y</i> | N/M | N/M | N/M | N/M | 67.4% | 23.8% | 19.8% |
| EBITDA | 3.0 | 2.0 | 2.3 | 1.9 | 0.2 | 4.1 | 3.0 |
| <i>margin, %</i> | 19.0% | 14.8% | 15.9% | 7.5% | 0.8% | 23.9% | 17.7% |
| EBIT | 2.2 | 1.1 | 1.3 | 0.7 | (0.8) | 3.0 | 2.0 |
| <i>margin, %</i> | 14.0% | 7.7% | 8.9% | 2.6% | -3.0% | 17.7% | 11.4% |
| Net Income | 1.6 | 0.8 | 1.1 | 0.0 | (1.6) | 2.0 | 1.4 |
| <i>Net Margin, %</i> | 10.1% | 5.7% | 8.0% | 0.1% | -6.0% | 11.6% | 8.5% |

Chernihivoblenergo

CHEON UZ

Electric

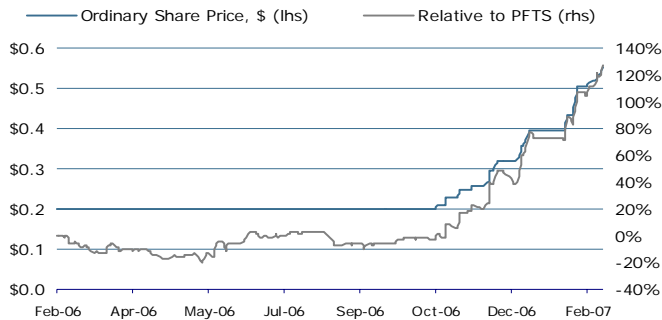
<http://www.chernigivoblenergo.com.ua>

Target Price (USD) 0.51
Upside -8.0%

INVESTMENT CASE

- No overdue debt to the wholesale energy market
- Among the top GenCos by operating performance
- The wholesale energy market does not recognize its debt write-offs
- Conflicts between the two main shareholders; privatization of a 25%+1 stake expected in 2007 is likely to lead to a resolution of the conflict
- Free float is very limited as involved parties have tried to concentrate shares

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Chernihivoblenergo (CHEON) is an electricity distribution and supply company, providing services to northern Chernihiv region (area 31,900 km²; population 1.2 mln). Its main consumers are Chernigiv Khimvolokno and the Gnidensk Natural Gas Processing Plant. Industrial users account for 38.6% of the company's power supplies, while residential and agricultural users consume 25.8% and 16.2%, respectively. Two rival business groups, Energy Standard and Privat, control 40% of the company's shares, which implies a long corporate conflict. Nevertheless, risks related to this conflict are over-estimated; the company is operated by skilled management and is among the most efficient in the market. We believe that the company is among a group of Oblenergos that are best predisposed to see short-term value growth if tariff policies change. The conflict might be solved in 2007 if the state decides to privatize its 25% stake. In 2007, Chernihivoblenergo intends to spend near USD 5.4 mln on modernization. The company supplied 1.54 TWh of electricity in 2006.

In 9M06 Chernihivoblenergo posted sales growth of 32% yoy to USD 52.7 mln and a 94% yoy decline in net loss to USD 0.04 mln.

* PFTS BID Price is used

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- 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 | 0.55 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.55 / 0.20 |
| Chg 3m/6m/52w | 122% / 177% / 180% |
| Chg vs PFTS 3m/6m/52w | 79% / 130% / 122% |
| Chg YTD | 40% |
| Avg Mo Tr Vol 6M, USD ths | 8.4 |
| MCap, USD mln | 66.2 |
| Free float, % | 9.9% |
| FF MCap, USD mln | 6.5 |
| No of shares, mln | 119.3 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-------------|-------|
| NC ECU | 25.0% |
| EnSt/Privat | 40.0% |
| Privat | 25.1% |
| Other | 9.9% |

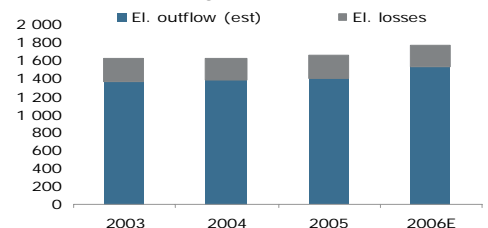
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.0 | 0.8 |
| EV/EBITDA | 9.7 | 7.8 |
| P/E | N/M | 30.2 |
| P/B | 2.1 | 2.0 |
| P/CF | 13.4 | 9.3 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 9% | 11% | 11% |
| Net Margin | -4% | 0% | 2% |
| ROE | -6% | 0% | 7% |
| Net Debt/Equity | 0.27 | 0.3 | 0.3 |

Electricity Balance, GWh



INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 63.0 | 57.1 | 56.4 | 52.7 | n/a | n/a |
| <i>Change y-o-y</i> | - | -9.3% | -1.2% | 32.2% | n/a | n/a |
| Gross Profit | 7.7 | 8.1 | 6.9 | 6.6 | n/a | n/a |
| EBITDA | 5.8 | 5.6 | 4.9 | 5.0 | n/a | n/a |
| <i>margin, %</i> | 9.2% | 9.7% | 8.8% | 9.5% | n/a | n/a |
| Depreciation | (4.1) | (4.6) | (5.5) | (3.7) | n/a | n/a |
| EBIT | 1.7 | 0.9 | (0.6) | 1.3 | n/a | n/a |
| <i>margin, %</i> | 2.7% | 1.7% | -1.0% | 2.5% | n/a | n/a |
| Interest Expense | (1.2) | (1.5) | (1.9) | (1.3) | n/a | n/a |
| Other income/(expense) | 0.2 | (0.2) | 0.5 | 0.0 | n/a | n/a |
| PBT | 0.8 | (0.7) | (2.0) | (0.0) | n/a | n/a |
| Tax | (0.8) | (0.2) | - | (0.0) | n/a | n/a |
| <i>Effective tax rate</i> | 100.4% | -29.4% | 0.0% | -71.8% | n/a | n/a |
| Net Income | (0.0) | (0.9) | (2.0) | (0.0) | n/a | n/a |
| <i>Net Margin, %</i> | 0.0% | -1.6% | -3.5% | -0.1% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 8.2 | 8.0 | 4.6 | 5.4 | n/a | n/a |
| Cash & Equivalents | 0.2 | 0.1 | 0.1 | 0.3 | n/a | n/a |
| Trade Receivables | 3.3 | 2.1 | 1.5 | 1.8 | n/a | n/a |
| Inventories | 2.7 | 4.4 | 2.0 | 1.9 | n/a | n/a |
| Other | 2.1 | 1.4 | 1.1 | 1.4 | n/a | n/a |
| Fixed Assets | 41.7 | 40.6 | 42.5 | 42.1 | n/a | n/a |
| PP&E, net | 36.0 | 36.2 | 39.1 | 38.8 | n/a | n/a |
| Other | 5.6 | 4.4 | 3.4 | 3.3 | n/a | n/a |
| Total Assets | 49.9 | 48.6 | 47.1 | 47.4 | n/a | n/a |
| Shareholders' Equity | 32.5 | 31.7 | 31.4 | 31.4 | n/a | n/a |
| Share Capital | 5.6 | 5.6 | 5.9 | 5.9 | n/a | n/a |
| Retained Earnings | (10.5) | (11.5) | (14.0) | (14.0) | n/a | n/a |
| Other | 37.4 | 37.6 | 39.5 | 39.5 | n/a | n/a |
| Current Liabilities | 8.9 | 11.1 | 11.4 | 11.8 | n/a | n/a |
| ST Interest Bearing Debt | 4.2 | 5.2 | 5.5 | 5.6 | n/a | n/a |
| Trade Payables | 2.9 | 3.3 | 1.8 | 1.6 | n/a | n/a |
| Other | 1.7 | 2.6 | 4.1 | 5.4 | n/a | n/a |
| LT Liabilities | 8.6 | 5.7 | 4.3 | 4.3 | n/a | n/a |
| LT Interest Bearing Debt | - | 4.4 | 3.0 | 3.1 | n/a | n/a |
| Other | 8.6 | 1.3 | 1.2 | 1.2 | n/a | n/a |
| Total Liabilities & Equity | 49.9 | 48.6 | 47.1 | 47.4 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|-------------|--------------|--------------|-------------|--------------|--------------|--------------|-------------|--------------|--------------|
| Net Revenues | 13.8 | 14.9 | 14.6 | 13.8 | 14.5 | 12.4 | 13.0 | 16.6 | 18.8 | 16.5 | 17.4 |
| <i>Change y-o-y</i> | -10.2% | 39.9% | -13.9% | -31.0% | 5.1% | -16.9% | -10.9% | 19.7% | 29.6% | 32.8% | 34.4% |
| EBITDA | 1.3 | 1.6 | 1.2 | 1.5 | 2.5 | 0.9 | 1.1 | 0.5 | 1.9 | 1.5 | 1.5 |
| <i>margin, %</i> | 9.2% | 10.8% | 8.2% | 10.7% | 17.0% | 7.0% | 8.4% | 3.2% | 10.2% | 9.4% | 8.9% |
| EBIT | 0.3 | 0.6 | (0.1) | 0.2 | 1.2 | (0.5) | (0.4) | (0.8) | 0.8 | 0.1 | 0.3 |
| <i>margin, %</i> | 2.1% | 3.8% | -0.4% | 1.1% | 8.2% | -4.0% | -3.2% | -5.1% | 4.4% | 0.9% | 1.9% |
| Net Income | (0.2) | 0.0 | (0.5) | (0.2) | 0.7 | (0.8) | (0.9) | (1.0) | 0.3 | (0.3) | (0.1) |
| <i>Net Margin, %</i> | -1.6% | 0.2% | -3.5% | -1.4% | 5.0% | -6.6% | -6.6% | -6.2% | 1.8% | -1.7% | -0.5% |

Chernivtsioblenergo

CHEN UZ

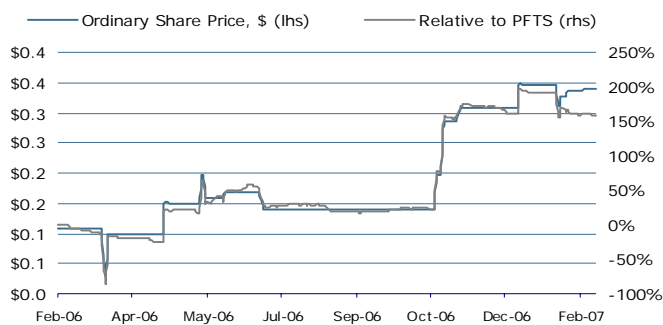
Electric

Target Price (USD) 0.45
Upside 33%

INVESTMENT CASE

- Suffers from inefficient management
- Privatization should be the main trigger for value growth

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Chernivtsioblenergo (CHEN) is an electricity distribution and supply company providing services to the western region of Chernivtsi (area 8,100 km²; population 0.91 mln). The company owns a 17,300 km transmission grid with a 1.44 GVA transformer capacity. Residential users account for around 58.1% of the company's total power supplies; industrial users – 23.3% and agricultural companies and the railway sector together consume 6.2%. The company's main consumers are the water supply company Chernivtsyvodokanal, rubber and shoe manufacturer Rosma, machine-building plant Mashzavod, Lviv Railways, Chernivtsi trolleybus administration and the Bukovinka confectionary company. Due to multiple problems inside the company and considerable capital restrictions, a change in the tariff policy won't bring about sharp profitability growth. The government might privatize 10% of the company in 2007. Chernivtsioblenergo supplied 0.96 TWh of electricity in 2006.

In 2006 sales are expected to grow by 32% yoy to USD 43.3 mln and EBITDA to grow by 14% yoy to USD 2.4 mln.

* PFTS BID Price 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 | 0.34 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.35 / 0.03 |
| Chg 3m/6m/52w | 10% / 144% / 211% |
| Chg vs PFTS 3m/6m/52w | -32% / 97% / 153% |
| Chg YTD | 9% |
| Avg Mo Tr Vol 6M, USD ths | 104.2 |
| MCap, USD mln | 19.2 |
| Free float, % | 8.0% |
| FF MCap, USD mln | 1.5 |
| No of shares, mln | 56.8 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-----------|-------|
| NC ECU | 70.0% |
| VS Energy | 22.0% |
| Other | 8.0% |

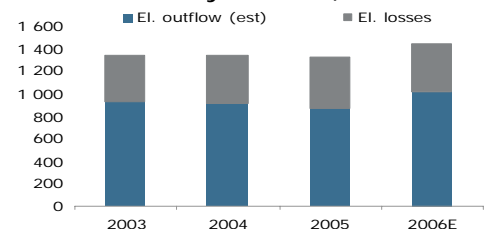
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.4 | 0.4 |
| EV/EBITDA | 8.0 | 7.4 |
| P/E | 14.9 | 17.8 |
| P/B | 2.1 | 1.9 |
| P/CF | 6.4 | 6.8 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 6% | 6% | 6% |
| Net Margin | 0% | 3% | 2% |
| ROE | 2% | 17% | 12% |
| Net Debt/Equity | 0.05 | 0.0 | 0.0 |

Electricity Balance, GWh



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|--------------|--------------|-------------|-------------|------------|------------|
| Net Revenues | 25.7 | 11.6 | 29.7 | 32.7 | 29.1 | n/a | n/a |
| <i>Change y-o-y</i> | - | -54.9% | 156.1% | 10.2% | 29.1% | n/a | n/a |
| Gross Profit | 1.9 | 8.0 | 2.0 | (1.6) | 2.6 | n/a | n/a |
| EBITDA | 1.0 | 1.0 | (1.4) | 2.1 | 1.9 | n/a | n/a |
| <i>margin, %</i> | 4.0% | 8.3% | -4.6% | 6.4% | 6.4% | n/a | n/a |
| Depreciation | (1.0) | (1.0) | (1.0) | (1.8) | (1.3) | n/a | n/a |
| EBIT | 0.0 | (0.0) | (2.4) | 0.3 | 0.5 | n/a | n/a |
| <i>margin, %</i> | 0.1% | -0.3% | -8.1% | 0.9% | 1.9% | n/a | n/a |
| Interest Expense | (0.1) | (0.0) | (0.0) | (0.0) | (0.1) | n/a | n/a |
| Other income/(expense) | 0.1 | 0.1 | 0.2 | 0.1 | 0.0 | n/a | n/a |
| PBT | 0.1 | 0.0 | (2.3) | 0.4 | 0.5 | n/a | n/a |
| Tax | - | (0.0) | (0.2) | (0.3) | (0.4) | n/a | n/a |
| <i>Effective tax rate</i> | 0.0% | 12.0% | -8.5% | 64.3% | 80.6% | n/a | n/a |
| Net Income | 0.0 | 0.0 | (2.5) | 0.2 | 0.1 | n/a | n/a |
| <i>Net Margin, %</i> | 0.1% | 0.3% | -8.3% | 0.5% | 0.4% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 37.2 | 41.2 | 42.7 | 49.0 | 47.0 | n/a | n/a |
| Cash & Equivalents | 1.1 | 2.3 | 0.5 | 0.2 | 0.3 | n/a | n/a |
| Trade Receivables | 32.4 | 36.3 | 38.6 | 44.2 | 41.9 | n/a | n/a |
| Inventories | 0.8 | 0.8 | 1.1 | 1.1 | 1.1 | n/a | n/a |
| Other | 2.9 | 1.8 | 2.5 | 3.5 | 3.7 | n/a | n/a |
| Fixed Assets | 15.6 | 15.2 | 14.6 | 16.5 | 18.0 | n/a | n/a |
| PP&E, net | 15.3 | 14.9 | 14.2 | 15.7 | 17.1 | n/a | n/a |
| Other | 0.3 | 0.2 | 0.4 | 0.8 | 0.8 | n/a | n/a |
| Total Assets | 52.8 | 56.3 | 57.3 | 65.5 | 64.9 | n/a | n/a |
| Shareholders' Equity | 9.9 | 10.1 | 7.2 | 7.7 | 9.6 | n/a | n/a |
| Share Capital | 2.7 | 2.7 | 2.7 | 2.8 | 2.8 | n/a | n/a |
| Retained Earnings | (10.5) | (10.5) | (13.1) | (13.5) | (13.4) | n/a | n/a |
| Other | 17.8 | 18.0 | 17.5 | 18.4 | 20.2 | n/a | n/a |
| Current Liabilities | 42.9 | 46.2 | 50.1 | 57.8 | 55.0 | n/a | n/a |
| ST Interest Bearing Debt | 0.5 | - | - | 0.6 | 0.1 | n/a | n/a |
| Trade Payables | 40.4 | 43.4 | 47.2 | 53.5 | 51.5 | n/a | n/a |
| Other | 2.1 | 2.8 | 2.9 | 3.7 | 3.8 | n/a | n/a |
| LT Liabilities | - | - | - | - | 0.3 | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Other | - | - | - | - | 0.3 | n/a | n/a |
| Total Liabilities & Equity | 52.8 | 56.3 | 57.3 | 65.5 | 64.9 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|------------|--------------|--------------|--------------|--------------|------------|------------|-------------|-------------|------------|------------|
| Net Revenues | 3.9 | 2.4 | 15.8 | 7.6 | 8.2 | 7.0 | 7.3 | 10.1 | 11.8 | 8.7 | 8.6 |
| <i>Change y-o-y</i> | -55.6% | -180.3% | 605.8% | 112.9% | 111.4% | 192.4% | -53.7% | 33.0% | 43.7% | 23.8% | 17.6% |
| EBITDA | 0.6 | (0.1) | (0.1) | (1.8) | (1.3) | 0.5 | 0.3 | 2.6 | 0.4 | 0.6 | 0.8 |
| <i>margin, %</i> | 14.9% | -2.2% | -0.5% | -24.0% | -16.1% | 7.3% | 4.1% | 25.7% | 3.6% | 7.3% | 9.2% |
| EBIT | 0.3 | (0.3) | (0.3) | (2.1) | (1.6) | 0.2 | 0.0 | 1.7 | 0.0 | 0.3 | 0.2 |
| <i>margin, %</i> | 8.6% | -12.4% | -2.1% | -27.6% | -19.4% | 3.5% | 0.1% | 16.3% | 0.0% | 3.7% | 2.6% |
| Net Income | 0.4 | (0.3) | (0.4) | (2.1) | (2.0) | 0.2 | 0.5 | 1.5 | 0.0 | 0.1 | 0.0 |
| <i>Net Margin, %</i> | 9.4% | -10.5% | -2.8% | -27.9% | -24.1% | 2.5% | 7.1% | 14.3% | 0.0% | 1.0% | 0.2% |

Dniproenergo

DNEN UZ

Electric

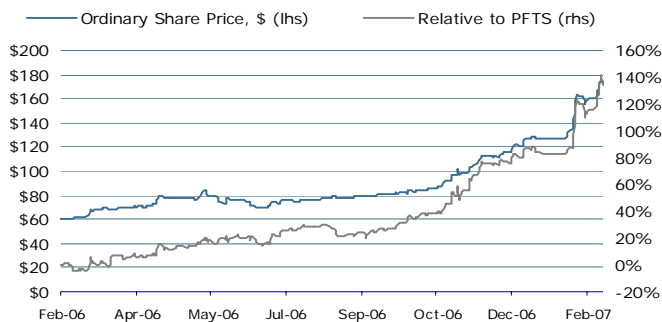
<http://www.dniproenergo.ua>

Target Price (USD) 134.40
Upside -23%

INVESTMENT CASE

- Gas-fueled capacity of 2,400 MW is unused due to high gas prices
- Might finish its financial recovery process soon; already offset USD 90 mln in payables in 3Q06. Risk of bankruptcy is decreasing
- Margins decreased in 2006 due to a lag between fuel price growth and a corresponding adjustment in tariffs. In 2007 its margins are expected to return to their 2005 level
- 16% of the company might be privatized in 2007

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Dniproenergo (DNEN) is the largest power generation company in terms of installed coal-fueled capacity (5.76 GW) and second-largest in terms of total capacity (8.16 GW). The company operates three power plants located in Zaporizhyya and Dnipropetrovsk regions. The generator is the most fuel efficient traded GenCo. Nevertheless, its advantage is expected to shrink in the long-term as it has the least ambitious equipment modernization plans of all GenCos. Dniproenergo operates 25 generating units with a capacity ranging from 150 MW to 800 MW. Three 800 MW power units at its Zaporizhyya power plant are gas-fueled and have not been in operation since 2004 due to relatively high gas prices. The company's electricity output grew by 13% yoy in 2006 to 14.89 TWh.

In 9M06 Dniproenergo posted sales growth of 48% yoy to USD 379.6 mln and a declining net loss by 94% yoy to USD 0.7 mln. The company is likely to finish its financial recovery process in 2007, as most of its debts payable have been restructured or reconciled in the third and fourth quarters last year. The government might privatize 16% of the company in 2007.

MARKET INFORMATION

| | |
|---------------------------|-------------------|
| Market price*, USD | 175.25 |
| Price impact** | 2 |
| 52 Wk H/L, USD | 177 / 59 |
| Chg 3m/6m/52w | 69% / 124% / 199% |
| Chg vs PFTS 3m/6m/52w | 27% / 77% / 141% |
| Chg YTD | 37% |
| Avg Mo Tr Vol 6M, USD ths | 1860.66 |
| MCap, USD mln | 687.7 |
| Free float, % | 24.0% |
| FF MCap, USD mln | 165.0 |
| No of shares, mln | 3.9 |
| Par Value, UAH | 25.0 |
| XETRA | DPG |
| DR Ratio | 4:1 |
| Avg Mo Tr Vol 6M, USD ths | 19.0 |

STOCK OWNERSHIP

| | |
|--------|-------|
| NC ECU | 76.0% |
| Other | 24.0% |

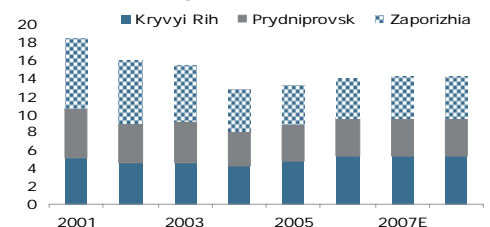
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.2 | 1.0 |
| EV/EBITDA | 12.1 | 10.7 |
| P/E | 39.9 | 34.2 |
| P/B | 7.9 | 6.1 |
| P/CF | 14.2 | 13.4 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 16% | 11% | 11% |
| Net Margin | 1.2% | 2.9% | 3.0% |
| ROE | 8% | 25% | 23% |
| Net Debt/Equity | 0.8 | 0.7 | 0.6 |

Electricity Production, TWh



* PFTS MID Price 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)

INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|------------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 340.7 | 335.2 | 326.9 | 406.9 | 585.3 | 673.9 | 735.8 |
| Change y-o-y | - | -1.6% | -2.5% | 24.5% | 43.4% | 15.1% | 9.2% |
| Gross Profit | 71.4 | 51.5 | 61.8 | 68.7 | 81.9 | 94.3 | 110.2 |
| EBITDA | 28.1 | 142.8 | 49.4 | 65.8 | 61.5 | 70.8 | 84.7 |
| margin, % | 8.3% | 42.6% | 15.1% | 16.2% | 10.5% | 10.5% | 11.5% |
| Depreciation | (36.3) | (36.8) | (35.1) | (37.8) | (31.3) | (32.1) | (33.3) |
| EBIT | (8.1) | 105.9 | 14.2 | 27.9 | 30.1 | 38.7 | 51.4 |
| margin, % | -2.4% | 31.6% | 4.4% | 6.9% | 5.2% | 5.7% | 7.0% |
| Interest Expense | (2.4) | (3.7) | (1.7) | (1.9) | (5.6) | (9.3) | (12.5) |
| Other income/(expense) | (1.2) | (0.4) | (1.0) | (0.3) | - | - | - |
| PBT | (11.7) | 101.8 | 11.6 | 25.7 | 23.0 | 28.2 | 38.1 |
| Tax | (5.6) | (29.6) | (16.8) | (20.8) | (5.7) | (7.6) | (9.5) |
| Effective tax rate | -48.4% | 29.1% | 144.7% | 81.0% | 25.0% | 25.0% | 25.0% |
| Net Income | (17.4) | 72.3 | (5.2) | 4.6 | 17.2 | 22.9 | 28.6 |
| Net Margin, % | -5.1% | 21.6% | -1.6% | 1.1% | 2.9% | 3.4% | 3.9% |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Current Assets | 155.3 | 160.6 | 181.4 | 193.9 | 203.9 | 228.6 | 244.0 |
| Cash & Equivalents | 2.6 | 2.4 | 8.8 | 9.4 | 11.8 | 13.5 | 14.7 |
| Trade Receivables | 103.0 | 113.9 | 118.9 | 117.6 | 106.4 | 117.9 | 124.0 |
| Inventories | 28.7 | 36.1 | 40.8 | 45.5 | 85.7 | 97.1 | 105.3 |
| Other | 21.0 | 8.2 | 12.9 | 21.4 | 26.6 | 29.8 | 32.4 |
| Fixed Assets | 365.8 | 380.6 | 332.4 | 355.2 | 349.4 | 381.8 | 442.3 |
| PP&E, net | 324.6 | 328.5 | 311.0 | 308.3 | 296.3 | 321.3 | 363.8 |
| Other | 41.2 | 52.1 | 21.4 | 46.9 | 53.0 | 60.5 | 78.6 |
| Total Assets | 521.1 | 541.1 | 513.8 | 549.1 | 553.3 | 610.4 | 686.3 |
| Shareholders' Equity | 37.3 | 144.3 | 58.9 | 68.8 | 86.9 | 112.2 | 147.4 |
| Share Capital | 18.4 | 18.4 | 18.5 | 19.4 | 18.5 | 18.5 | 18.5 |
| Retained Earnings | (351.1) | (264.5) | (363.3) | (382.1) | (368.6) | (345.6) | (317.1) |
| Other | 370.0 | 390.4 | 403.8 | 431.5 | 437.0 | 439.3 | 446.0 |
| Current Liabilities | 455.2 | 375.2 | 413.4 | 442.9 | 293.6 | 323.2 | 335.2 |
| ST Interest Bearing Debt | 15.5 | 47.2 | 34.8 | 52.0 | 40.6 | 47.8 | 47.2 |
| Trade Payables | 315.3 | 201.5 | 247.7 | 256.2 | 115.3 | 128.0 | 131.2 |
| Other | 124.5 | 126.4 | 130.8 | 134.7 | 137.7 | 147.4 | 156.7 |
| LT Liabilities | 28.6 | 21.6 | 41.5 | 37.4 | 172.8 | 175.0 | 203.7 |
| LT Interest Bearing Debt | 20.9 | 18.7 | 16.8 | 14.9 | 28.8 | 55.0 | 83.7 |
| Other | 7.6 | 2.9 | 24.7 | 22.5 | 144.0 | 120.0 | 120.0 |
| Total Liabilities & Equity | 521.1 | 541.1 | 513.8 | 549.1 | 553.3 | 610.4 | 686.3 |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|---------------------|--------------|-------------|-------------|--------------|-------------|--------------|---------------|--------------|--------------|--------------|--------------|
| Net Revenues | 86.7 | 68.2 | 71.8 | 100.2 | 89.9 | 78.1 | 89.2 | 149.7 | 140.6 | 108.5 | 130.5 |
| Change y-o-y | -15.2% | 15.3% | 3.7% | -4.1% | 3.7% | 14.5% | 24.3% | 49.4% | 56.4% | 38.9% | 46.3% |
| EBITDA | 1.2 | 12.8 | 14.0 | 21.4 | 12.6 | 6.8 | 7.4 | 38.9 | 7.5 | 14.0 | (9.5) |
| margin, % | 1.4% | 18.7% | 19.5% | 21.3% | 14.1% | 8.7% | 8.3% | 26.0% | 5.3% | 12.9% | -7.3% |
| EBIT | (7.8) | 3.9 | 5.4 | 12.8 | 3.4 | (2.7) | (1.9) | 29.0 | (2.1) | 4.5 | 6.7 |
| margin, % | -9.0% | 5.7% | 7.5% | 12.8% | 3.8% | -3.4% | -2.1% | 19.4% | -1.5% | 4.2% | 5.2% |
| Net Income | (8.0) | 1.9 | 6.1 | (5.2) | 3.3 | (2.8) | (13.0) | 17.1 | (2.5) | (0.7) | 2.6 |
| Net Margin, % | -9.2% | 2.8% | 8.4% | -5.2% | 3.6% | -3.6% | -14.6% | 11.4% | -1.8% | -0.7% | 2.0% |

Dniprooblenergo

DNON UZ

Electric

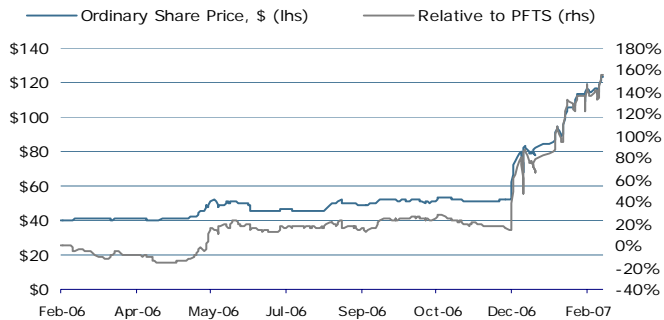
<http://www.doe.dp.ua>

Target Price (USD) 58.84
Upside -53%

INVESTMENT CASE

- Largest Oblenergo in terms of electricity supplies
- Increased its payment collection levels and reduced electricity losses
- Its debt problem will be solved in the near future
- Supplies gas to a large share of industrial consumers, which could start arranging for electricity supplies themselves
- 15% of the company might be privatized in 2007

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

The largest Oblenergo in terms of electricity supplied, Dniprooblenergo (DNON) is located in Ukraine's most industrialized region, Dnipropetrovsk (area 31,900 km²; population 3.5 mln), where the country's main metal producing assets and iron ore deposits are focused. Industrial consumers (80% of which are metallurgical plants) account for 75% of the company's electricity sales. Its main consumers are Nikopol Ferroalloy, ore enrichment plants in Kryviy Rig, and the Dzerzhynsky and Petrovsky metal plants. The company owns a 63,500 km transmission grid, with a transformer capacity of 10.9 GVA. The main risk to its operations is a possible decrease in its customer base, as most of its industrial consumers are likely to shift to other power suppliers or to start buying power directly on the market in the mid-term. The government might privatize 15% of the company in 2007. Dniprooblenergo supplied 27.3 TWh of electricity in 2006.

In 9M06 Dniprooblenergo posted growth in sales by 39.8% yoy to USD 837.4 mln and an 8.3% yoy decline in net income to USD 3.2 mln.

MARKET INFORMATION

| | |
|---------------------------|--------------------|
| Market price*, USD | 124.75 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 125 / 40 |
| Chg 3m/6m/52w | 144% / 152% / 211% |
| Chg vs PFTS 3m/6m/52w | 101% / 105% / 153% |
| Chg YTD | 24% |
| Avg Mo Tr Vol 6M, USD ths | 328.66 |
| MCap, USD mln | 747.5 |
| Free float, % | 9.1% |
| FF MCap, USD mln | 68.0 |
| No of shares, mln | 6.0 |
| Par Value, UAH | 10.0 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-------------|-------|
| NC ECU | 75.0% |
| EnSt/Privat | 15.9% |
| Other | 9.1% |

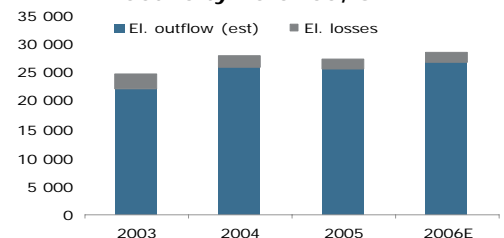
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.6 | 0.5 |
| EV/EBITDA | 22.9 | 17.8 |
| P/E | 48.8 | 50.6 |
| P/B | -33.2 | -96.4 |
| P/CF | 24.0 | 24.4 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 2% | 3% | 3% |
| Net Margin | 0% | 1% | 1% |
| ROE | 5% | -40% | -66% |
| Net Debt/Equity | 0.0 | 0.3 | 0.9 |

Electricity Balance, GWh



* PFTS MID Price 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)

INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|---------------|---------------|--------------|--------------|------------|------------|
| Net Revenues | 72.8 | 719.9 | 840.1 | 837.5 | n/a | n/a |
| <i>Change y-o-y</i> | - | 888.3% | 16.7% | 42.5% | n/a | n/a |
| Gross Profit | 58.5 | 36.3 | 24.9 | 39.8 | n/a | n/a |
| EBITDA | 9.0 | 6.9 | 15.0 | 20.6 | n/a | n/a |
| <i>margin, %</i> | 12.3% | 1.0% | 1.8% | 2.5% | n/a | n/a |
| Depreciation | (10.2) | (10.1) | (12.4) | (11.9) | n/a | n/a |
| EBIT | (1.2) | (3.2) | 2.6 | 8.7 | n/a | n/a |
| <i>margin, %</i> | -1.7% | -0.4% | 0.3% | 1.0% | n/a | n/a |
| Interest Expense | (0.0) | (0.2) | - | (0.0) | n/a | n/a |
| Other income/(expense) | (0.3) | (12.3) | 0.5 | 0.3 | n/a | n/a |
| PBT | (1.5) | (15.7) | 3.1 | 9.0 | n/a | n/a |
| Tax | (9.8) | (0.4) | (4.9) | (5.8) | n/a | n/a |
| <i>Effective tax rate</i> | -642.0% | -2.6% | 158.8% | 64.3% | n/a | n/a |
| Net Income | (11.3) | (16.2) | (1.8) | 3.2 | n/a | n/a |
| <i>Net Margin, %</i> | -15.5% | -2.2% | -0.2% | 0.4% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|---------------|---------------|---------------|---------------|------------|------------|
| Current Assets | 348.5 | 329.3 | 351.8 | 323.6 | n/a | n/a |
| Cash & Equivalents | 3.2 | 1.2 | 1.4 | 6.9 | n/a | n/a |
| Trade Receivables | 283.3 | 263.3 | 278.0 | 264.9 | n/a | n/a |
| Inventories | 10.0 | 7.8 | 9.9 | 11.9 | n/a | n/a |
| Other | 51.9 | 57.1 | 62.6 | 39.9 | n/a | n/a |
| Fixed Assets | 105.6 | 114.8 | 125.6 | 131.4 | n/a | n/a |
| PP&E, net | 93.6 | 90.1 | 104.1 | 104.4 | n/a | n/a |
| Other | 12.0 | 24.7 | 21.5 | 27.1 | n/a | n/a |
| Total Assets | 454.1 | 444.1 | 477.5 | 455.1 | n/a | n/a |
| Shareholders' Equity | (15.3) | (31.4) | (37.8) | (35.3) | n/a | n/a |
| Share Capital | 11.2 | 11.3 | 11.9 | 11.9 | n/a | n/a |
| Retained Earnings | (88.2) | (104.8) | (112.7) | (110.5) | n/a | n/a |
| Other | 61.7 | 62.1 | 63.0 | 63.3 | n/a | n/a |
| Current Liabilities | 460.6 | 469.7 | 509.5 | 484.6 | n/a | n/a |
| ST Interest Bearing Debt | - | - | - | - | n/a | n/a |
| Trade Payables | 439.1 | 442.9 | 476.3 | 448.9 | n/a | n/a |
| Other | 21.5 | 26.8 | 33.2 | 38.3 | n/a | n/a |
| LT Liabilities | 8.7 | 5.8 | 5.7 | 5.7 | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | n/a | n/a |
| Other | 8.7 | 5.8 | 5.7 | 5.7 | n/a | n/a |
| Total Liabilities & Equity | 454.1 | 444.1 | 477.5 | 455.1 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 14.5 | 24.1 | 18.6 | 662.7 | 194.9 | 192.8 | 199.9 | 252.6 | 282.2 | 268.5 | 286.8 |
| <i>Change y-o-y</i> | -19.5% | 49.1% | -5.2% | 3382.2% | 1244.0% | 399.0% | 972.9% | -61.9% | 44.8% | 39.2% | 43.5% |
| EBITDA | 1.2 | 1.8 | 1.5 | 2.4 | 6.1 | 5.1 | 5.6 | (1.8) | 6.4 | 7.6 | 6.6 |
| <i>margin, %</i> | 8.3% | 7.6% | 8.0% | 0.4% | 3.1% | 2.7% | 2.8% | -0.7% | 2.3% | 2.8% | 2.3% |
| EBIT | (0.8) | (1.2) | (0.7) | (0.5) | 3.6 | 2.1 | 2.2 | (5.3) | 2.7 | 4.1 | 1.9 |
| <i>margin, %</i> | 5.5% | 5.0% | -3.8% | -0.1% | 1.8% | 1.1% | 1.1% | -2.1% | 1.0% | 1.5% | 0.7% |
| Net Income | (0.9) | (1.3) | (1.3) | (12.7) | 2.4 | 1.0 | 0.0 | (5.2) | 0.9 | 1.6 | 0.8 |
| <i>Net Margin, %</i> | -6.1% | -5.5% | -7.0% | -1.9% | 1.2% | 0.5% | 0.0% | -2.1% | 0.3% | 0.6% | 0.3% |

Donbasenergo

DOEN UZ

Electric

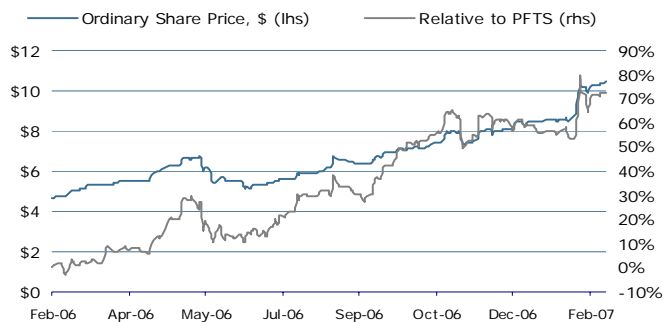
<http://www.de.com.ua>

Target Price (USD) 11.26
Upside 7.8%

INVESTMENT CASE

- A new 200 MW CFB power unit to be launched in late 2007 will raise output and efficiency significantly
- Considering the development of its own production boilers in the mid-term
- Emission reductions under the Kyoto protocol over 2010-2012 are expected to bring USD 4-5 mln
- Bankruptcy risk is very low, debt has been restructured
- Margins decreased in 2006 due to a lag between fuel prices increases and a corresponding tariff adjustment. In 2007, margins are expected to return to their 2005 level
- 25.8% of the company might be privatized in 2007

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Donbasenergo (DOEN) is the smallest thermal power generator, which has recovered after losing three power plants in 2002. The company operates two power plants located in Donetsk region, Ukraine's most energy-consuming region that is close to Russia. Donbasenergo has 10 generating units with a capacity of 175 MW at Starobeshev TPP and a double-boiler unit with a total capacity of 800 MW at Slaviansk TPP. In late 2007 the company is expected to commission a reconstructed 200 MW unit which uses CFB technology, which will allow it to burn even coal refuse and significantly increase efficiency. The amended "Rules of the Energy Market" that was approved by the National Electricity Regulatory Commission on December 6 guarantees a higher load at the Slaviansk power plant in winter, which will positively affect its output in 2007.

The company's power output grew only 1% yoy (to 7.40 TWh) in 2006. In 9M06 Donbasenergo posted sales growth of 17% yoy to USD 177.5 mln and an EBITDA decline by 59% yoy to USD 11.3 mln. The government might privatize 26% of the company in 2007.

* PFTS MID Price 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 | 10.45 |
| Price impact** | 2 |
| 9 Wk H/L, USD | 10.5 / 4.3 |
| Chg 3m/6m/52w | 40% / 68% / 125% |
| Chg vs PFTS 3m/6m/52w | -3% / 20% / 67% |
| Chg YTD | 20% |
| Avg Mo Tr Vol 6M, USD ths | 863.30 |
| MCap, USD mln | 247.0 |
| Free float, % | 14.2% |
| FF MCap, USD mln | 35.1 |
| No of shares, mln | 23.6 |
| Par Value, UAH | 10.0 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|--------|-------|
| NC ECU | 85.8% |
| Other | 14.2% |

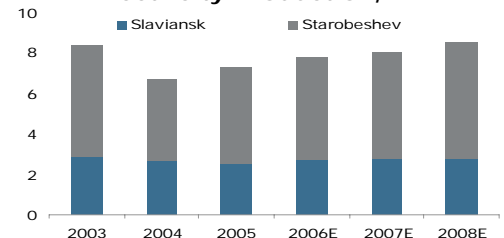
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.0 | 0.9 |
| EV/EBITDA | 19.1 | 11.9 |
| P/E | neg | 88.2 |
| P/B | 1.3 | 1.2 |
| P/CF | 18.0 | 12.9 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 7% | 6% | 9% |
| Net Margin | -3% | -1% | 1% |
| ROE | -5% | -2% | 2% |
| Net Debt/Equity | 0.4 | 0.3 | 0.3 |

Electricity Production, TWh



INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------|---------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 202.9 | 169.4 | 223.7 | 307.1 | 342.8 | 397.6 |
| <i>Change y-o-y</i> | - | -16.5% | 32.0% | 36.8% | 11.6% | 16.0% |
| Gross Profit | 55.9 | 40.3 | 52.9 | 34.4 | 41.8 | 56.5 |
| EBITDA | 7.4 | 24.8 | 40.7 | 22.1 | 28.1 | 41.2 |
| <i>margin, %</i> | 3.6% | 14.6% | 18.2% | 7.2% | 8.2% | 10.4% |
| Depreciation | (6.0) | (16.7) | (15.9) | (16.3) | (17.6) | (25.7) |
| EBIT | 1.3 | 8.1 | 24.8 | 5.8 | 10.5 | 15.5 |
| <i>margin, %</i> | 0.6% | 4.8% | 11.1% | 1.9% | 3.1% | 3.9% |
| Interest Expense | (3.7) | (4.5) | (4.9) | (5.0) | (11.0) | (15.1) |
| Other income/(expense) | (23.7) | (3.4) | 5.6 | - | - | - |
| PBT | (26.1) | 0.2 | 25.5 | 0.8 | (0.5) | 0.4 |
| Tax | - | - | (14.2) | (4.2) | (1.2) | (2.4) |
| <i>Effective tax rate</i> | 0.0% | 0.0% | 55.6% | 25.0% | 25.0% | 25.0% |
| Net Income | (26.1) | 0.1 | 11.1 | (3.4) | 3.6 | (2.1) |
| <i>Net Margin, %</i> | -12.8% | 0.1% | 5.0% | -1.1% | 1.1% | -0.5% |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Current Assets | 212.1 | 210.0 | 204.7 | 153.0 | 156.7 | 167.6 |
| Cash & Equivalents | 17.2 | 17.7 | 11.9 | 10.4 | 10.9 | 11.2 |
| Trade Receivables | 153.3 | 150.6 | 139.6 | 77.6 | 80.6 | 81.5 |
| Inventories | 24.7 | 25.5 | 32.0 | 65.0 | 65.2 | 75.0 |
| Other | 16.9 | 16.2 | 21.2 | 27.7 | 31.0 | 35.2 |
| Fixed Assets | 311.3 | 313.3 | 318.4 | 385.8 | 438.4 | 502.8 |
| PP&E, net | 215.5 | 203.7 | 204.9 | 206.1 | 232.4 | 427.0 |
| Other | 95.8 | 109.7 | 113.5 | 179.8 | 206.0 | 75.8 |
| Total Assets | 523.4 | 523.3 | 523.1 | 538.8 | 595.1 | 670.4 |
| Shareholders' Equity | 166.6 | 150.4 | 172.1 | 186.3 | 209.9 | 230.7 |
| Share Capital | 44.4 | 44.6 | 46.8 | 47.3 | 47.3 | 47.3 |
| Retained Earnings | (85.4) | (108.3) | (102.2) | (102.7) | (100.5) | (96.1) |
| Other | 207.7 | 214.2 | 227.5 | 241.7 | 263.1 | 279.5 |
| Current Liabilities | 144.8 | 175.1 | 182.4 | 185.9 | 192.5 | 205.4 |
| ST Interest Bearing Debt | 23.2 | 29.9 | 37.9 | 31.1 | 35.8 | 41.5 |
| Trade Payables | 50.9 | 43.9 | 41.1 | 43.4 | 44.6 | 51.7 |
| Other | 70.8 | 101.3 | 103.4 | 111.3 | 112.1 | 112.2 |
| LT Liabilities | 211.9 | 197.8 | 168.6 | 166.6 | 192.7 | 234.4 |
| LT Interest Bearing Debt | 65.7 | 66.5 | 49.5 | 66.6 | 92.7 | 144.4 |
| Other | 146.2 | 131.4 | 119.1 | 100.0 | 100.0 | 90.0 |
| Total Liabilities & Equity | 523.4 | 523.3 | 523.1 | 538.8 | 595.1 | 670.4 |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|
| Net Revenues | 53.6 | 31.4 | 37.7 | 46.8 | 53.2 | 38.4 | 59.8 | 72.3 | 81.7 | 45.2 | 50.5 |
| <i>Change y-o-y</i> | 6.9% | -39.3% | -12.9% | -19.0% | -0.8% | 22.6% | 58.5% | 54.6% | 53.7% | 17.7% | -15.5% |
| EBITDA | 4.0 | 5.7 | 4.7 | 10.4 | 4.7 | 8.9 | 13.7 | 13.4 | 11.6 | 0.2 | (0.5) |
| <i>margin, %</i> | 7.5% | 18.0% | 12.5% | 22.2% | 8.9% | 23.2% | 23.0% | 18.5% | 14.1% | 0.4% | -1.0% |
| EBIT | (0.4) | 1.4 | 0.6 | 6.4 | 0.7 | 4.7 | 9.7 | 9.6 | 7.7 | (3.5) | (3.9) |
| <i>margin, %</i> | -0.7% | 4.4% | 1.7% | 13.8% | 1.4% | 12.3% | 16.2% | 13.3% | 9.4% | -7.7% | -7.6% |
| Net Income | 0.2 | (0.1) | (0.0) | 0.1 | 0.6 | 6.2 | 4.3 | 0.0 | 2.0 | (5.3) | (7.7) |
| <i>Net Margin, %</i> | 0.3% | -0.3% | -0.1% | 0.2% | 1.2% | 16.1% | 7.1% | 0.1% | 2.4% | -11.7% | -15.1% |

Donetskoblenergo

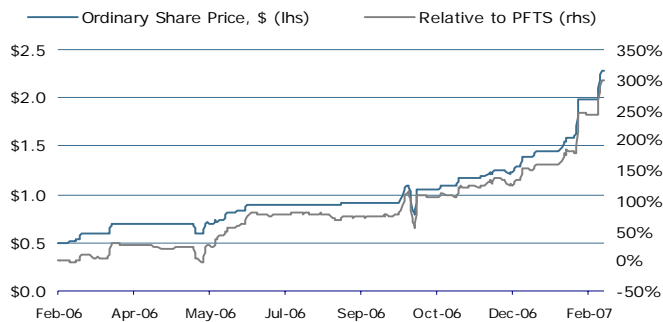
DOON UZ

Electric

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Donetskoblenergo (DOON) is one of the largest Ukrainian electricity distribution and supply companies, providing services to the eastern Donetsk region (area 26,500 km²; population 4.77 mln). The company owns a 73,800 km transmission grid with a transformer capacity of 14.2 GVA. The company has powerful electricity supply competitors in Donetsk region, and its share in total region power supply has been decreasing since 2002. Donetskoblenergo has the highest level of debt of any Oblenergo. The company suffers from inefficient management. Donetskoblenergo supplied 8.84 TWh of electricity in 2006.

In 9M06 Donetskoblenergo posted sales growth of 27% yoy to USD 276.3 mln while its net loss also increased by 68% to USD 34.9 mln. The government might privatize 5.1% of the company in 2007.

* PFTS BID Price 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 | 2.28 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 2.28 / 0.50 |
| Chg 3m/6m/52w | 95% / 156% / 351% |
| Chg vs PFTS 3m/6m/52w | 52% / 108% / 293% |
| Chg YTD | 47% |
| Avg Mo Tr Vol 6M, USD ths | 324.7 |
| MCap, USD mln | 149.2 |
| Free float, % | 10.0% |
| FF MCap, USD mln | 14.9 |
| No of shares, mln | 65.5 |
| Par Value, UAH | 1.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|--------|-------|
| NC ECU | 65.1% |
| SCM | 25.0% |
| Other | 10.0% |

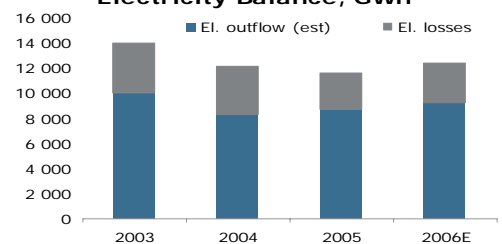
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.4 | n/a |
| EV/EBITDA | -3.9 | n/a |
| P/E | -3.2 | n/a |
| P/B | -0.7 | n/a |
| P/CF | -4.0 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | -8% | -11% | n/a |
| Net Margin | -11% | -13% | n/a |
| ROE | 27% | 28% | n/a |
| Net Debt/Equity | -0.03 | -0.03 | n/a |

Electricity Balance, GWh



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|------------------------|---------------|---------------|---------------|---------------|---------------|------------|------------|
| Net Revenues | 412.9 | 47.0 | 269.1 | 309.0 | 276.3 | n/a | n/a |
| Change y-o-y | - | -88.6% | 472.8% | 14.8% | 27.4% | n/a | n/a |
| Gross Profit | (13.1) | 17.5 | (24.4) | (10.9) | (15.3) | n/a | n/a |
| EBITDA | (18.1) | (35.9) | (70.6) | (24.0) | (28.2) | n/a | n/a |
| margin, % | -4.4% | -76.5% | -26.2% | -7.8% | -10.2% | n/a | n/a |
| Depreciation | (7.8) | (7.7) | (9.3) | (10.1) | (7.2) | n/a | n/a |
| EBIT | (25.9) | (43.6) | (79.9) | (34.1) | (35.4) | n/a | n/a |
| margin, % | -6.3% | -92.8% | -29.7% | -11.0% | -12.8% | n/a | n/a |
| Interest Expense | (1.2) | (0.1) | (0.4) | (0.9) | (1.0) | n/a | n/a |
| Other income/(expense) | 0.1 | 0.3 | 0.2 | 2.1 | 1.5 | n/a | n/a |
| PBT | (27.0) | (43.4) | (80.0) | (32.9) | (34.9) | n/a | n/a |
| Tax | - | - | (0.1) | (0.3) | - | n/a | n/a |
| Effective tax rate | 0.0% | 0.0% | -0.1% | -0.8% | 0.0% | n/a | n/a |
| Net Income | (27.0) | (43.4) | (80.4) | (33.2) | (34.9) | n/a | n/a |
| Net Margin, % | -6.5% | -92.4% | -29.9% | -10.7% | -12.6% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|---------------|----------------|----------------|----------------|------------|------------|
| Current Assets | 495.1 | 563.0 | 555.7 | 598.5 | 576.8 | n/a | n/a |
| Cash & Equivalents | 1.0 | 0.7 | 1.0 | 2.5 | 0.3 | n/a | n/a |
| Trade Receivables | 445.2 | 507.8 | 504.3 | 544.4 | 526.2 | n/a | n/a |
| Inventories | 11.2 | 12.0 | 11.2 | 13.0 | 13.6 | n/a | n/a |
| Other | 37.6 | 42.6 | 39.2 | 38.7 | 36.7 | n/a | n/a |
| Fixed Assets | 107.4 | 105.8 | 103.6 | 107.3 | 108.4 | n/a | n/a |
| PP&E, net | 92.8 | 89.8 | 95.5 | 98.2 | 96.2 | n/a | n/a |
| Other | 14.6 | 16.0 | 8.1 | 9.1 | 12.2 | n/a | n/a |
| Total Assets | 602.5 | 668.8 | 659.3 | 705.8 | 685.2 | n/a | n/a |
| Shareholders' Equity | (2.2) | (44.6) | (124.7) | (165.4) | (198.3) | n/a | n/a |
| Share Capital | 15.4 | 15.4 | 15.4 | 16.2 | 16.2 | n/a | n/a |
| Retained Earnings | (112.8) | (150.5) | (231.9) | (277.8) | (312.7) | n/a | n/a |
| Other | 95.2 | 90.5 | 91.8 | 96.1 | 98.2 | n/a | n/a |
| Current Liabilities | 600.4 | 709.6 | 772.7 | 860.7 | 874.0 | n/a | n/a |
| ST Interest Bearing Debt | - | 1.9 | 2.6 | 7.4 | 7.4 | n/a | n/a |
| Trade Payables | 582.6 | 684.5 | 756.5 | 837.6 | 848.2 | n/a | n/a |
| Other | 17.9 | 23.3 | 13.7 | 15.8 | 22.6 | n/a | n/a |
| LT Liabilities | 4.3 | 3.8 | 11.2 | 10.5 | 9.5 | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Other | 4.3 | 3.8 | 11.2 | 10.5 | 9.5 | n/a | n/a |
| Total Liabilities & Equity | 602.5 | 668.8 | 659.3 | 705.8 | 685.2 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|---------------------|---------------|---------------|--------------|---------------|---------------|--------------|--------------|---------------|---------------|--------------|--------------|
| Net Revenues | 21.9 | 4.3 | 11.7 | 231.3 | 80.2 | 67.2 | 69.5 | 92.2 | 104.1 | 85.4 | 86.9 |
| Change y-o-y | -76.1% | -93.2% | -80.1% | -238.2% | 267.2% | 1448.6% | 495.7% | -60.1% | 29.7% | 27.1% | 25.0% |
| EBITDA | (22.7) | (34.3) | 0.6 | (14.2) | (14.4) | (1.4) | 1.5 | (9.8) | (19.5) | (4.5) | (4.2) |
| margin, % | -103.7% | -791.6% | 4.9% | -6.1% | -18.0% | -2.1% | 2.2% | -10.6% | -18.7% | -5.3% | -4.8% |
| EBIT | (24.8) | (36.4) | (1.5) | (17.3) | (16.8) | (3.9) | (1.0) | (12.4) | (22.0) | (6.9) | (6.5) |
| margin, % | -113.4% | -838.8% | -12.7% | -7.5% | -20.9% | -5.9% | -1.4% | -13.5% | -21.2% | -8.0% | -7.5% |
| Net Income | (25.1) | (36.4) | (1.4) | (17.5) | (16.4) | (3.6) | (0.7) | (12.5) | (22.0) | (6.7) | (6.2) |
| Net Margin, % | -114.9% | -839.4% | -11.8% | -7.6% | -20.4% | -5.4% | -1.0% | -13.5% | -21.1% | -7.8% | -7.2% |

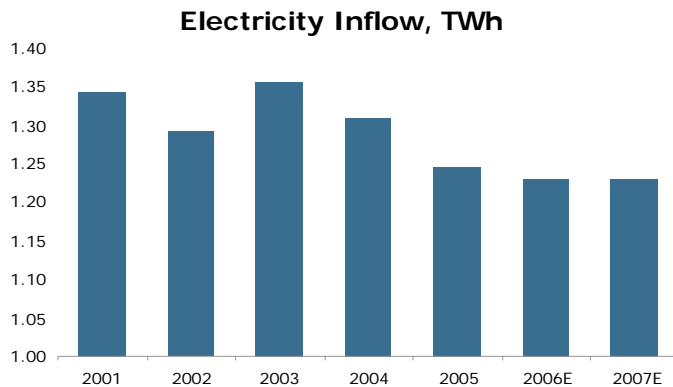
Energougol

Electric

Target Price (USD) 5.10
Upside (%) n/a

INVESTMENT CASE

- Distributes electricity at unregulated tariffs, allowing it to enter territories occupied by its competitors and undercut them
- Doubling coal output in the next 25 years, in accordance with the government's energy plan, is likely to increase demand for its electricity supplies by 60% in the long-term
- Lobbying power of SCM, its parent company, guarantees its market share will not decrease.
- SCM's energy holding, DFEC, plans to invest in upgrading the company's facilities



BUSINESS OVERVIEW

Energougol (ENUG) is an electricity distribution company in Donetsk region that works in the same regulatory environment as regional energy distribution companies (Oblenergos). In terms of the electricity volume it supplies, it can be compared to smaller Oblenergos.

Energougol's main activities are transmitting electricity from its power grids and supplying electricity to consumers. The company was created specifically to supply electricity to coal mines in Donetsk region; the coal industry accounts for about three-quarters of the company's market.

The company supplied 1.2 TWh of electricity in 2006. In 9M06, the company reported EBITDA margin growth of 87% yoy and net margin increases of 153% - the growth was due to company's tariffs growth, physical output though remained unchanged.

* The stock is not listed on PFTS

** 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 | n/a |
| Price impact** | 3 |
| 52 Wk H/L, USD | n/a |
| Chg 3m/6m/52w | n/a |
| Chg vs PFTS 3m/6m/52w | n/a |
| Chg YTD | |
| Avg Mo Tr Vol 6M, USD ths | n/a |
| MCap, USD mln | n/a |
| Free float, % | 16.0% |
| FF MCap, USD mln | n/a |
| No of shares, mln | 5.5 |
| Par Value, UAH | 1.86 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-----------------------|-------|
| SCM-related companies | 72.6% |
| Other | 27.4% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | n/a | n/a |
| EV/EBITDA | n/a | n/a |
| P/E | n/a | n/a |
| P/B | n/a | n/a |
| P/CF | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|--------|-------|
| EBITDA margin | 6% | 7% | n/a |
| Net Margin | 4% | 5% | n/a |
| ROE | 30% | 42% | n/a |
| Net Debt/Equity | -0.01 | -0.004 | n/a |

INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Net Revenues | 31.0 | 39.0 | 39.4 | 44.6 | 46.3 | n/a | n/a |
| Change y-o-y | - | 25.8% | 1.0% | 13.3% | 50.0% | n/a | n/a |
| Gross Profit | 1.9 | 3.9 | 3.8 | 4.1 | 4.2 | n/a | n/a |
| EBITDA | 1.0 | 2.8 | 2.6 | 2.8 | 4.3 | n/a | n/a |
| margin, % | 3.2% | 7.1% | 6.5% | 6.2% | 9.4% | n/a | n/a |
| Depreciation | (0.3) | (0.3) | (0.4) | (0.5) | (0.4) | n/a | n/a |
| EBIT | 0.7 | 2.5 | 2.2 | 2.3 | 3.9 | n/a | n/a |
| margin, % | 2.2% | 6.3% | 5.6% | 5.1% | 8.5% | n/a | n/a |
| Interest Expense | - | (0.0) | (0.0) | - | - | n/a | n/a |
| Other income/(expense) | (0.3) | (0.6) | (0.2) | 0.0 | (0.0) | n/a | n/a |
| PBT | 0.4 | 1.9 | 2.0 | 2.3 | 3.9 | n/a | n/a |
| Tax | (0.3) | (0.5) | (0.7) | (0.6) | (0.8) | n/a | n/a |
| Effective tax rate | 60.8% | 28.1% | 34.0% | 28.0% | 19.6% | n/a | n/a |
| Net Income | 0.2 | 1.4 | 1.3 | 1.7 | 3.1 | n/a | n/a |
| Net Margin, % | 0.5% | 3.5% | 3.4% | 3.7% | 6.7% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 26.1 | 32.3 | 34.1 | 38.2 | 26.5 | n/a | n/a |
| Cash & Equivalents | 0.1 | 0.0 | 0.3 | 0.0 | 0.0 | n/a | n/a |
| Trade Receivables | 24.6 | 30.0 | 31.0 | 35.2 | 23.3 | n/a | n/a |
| Inventories | 0.3 | 1.5 | 2.3 | 2.6 | 2.7 | n/a | n/a |
| Other | 1.0 | 0.8 | 0.5 | 0.4 | 0.5 | n/a | n/a |
| Fixed Assets | 2.7 | 3.0 | 3.3 | 4.2 | 5.1 | n/a | n/a |
| PP&E, net | 2.2 | 2.5 | 2.8 | 3.5 | 4.1 | n/a | n/a |
| Other | 0.5 | 0.4 | 0.5 | 0.7 | 1.0 | n/a | n/a |
| Total Assets | 28.8 | 35.3 | 37.4 | 42.3 | 31.6 | n/a | n/a |
| Shareholders' Equity | 2.7 | 4.2 | 5.6 | 6.2 | 9.4 | n/a | n/a |
| Share Capital | 1.9 | 1.9 | 1.9 | 2.0 | 2.0 | n/a | n/a |
| Retained Earnings | 0.4 | 1.7 | 2.9 | 3.3 | 6.3 | n/a | n/a |
| Other | 0.5 | 0.6 | 0.7 | 0.8 | 1.1 | n/a | n/a |
| Current Liabilities | 26.1 | 31.1 | 31.9 | 36.2 | 22.3 | n/a | n/a |
| ST Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Trade Payables | 24.4 | 29.6 | 30.4 | 33.6 | 18.9 | n/a | n/a |
| Other | 1.6 | 1.5 | 1.5 | 2.6 | 4.1 | n/a | n/a |
| LT Liabilities | - | - | - | - | - | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Other | - | - | - | - | - | n/a | n/a |
| Total Liabilities & Equity | 28.8 | 35.3 | 37.4 | 42.3 | 31.6 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|---------------------|-------------|------------|------------|-------------|-------------|------------|-------------|-------------|-------------|-------------|-------------|
| Net Revenues | 11.1 | 9.3 | 8.8 | 10.2 | 10.3 | 9.8 | 10.7 | 13.8 | 16.4 | 15.1 | 14.8 |
| Change y-o-y | 15.4% | 5.1% | -11.9% | -3.2% | -6.7% | 5.2% | 21.2% | 35.7% | 58.9% | 53.6% | 38.2% |
| EBITDA | 0.8 | 0.7 | 0.6 | 0.5 | 0.5 | 0.4 | 0.7 | 1.2 | 1.0 | 1.6 | 1.8 |
| margin, % | 6.9% | 7.0% | 6.9% | 5.3% | 4.7% | 3.9% | 6.3% | 8.9% | 5.8% | 10.7% | 12.0% |
| EBIT | 0.7 | 0.6 | 0.5 | 0.4 | 0.4 | 0.3 | 0.5 | 1.1 | 0.8 | 1.5 | 1.6 |
| margin, % | 6.1% | 6.0% | 5.8% | 4.3% | 3.7% | 2.7% | 5.1% | 7.9% | 5.0% | 9.8% | 10.9% |
| Net Income | 0.3 | 0.3 | 0.4 | 0.3 | 0.3 | 0.1 | 0.4 | 0.8 | 0.6 | 1.2 | 1.3 |
| Net Margin, % | 3.1% | 3.3% | 4.2% | 3.1% | 2.5% | 1.4% | 4.0% | 6.1% | 3.9% | 8.0% | 8.6% |

Kharkivoblenergo

HAON UZ

Electric

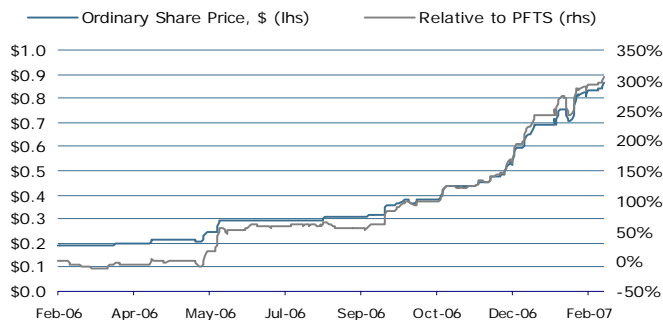
<http://www.oblenergo.kharkov.ua>

Target Price (USD) 0.62
Upside -28%

INVESTMENT CASE

- Significant improvement in reducing electricity losses and increasing payment collection
- Large debt to the wholesale energy market remains but is expected to be restructured soon
- Management has a conflict with the local administration and the NC ECU
- 5% of the company might be privatized in 2007 and would lead to increased liquidity

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Kharkivoblenergo (HAON) is the fourth largest Oblenergo and is located in the industrial Kharkiv region (area 31,400 km²; population 2.89 mln). The company owns a 42,000 km transmission grid with a transformer capacity of 7.3 GVA. Even though Kharkiv region is highly industrialized, Kharkivoblenergo has relatively few industrial consumers (near 30% of its energy sales), most of which are machine-building plants. It is unlikely the company will see any customers depart due to a tariff rebalancing that will lead to tariff decreases. Kharkivoblenergo has efficient and skilled management which managed to significantly improve the company's operating performance during the last couple of years. If the tariff policy is changed, its profits will grow significantly. The arrival of private investors (expected in 2008-2009) will raise its efficiency and profits further. The government might privatize 5% of the company in 2007. The company supplied 4.86 TWh of electricity in 2006. In 9M06 Kharkivoblenergo posted sales growth of 12% yoy to USD 155.6 mln and EBITDA growth of 88% yoy to USD 17.3 mln.

UPCOMING EVENTS

23 Mar 2007 AGM

* PFTS BID Price 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 | 0.86 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.86 / 0.19 |
| Chg 3m/6m/52w | 97% / 181% / 358% |
| Chg vs PFTS 3m/6m/52w | 54% / 133% / 299% |
| Chg YTD | 14% |
| Avg Mo Tr Vol 6M, USD ths | 72.5 |
| MCap, USD mln | 221.0 |
| Free float, % | 6.2% |
| FF MCap, USD mln | 13.7 |
| No of shares, mln | 256.5 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|------------|-------|
| NC ECU | 65.0% |
| EnStandard | 28.8% |
| Other | 6.2% |

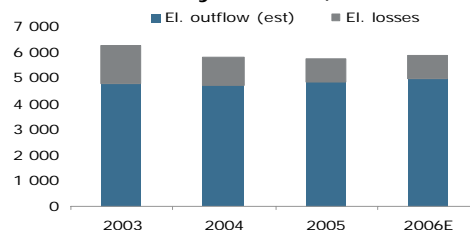
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.0 | 0.9 |
| EV/EBITDA | 7.7 | 7.0 |
| P/E | 17.3 | 17.2 |
| P/B | 2.4 | 2.1 |
| P/CF | 10.1 | 10.0 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | 7% | 13% | 13% |
| Net Margin | 1% | 6% | 5% |
| ROE | 4% | 16% | 14% |
| Net Debt/Equity | -0.02 | -0.1 | 0.0 |

Electricity Balance, GWh



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|---------------|---------------|---------------|--------------|--------------|------------|------------|
| Net Revenues | 35.3 | 44.9 | 180.4 | 193.9 | 155.6 | n/a | n/a |
| <i>Change y-o-y</i> | - | 27.1% | 302.0% | 7.5% | 11.6% | n/a | n/a |
| Gross Profit | 20.4 | 24.7 | 19.4 | 18.8 | 18.9 | n/a | n/a |
| EBITDA | (9.3) | (19.5) | (11.5) | 14.2 | 17.3 | n/a | n/a |
| <i>margin, %</i> | -26.5% | -43.4% | -6.3% | 7.3% | 11.1% | n/a | n/a |
| Depreciation | (4.8) | (14.2) | (9.5) | (9.2) | (6.8) | n/a | n/a |
| EBIT | (14.1) | (33.7) | (21.0) | 5.0 | 10.5 | n/a | n/a |
| <i>margin, %</i> | -40.1% | -75.1% | -11.6% | 2.6% | 6.7% | n/a | n/a |
| Interest Expense | (0.4) | (0.1) | (0.1) | (0.0) | (0.0) | n/a | n/a |
| Other income/(expense) | (2.9) | (3.0) | 0.9 | 0.6 | 0.5 | n/a | n/a |
| PBT | (17.4) | (36.8) | (20.1) | 5.6 | 11.0 | n/a | n/a |
| Tax | (0.0) | - | - | (2.9) | (8.9) | n/a | n/a |
| <i>Effective tax rate</i> | -0.1% | 0.0% | 0.0% | 52.2% | 81.0% | n/a | n/a |
| Net Income | (17.4) | (36.8) | (20.1) | 2.6 | 2.1 | n/a | n/a |
| <i>Net Margin, %</i> | -49.4% | -82.0% | -11.2% | 1.3% | 1.3% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 127.7 | 111.9 | 88.1 | 80.0 | 53.6 | n/a | n/a |
| Cash & Equivalents | 0.8 | 1.3 | 3.5 | 2.0 | 2.7 | n/a | n/a |
| Trade Receivables | 109.6 | 94.8 | 69.0 | 68.0 | 41.3 | n/a | n/a |
| Inventories | 2.4 | 7.4 | 10.0 | 5.0 | 4.6 | n/a | n/a |
| Other | 14.9 | 8.4 | 5.6 | 5.0 | 5.0 | n/a | n/a |
| Fixed Assets | 186.1 | 165.6 | 167.3 | 167.2 | 170.2 | n/a | n/a |
| PP&E, net | 182.6 | 153.8 | 152.1 | 157.2 | 156.3 | n/a | n/a |
| Other | 3.4 | 11.9 | 15.2 | 10.0 | 13.9 | n/a | n/a |
| Total Assets | 313.8 | 277.5 | 255.5 | 247.2 | 223.7 | n/a | n/a |
| Shareholders' Equity | 163.0 | 116.3 | 73.8 | 81.2 | 82.8 | n/a | n/a |
| Share Capital | 12.0 | 12.0 | 12.1 | 12.7 | 12.7 | n/a | n/a |
| Retained Earnings | (15.5) | (43.6) | (37.0) | (30.8) | (26.7) | n/a | n/a |
| Other | 166.4 | 147.8 | 98.7 | 99.2 | 96.8 | n/a | n/a |
| Current Liabilities | 150.8 | 161.2 | 163.6 | 147.0 | 116.4 | n/a | n/a |
| ST Interest Bearing Debt | 0.6 | - | 0.7 | - | - | n/a | n/a |
| Trade Payables | 137.0 | 144.6 | 144.0 | 130.3 | 96.5 | n/a | n/a |
| Other | 13.2 | 16.7 | 19.0 | 16.7 | 23.7 | n/a | n/a |
| LT Liabilities | 0.1 | - | 18.1 | 19.0 | 24.6 | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Other | 0.1 | - | 18.1 | 19.0 | 24.6 | n/a | n/a |
| Total Liabilities & Equity | 313.8 | 277.5 | 255.5 | 247.2 | 223.7 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|--------------|---------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net Revenues | 12.1 | 9.4 | 109.8 | 49.0 | 54.3 | 41.7 | 43.3 | 54.5 | 60.1 | 47.5 | 48.0 |
| <i>Change y-o-y</i> | -70.2% | -151.5% | 1011.8% | 288.4% | 348.5% | 343.0% | -60.5% | 11.2% | 10.7% | 13.7% | 10.7% |
| EBITDA | 1.0 | 0.5 | 1.3 | (14.3) | 1.1 | 5.0 | 3.1 | 5.0 | 4.0 | 9.0 | 4.3 |
| <i>margin, %</i> | 8.4% | 5.5% | 1.2% | -29.1% | 2.1% | 12.0% | 7.2% | 9.1% | 6.7% | 19.0% | 8.9% |
| EBIT | (1.3) | (1.8) | (1.1) | (16.7) | (0.3) | 1.8 | 0.7 | 2.9 | 1.7 | 6.8 | 2.0 |
| <i>margin, %</i> | -11.0% | -18.6% | -1.0% | -34.1% | -0.6% | 4.2% | 1.5% | 5.2% | 2.8% | 14.2% | 4.2% |
| Net Income | (2.3) | (1.8) | (1.9) | (14.1) | 0.2 | 1.6 | 0.7 | 0.2 | 0.8 | 0.1 | 1.2 |
| <i>Net Margin, %</i> | -19.1% | -18.6% | -1.7% | -28.8% | 0.3% | 3.7% | 1.6% | 0.4% | 1.3% | 0.3% | 2.5% |

Khersonoblenergo

HOEN UZ

Electric

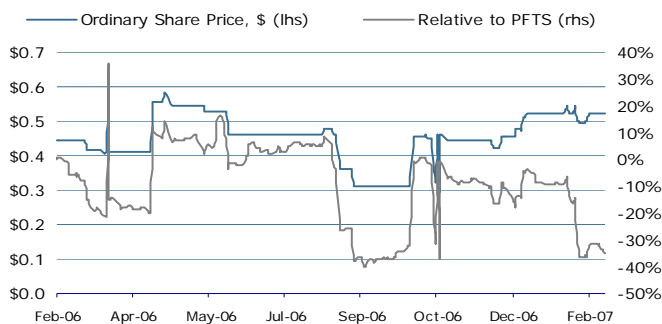
<http://www.energy.kherson.ua>

Target Price (USD) 0.40
Upside -23%

INVESTMENT CASE

- Debt problem has not been solved
- Free float is limited as its main shareholder has accumulated more than 95% of shares

SHARE PRICE PERFORMANCE *



BUSINESS OVERVIEW

Khersonoblenergo (HOEN) is electricity distribution and supply company providing services to the Kherson Region (area 28,500 km²; population 1.16 mln). The company owns a 3,300 km transmission grid with a 4.5 GVA transformer capacity. Most of Khersonoblenergo's consumers (60%) are households and agricultural customers. The company was privatized in 2001 by VS Energy, which now owns more than 96% of its shares. In 2005, Khersonoblenergo increased its charter fund by 88% following an additional share issue. Even though Khersonoblenergo belongs to a group of companies privatized in 2001, it has a tariff policy in line with other state-controlled Oblenergos: huge debt to the energy market and the conflict between VS Energy and Energorynok did not allow the company to enjoy a preferential tariff policy. Its profitability is expected to increase under the new tariff policy, giving it a significant potential for short-term growth in value. The company supplied 2.0 TWh of electricity in 2006.

In 9M06 Khersonoblenergo posted growth in sales by 16% yoy to USD 67.2 mln and in net income by 163% yoy to USD 2.8 mln.

* PFTS MID Price 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 | 0.52 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.44 / 0.22 |
| Chg 3m/6m/52w | 17% / 10% / 18% |
| Chg vs PFTS 3m/6m/52w | -25% / -37% / -41% |
| Chg YTD | -4% |
| Avg Mo Tr Vol 6M, USD ths | 10.5 |
| MCap, USD mln | 93.5 |
| Free float, % | 3.5% |
| FF MCap, USD mln | 3.3 |
| No of shares, mln | 178.9 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

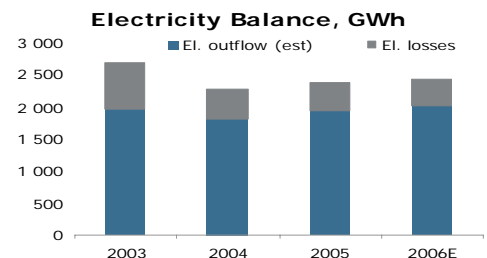
| | |
|-----------|-------|
| VS Energy | 96.5% |
| Other | 3.5% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.1 | 1.1 |
| EV/EBITDA | 7.3 | 6.7 |
| P/E | 21.2 | 15.9 |
| P/B | 2.3 | 2.0 |
| P/CF | 10.0 | 8.7 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 12% | 16% | 16% |
| Net Margin | 1% | 5% | 6% |
| ROE | 3% | 12% | 15% |
| Net Debt/Equity | 2.0 | 0.2 | 0.2 |



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|-------------|-------------|------------|------------|
| Net Revenues | 55.1 | 71.7 | 72.3 | 77.3 | 67.2 | n/a | n/a |
| <i>Change y-o-y</i> | - | 30.0% | 0.9% | 6.8% | 15.9% | n/a | n/a |
| Gross Profit | 7.1 | 16.1 | 11.4 | 11.6 | 11.0 | n/a | n/a |
| EBITDA | (2.2) | 3.6 | 6.6 | 9.1 | 8.1 | n/a | n/a |
| <i>margin, %</i> | -4.0% | 5.1% | 9.2% | 11.8% | 12.1% | n/a | n/a |
| Depreciation | (4.2) | (5.2) | (5.8) | (5.2) | (3.7) | n/a | n/a |
| EBIT | (6.4) | (1.6) | 0.9 | 3.9 | 4.4 | n/a | n/a |
| <i>margin, %</i> | -11.6% | -2.2% | 1.2% | 5.0% | 6.6% | n/a | n/a |
| Interest Expense | (0.2) | (0.1) | (0.2) | (0.2) | (0.1) | n/a | n/a |
| Other income/(expense) | 0.1 | 0.2 | (2.4) | (0.5) | 0.0 | n/a | n/a |
| PBT | (6.5) | (1.5) | (1.7) | 3.2 | 4.4 | n/a | n/a |
| Tax | - | - | (0.1) | (2.1) | (1.6) | n/a | n/a |
| <i>Effective tax rate</i> | 0.0% | 0.0% | -7.0% | 65.7% | 35.7% | n/a | n/a |
| Net Income | (6.5) | (1.5) | (1.8) | 1.1 | 2.8 | n/a | n/a |
| <i>Net Margin, %</i> | -11.8% | -2.1% | -2.5% | 1.4% | 4.2% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 86.3 | 80.3 | 84.0 | 83.8 | 83.9 | n/a | n/a |
| Cash & Equivalents | 0.8 | 0.9 | 1.2 | 3.1 | 2.1 | n/a | n/a |
| Trade Receivables | 63.0 | 64.6 | 68.9 | 70.7 | 69.3 | n/a | n/a |
| Inventories | 8.1 | 3.5 | 4.6 | 4.3 | 8.2 | n/a | n/a |
| Other | 14.3 | 11.2 | 9.3 | 5.7 | 4.3 | n/a | n/a |
| Fixed Assets | 60.3 | 60.1 | 54.5 | 56.0 | 54.4 | n/a | n/a |
| PP&E, net | 55.8 | 55.6 | 51.1 | 53.1 | 51.9 | n/a | n/a |
| Other | 4.5 | 4.5 | 3.4 | 2.9 | 2.5 | n/a | n/a |
| Total Assets | 146.6 | 140.4 | 138.6 | 139.8 | 138.4 | n/a | n/a |
| Shareholders' Equity | 36.5 | 34.8 | 32.4 | 35.8 | 38.7 | n/a | n/a |
| Share Capital | 4.5 | 4.5 | 4.5 | 6.0 | 6.1 | n/a | n/a |
| Retained Earnings | (28.9) | (30.6) | (33.3) | (34.3) | (31.5) | n/a | n/a |
| Other | 61.0 | 61.0 | 61.2 | 64.1 | 64.1 | n/a | n/a |
| Current Liabilities | 45.4 | 66.0 | 66.3 | 88.9 | 84.9 | n/a | n/a |
| ST Interest Bearing Debt | 19.4 | 50.6 | 47.6 | 75.3 | 74.3 | n/a | n/a |
| Trade Payables | 18.5 | 9.7 | 13.0 | 7.4 | 4.5 | n/a | n/a |
| Other | 7.5 | 5.8 | 5.8 | 6.2 | 7.0 | n/a | n/a |
| LT Liabilities | 64.7 | 39.6 | 39.8 | 15.1 | 14.7 | n/a | n/a |
| LT Interest Bearing Debt | 0.6 | 0.7 | 0.7 | 0.8 | 0.3 | n/a | n/a |
| Other | 64.1 | 38.8 | 39.1 | 14.3 | 14.4 | n/a | n/a |
| Total Liabilities & Equity | 146.6 | 140.4 | 138.6 | 139.8 | 138.4 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|--------------|-------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net Revenues | 18.9 | 16.7 | 17.6 | 19.2 | 18.6 | 17.4 | 22.0 | 19.3 | 23.4 | 19.1 | 24.8 |
| <i>Change y-o-y</i> | 7.5% | 16.6% | 19.2% | -23.5% | -1.3% | 4.4% | 24.7% | 0.4% | 25.5% | 9.7% | 12.7% |
| EBITDA | 2.5 | 1.7 | 2.0 | 0.5 | 1.2 | 2.8 | 2.9 | 2.2 | 3.2 | 3.0 | 2.0 |
| <i>margin, %</i> | 13.2% | 10.1% | 11.1% | 2.6% | 6.4% | 16.3% | 13.0% | 11.5% | 13.5% | 15.7% | 7.9% |
| EBIT | 1.0 | 0.3 | 0.5 | (0.9) | (0.0) | 1.7 | 1.4 | 0.8 | 1.9 | 1.8 | 0.7 |
| <i>margin, %</i> | 5.1% | 2.0% | 2.8% | -4.8% | -0.1% | 9.5% | 6.5% | 4.4% | 8.3% | 9.5% | 2.7% |
| Net Income | 0.1 | (1.2) | 0.4 | (1.1) | (0.3) | 1.0 | 0.4 | 0.0 | 1.5 | 1.2 | 0.1 |
| <i>Net Margin, %</i> | 0.7% | -7.5% | 2.1% | -5.7% | -1.4% | 5.6% | 1.6% | 0.1% | 6.5% | 6.2% | 0.4% |

Khmelnikoblenergo HMON UZ

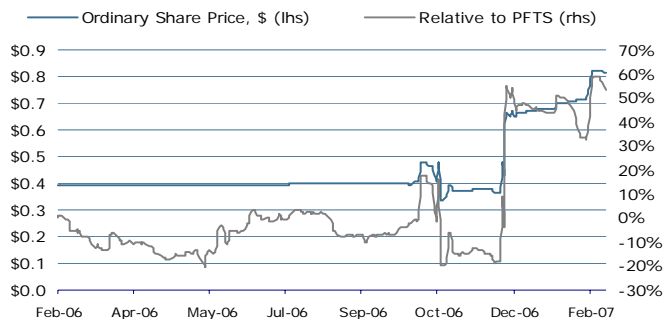
Electric
<http://www.hoe.com.ua>

Target Price (USD) 0.44
Upside -47%

INVESTMENT CASE

- Most efficient state-controlled energy distribution company
- Qualified and innovative management
- Debt problem will be solved in the near future
- 10% might be privatized in 2007

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Khmelnikoblenergo (HMON) is an electricity distribution and supply company, providing services to the western region of Khmelnikoblenergo (area 20,600 km²; population 1.41 mln). The company owns a 36,100 km transmission grid with a transformer capacity of 3.0 GVA. The region is characterized by a high percentage of households and the absence of large industrial consumers, which provides for stability in the company's market position in the future. Its main competitor is Southwestern Railroad, which supplies energy to about 9% of consumers in Khmelnikoblenergo region, but is not likely to increase its presence in the region further. The company has been one of the best performing state-controlled Oblenergos in recent years. Khmelnikoblenergo has efficient and skilled management. If the tariff policy is changed, its profits will grow significantly. The arrival of private investors (expected in 2008-2009) will raise its efficiency and profits further. The government might privatize 10% of the company in 2007. The company supplied 1.68 TWh of electricity in 2006. In 9M06 Khmelnikoblenergo posted sales growth of 22% yoy to USD 50.8 mln, EBITDA rose by 54% yoy to USD 5.7 mln and its net income by 18% yoy to USD 1.4 mln.

* PFTS MID Price 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 | 0.83 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.83 / 0.34 |
| Chg 3m/6m/52w | 122% / 108% / 109% |
| Chg vs PFTS 3m/6m/52w | 79% / 61% / 50% |
| Chg YTD | 18% |
| Avg Mo Tr Vol 6M, USD ths | 191.54 |
| MCap, USD mln | 111.2 |
| Free float, % | 11.3% |
| FF MCap, USD mln | 12.6 |
| No of shares, mln | 134.6 |
| Par Value, UAH | 0.25 |
| XETRA | KF3A |
| DR Ratio | 1:40 |
| Avg Mo Tr Vol 6M, USD ths | 0.0 |

STOCK OWNERSHIP

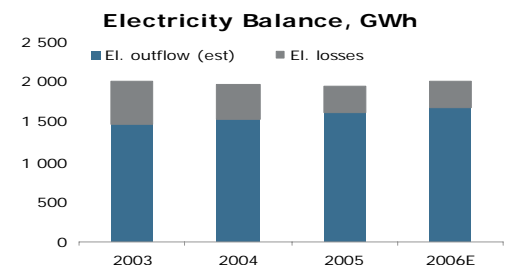
| | |
|-----------|-------|
| NC ECU | 70.0% |
| VS Energy | 18.8% |
| Other | 11.3% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.5 | 1.4 |
| EV/EBITDA | 11.8 | 10.7 |
| P/E | 47.1 | 22.7 |
| P/B | 1.9 | 1.8 |
| P/CF | 14.5 | 10.9 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 9% | 13% | 13% |
| Net Margin | 3% | 3% | 6% |
| ROE | 5% | 4% | 8% |
| Net Debt/Equity | 0.02 | 0.0 | 0.0 |



INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|-------------|-------------|-------------|------------|------------|
| Net Revenues | 46.7 | 51.4 | 59.7 | 50.8 | n/a | n/a |
| <i>Change y-o-y</i> | - | 9.9% | 16.3% | 21.8% | n/a | n/a |
| Gross Profit | 6.7 | 7.2 | 9.6 | 8.6 | n/a | n/a |
| EBITDA | 3.4 | 3.4 | 5.2 | 5.7 | n/a | n/a |
| <i>margin, %</i> | 7.3% | 6.6% | 8.7% | 11.3% | n/a | n/a |
| Depreciation | (2.9) | (3.1) | (2.5) | (4.0) | n/a | n/a |
| EBIT | 0.5 | 0.3 | 2.7 | 1.7 | n/a | n/a |
| <i>margin, %</i> | 1.1% | 0.5% | 4.6% | 3.4% | n/a | n/a |
| Interest Expense | (0.1) | (0.1) | (0.1) | (0.1) | n/a | n/a |
| Other income/(expense) | 0.1 | 0.2 | (0.1) | 0.1 | n/a | n/a |
| PBT | 0.4 | 0.3 | 2.5 | 1.8 | n/a | n/a |
| Tax | (0.2) | (0.1) | (0.9) | (0.4) | n/a | n/a |
| <i>Effective tax rate</i> | 37.9% | 52.8% | 37.9% | 22.2% | n/a | n/a |
| Net Income | 0.1 | 0.1 | 1.5 | 1.4 | n/a | n/a |
| <i>Net Margin, %</i> | 0.2% | 0.2% | 2.4% | 2.8% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 23.0 | 21.5 | 20.2 | 17.5 | n/a | n/a |
| Cash & Equivalents | 0.4 | 0.4 | 0.2 | 0.5 | n/a | n/a |
| Trade Receivables | 17.6 | 16.1 | 15.2 | 12.3 | n/a | n/a |
| Inventories | 1.7 | 1.8 | 1.9 | 2.1 | n/a | n/a |
| Other | 3.3 | 3.3 | 2.9 | 2.6 | n/a | n/a |
| Fixed Assets | 37.4 | 66.2 | 68.6 | 67.8 | n/a | n/a |
| PP&E, net | 34.9 | 63.3 | 64.5 | 63.3 | n/a | n/a |
| Other | 2.5 | 2.9 | 4.1 | 4.5 | n/a | n/a |
| Total Assets | 60.3 | 87.7 | 88.8 | 85.3 | n/a | n/a |
| Shareholders' Equity | 26.8 | 54.8 | 55.4 | 56.0 | n/a | n/a |
| Share Capital | 6.3 | 6.3 | 6.7 | 6.7 | n/a | n/a |
| Retained Earnings | (3.2) | (3.1) | 0.3 | 0.8 | n/a | n/a |
| Other | 23.6 | 51.6 | 48.4 | 48.5 | n/a | n/a |
| Current Liabilities | 33.5 | 32.9 | 33.5 | 29.3 | n/a | n/a |
| ST Interest Bearing Debt | 0.8 | 0.6 | 1.2 | 1.1 | n/a | n/a |
| Trade Payables | 29.5 | 28.8 | 28.4 | 23.8 | n/a | n/a |
| Other | 3.2 | 3.5 | 3.9 | 5.3 | n/a | n/a |
| LT Liabilities | - | - | - | - | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | n/a | n/a |
| Other | - | - | - | - | n/a | n/a |
| Total Liabilities & Equity | 60.3 | 87.7 | 88.8 | 85.3 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net Revenues | 13.6 | 11.4 | 12.0 | 14.4 | 14.7 | 12.8 | 14.1 | 18.0 | 18.8 | 15.3 | 16.6 |
| <i>Change y-o-y</i> | 9.0% | 15.0% | 5.8% | 10.4% | 8.0% | 12.5% | 18.0% | 25.6% | 27.6% | 19.6% | 17.7% |
| EBITDA | 0.2 | 1.5 | 1.4 | 0.3 | 1.6 | 0.0 | 2.1 | 1.5 | 2.0 | 2.1 | 1.6 |
| <i>margin, %</i> | 1.3% | 13.5% | 11.4% | 2.2% | 10.7% | 0.1% | 15.1% | 8.4% | 10.4% | 13.9% | 9.9% |
| EBIT | (0.6) | 0.8 | 0.5 | (0.4) | 0.8 | 0.3 | 0.7 | 0.9 | 0.5 | 0.9 | 0.3 |
| <i>margin, %</i> | -4.3% | 6.9% | 4.1% | -2.9% | 5.2% | 2.7% | 5.0% | 5.1% | 2.9% | 5.6% | 2.1% |
| Net Income | (0.6) | 0.7 | 0.5 | (0.5) | 0.6 | 0.3 | 0.3 | 0.3 | 0.5 | 0.8 | 0.1 |
| <i>Net Margin, %</i> | -4.5% | 6.3% | 4.3% | -3.5% | 4.0% | 2.1% | 2.3% | 1.5% | 2.7% | 5.1% | 0.7% |

Kirovogradoblenergo

KION UZ

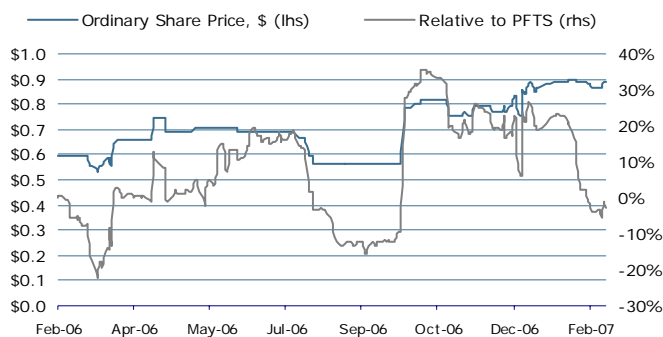
Electric

Target Price (USD)
0.48
Upside
-46%

INVESTMENT CASE

- Not a good short-term investment opportunity. Among a group of Oblenergos currently benefiting from preferential tariffs. Profitability will shrink after 2008, following expected changes in the tariff policy

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Kirovogradoblenergo (KION) is an electricity distribution company providing services to the central region of Kirovograd (area 24,600 km²; population 1.12 mln). Kirovogradoblenergo is fully controlled by VS Energy group of Alexander Babakov. The company owns a 34,000 km transmission grid with a 3.4 GVA transformer capacity. Kirovograd region is not industrialized and households are the main consumers of electricity. Pobuzk Ferronickel Plant, the largest regions' energy consumer makes Kirovogradoblenergo's revenue volatile by either purchasing power from Kirovogradoblenergo or from the wholesale energy market. The company enjoys a preferable tariff policy since it is an Oblenergo that was privatized in 2001. Though, preferences will terminate in January 2008, when we expect a significant decrease of the company's profits. The company supplied 1.42 TWh of electricity in 2006.

In 9M06 Kirovogradoblenergo posted sales growth of 22% yoy to USD 50 mln and net income grew to USD 2.6 mln (versus a net loss of USD 0.2 mln in 9M05).

* PFTS MID Price 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 | 0.89 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.90 / 0.53 |
| Chg 3m/6m/52w | 18% / 57% / 49% |
| Chg vs PFTS 3m/6m/52w | -25% / 10% / -9% |
| Chg YTD | -1% |
| Avg Mo Tr Vol 6M, USD ths | 481.85 |
| MCap, USD mln | 105.8 |
| Free float, % | 6.0% |
| FF MCap, USD mln | 6.3 |
| No of shares, mln | 119.4 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-----------|-------|
| VS Energy | 94.0% |
| Other | 6.0% |

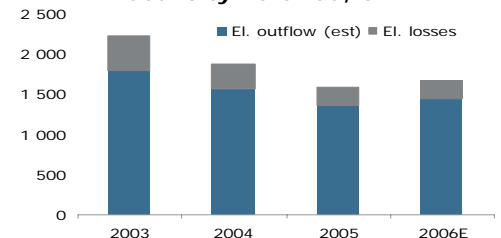
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.6 | 1.4 |
| EV/EBITDA | 7.5 | 6.4 |
| P/E | 25.1 | 23.9 |
| P/B | 1.3 | 1.3 |
| P/CF | 10.0 | 9.8 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 16% | 22% | 22% |
| Net Margin | 1% | 6% | 5% |
| ROE | 1% | 6% | 6% |
| Net Debt/Equity | 0.09 | 0.1 | 0.1 |

Electricity Balance, GWh



INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|-------------|-------------|------------|------------|
| Net Revenues | 58.9 | 57.1 | 57.5 | 50.0 | n/a | n/a |
| <i>Change y-o-y</i> | - | -3.0% | 0.6% | 21.6% | n/a | n/a |
| Gross Profit | 9.2 | 8.8 | 12.9 | 13.6 | n/a | n/a |
| EBITDA | 9.3 | 8.1 | 9.3 | 10.9 | n/a | n/a |
| <i>margin, %</i> | 15.7% | 14.3% | 16.2% | 21.9% | n/a | n/a |
| Depreciation | (10.5) | (9.8) | (7.3) | (4.7) | n/a | n/a |
| EBIT | (1.3) | (1.7) | 2.1 | 6.2 | n/a | n/a |
| <i>margin, %</i> | -2.2% | -2.9% | 3.6% | 12.4% | n/a | n/a |
| Interest Expense | (0.0) | (0.0) | (0.1) | (1.6) | n/a | n/a |
| Other income/(expense) | (0.2) | 0.2 | 0.3 | (0.1) | n/a | n/a |
| PBT | (1.5) | (1.5) | 2.3 | 4.5 | n/a | n/a |
| Tax | - | - | (1.8) | (1.9) | n/a | n/a |
| <i>Effective tax rate</i> | 0.0% | 0.0% | 77.1% | 42.3% | n/a | n/a |
| Net Income | (1.5) | (1.5) | 0.5 | 2.6 | n/a | n/a |
| <i>Net Margin, %</i> | -2.6% | -2.6% | 0.9% | 5.2% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 20.6 | 18.7 | 14.2 | 12.0 | n/a | n/a |
| Cash & Equivalents | 2.1 | 0.4 | 1.4 | 1.3 | n/a | n/a |
| Trade Receivables | 11.1 | 11.9 | 8.5 | 5.0 | n/a | n/a |
| Inventories | 1.8 | 3.2 | 2.4 | 4.5 | n/a | n/a |
| Other | 5.5 | 3.2 | 1.8 | 1.2 | n/a | n/a |
| Fixed Assets | 82.9 | 80.8 | 76.8 | 84.5 | n/a | n/a |
| PP&E, net | 75.6 | 70.7 | 71.6 | 69.1 | n/a | n/a |
| Other | 7.3 | 10.2 | 5.2 | 15.5 | n/a | n/a |
| Total Assets | 103.5 | 99.5 | 91.0 | 96.5 | n/a | n/a |
| Shareholders' Equity | 79.9 | 78.7 | 75.0 | 77.1 | n/a | n/a |
| Share Capital | 5.6 | 5.6 | 5.9 | 5.9 | n/a | n/a |
| Retained Earnings | (7.8) | (7.6) | (7.5) | (0.5) | n/a | n/a |
| Other | 82.1 | 80.6 | 76.7 | 71.7 | n/a | n/a |
| Current Liabilities | 8.6 | 16.4 | 14.1 | 13.5 | n/a | n/a |
| ST Interest Bearing Debt | 4.4 | 4.5 | 8.2 | 6.2 | n/a | n/a |
| Trade Payables | 1.7 | 9.2 | 2.4 | 2.8 | n/a | n/a |
| Other | 2.4 | 2.8 | 3.5 | 5.9 | n/a | n/a |
| LT Liabilities | 15.1 | 4.4 | 1.8 | 6.0 | n/a | n/a |
| LT Interest Bearing Debt | - | - | 0.0 | 4.2 | n/a | n/a |
| Other | 15.1 | 4.4 | 1.8 | 1.8 | n/a | n/a |
| Total Liabilities & Equity | 103.5 | 99.5 | 91.0 | 96.5 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|--------------|--------------|--------------|-------------|--------------|--------------|-------------|-------------|-------------|-------------|
| Net Revenues | 19.7 | 12.1 | 11.1 | 14.3 | 15.0 | 12.9 | 13.2 | 16.4 | 19.5 | 15.3 | 15.2 |
| <i>Change y-o-y</i> | 24.0% | 0.5% | -14.1% | -21.1% | -23.7% | 6.7% | 18.8% | 14.8% | 30.0% | 18.4% | 15.2% |
| EBITDA | 3.5 | 1.7 | 2.4 | 0.5 | 3.7 | 2.8 | 2.8 | 0.0 | 4.4 | 2.5 | 4.0 |
| <i>margin, %</i> | 17.9% | 14.3% | 21.8% | 3.3% | 24.6% | 21.9% | 21.0% | 0.2% | 22.6% | 16.6% | 26.3% |
| EBIT | 1.3 | (0.7) | (0.2) | (2.0) | 1.3 | 0.4 | 0.2 | 0.2 | 2.9 | 0.9 | 2.3 |
| <i>margin, %</i> | 6.4% | -5.9% | -1.7% | -14.3% | 8.5% | 3.2% | 1.7% | 1.1% | 14.9% | 6.2% | 15.4% |
| Net Income | 0.7 | (1.2) | (0.0) | (0.9) | 0.6 | (0.3) | (0.4) | 0.7 | 2.1 | 0.4 | 0.0 |
| <i>Net Margin, %</i> | 3.4% | -10.1% | -0.2% | -6.4% | 4.0% | -2.7% | -3.4% | 4.5% | 11.0% | 2.7% | 0.2% |

Krymenergo

KREN UZ

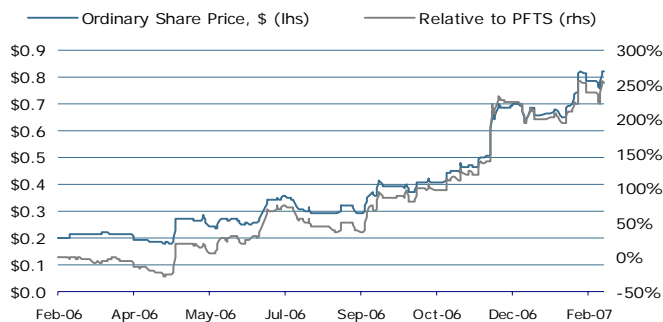
Electric

Target Price (USD) 0.49
Upside -39%

INVESTMENT CASE

- Market is booming on the back of sound fundamentals and the government's plans to invest in upgrading the company's grid
- Large debt to the wholesale energy market remains but is expected to be restructured soon
- 10% of the company might be privatized in 2007

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Krymenergo (KREN) is an electricity distribution and supply company providing services to southern Ukraine – the Crimea Republic (area 26,100 km²; population 2.13 mln). The company owns a 35,800 km transmission grid with a transformer capacity of 5.9 GVA. Residential consumers account for around 34.2% of the company's total power supplies, industrial consumers – 26.9% and agricultural companies - 14.9%. Krymenergo's largest customers are Krymvodokanal, Brom, Krymsoda and Titan. The company has very little risk of losing its market share and therefore its future looks stable. Krymenergo has shown excellent improvements in commercial losses during 2004-2005, and now is predisposed to showing high profits. The company will benefit from the Ministry of Fuel and Energy's plan to invest heavily in upgrading the Crimean power grid and in the construction of new power plants. The government might privatize 10% of the company in 2007. The company supplied 3.90 TWh of electricity in 2006.

In 9M06 Krymenergo posted sales growth of 23% yoy to USD 121.3 mln and a decline (by 23% yoy) in net income to USD 1 mln.

UPCOMING EVENTS

29 Mar 2007 AGM

* PFTS MID Price 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 | 0.80 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.82 / 0.18 |
| Chg 3m/6m/52w | 71% / 175% / 296% |
| Chg vs PFTS 3m/6m/52w | 28% / 127% / 238% |
| Chg YTD | 23% |
| Avg Mo Tr Vol 6M, USD ths | 1148.31 |
| MCap, USD mln | 138.7 |
| Free float, % | 18.4% |
| FF MCap, USD mln | 25.5 |
| No of shares, mln | 173.0 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-----------|-------|
| NC ECU | 70.0% |
| VS Energy | 11.6% |
| Other | 18.4% |

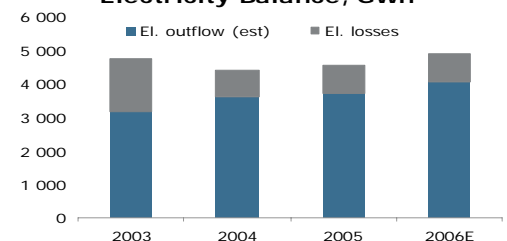
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.8 | 0.8 |
| EV/EBITDA | 12.9 | 12.2 |
| P/E | 72.6 | 138.7 |
| P/B | 6.6 | 6.3 |
| P/CF | 15.7 | 17.5 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 7% | 7% | 7% |
| Net Margin | 1% | 1.2% | 1% |
| ROE | neg | 9.9% | 5% |
| Net Debt/Equity | 0.02 | -0.01 | -0.01 |

Electricity Balance, GWh



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|------------------------|---------------|--------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 91.5 | 102.6 | 119.5 | 135.6 | 121.3 | n/a | n/a |
| Change y-o-y | - | 12.1% | 16.5% | 13.4% | 22.8% | n/a | n/a |
| Gross Profit | (9.1) | 2.0 | 20.9 | 14.1 | 21.4 | n/a | n/a |
| EBITDA | (12.9) | (2.6) | 5.1 | 9.1 | 8.7 | n/a | n/a |
| margin, % | -14.1% | -2.6% | 4.3% | 6.7% | 7.1% | n/a | n/a |
| Depreciation | (4.4) | (4.4) | (5.1) | (8.9) | (5.2) | n/a | n/a |
| EBIT | (17.3) | (7.1) | (0.1) | 0.3 | 3.4 | n/a | n/a |
| margin, % | -19.0% | -6.9% | -0.1% | 0.2% | 2.8% | n/a | n/a |
| Interest Expense | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | n/a | n/a |
| Other income/(expense) | 0.1 | 0.0 | (7.0) | 1.2 | 0.2 | n/a | n/a |
| PBT | (17.3) | (7.1) | (7.2) | 1.4 | 3.6 | n/a | n/a |
| Tax | - | (1.8) | - | (0.1) | (2.6) | n/a | n/a |
| Effective tax rate | 0.0% | -25.9% | 0.0% | 7.4% | 71.1% | n/a | n/a |
| Net Income | (17.3) | (8.9) | (7.2) | 1.3 | 1.0 | n/a | n/a |
| Net Margin, % | -19.0% | -8.7% | -6.1% | 0.9% | 0.9% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|---------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 120.7 | 125.8 | 135.6 | 147.7 | 143.2 | n/a | n/a |
| Cash & Equivalents | 0.5 | 0.4 | 0.3 | 0.3 | 1.1 | n/a | n/a |
| Trade Receivables | 99.1 | 104.3 | 112.3 | 128.0 | 126.3 | n/a | n/a |
| Inventories | 4.6 | 5.5 | 8.7 | 4.9 | 5.0 | n/a | n/a |
| Other | 16.4 | 15.6 | 14.3 | 14.6 | 10.8 | n/a | n/a |
| Fixed Assets | 60.7 | 61.6 | 99.9 | 102.4 | 104.4 | n/a | n/a |
| PP&E, net | 52.3 | 51.9 | 90.7 | 90.9 | 89.9 | n/a | n/a |
| Other | 8.4 | 9.7 | 9.2 | 11.5 | 14.5 | n/a | n/a |
| Total Assets | 181.4 | 187.4 | 235.5 | 250.1 | 247.6 | n/a | n/a |
| Shareholders' Equity | (6.4) | (15.1) | 17.7 | 19.2 | 20.6 | n/a | n/a |
| Share Capital | 8.1 | 8.1 | 8.2 | 8.6 | 8.6 | n/a | n/a |
| Retained Earnings | (72.9) | (82.5) | (93.9) | (97.8) | (97.0) | n/a | n/a |
| Other | 58.4 | 59.2 | 103.5 | 108.4 | 109.0 | n/a | n/a |
| Current Liabilities | 187.8 | 200.7 | 216.2 | 229.9 | 226.0 | n/a | n/a |
| ST Interest Bearing Debt | 0.3 | 0.0 | 0.9 | 0.6 | 0.6 | n/a | n/a |
| Trade Payables | 181.2 | 194.5 | 208.3 | 221.2 | 212.8 | n/a | n/a |
| Other | 6.2 | 6.2 | 7.1 | 8.2 | 17.0 | n/a | n/a |
| LT Liabilities | 0.0 | 1.8 | 1.6 | 0.9 | 0.9 | n/a | n/a |
| LT Interest Bearing Debt | 0.0 | - | - | - | - | n/a | n/a |
| Other | 0.0 | 1.8 | 1.6 | 0.9 | 0.9 | n/a | n/a |
| Total Liabilities & Equity | 181.4 | 187.4 | 235.5 | 250.1 | 247.6 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|---------------------|-------------|-------------|-------------|--------------|-------------|--------------|-------------|
| Net Revenues | 34.6 | 29.4 | 34.7 | 36.8 | 42.6 | 36.4 | 42.2 |
| Change y-o-y | N/M | N/M | N/M | N/M | 23.1% | 23.8% | 21.7% |
| EBITDA | 3.7 | 3.0 | 2.3 | 0.2 | 4.7 | 0.0 | 3.9 |
| margin, % | 10.7% | 10.3% | 6.5% | 0.5% | 11.1% | 0.1% | 9.2% |
| EBIT | 1.1 | 0.3 | 0.1 | (1.2) | 1.8 | (0.5) | 2.1 |
| margin, % | 3.3% | 1.1% | 0.3% | -3.4% | 4.3% | -1.4% | 5.0% |
| Net Income | 1.1 | 0.2 | 0.0 | (0.1) | 1.3 | (0.6) | 0.4 |
| Net Margin, % | 3.3% | 0.7% | 0.0% | -0.2% | 3.0% | -1.7% | 1.0% |

Kyivenergo

KIEN UZ

Electric

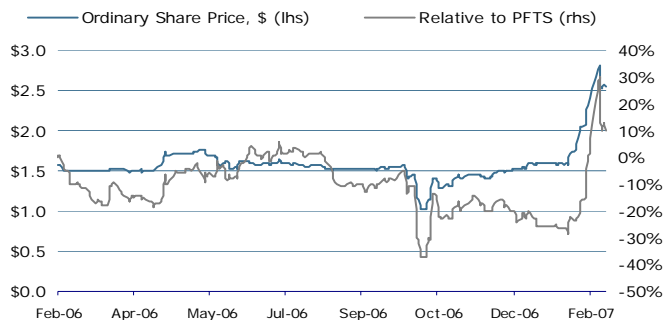
<http://www.kievenergo.com.ua>

Target Price (USD) 4.00
Upside 56%

INVESTMENT CASE

- Its altered business model, which allows it to earn more on electricity production despite a decrease in real output
- Heating segment is expected to become profitable in 2007 as production costs are being compensated by new tariffs
- There exists a risk that its lease of the city's power plants will stop soon, but we believe the lease will be renewed

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Kyivenergo (KIEN) is vertically integrated energy company producing and supplying electricity and heat in the capital of Ukraine. The company leases two gas-fired co-generation plants (with a total installed capacity of 1.2 GW) and other generation equipment from the Kyiv administration at below-market rent in exchange for maintenance. Due to uncertainty with its lease agreement, Kyivenergo's stock was highly volatile in 2006. The final decision on whether to prolong its lease is expected in May-June 2007. We believe the company will renew its lease. Despite a 30% reduction in electricity production in 2006, Kyivenergo increased revenues from its generation business due to a double in sales tariffs to the wholesale energy market and the optimization of its fuel use. However, a three-fold increase in gas prices for Ukrainian heat producers ate away any positive implications on Kyivenergo's business profile in early 2006. In 2007, with the changes in heat tariffs for the city of Kyiv, we expect the company to increase its net margin from 0% in 2006 up to 6%.

* PFTS MID Price 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 | 2.56 |
| Price impact** | 2 |
| 52 Wk H/L, USD | 2.81 / 1.02 |
| Chg 3m/6m/52w | 77% / 69% / 71% |
| Chg vs PFTS 3m/6m/52w | 35% / 22% / 13% |
| Chg YTD | 63% |
| Avg Mo Tr Vol 6M, USD ths | 432.62 |
| MCap, USD mln | 277.9 |
| Free float, % | 9.0% |
| FF MCap, USD mln | 25.0 |
| No of shares, mln | 177.1 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-------------------|-------|
| NC ECU | 50.0% |
| Kiev City Council | 12.7% |
| Khmelnitskiy | 26.5% |
| Other | 10.8% |

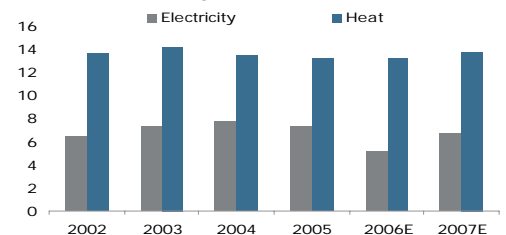
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.4 | 0.3 |
| EV/EBITDA | 15.0 | 3.6 |
| P/E | 348.3 | 4.8 |
| P/B | 1.8 | 1.2 |
| P/CF | 13.3 | 3.6 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 7% | 4% | 10% |
| Net Margin | 0% | 0% | 6% |
| ROE | 1% | 0% | 36% |
| Net Debt/Equity | 0.43 | 0.69 | 0.41 |

Electricity Production, TWh



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|--------------|--------------|----------------|----------------|
| Net Revenues | 278.1 | 301.9 | 309.6 | 376.5 | 654.8 | 1 025.4 | 1 104.3 |
| <i>Change y-o-y</i> | - | 8.6% | 2.5% | 21.4% | 73.9% | 56.6% | 7.7% |
| Gross Profit | 60.5 | 83.3 | 82.2 | 64.7 | 74.3 | 199.0 | 220.0 |
| EBITDA | 19.6 | 17.7 | 19.2 | 27.7 | 25.7 | 103.7 | 118.8 |
| <i>margin, %</i> | 7.0% | 5.8% | 6.2% | 7.4% | 5.2% | 12.5% | 13.5% |
| Depreciation | (14.5) | (14.9) | (16.4) | (20.8) | (20.1) | (21) | (24) |
| EBIT | 5.1 | 2.7 | 2.7 | 6.9 | 5.7 | 83 | 94 |
| <i>margin, %</i> | 1.8% | 0.9% | 0.9% | 1.8% | 1.1% | 10.0% | 10.7% |
| Interest Expense | (2.6) | (1.7) | (1.8) | (3.4) | (5.4) | (7.1) | (6.8) |
| Other income/(expense) | (1.6) | 0.6 | 0.7 | 5.5 | 0.6 | 1 | 1 |
| PBT | 0.9 | 1.7 | 1.6 | 9.1 | 1.1 | 76.8 | 88.4 |
| Tax | (0.3) | (0.5) | (0.4) | (7.2) | (0.3) | (19) | (22) |
| <i>Effective tax rate</i> | 28.2% | 30.2% | 25.4% | 79.5% | 25.0% | 25.0% | 25.0% |
| Net Income | 0.6 | 1.2 | 1.2 | 1.9 | 0.8 | 57.6 | 66.3 |
| <i>Net Margin, %</i> | 0.2% | 0.4% | 0.4% | 0.5% | 0.2% | 6.9% | 7.5% |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Current Assets | 131.5 | 122.7 | 111.1 | 135.5 | 154.5 | 211.5 | 222.6 |
| Cash & Equivalents | 8.0 | 6.9 | 4.3 | 7.1 | 9.9 | 16.6 | 17.6 |
| Trade Receivables | 78.1 | 60.2 | 41.9 | 37.3 | 44.6 | 74.6 | 79.2 |
| Inventories | 33.3 | 41.2 | 49.4 | 73.3 | 81.7 | 91.2 | 96.8 |
| Other | 12.2 | 14.4 | 15.4 | 17.8 | 18.3 | 29.0 | 29.0 |
| Fixed Assets | 268.8 | 290.8 | 335.0 | 371.3 | 396.2 | 431.4 | 438.4 |
| PP&E, net | 208.3 | 205.6 | 233.1 | 269.8 | 272.6 | 280.8 | 372.3 |
| Other | 60.5 | 85.3 | 101.9 | 101.4 | 123.6 | 150.6 | 66.2 |
| Total Assets | 400.3 | 413.5 | 446.1 | 506.8 | 550.7 | 642.9 | 661.0 |
| Shareholders' Equity | 236.8 | 243.6 | 252.9 | 160.0 | 158.6 | 228.3 | 262.8 |
| Share Capital | 5.1 | 5.1 | 5.1 | 5.1 | 5.4 | 5.4 | 5.4 |
| Retained Earnings | 1.2 | 1.5 | 1.8 | 4.0 | 4.7 | 40.5 | 81.5 |
| Other | 230.5 | 237.0 | 246.0 | 150.8 | 148.5 | 182.4 | 176.0 |
| Current Liabilities | 119.2 | 111.9 | 129.8 | 125.2 | 151.2 | 189.8 | 187.2 |
| ST Interest Bearing Debt | 3.5 | 2.4 | 7.7 | 11.2 | 25.4 | 24.8 | 23.5 |
| Trade Payables | 72.8 | 57.0 | 76.0 | 82.7 | 84.2 | 107.8 | 105.6 |
| Other | 42.9 | 52.4 | 46.0 | 31.3 | 41.6 | 57.2 | 58.1 |
| LT Liabilities | 44.2 | 58.1 | 63.4 | 221.6 | 241.0 | 224.8 | 211.1 |
| LT Interest Bearing Debt | 25.9 | 28.4 | 26.6 | 65.4 | 93.7 | 85.8 | 80.0 |
| Other | 18.4 | 29.6 | 36.8 | 39.9 | 39.6 | 39.6 | 39.6 |
| Total Liabilities & Equity | 400.3 | 413.5 | 446.1 | 506.8 | 550.7 | 642.9 | 661.0 |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|---------------|--------------|--------------|---------------|---------------|--------------|--------------|--------------|--------------|
| Net Revenues | 113.2 | 56.6 | 38.6 | 101.3 | 112.8 | 65.7 | 49.3 | 146.2 | 182.5 | 126.8 | 120.7 |
| <i>Change y-o-y</i> | -1.5% | 12.7% | -10.3% | 7.9% | -0.3% | 16.1% | 27.6% | 44.4% | 61.8% | 92.9% | 145.0% |
| EBITDA | 14.7 | 4.8 | (9.5) | 9.2 | 25.0 | (7.9) | (6.2) | 15.8 | 6.9 | 6.8 | (0.8) |
| <i>margin, %</i> | 12.9% | 8.4% | -24.5% | 9.1% | 22.2% | -12.0% | -12.5% | 10.8% | 3.8% | 5.3% | -0.7% |
| EBIT | 10.8 | 0.6 | (12.6) | 3.9 | 20.2 | (12.8) | (11.4) | 10.2 | 1.2 | 0.8 | (6.8) |
| <i>margin, %</i> | 9.6% | 1.1% | -32.7% | 3.9% | 17.9% | -19.5% | -23.2% | 7.0% | 0.7% | 0.7% | -5.7% |
| Net Income | 1.9 | (2.0) | (4.5) | 5.8 | 16.9 | (11.9) | (9.6) | 5.8 | 0.3 | (0.0) | (6.1) |
| <i>Net Margin, %</i> | 1.7% | -3.6% | -11.6% | 5.8% | 15.0% | -18.2% | -19.6% | 4.0% | 0.2% | 0.0% | -5.0% |

Lvivoblenergo

LVON UZ

Electric

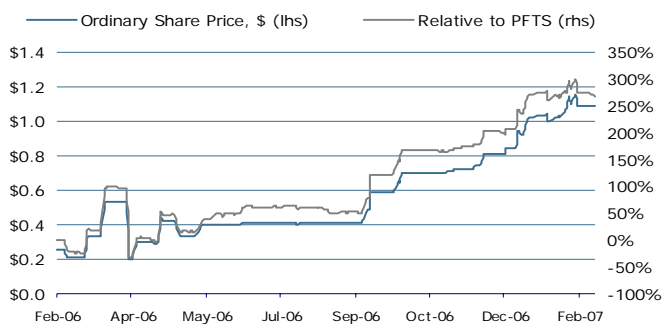
<http://www.loe.lviv.ua>

Target Price (USD) 0.50
Upside -53%

INVESTMENT CASE

- Price grew despite corporate conflicts
- Free float is too low
- 27% of the company might be privatized in 2007

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Lvivoblenergo (LVON) is an electricity distribution and supply company, providing services to the western Ukrainian region of Lviv (area 21,800 km²; population 2.61 mln). The company owns a 39,200 km transmission grid with a transformer capacity of 4.5 GVA. Industrial users account for around 38.7% of the company's total power supplies, residential users – 20.8% and transportation and utility companies for 24.5%. Lvivoblenergo's largest customers are the Lviv Bus Plant, Lorta, Sokalsky Chemical Fiber Plant, Mykolayiv Cement Plant and Galychyna Oil Refinery. Lvivoblenergo is unlikely to lose its market share. Conflicts between its two main shareholders (Privat and Energy Standart) did not affect the company's operating results much. Lvivoblenergo is operated by skilled management and remains one of the best performing in the sector. The government might privatize 27% of the company in 2007, which might end the conflict among its shareholders since the winner of the privatization tender will obtain more bargaining power. We believe that the company is among a group of Oblenergos that are best predisposed to see short-term value growth if tariff policies change. The company supplied 3.50 TWh of electricity in 2006.

In 9M06 Lvivoblenergo posted sales growth of 18% yoy to USD 111.7 mln and huge growth in net income (from a USD 0.3 mln net loss in 9M05 to positive USD 8.4 mln in 9M06).

* PFTS MID Price 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 | 1.06 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 1.15 / 0.20 |
| Chg 3m/6m/52w | 46% / 161% / 312% |
| Chg vs PFTS 3m/6m/52w | 3% / 114% / 253% |
| Chg YTD | 3% |
| Avg Mo Tr Vol 6M, USD ths | 260.36 |
| MCap, USD mln | 205.5 |
| Free float, % | 21.1% |
| FF MCap, USD mln | 43.4 |
| No of shares, mln | 194.0 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

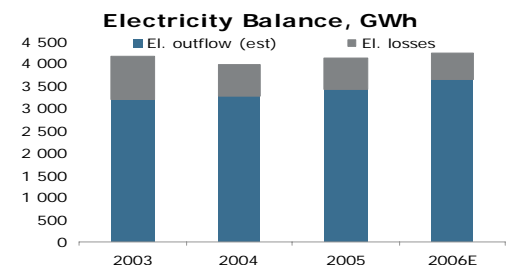
| | |
|-------------|-------|
| NC ECU | 27.0% |
| EnSt/Privat | 38.7% |
| Privat | 13.3% |
| Other | 21.1% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.4 | 1.2 |
| EV/EBITDA | 15.1 | 13.0 |
| P/E | 42.5 | 40.2 |
| P/B | 3.9 | 3.6 |
| P/CF | 23.3 | 22.6 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | 8% | 9% | 9% |
| Net Margin | -0.1% | 3% | 3% |
| ROE | -0.3% | 10% | 10% |
| Net Debt/Equity | 0.3 | 0.3 | 0.3 |



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 88.3 | 104.9 | 114.5 | 133.1 | 111.7 | n/a | n/a |
| Change y-o-y | - | 18.8% | 9.1% | 16.3% | 18.1% | n/a | n/a |
| Gross Profit | 2.7 | 11.3 | 15.8 | 17.2 | 16.9 | n/a | n/a |
| EBITDA | 2.3 | 10.0 | 13.8 | 11.1 | 19.6 | n/a | n/a |
| margin, % | 2.6% | 9.5% | 12.1% | 8.3% | 17.5% | n/a | n/a |
| Depreciation | (3.1) | (7.0) | (6.6) | (6.5) | (5.0) | n/a | n/a |
| EBIT | (0.8) | 2.9 | 7.2 | 4.6 | 14.6 | n/a | n/a |
| margin, % | -0.9% | 2.8% | 6.3% | 3.5% | 13.1% | n/a | n/a |
| Interest Expense | (1.3) | (0.9) | (1.1) | (2.8) | (1.8) | n/a | n/a |
| Other income/(expense) | (0.1) | 0.1 | (0.4) | (0.0) | 0.1 | n/a | n/a |
| PBT | (2.2) | 2.1 | 5.8 | 1.8 | 12.9 | n/a | n/a |
| Tax | - | - | (0.2) | (1.9) | (4.5) | n/a | n/a |
| Effective tax rate | 0.0% | 0.0% | 3.6% | 106.4% | 35.1% | n/a | n/a |
| Net Income | (2.2) | 2.1 | 5.6 | (0.1) | 8.4 | n/a | n/a |
| Net Margin, % | -2.5% | 2.0% | 4.9% | -0.1% | 7.5% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|-------------|-------------|------------|------------|
| Current Assets | 37.1 | 33.2 | 33.3 | 21.6 | 16.1 | n/a | n/a |
| Cash & Equivalents | 0.6 | 0.6 | 0.4 | 0.5 | 0.7 | n/a | n/a |
| Trade Receivables | 29.5 | 23.8 | 20.0 | 13.7 | 7.5 | n/a | n/a |
| Inventories | 3.5 | 4.7 | 7.1 | 2.9 | 2.9 | n/a | n/a |
| Other | 3.5 | 4.1 | 5.9 | 4.6 | 5.0 | n/a | n/a |
| Fixed Assets | 68.5 | 66.8 | 67.7 | 74.2 | 76.3 | n/a | n/a |
| PP&E, net | 61.0 | 58.6 | 58.1 | 63.1 | 63.1 | n/a | n/a |
| Other | 7.5 | 8.1 | 9.5 | 11.1 | 13.2 | n/a | n/a |
| Total Assets | 105.7 | 100.0 | 101.0 | 95.8 | 92.4 | n/a | n/a |
| Shareholders' Equity | 41.5 | 39.6 | 46.5 | 47.3 | 56.4 | n/a | n/a |
| Share Capital | 9.1 | 9.1 | 9.1 | 9.6 | 9.6 | n/a | n/a |
| Retained Earnings | (21.6) | (19.4) | (12.9) | (15.4) | (6.8) | n/a | n/a |
| Other | 54.0 | 49.9 | 50.3 | 53.1 | 53.5 | n/a | n/a |
| Current Liabilities | 49.6 | 55.8 | 38.6 | 32.8 | 19.5 | n/a | n/a |
| ST Interest Bearing Debt | 2.4 | 19.5 | 4.4 | 5.2 | 5.7 | n/a | n/a |
| Trade Payables | 44.3 | 32.2 | 29.0 | 22.2 | 6.1 | n/a | n/a |
| Other | 2.9 | 4.1 | 5.2 | 5.4 | 12.4 | n/a | n/a |
| LT Liabilities | 14.5 | 4.6 | 15.8 | 15.7 | 16.5 | n/a | n/a |
| LT Interest Bearing Debt | 14.5 | - | 11.9 | 11.7 | 12.5 | n/a | n/a |
| Other | - | 4.6 | 4.0 | 4.0 | 4.0 | n/a | n/a |
| Total Liabilities & Equity | 105.7 | 100.0 | 101.0 | 95.8 | 92.4 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|---------------------|-------------|-------------|-------------|--------------|--------------|-------------|--------------|-------------|-------------|-------------|-------------|
| Net Revenues | 31.9 | 26.5 | 16.7 | 39.4 | 34.2 | 30.4 | 30.0 | 38.5 | 44.7 | 34.7 | 32.3 |
| Change y-o-y | N/M | N/M | N/M | N/M | 7.2% | 14.9% | 79.7% | -2.3% | 30.7% | 14.2% | 7.6% |
| EBITDA | 4.2 | 4.9 | 3.7 | 1.0 | 1.5 | 4.5 | 1.0 | 4.1 | 2.5 | 4.2 | 12.9 |
| margin, % | 13.2% | 18.7% | 22.2% | 2.4% | 4.4% | 14.7% | 3.4% | 10.6% | 5.6% | 12.2% | 39.9% |
| EBIT | 2.7 | 3.3 | 1.7 | (0.4) | (0.1) | 2.9 | (0.6) | 2.4 | 1.9 | 1.6 | 11.2 |
| margin, % | 8.4% | 12.3% | 10.0% | -0.9% | -0.2% | 9.4% | -2.1% | 6.3% | 4.2% | 4.5% | 34.6% |
| Net Income | 2.4 | 2.8 | 1.6 | (1.2) | (0.5) | 0.9 | (0.6) | 0.1 | 0.4 | 0.2 | 7.8 |
| Net Margin, % | 7.5% | 10.7% | 9.5% | -3.1% | -1.5% | 2.8% | -2.1% | 0.4% | 0.8% | 0.6% | 24.1% |

Odessaoblenergo

ODEN UZ

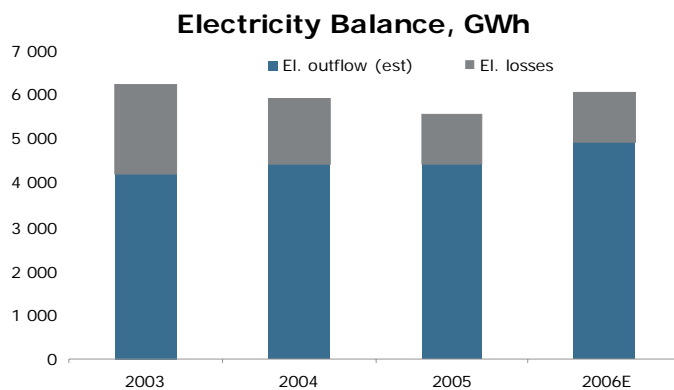
Electric

Target Price (USD)
N/R
Upside (%)
n/a

BUSINESS OVERVIEW

Odessaoblenergo (ODEN) is an electricity distribution and supply company, providing services to the largest Ukrainian region by area, Odessa (area 33,300 km²; population 2.45 mln), which is in the south. The company owns a 44,000 km transmission grid with a 5.5 GVA transformer capacity. The company plans to construct two 250MW power plants by 2009, investing a total of USD 290 mln. There is a conflict between main shareholders, the State Property Fund (SPF) and VS Energy, around an additional share issue that would increase its charter fund 2.9 times. The SPF, which owns 25%, is resisting the issue while VS Energy, which owns 66%, supports it. Odessaoblenergo is a privately-controlled Oblenergo that has a common tariff policy. Its profitability is expected to increase with the new tariff policy, giving it a significant potential for short-term growth in value. The company supplied 4.75 TWh of electricity in 2006. The company is de-listed from PFTS due to low free-float.

We expect 2006 sales to grow by 27% yoy to USD 206.2 mln, EBITDA to advance by 156% yoy to USD 9.6 mln, and net income to rise to USD 3 mln (versus USD 3.3 mln net loss in 2005).



* The stock is not listed on PFTS

** 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 | n/a |
| Price impact** | 3 |
| 52 Wk H/L, USD | n/a |
| Chg 3m/6m/52w | n/a |
| Chg vs PFTS 3m/6m/52w | n/a |
| Chg YTD | |
| Avg Mo Tr Vol 6M, USD ths | n/a |
| MCap, USD mln | n/a |
| Free float, % | 9.2% |
| FF MCap, USD mln | n/a |
| No of shares, mln | 208.5 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-----------|-------|
| NC ECU | 25.0% |
| VS Energy | 65.8% |
| Other | 9.2% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | n/a | n/a |
| EV/EBITDA | n/a | n/a |
| P/E | n/a | n/a |
| P/B | n/a | n/a |
| P/CF | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 2% | 5% | 5% |
| Net Margin | -2% | 1% | 2% |
| ROE | -95% | 30% | 47% |
| Net Debt/Equity | -0.5 | -0.2 | -0.1 |

INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|---------------|---------------|---------------|--------------|--------------|------------|------------|
| Net Revenues | 120.1 | 131.8 | 147.0 | 162.6 | 147.3 | n/a | n/a |
| <i>Change y-o-y</i> | - | 9.7% | 11.5% | 10.7% | 27.7% | n/a | n/a |
| Gross Profit | (3.3) | (0.5) | 5.8 | 10.7 | 11.3 | n/a | n/a |
| EBITDA | (10.6) | (51.0) | (1.5) | 3.7 | 7.8 | n/a | n/a |
| <i>margin, %</i> | -8.9% | -38.7% | -1.0% | 2.3% | 5.3% | n/a | n/a |
| Depreciation | (5.2) | (5.6) | (8.6) | (9.1) | (8.1) | n/a | n/a |
| EBIT | (15.8) | (56.6) | (10.1) | (5.2) | (0.3) | n/a | n/a |
| <i>margin, %</i> | -13.2% | -42.9% | -6.9% | -3.2% | -0.2% | n/a | n/a |
| Interest Expense | - | (0.5) | (0.4) | (0.6) | (0.5) | n/a | n/a |
| Other income/(expense) | (0.1) | 0.1 | (9.8) | 2.5 | 1.1 | n/a | n/a |
| PBT | (15.9) | (57.0) | (20.4) | (3.4) | 0.3 | n/a | n/a |
| Tax | - | - | (7.3) | - | (0.3) | n/a | n/a |
| <i>Effective tax rate</i> | 0.0% | 0.0% | -36.1% | 0.0% | 97.1% | n/a | n/a |
| Net Income | (15.9) | (57.0) | (27.8) | (3.3) | 0.0 | n/a | n/a |
| <i>Net Margin, %</i> | -13.3% | -43.2% | -18.9% | -2.1% | 0.0% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|---------------|---------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 108.6 | 41.6 | 50.7 | 65.1 | 62.5 | n/a | n/a |
| Cash & Equivalents | 3.8 | 3.1 | 4.4 | 4.8 | 2.1 | n/a | n/a |
| Trade Receivables | 85.8 | 22.8 | 24.7 | 26.0 | 22.4 | n/a | n/a |
| Inventories | 5.9 | 5.8 | 6.0 | 7.2 | 9.5 | n/a | n/a |
| Other | 13.1 | 9.9 | 15.5 | 27.1 | 28.5 | n/a | n/a |
| Fixed Assets | 74.1 | 87.8 | 170.2 | 178.6 | 183.0 | n/a | n/a |
| PP&E, net | 70.6 | 69.5 | 152.9 | 159.3 | 157.0 | n/a | n/a |
| Other | 3.5 | 18.3 | 17.3 | 19.3 | 26.0 | n/a | n/a |
| Total Assets | 182.7 | 129.4 | 220.9 | 243.7 | 245.6 | n/a | n/a |
| Shareholders' Equity | (16.9) | (61.2) | 3.5 | 10.0 | 12.4 | n/a | n/a |
| Share Capital | 9.8 | 9.8 | 9.8 | 10.3 | 10.3 | n/a | n/a |
| Retained Earnings | (71.1) | (115.4) | (136.9) | (133.6) | (128.8) | n/a | n/a |
| Other | 44.4 | 44.5 | 130.6 | 133.2 | 130.9 | n/a | n/a |
| Current Liabilities | 188.5 | 176.9 | 170.6 | 220.2 | 72.8 | n/a | n/a |
| ST Interest Bearing Debt | - | 0.0 | - | - | 7.7 | n/a | n/a |
| Trade Payables | 183.2 | 171.0 | 160.5 | 207.8 | 50.2 | n/a | n/a |
| Other | 5.3 | 6.0 | 10.1 | 12.4 | 16.3 | n/a | n/a |
| LT Liabilities | 11.1 | 13.6 | 46.8 | 13.6 | 160.3 | n/a | n/a |
| LT Interest Bearing Debt | 8.3 | - | 36.6 | - | - | n/a | n/a |
| Other | 2.8 | 13.6 | 10.2 | 13.6 | 160.3 | n/a | n/a |
| Total Liabilities & Equity | 182.7 | 129.4 | 220.9 | 243.7 | 245.6 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|--------------|-------------|--------------|-------------|-------------|------|------|------|------|
| Net Revenues | 41.0 | 36.4 | 38.0 | 47.2 | 54.7 | 45.1 | 47.5 | | | | |
| <i>Change y-o-y</i> | N/M | N/M | N/M | N/M | 33.5% | 23.6% | 25.2% | | | | |
| EBITDA | (0.7) | 1.7 | (1.2) | 3.9 | 0.5 | 3.8 | 3.5 | | | | |
| <i>margin, %</i> | -1.7% | 4.8% | -3.1% | 8.2% | 0.9% | 8.4% | 7.4% | | | | |
| EBIT | (5.2) | (2.9) | (5.8) | 8.6 | (2.0) | 1.2 | 0.6 | | | | |
| <i>margin, %</i> | -12.7% | -8.0% | -15.2% | 18.3% | -3.7% | 2.6% | 1.2% | | | | |
| Net Income | (5.2) | (2.8) | (0.2) | 4.9 | (1.2) | 1.2 | 0.0 | | | | |
| <i>Net Margin, %</i> | -12.8% | -7.8% | -0.6% | 10.5% | -2.2% | 2.7% | 0.0% | | | | |

Poltavaoblenergo

POON UZ

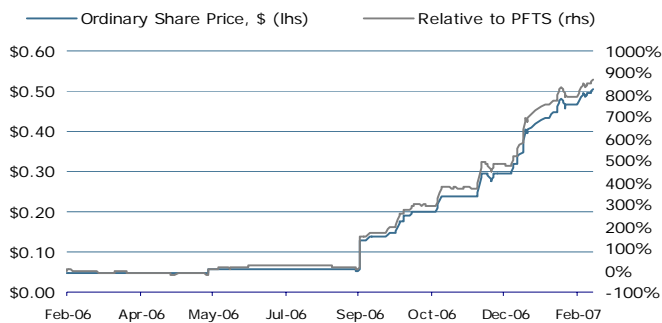
Electric

Target Price (USD) 0.54
Upside 10%

INVESTMENT CASE

- No overdue debt to the wholesale energy market
- Among the top Oblenergos by operating performance
- Wholesale energy market does not recognize its debt write-offs
- Privatization of a 25%+1 stake expected in 2007 is likely to lead to a resolution of the conflict between the two main shareholders
- Free float is very limited as involved parties have tried to concentrate shares

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Poltavaoblenergo (POON) is an electricity distribution and supply company, providing services to the north-eastern region of Poltava (area 28,800 km²; population 1.61 mln). The company owns a 48,900 km transmission grid with a transformer capacity of 3.96 GVA. Poltavaoblenergo also operates the Kremenchug CHPP, which produces about 35% of the electricity it supplies. This makes the company relatively independent of external electricity supplies. Industrial consumers (largest of them are UkrTatNafta and PoltavaGazVydobuvannia) account for about 54% of Poltavaoblenergo's supplies. Two rival business groups, Energy Standart and Privat, own 40% of its shares and are in a conflict for control. The only negative effect of the conflict has been the failure to hold a shareholders meeting during the last couple of years. The company is operated by skilled management and is among the most efficient on the market. We believe that the company is among those Oblenergos that are best predisposed to see short-term value growth if tariff polices change. The government might privatize 25% of the company in 2007.

The company produced 1.23 TWh and supplied 3.09 TWh of electricity in 2006. In 9M06 Poltavaoblenergo posted growth in sales by 12% yoy to USD 118.3 mln, in EBITDA by 18% yoy to USD 16.6 mln and in net income by 7% yoy to USD 1.1 mln.

MARKET INFORMATION

| | |
|---------------------------|--------------------|
| Market price*, USD | 0.49 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.50 / 0.05 |
| Chg 3m/6m/52w | 111% / 750% / 920% |
| Chg vs PFTS 3m/6m/52w | 68% / 703% / 862% |
| Chg YTD | 13% |
| Avg Mo Tr Vol 6M, USD ths | 3.1 |
| MCap, USD mln | 108.3 |
| Free float, % | 0.4% |
| FF MCap, USD mln | 0.4 |
| No of shares, mln | 221.0 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-------------|-------|
| NC ECU | 25.0% |
| EnSt/Privat | 40.0% |
| Privat | 35.0% |
| Other | 0.0% |

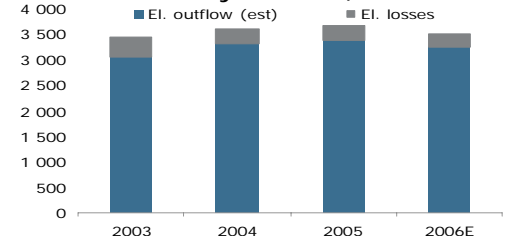
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.8 | 0.7 |
| EV/EBITDA | 4.9 | 4.6 |
| P/E | 45.9 | 30.9 |
| P/B | 1.2 | 1.2 |
| P/CF | 5.9 | 5.5 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 13% | 16% | 16% |
| Net Margin | 1% | 1% | 2% |
| ROE | 1% | 3% | 4% |
| Net Debt/Equity | 0.19 | 0.2 | 0.2 |

Electricity Balance, GWh



* PFTS BID Price 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)

INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|---------------|---------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 132.2 | 125.2 | 150.8 | 146.6 | 118.3 | n/a | n/a |
| <i>Change y-o-y</i> | - | -5.3% | 20.4% | -2.8% | 12.1% | n/a | n/a |
| Gross Profit | 14.7 | 17.3 | 21.1 | 25.2 | 21.7 | n/a | n/a |
| EBITDA | 9.1 | 1.9 | 9.9 | 19.3 | 16.6 | n/a | n/a |
| <i>margin, %</i> | 6.8% | 1.5% | 6.6% | 13.2% | 14.0% | n/a | n/a |
| Depreciation | (16.8) | (14.1) | (12.9) | (13.2) | (12.1) | n/a | n/a |
| EBIT | (7.8) | (12.3) | (3.1) | 6.1 | 4.5 | n/a | n/a |
| <i>margin, %</i> | -5.9% | -9.8% | -2.0% | 4.2% | 3.8% | n/a | n/a |
| Interest Expense | (0.9) | (1.0) | (1.7) | (1.3) | (1.3) | n/a | n/a |
| Other income/(expense) | (3.2) | 0.2 | (0.5) | (2.8) | 0.1 | n/a | n/a |
| PBT | (11.9) | (13.0) | (5.2) | 2.1 | 3.3 | n/a | n/a |
| Tax | - | (1.6) | - | (1.0) | (2.1) | n/a | n/a |
| <i>Effective tax rate</i> | 0.0% | -12.3% | 0.0% | 48.1% | 65.4% | n/a | n/a |
| Net Income | (11.9) | (14.6) | (5.2) | 1.1 | 1.1 | n/a | n/a |
| <i>Net Margin, %</i> | -9.0% | -11.7% | -3.5% | 0.7% | 1.0% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 38.0 | 26.8 | 27.0 | 18.3 | 25.3 | n/a | n/a |
| Cash & Equivalents | 1.4 | 1.6 | 3.5 | 2.5 | 2.2 | n/a | n/a |
| Trade Receivables | 20.8 | 5.7 | 4.5 | 3.8 | 7.6 | n/a | n/a |
| Inventories | 7.1 | 4.5 | 12.2 | 4.2 | 7.0 | n/a | n/a |
| Other | 8.7 | 15.0 | 6.8 | 7.9 | 8.4 | n/a | n/a |
| Fixed Assets | 103.6 | 103.2 | 98.8 | 103.3 | 101.1 | n/a | n/a |
| PP&E, net | 90.2 | 86.6 | 84.5 | 89.2 | 86.6 | n/a | n/a |
| Other | 13.4 | 16.5 | 14.3 | 14.1 | 14.5 | n/a | n/a |
| Total Assets | 141.7 | 129.9 | 125.7 | 121.7 | 126.4 | n/a | n/a |
| Shareholders' Equity | 103.8 | 86.0 | 82.2 | 87.8 | 89.3 | n/a | n/a |
| Share Capital | 10.4 | 10.4 | 10.4 | 10.9 | 10.9 | n/a | n/a |
| Retained Earnings | 1.2 | (16.7) | 0.2 | 7.7 | 9.1 | n/a | n/a |
| Other | 92.2 | 92.3 | 71.6 | 69.2 | 69.3 | n/a | n/a |
| Current Liabilities | 24.8 | 31.6 | 35.2 | 26.3 | 18.0 | n/a | n/a |
| ST Interest Bearing Debt | 2.3 | 10.3 | 7.8 | 12.1 | 0.8 | n/a | n/a |
| Trade Payables | 13.6 | 10.3 | 14.4 | 0.9 | 3.1 | n/a | n/a |
| Other | 8.8 | 11.0 | 13.0 | 13.3 | 15.7 | n/a | n/a |
| LT Liabilities | 13.1 | 12.3 | 8.3 | 7.5 | 19.1 | n/a | n/a |
| LT Interest Bearing Debt | 9.0 | 8.2 | 8.0 | 7.2 | 18.8 | n/a | n/a |
| Other | 4.1 | 4.1 | 0.3 | 0.3 | 0.3 | n/a | n/a |
| Total Liabilities & Equity | 141.7 | 129.9 | 125.7 | 121.7 | 126.4 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|--------------|--------------|--------------|-------------|-------------|--------------|-------------|-------------|-------------|--------------|
| Net Revenues | 42.6 | 38.6 | 30.6 | 38.9 | 40.3 | 32.5 | 32.7 | 41.1 | 46.0 | 36.1 | 36.2 |
| <i>Change y-o-y</i> | 29.3% | 53.0% | -11.9% | 20.7% | -5.4% | -15.8% | 6.7% | 5.7% | 14.0% | 11.1% | 10.7% |
| EBITDA | 4.7 | 3.7 | 3.8 | (2.3) | 7.2 | 5.4 | 1.5 | 5.2 | 7.4 | 4.5 | 4.7 |
| <i>margin, %</i> | 11.1% | 9.6% | 12.3% | -5.9% | 17.9% | 16.6% | 4.6% | 12.7% | 16.0% | 12.4% | 13.0% |
| EBIT | 1.5 | 0.4 | 0.1 | (5.1) | 4.0 | 2.1 | (1.7) | 1.7 | 4.5 | 1.6 | (1.6) |
| <i>margin, %</i> | 3.5% | 1.1% | 0.4% | -13.1% | 9.9% | 6.5% | -5.3% | 4.2% | 9.7% | 4.4% | -4.5% |
| Net Income | 0.5 | (0.6) | (1.7) | (3.4) | 2.6 | 0.4 | (1.9) | 0.0 | 2.5 | 1.1 | (2.4) |
| <i>Net Margin, %</i> | 1.2% | -1.5% | -5.7% | -8.8% | 6.4% | 1.2% | -5.9% | 0.1% | 5.4% | 3.0% | -6.6% |

PrykarpatoBlenergo

PREN UZ

Electric

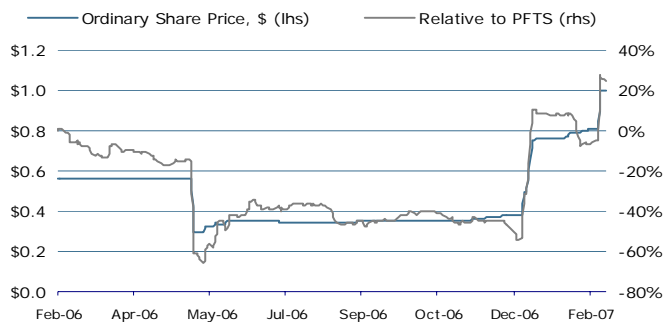
<http://www.oe.if.ua>

Target Price (USD) 0.57
Upside -44%

INVESTMENT CASE

- No overdue debt to the wholesale energy market
- Among the top Oblenergos by operating performance
- Wholesale energy market does not recognize its debt write-offs
- High payment collection rate
- Free float is very limited as involved parties have tried to concentrate shares
- Most valuable target of rival groups (Privat and EnergoStandard)
- 25% of the company might be privatized in 2007

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

PrykarpatoBlenergo (PREN) is an electricity distribution and supply company providing services to the western Ukrainian Ivano-Frankivsk Region (area 13,900 km²; population 1.4 mln). The company owns a 25,300 km transmission grid with a 2.8 GVA transformer capacity. Despite operating in a mountainous region with difficult climatic conditions, the company has been highly successful in cutting electricity losses during the past years. Half of its consumers are industrial companies (the LUKOR chemical plant, Ivano-Frankivsk Cement and Naftokhimik Prykarpattya oil refinery). The company is among the best performing Oblenergos and there is no reason for this to change. Two rival business groups, Energy Standart and Privat, own 34% of its shares, but conflicts between them haven't affected the company's operating results. PrykarpatoBlenergo is the only "conflict Oblenergo" that manages to hold AGMs. The government might privatize 25% of the company in 2007. The company supplied 1.93 TWh of electricity in 2006.

We expect 2006 sales to grow by 16% yoy to USD 93.3 mln, and EBITDA to grow by 60% to USD 9.3 mln.

MARKET INFORMATION

| | |
|---------------------------|-------------------|
| Market price*, USD | 1.01 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 1.01 / 0.30 |
| Chg 3m/6m/52w | 183% / 191% / 79% |
| Chg vs PFTS 3m/6m/52w | 140% / 144% / 21% |
| Chg YTD | 31% |
| Avg Mo Tr Vol 6M, USD ths | 1.68 |
| MCap, USD mln | 104.7 |
| Free float, % | 13.6% |
| FF MCap, USD mln | 14.2 |
| No of shares, mln | 103.6 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

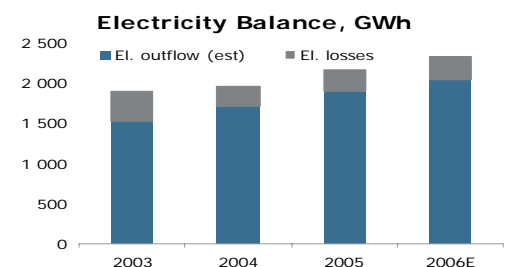
| | |
|-------------|-------|
| NC ECU | 25.0% |
| EnSt/Privat | 33.8% |
| Privat | 27.6% |
| Other | 13.6% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.1 | 1.0 |
| EV/EBITDA | 12.6 | 10.8 |
| P/E | 47.6 | 23.3 |
| P/B | 2.7 | 2.4 |
| P/CF | 16.0 | 11.8 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | 7% | 10% | 10% |
| Net Margin | 0.02% | 2% | 4% |
| ROE | 0.1% | 6% | 12% |
| Net Debt/Equity | 0.3 | 0.3 | 0.3 |



* PFTS MID Price 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)

INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|-------------|-------------|--------------|------------|------------|
| Net Revenues | 45.3 | 56.8 | 74.9 | 80.5 | 67.8 | n/a | n/a |
| <i>Change y-o-y</i> | - | 25.5% | 31.8% | 7.5% | 18.6% | n/a | n/a |
| Gross Profit | 3.3 | 7.1 | 7.7 | 9.0 | 8.8 | n/a | n/a |
| EBITDA | 1.3 | 3.6 | 11.7 | 5.8 | 5.2 | n/a | n/a |
| <i>margin, %</i> | 2.9% | 6.3% | 15.6% | 7.2% | 7.6% | n/a | n/a |
| Depreciation | (2.7) | (3.7) | (4.0) | (4.2) | (3.3) | n/a | n/a |
| EBIT | (1.4) | (0.1) | 7.7 | 1.6 | 1.9 | n/a | n/a |
| <i>margin, %</i> | -3.2% | -0.2% | 10.2% | 2.0% | 2.8% | n/a | n/a |
| Interest Expense | (0.1) | (0.0) | (1.0) | (2.1) | (1.5) | n/a | n/a |
| Other income/(expense) | 0.1 | 0.1 | 0.0 | 0.7 | (0.2) | n/a | n/a |
| PBT | (1.5) | (0.1) | 6.7 | 0.2 | 0.1 | n/a | n/a |
| Tax | - | (0.2) | (3.3) | (0.2) | (0.3) | n/a | n/a |
| <i>Effective tax rate</i> | 0.0% | -286.4% | 48.8% | 99.8% | 238.7% | n/a | n/a |
| Net Income | (1.5) | (0.3) | 3.4 | 0.0 | (0.2) | n/a | n/a |
| <i>Net Margin, %</i> | -3.3% | -0.6% | 4.5% | 0.0% | -0.3% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 24.4 | 26.5 | 18.5 | 14.0 | 15.4 | n/a | n/a |
| Cash & Equivalents | 0.5 | 0.8 | 0.6 | 0.5 | 0.8 | n/a | n/a |
| Trade Receivables | 11.6 | 10.8 | 6.8 | 7.0 | 6.1 | n/a | n/a |
| Inventories | 2.2 | 3.3 | 4.8 | 1.8 | 2.2 | n/a | n/a |
| Other | 10.2 | 11.7 | 6.3 | 4.8 | 6.3 | n/a | n/a |
| Fixed Assets | 42.8 | 41.4 | 39.1 | 41.9 | 42.5 | n/a | n/a |
| PP&E, net | 32.7 | 31.7 | 32.0 | 34.3 | 34.5 | n/a | n/a |
| Other | 10.1 | 9.7 | 7.1 | 7.6 | 8.0 | n/a | n/a |
| Total Assets | 67.3 | 68.0 | 57.6 | 56.0 | 57.9 | n/a | n/a |
| Shareholders' Equity | 31.0 | 30.8 | 34.7 | 36.5 | 36.6 | n/a | n/a |
| Share Capital | 4.9 | 4.9 | 4.9 | 5.1 | 5.1 | n/a | n/a |
| Retained Earnings | (5.4) | (12.9) | (9.5) | (10.0) | (10.2) | n/a | n/a |
| Other | 31.6 | 38.9 | 39.3 | 41.4 | 41.7 | n/a | n/a |
| Current Liabilities | 21.6 | 22.4 | 13.2 | 11.1 | 12.7 | n/a | n/a |
| ST Interest Bearing Debt | - | - | 4.2 | 5.5 | 7.2 | n/a | n/a |
| Trade Payables | 18.5 | 19.7 | 5.5 | 0.4 | 0.2 | n/a | n/a |
| Other | 3.1 | 2.8 | 3.5 | 5.2 | 6.1 | n/a | n/a |
| LT Liabilities | 14.7 | 14.7 | 9.7 | 8.3 | 8.7 | n/a | n/a |
| LT Interest Bearing Debt | 14.7 | - | 8.1 | 6.7 | 7.1 | n/a | n/a |
| Other | - | 14.7 | 1.6 | 1.6 | 1.6 | n/a | n/a |
| Total Liabilities & Equity | 67.3 | 68.0 | 57.6 | 56.0 | 57.9 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|--------------|-------------|-------------|-------------|--------------|-------------|-------------|--------------|--------------|
| Net Revenues | 18.3 | 18.3 | 5.6 | 32.7 | 20.0 | 19.9 | 17.2 | 23.4 | 25.1 | 21.8 | 20.9 |
| <i>Change y-o-y</i> | 12.8% | 49.0% | -58.9% | 122.6% | 9.5% | 8.7% | 207.5% | -28.5% | 25.4% | 9.7% | 21.1% |
| EBITDA | 1.7 | 8.9 | (7.4) | 8.5 | 1.9 | 1.5 | 0.2 | 2.2 | 2.8 | 1.5 | 0.8 |
| <i>margin, %</i> | 9.1% | 49.0% | -132.4% | 25.9% | 9.4% | 7.4% | 1.4% | 9.4% | 11.3% | 6.8% | 4.0% |
| EBIT | 0.7 | 8.0 | (8.2) | 7.2 | 0.9 | 0.4 | (0.8) | 1.1 | 1.8 | 0.4 | (0.3) |
| <i>margin, %</i> | 3.8% | 43.5% | -146.7% | 22.1% | 4.4% | 2.2% | -4.9% | 4.7% | 7.1% | 1.8% | -1.3% |
| Net Income | 0.5 | 7.8 | (8.1) | 3.2 | 0.1 | 0.2 | (1.7) | 1.3 | 1.1 | (0.4) | (0.9) |
| <i>Net Margin, %</i> | 3.0% | 42.8% | -144.9% | 9.6% | 0.7% | 1.2% | -9.6% | 5.6% | 4.4% | -1.7% | -4.4% |

Sevastopolenergo

SMEN UZ

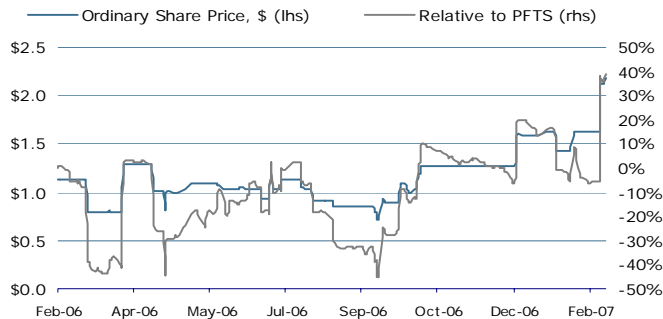
Electric

Target Price (USD) 1.03
Upside -53%

INVESTMENT CASE

- Limited free float makes the stock a doubtful investment opportunity, as the price is rather unstable
- Among a group of Oblenergos currently benefiting from preferential tariffs; profitability will shrink in 2008 following expected changes in tariff policies

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Sevastopolenergo (SMEN) is an electricity distribution and supply company providing services to the smallest territorial entity in Ukraine: the city of Sevastopol and its suburbs (area 900 km²; population 0.38 mln) in the southeast of the Crimean peninsula. The company owns a 1,200 km transmission grid with a 0.9 GVA transformer capacity. Despite being the smallest Oblenergo, it is the best performing of the four Ukrainian Oblenergos privatized by VS Energy. The company has a high rate of payment collection, is steadily increasing its electricity sales and pays one of the highest dividends in the sector. As most other Oblenergos that were privatized in 2001 and enjoy preferable tariff policy now, Sevastopolenergo is most likely to decrease its profitability in 2008, when the National Electricity Regulatory Commission (NERC) is allowed to decrease the rate of return for the company. Sevastopolenergo supplied 0.85 TWh of electricity in 2006. In 2006 we expect sales to grow by 23% yoy to USD 41.5 mln and EBITDA to grow by 9% to USD 2.4 mln.

* PFTS MID Price 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 | 2.18 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 2.18 / 0.71 |
| Chg 3m/6m/52w | 72% / 156% / 91% |
| Chg vs PFTS 3m/6m/52w | 29% / 109% / 33% |
| Chg YTD | 52% |
| Avg Mo Tr Vol 6M, USD ths | 54.52 |
| MCap, USD mln | 58.6 |
| Free float, % | 4.8% |
| FF MCap, USD mln | 2.8 |
| No of shares, mln | 26.9 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-----------|-------|
| VS Energy | 95.2% |
| Other | 4.8% |

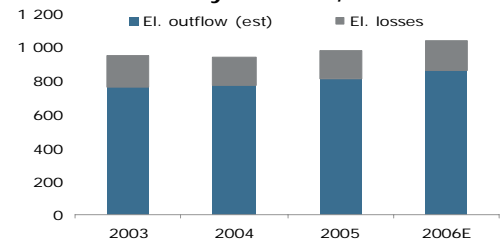
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.5 | 1.3 |
| EV/EBITDA | 6.5 | 5.7 |
| P/E | 24.6 | 40.1 |
| P/B | 4.2 | 3.8 |
| P/CF | 18.4 | 25.9 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 15% | 22% | 23% |
| Net Margin | 9% | 6% | 3% |
| ROE | 34% | 21% | 10% |
| Net Debt/Equity | 0.21 | 0.2 | 0.1 |

Electricity Balance, GWh



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Net Revenues | 19.1 | 26.3 | 30.3 | 33.8 | 29.9 | n/a | n/a |
| <i>Change y-o-y</i> | - | 37.8% | 15.2% | 11.6% | 23.8% | n/a | n/a |
| Gross Profit | 4.1 | 4.6 | 5.1 | 5.7 | 6.0 | n/a | n/a |
| EBITDA | 0.8 | 4.6 | 4.6 | 5.2 | 5.9 | n/a | n/a |
| <i>margin, %</i> | 4.4% | 17.6% | 15.3% | 15.2% | 19.6% | n/a | n/a |
| Depreciation | (0.4) | (0.5) | (0.6) | (0.7) | (0.6) | n/a | n/a |
| EBIT | 0.5 | 4.2 | 4.0 | 4.5 | 5.3 | n/a | n/a |
| <i>margin, %</i> | 2.5% | 15.8% | 13.3% | 13.2% | 17.6% | n/a | n/a |
| Interest Expense | (0.1) | (0.1) | (0.1) | (0.2) | (0.4) | n/a | n/a |
| Other income/(expense) | (0.0) | (0.0) | (0.2) | (0.0) | (0.0) | n/a | n/a |
| PBT | 0.4 | 4.1 | 3.8 | 4.3 | 4.8 | n/a | n/a |
| Tax | (0.1) | (1.2) | (0.9) | (1.3) | (1.5) | n/a | n/a |
| <i>Effective tax rate</i> | 29.6% | 30.0% | 23.7% | 30.1% | 30.9% | n/a | n/a |
| Net Income | 0.3 | 2.8 | 2.9 | 3.0 | 3.3 | n/a | n/a |
| <i>Net Margin, %</i> | 1.5% | 10.8% | 9.5% | 8.8% | 11.1% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 11.7 | 12.0 | 12.9 | 11.9 | 12.7 | n/a | n/a |
| Cash & Equivalents | 0.4 | 1.4 | 1.2 | 0.5 | 0.4 | n/a | n/a |
| Trade Receivables | 7.8 | 8.1 | 9.1 | 9.3 | 4.4 | n/a | n/a |
| Inventories | 0.7 | 0.9 | 0.7 | 1.0 | 1.0 | n/a | n/a |
| Other | 2.9 | 1.6 | 1.9 | 1.1 | 7.0 | n/a | n/a |
| Fixed Assets | 6.3 | 6.6 | 6.5 | 7.8 | 10.4 | n/a | n/a |
| PP&E, net | 5.9 | 6.0 | 6.1 | 6.5 | 7.4 | n/a | n/a |
| Other | 0.4 | 0.6 | 0.4 | 1.3 | 3.1 | n/a | n/a |
| Total Assets | 18.1 | 18.6 | 19.4 | 19.7 | 23.1 | n/a | n/a |
| Shareholders' Equity | 3.7 | 6.0 | 8.7 | 11.6 | 12.1 | n/a | n/a |
| Share Capital | 1.3 | 1.3 | 1.3 | 2.8 | 1.3 | n/a | n/a |
| Retained Earnings | (2.0) | 0.3 | 2.9 | 5.4 | 5.8 | n/a | n/a |
| Other | 4.5 | 4.4 | 4.5 | 3.4 | 5.0 | n/a | n/a |
| Current Liabilities | 1.6 | 11.9 | 10.0 | 6.6 | 6.4 | n/a | n/a |
| ST Interest Bearing Debt | - | - | - | 1.5 | - | n/a | n/a |
| Trade Payables | 0.1 | 9.9 | 6.9 | 2.4 | 0.5 | n/a | n/a |
| Other | 1.5 | 2.0 | 3.1 | 2.6 | 6.4 | n/a | n/a |
| LT Liabilities | 12.7 | 0.7 | 0.7 | 1.5 | 4.6 | n/a | n/a |
| LT Interest Bearing Debt | 0.7 | - | 0.7 | 1.3 | 4.4 | n/a | n/a |
| Other | 12.0 | 0.7 | - | 0.2 | 0.2 | n/a | n/a |
| Total Liabilities & Equity | 18.1 | 18.6 | 19.4 | 19.7 | 23.1 | n/a | n/a |

Sumyoblenergo

Electric

<http://www.smenergy.com.ua>

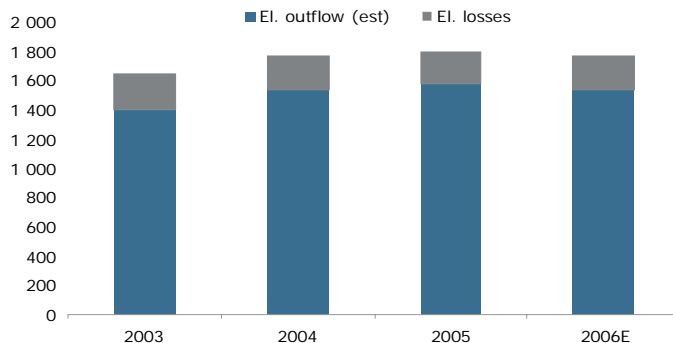
Target Price (USD) **0.35**
Upside (%) **n/a**

BUSINESS OVERVIEW

Sumyoblenergo (SOEN) is an electricity distribution and supply company, providing services to the northern Ukrainian region of Sumy (area 23,800 km²; population 1.28 mln). The company owns a 33,300 km transmission grid with a transformer capacity of 3.5 GVA. Its main consumer is the Sumykhimprom Chemicals Plant. The company has the lowest (negative) level of excessive electricity losses, which gives it additional short-term profits. Despite being one of the Oblenergos where the Energy Standard and Privat groups are vying for dominance, no noticeable corporate conflicts have taken place. The company is operated by skilled management and is one of the Oblenergos best predisposed to short-term value growth if tariff policies change. The company was de-listed from PFTS, but its shares are available to investors. The government might privatize 25% of the company in 2007. The company supplied 1.51 TWh of electricity in 2006.

In 9M06 Sumyoblenergo posted growth in sales by 9% yoy to USD 51.8 mln, in EBITDA by 5% yoy to USD 6.1 mln and a huge increase in net income (from a net loss of USD 1.4 mln in 9M05 to a positive USD 0.7 mln in 9M06).

Electricity Balance, GWh



* The stock is not listed on PFTS

** 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 | n/a |
| Price impact** | 3 |
| 52 Wk H/L, USD | n/a |
| Chg 3m/6m/52w | n/a |
| Chg vs PFTS 3m/6m/52w | n/a |
| Chg YTD | |
| Avg Mo Tr Vol 6M, USD ths | n/a |
| MCap, USD mln | n/a |
| Free float, % | 9.3% |
| FF MCap, USD mln | n/a |
| No of shares, mln | 177.1 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-------------|-------|
| NC ECU | 25.0% |
| EnSt/Privat | 40.0% |
| Privat | 25.7% |
| Other | 9.3% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | n/a | n/a |
| EV/EBITDA | n/a | n/a |
| P/E | n/a | n/a |
| P/B | n/a | n/a |
| P/CF | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 11% | 15% | 15% |
| Net Margin | -3% | 5% | 3% |
| ROE | -3% | 5% | 4% |
| Net Debt/Equity | 0.1 | 0.0 | 0.0 |

INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|------------------------|-------------|-------------|--------------|-------------|------------|------------|
| Net Revenues | 61.3 | 61.1 | 64.4 | 51.8 | n/a | n/a |
| Change y-o-y | - | -0.3% | 5.3% | 9.3% | n/a | n/a |
| Gross Profit | 7.9 | 8.8 | 9.3 | 8.4 | n/a | n/a |
| EBITDA | 5.7 | 6.1 | 7.2 | 6.1 | n/a | n/a |
| margin, % | 9.3% | 10.1% | 11.2% | 11.8% | n/a | n/a |
| Depreciation | (4.2) | (5.3) | (6.0) | (4.3) | n/a | n/a |
| EBIT | 1.6 | 0.9 | 1.2 | 1.9 | n/a | n/a |
| margin, % | 2.5% | 1.5% | 1.9% | 3.6% | n/a | n/a |
| Interest Expense | (1.0) | (1.0) | (1.0) | (0.7) | n/a | n/a |
| Other income/(expense) | (0.1) | 1.1 | (1.3) | (0.0) | n/a | n/a |
| PBT | 0.5 | 0.9 | (1.1) | 1.2 | n/a | n/a |
| Tax | (0.4) | (0.8) | (1.0) | (0.5) | n/a | n/a |
| Effective tax rate | 82.7% | 89.3% | -93.4% | 45.1% | n/a | n/a |
| Net Income | 0.1 | 0.1 | (2.1) | 0.7 | n/a | n/a |
| Net Margin, % | 0.1% | 0.2% | -3.2% | 1.3% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 16.2 | 15.6 | 12.3 | 11.5 | n/a | n/a |
| Cash & Equivalents | 0.3 | 0.7 | 0.7 | 0.7 | n/a | n/a |
| Trade Receivables | 4.8 | 4.7 | 4.5 | 3.6 | n/a | n/a |
| Inventories | 4.6 | 7.1 | 4.6 | 4.9 | n/a | n/a |
| Other | 6.5 | 3.1 | 2.4 | 2.2 | n/a | n/a |
| Fixed Assets | 71.5 | 70.1 | 70.4 | 69.1 | n/a | n/a |
| PP&E, net | 63.3 | 62.8 | 65.3 | 63.3 | n/a | n/a |
| Other | 8.2 | 7.3 | 5.2 | 5.8 | n/a | n/a |
| Total Assets | 87.7 | 85.7 | 82.7 | 80.6 | n/a | n/a |
| Shareholders' Equity | 65.5 | 66.0 | 67.5 | 68.2 | n/a | n/a |
| Share Capital | 8.3 | 8.3 | 8.8 | 8.8 | n/a | n/a |
| Retained Earnings | (14.2) | (13.4) | (14.9) | (13.6) | n/a | n/a |
| Other | 71.4 | 71.0 | 73.7 | 73.0 | n/a | n/a |
| Current Liabilities | 20.6 | 17.3 | 13.5 | 10.7 | n/a | n/a |
| ST Interest Bearing Debt | 8.1 | 4.1 | 4.2 | 3.8 | n/a | n/a |
| Trade Payables | 9.7 | 10.4 | 5.8 | 4.0 | n/a | n/a |
| Other | 2.8 | 2.8 | 3.5 | 3.7 | n/a | n/a |
| LT Liabilities | 1.5 | 2.4 | 1.7 | 1.7 | n/a | n/a |
| LT Interest Bearing Debt | - | 0.9 | - | - | n/a | n/a |
| Other | 1.5 | 1.5 | 1.7 | 1.7 | n/a | n/a |
| Total Liabilities & Equity | 87.7 | 85.7 | 82.7 | 80.6 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|---------------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|-------------|-------------|--------------|
| Net Revenues | 15.7 | 15.5 | 13.7 | 16.2 | 16.7 | 15.5 | 15.2 | 17.0 | 19.8 | 16.2 | 15.7 |
| Change y-o-y | N/M | N/M | N/M | N/M | 5.8% | -0.1% | 11.0% | 5.2% | 19.0% | 4.8% | 3.3% |
| EBITDA | 1.0 | 0.9 | 1.7 | 2.6 | 2.7 | 2.2 | 0.9 | 1.4 | 2.6 | 2.4 | 1.2 |
| margin, % | 6.4% | 5.5% | 12.2% | 16.2% | 16.2% | 14.0% | 6.2% | 8.1% | 13.2% | 14.5% | 7.4% |
| EBIT | (0.2) | (0.4) | 0.4 | 1.2 | 1.3 | 0.6 | (0.5) | (0.1) | 1.2 | 0.9 | (0.2) |
| margin, % | -1.4% | -2.7% | 2.6% | 7.3% | 7.6% | 4.1% | -3.4% | -0.7% | 5.9% | 5.6% | -1.4% |
| Net Income | (0.5) | (0.8) | (0.3) | 1.7 | (0.3) | (0.1) | (1.1) | (0.7) | 0.9 | 0.5 | (0.7) |
| Net Margin, % | -3.1% | -5.1% | -2.1% | 10.2% | -1.7% | -0.5% | -7.0% | -3.9% | 4.5% | 3.0% | -4.6% |

Ternopiloblenergo

TOEN UZ

Electric

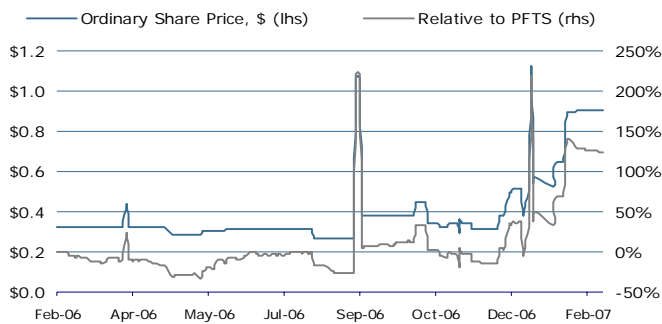
<http://www.toe.te.ua>

Target Price (USD) 0.62
Upside -33%

INVESTMENT CASE

- One of the smallest Oblenergos
- Large debt to the wholesale energy market remains but is expected to be restructured soon
- Only state-controlled Oblenergo without a stake up for privatization in 2007

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Ternopiloblenergo (TOEN) is an electricity distribution and supply company providing services to the western Ukrainian region of Ternopil (area 13,800 km²; population 1.13 mln). The company owns a 24,600 km transmission grid with a transformer capacity of 2.1 GVA. The company doesn't supply electricity to any large industrial enterprises whose defection could affect company sales. Its major consumers are the textile union Texterno, interior/exterior light-fixture manufacturing plant Vatra and the Ternopil Agriculture Machine Building Plant. The large percentage of households it supplies guarantees a stable market position in the future. Ternopiloblenergo is the only company privatized in 1998 in which the state has a controlling stake. No stake is being put for privatization in 2007. The company is one of the Oblenergos involved in the Privat-Energy Standard conflict, where rival parties own 40% stakes. If the remaining state stake of 50% is privatized, the state stands to gain a lot as the rivals vie for control. We believe that the company is among those Oblenergos best predisposed to short-term value growth if tariff policies change. The company supplied 0.95 TWh of electricity in 2006.

We expect 2006 sales to grow by 23% yoy to USD 43.1 mln, EBITDA to grow by 48% yoy to USD 4.7 mln, and net income to increase to USD 2.3 mln (versus a net loss of USD 0.4 mln in 2005).

MARKET INFORMATION

| | |
|---------------------------|--------------------|
| Market price*, USD | 0.92 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 1.12 / 0.22 |
| Chg 3m/6m/52w | 166% / 244% / 182% |
| Chg vs PFTS 3m/6m/52w | 123% / 197% / 123% |
| Chg YTD | 16% |
| Avg Mo Tr Vol 6M, USD ths | 75.62 |
| MCap, USD mln | 56.2 |
| Free float, % | 8.9% |
| FF MCap, USD mln | 5.0 |
| No of shares, mln | 61.1 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-------------|-------|
| NC ECU | 51.0% |
| EnSt/Privat | 25.0% |
| Privat | 15.1% |
| Other | 8.9% |

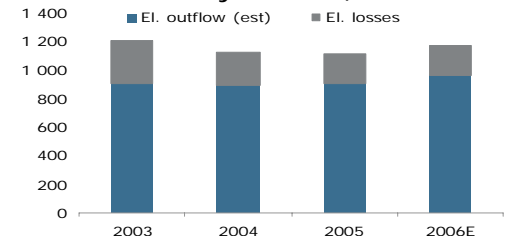
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.3 | 1.1 |
| EV/EBITDA | 12.3 | 10.5 |
| P/E | 24.5 | 17.2 |
| P/B | 3.3 | 2.8 |
| P/CF | 11.4 | 9.6 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 9% | 11% | 11% |
| Net Margin | -1% | 5% | 7% |
| ROE | -3% | 16% | 19% |
| Net Debt/Equity | 0.1 | 0.1 | 0.1 |

Electricity Balance, GWh



* PFTS MID Price 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)

INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|------------------------|--------------|-------------|--------------|--------------|-------------|------------|------------|
| Net Revenues | 27.8 | 11.9 | 31.3 | 34.9 | 29.5 | n/a | n/a |
| Change y-o-y | - | -57.1% | 163.1% | 11.4% | 22.3% | n/a | n/a |
| Gross Profit | 1.7 | 5.8 | 5.9 | 6.7 | 5.4 | n/a | n/a |
| EBITDA | (0.0) | 8.9 | 0.9 | 3.2 | 3.9 | n/a | n/a |
| margin, % | -0.2% | 75.1% | 2.8% | 9.1% | 13.1% | n/a | n/a |
| Depreciation | (4.9) | (3.0) | (3.0) | (2.8) | (2.0) | n/a | n/a |
| EBIT | (5.0) | 5.9 | (2.1) | 0.4 | 1.9 | n/a | n/a |
| margin, % | -18.0% | 49.6% | -6.8% | 1.1% | 6.4% | n/a | n/a |
| Interest Expense | (0.1) | (0.7) | (8.3) | (0.4) | (0.3) | n/a | n/a |
| Other income/(expense) | 0.1 | 0.8 | 8.5 | 0.4 | 0.2 | n/a | n/a |
| PBT | (4.9) | 6.0 | (2.0) | 0.3 | 1.8 | n/a | n/a |
| Tax | - | (2.8) | - | (0.7) | (0.7) | n/a | n/a |
| Effective tax rate | 0.0% | 46.2% | 0.0% | 209.4% | 37.3% | n/a | n/a |
| Net Income | (4.9) | 3.2 | (2.0) | (0.4) | 1.1 | n/a | n/a |
| Net Margin, % | -17.8% | 27.1% | -6.3% | -1.1% | 3.8% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 17.4 | 23.3 | 12.6 | 8.9 | 8.3 | n/a | n/a |
| Cash & Equivalents | 0.2 | 0.5 | 0.3 | 0.4 | 0.4 | n/a | n/a |
| Trade Receivables | 14.1 | 12.1 | 7.6 | 6.9 | 5.3 | n/a | n/a |
| Inventories | 1.0 | 1.1 | 3.7 | 1.4 | 1.2 | n/a | n/a |
| Other | 2.1 | 9.7 | 1.0 | 0.2 | 1.3 | n/a | n/a |
| Fixed Assets | 29.2 | 25.1 | 24.8 | 26.1 | 26.9 | n/a | n/a |
| PP&E, net | 28.3 | 23.4 | 22.9 | 23.9 | 23.9 | n/a | n/a |
| Other | 0.9 | 1.6 | 1.8 | 2.2 | 3.0 | n/a | n/a |
| Total Assets | 46.7 | 48.4 | 37.3 | 35.0 | 35.2 | n/a | n/a |
| Shareholders' Equity | 16.2 | 14.5 | 14.3 | 14.7 | 16.1 | n/a | n/a |
| Share Capital | 2.9 | 2.9 | 2.9 | 3.0 | 3.0 | n/a | n/a |
| Retained Earnings | (16.8) | (12.1) | (12.3) | (13.4) | (12.2) | n/a | n/a |
| Other | 30.1 | 23.6 | 23.8 | 25.0 | 25.3 | n/a | n/a |
| Current Liabilities | 28.7 | 29.4 | 22.4 | 19.6 | 18.4 | n/a | n/a |
| ST Interest Bearing Debt | 0.0 | 8.2 | 0.8 | 1.7 | 2.2 | n/a | n/a |
| Trade Payables | 27.8 | 18.6 | 19.9 | 16.3 | 13.8 | n/a | n/a |
| Other | 0.8 | 2.7 | 1.7 | 1.5 | 2.8 | n/a | n/a |
| LT Liabilities | 1.8 | 4.5 | 0.6 | 0.7 | 0.7 | n/a | n/a |
| LT Interest Bearing Debt | 1.2 | 1.2 | - | - | - | n/a | n/a |
| Other | 0.6 | 3.3 | 0.6 | 0.7 | 0.7 | n/a | n/a |
| Total Liabilities & Equity | 46.7 | 48.4 | 37.3 | 35.0 | 35.2 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|---------------------|------------|--------------|------------|------------|--------------|--------------|--------------|-------------|-------------|------------|------------|
| Net Revenues | 8.9 | 6.8 | 6.8 | 8.7 | 9.0 | 7.3 | 7.9 | 10.8 | 11.6 | 8.8 | 9.1 |
| Change y-o-y | 11.0% | -309.0% | 88.2% | 148.1% | 0.8% | 6.0% | 15.4% | 23.4% | 28.9% | 21.3% | 15.7% |
| EBITDA | 1.3 | (2.3) | 1.0 | 0.9 | 0.0 | 0.8 | 0.9 | 1.5 | 1.0 | 1.0 | 1.8 |
| margin, % | 14.4% | -33.7% | 14.4% | 10.6% | 0.0% | 10.7% | 10.9% | 14.2% | 8.6% | 11.9% | 20.0% |
| EBIT | 0.2 | (3.0) | 0.4 | 0.3 | (0.6) | 0.1 | 0.0 | 0.8 | 0.3 | 0.4 | 1.2 |
| margin, % | 2.5% | -44.1% | 5.7% | 3.0% | -6.8% | 1.5% | 0.5% | 7.7% | 2.4% | 4.8% | 13.1% |
| Net Income | 0.3 | (3.9) | 0.4 | 1.2 | (0.6) | (0.2) | (0.0) | 0.4 | 0.1 | 0.2 | 0.8 |
| Net Margin, % | 3.9% | -56.7% | 5.6% | 13.4% | -6.9% | -2.2% | -0.6% | 4.1% | 1.2% | 2.2% | 8.7% |

Vinnitsaoblenergo

VIEN UZ

Electric

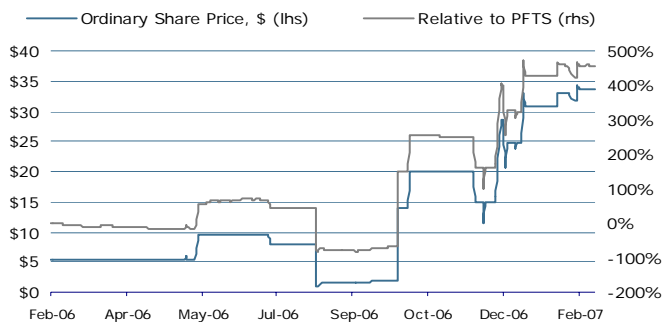
<http://www.voe.com.ua>

Target Price (USD) 20.22
Upside -40%

INVESTMENT CASE

- 15% of the company might be privatized in 2007

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Vinnitsaoblenergo (VIEN) is an electricity distribution and supply company, providing services to central Vinnitsa Region (area 26,500 km²; population 1.75 mln). The company owns a 48,400 km transmission grid with a 3.7 GVA transformer capacity. Its high excessive electricity losses are related to regional characteristics: many agricultural customers have poor payment discipline and its lines are often damaged by severe weather. Vinnitsaoblenergo is in a group of Oblenergos that suffer from inefficient management and one where a change in tariff policies won't lead to sharp profitability growth. Full privatization could be the main trigger for value growth, but is unlikely in the short-term. The government might privatize 15% of the company in 2007. The company supplied 1.80 TWh of electricity in 2006.

In 9M06 Vinnitsaoblenergo posted growth in sales by 27% yoy to USD 56.5 mln while net income improved to USD 0.4 mln versus a net loss of USD 0.3 mln in 9M05.

* PFTS MID Price 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 | 33.47 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 34.2 / 1.0 |
| Chg 3m/6m/52w | 68% / 2013% / 504% |
| Chg vs PFTS 3m/6m/52w | 25% / 1965% / 445% |
| Chg YTD | 8% |
| Avg Mo Tr Vol 6M, USD ths | 52.89 |
| MCap, USD mln | 103.7 |
| Free float, % | 4.7% |
| FF MCap, USD mln | 4.9 |
| No of shares, mln | 3.1 |
| Par Value, UAH | 10.00 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-----------|-------|
| NC ECU | 75.0% |
| VS Energy | 20.3% |
| Other | 4.7% |

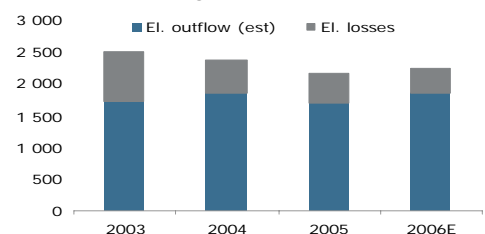
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.3 | 1.1 |
| EV/EBITDA | 19.5 | 16.9 |
| P/E | 36.6 | 47.3 |
| P/B | -79.1 | 117.9 |
| P/CF | 16.9 | 18.9 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 7% | 7% | 7% |
| Net Margin | 1% | 3% | 2% |
| ROE | -12% | -68% | -167% |
| Net Debt/Equity | -0.1 | 0.2 | -0.3 |

Electricity Balance, GWh



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|-------------|-------------|-------------|------------|------------|
| Net Revenues | 23.1 | 23.6 | 63.3 | 64.2 | 56.5 | n/a | n/a |
| <i>Change y-o-y</i> | - | 2.1% | 168.5% | 1.4% | 26.8% | n/a | n/a |
| Gross Profit | 13.0 | 13.6 | 5.7 | 5.6 | 7.3 | n/a | n/a |
| EBITDA | (2.3) | (1.6) | 3.7 | 4.8 | 3.5 | n/a | n/a |
| <i>margin, %</i> | -9.8% | -6.9% | 5.8% | 7.5% | 6.1% | n/a | n/a |
| Depreciation | (2.9) | (3.0) | (3.0) | (3.4) | (2.5) | n/a | n/a |
| EBIT | (5.2) | (4.6) | 0.7 | 1.4 | 1.0 | n/a | n/a |
| <i>margin, %</i> | -22.5% | -19.4% | 1.1% | 2.2% | 1.8% | n/a | n/a |
| Interest Expense | (0.2) | (0.3) | (0.3) | (0.3) | (0.1) | n/a | n/a |
| Other income/(expense) | 0.0 | (0.6) | 0.1 | 0.1 | 0.1 | n/a | n/a |
| PBT | (5.3) | (5.5) | 0.4 | 1.2 | 1.0 | n/a | n/a |
| Tax | (0.4) | (2.1) | (0.4) | (0.5) | (0.5) | n/a | n/a |
| <i>Effective tax rate</i> | -7.0% | -37.5% | 98.5% | 39.5% | 55.9% | n/a | n/a |
| Net Income | (5.9) | (7.5) | 0.0 | 0.7 | 0.4 | n/a | n/a |
| <i>Net Margin, %</i> | -25.4% | -32.0% | 0.0% | 1.2% | 0.7% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 33.8 | 33.6 | 33.8 | 36.4 | 31.2 | n/a | n/a |
| Cash & Equivalents | 0.2 | 0.4 | 0.3 | 0.8 | 0.9 | n/a | n/a |
| Trade Receivables | 26.9 | 26.7 | 26.7 | 27.8 | 21.9 | n/a | n/a |
| Inventories | 2.5 | 3.0 | 3.2 | 2.8 | 3.0 | n/a | n/a |
| Other | 4.1 | 3.5 | 3.6 | 4.9 | 5.3 | n/a | n/a |
| Fixed Assets | 44.9 | 43.2 | 41.8 | 44.8 | 47.3 | n/a | n/a |
| PP&E, net | 42.2 | 41.1 | 39.5 | 42.3 | 44.4 | n/a | n/a |
| Other | 2.6 | 2.1 | 2.3 | 2.6 | 2.9 | n/a | n/a |
| Total Assets | 78.6 | 76.8 | 75.6 | 81.2 | 78.5 | n/a | n/a |
| Shareholders' Equity | 2.5 | (5.8) | (6.2) | (4.1) | (2.5) | n/a | n/a |
| Share Capital | 5.8 | 5.8 | 5.8 | 6.1 | 6.1 | n/a | n/a |
| Retained Earnings | (35.7) | (43.3) | (43.5) | (43.4) | (43.2) | n/a | n/a |
| Other | 32.4 | 31.7 | 31.4 | 33.1 | 34.6 | n/a | n/a |
| Current Liabilities | 76.1 | 82.4 | 81.8 | 85.3 | 81.0 | n/a | n/a |
| ST Interest Bearing Debt | 1.5 | 1.2 | 1.2 | 1.0 | 1.0 | n/a | n/a |
| Trade Payables | 73.0 | 79.1 | 78.9 | 82.5 | 77.7 | n/a | n/a |
| Other | 1.6 | 2.0 | 1.6 | 1.8 | 3.7 | n/a | n/a |
| LT Liabilities | 0.0 | 0.2 | 0.0 | 0.0 | 0.0 | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Other | 0.0 | 0.2 | 0.0 | 0.0 | 0.0 | n/a | n/a |
| Total Liabilities & Equity | 78.6 | 76.8 | 75.6 | 81.2 | 78.5 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|
| Net Revenues | 16.6 | 13.8 | 14.3 | 19.7 | 21.9 | 17.2 | 17.5 |
| <i>Change y-o-y</i> | N/M | N/M | N/M | N/M | 32.1% | 24.7% | 22.6% |
| EBITDA | 0.9 | 0.5 | 1.2 | 2.2 | 1.3 | 1.0 | 1.1 |
| <i>margin, %</i> | 5.3% | 4.0% | 8.3% | 11.1% | 6.0% | 6.0% | 6.4% |
| EBIT | 0.0 | (0.3) | 0.3 | 1.3 | 0.5 | 0.2 | 0.2 |
| <i>margin, %</i> | 0.3% | -1.9% | 2.3% | 6.6% | 2.3% | 1.4% | 1.4% |
| Net Income | (0.0) | (0.4) | 0.1 | 1.1 | 0.2 | 0.0 | 0.2 |
| <i>Net Margin, %</i> | 0.0% | -2.8% | 0.4% | 5.4% | 1.0% | 0.2% | 1.0% |

Volynoblenergo

VOEN UZ

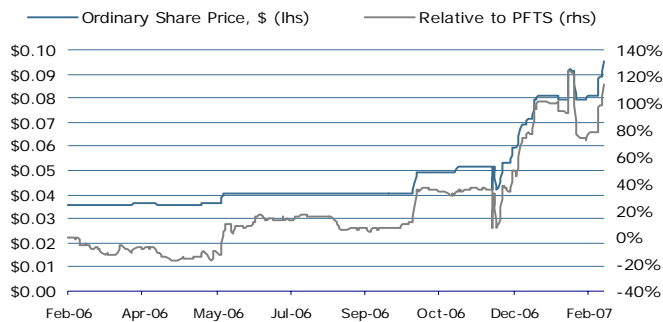
Electric

Target Price (USD) 0.07
Upside -26%

INVESTMENT CASE

- One of the smallest and most efficient state-controlled energy distribution companies
- Qualified and innovative management
- 15% of the company might be privatized in 2007

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Volynoblenergo (VOEN) is an electricity distribution and supply company providing services to the western Ukrainian Volyn region – one of the country's smallest and least industrialized regions (area 20,200 km²; population 1.05 mln). The company owns a 25,600 km transmission grid with a 2.1 GVA transformer capacity. Its small amount of industrial consumers means that there is little threat that its market share will reduce in the long-term. The company is the best performing state-controlled Oblenergo. In the last two years, it reduced its excessive electricity losses. If the tariff policy is changed, its profits will grow significantly. The government might privatize a 15% stake in 2007. The company supplied 1.07 TWh of electricity in 2006. We expect Volynoblenergo's 2006 sales to grow by 26% yoy to USD 48.5 mln and EBITDA to grow by 49% yoy to USD 3.9 mln.

* PFTS BID Price 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 | 0.10 / 0.04 |
| Chg 3m/6m/52w | 85% / 134% / 167% |
| Chg vs PFTS 3m/6m/52w | 42% / 87% / 108% |
| Chg YTD | 20% |
| Avg Mo Tr Vol 6M, USD ths | 48.6 |
| MCap, USD mln | 45.4 |
| Free float, % | 6.9% |
| FF MCap, USD mln | 3.1 |
| No of shares, mln | 477.3 |
| Par Value, UAH | 0.05 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|------------|-------|
| NC ECU | 75.0% |
| EnStandard | 18.1% |
| Other | 6.9% |

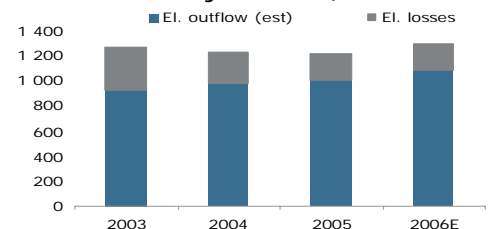
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.9 | 0.8 |
| EV/EBITDA | 11.5 | 10.2 |
| P/E | 12.4 | 12.1 |
| P/B | 2.6 | 2.2 |
| P/CF | 8.2 | 8.0 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | 7% | 8% | 8% |
| Net Margin | 1% | 8% | 7% |
| ROE | 3% | 27% | 22% |
| Net Debt/Equity | -0.01 | 0.0 | 0.0 |

Electricity Balance, GWh



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|-------------|-------------|-------------|------------|------------|
| Net Revenues | 11.1 | 9.1 | 33.7 | 38.6 | 33.9 | n/a | n/a |
| <i>Change y-o-y</i> | - | -18.4% | 271.8% | 14.5% | 25.5% | n/a | n/a |
| Gross Profit | 0.1 | 5.2 | 4.4 | 3.8 | 5.2 | n/a | n/a |
| EBITDA | (1.5) | 0.8 | 2.7 | 2.6 | 2.6 | n/a | n/a |
| <i>margin, %</i> | -13.1% | 8.6% | 8.1% | 6.8% | 7.8% | n/a | n/a |
| Depreciation | (1.2) | (1.2) | (1.5) | (1.8) | (1.4) | n/a | n/a |
| EBIT | (2.6) | (0.4) | 1.2 | 0.9 | 1.2 | n/a | n/a |
| <i>margin, %</i> | -23.5% | -4.9% | 3.7% | 2.2% | 3.6% | n/a | n/a |
| Interest Expense | (0.0) | (0.0) | (0.0) | (0.0) | (0.1) | n/a | n/a |
| Other income/(expense) | (0.1) | (0.1) | (0.0) | 0.1 | 0.1 | n/a | n/a |
| PBT | (2.8) | (0.5) | 1.2 | 0.9 | 1.2 | n/a | n/a |
| Tax | - | - | (0.6) | (0.5) | (0.6) | n/a | n/a |
| <i>Effective tax rate</i> | 0.0% | 0.0% | 52.2% | 51.1% | 51.9% | n/a | n/a |
| Net Income | (2.8) | (0.5) | 0.6 | 0.5 | 0.6 | n/a | n/a |
| <i>Net Margin, %</i> | -25.0% | -5.7% | 1.7% | 1.2% | 1.7% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 10.1 | 9.7 | 9.1 | 9.2 | 10.1 | n/a | n/a |
| Cash & Equivalents | 1.1 | 1.0 | 1.1 | 0.7 | 1.7 | n/a | n/a |
| Trade Receivables | 7.2 | 7.0 | 6.3 | 6.7 | 6.0 | n/a | n/a |
| Inventories | 0.6 | 0.7 | 0.8 | 1.2 | 1.6 | n/a | n/a |
| Other | 1.1 | 1.1 | 0.9 | 0.7 | 0.8 | n/a | n/a |
| Fixed Assets | 16.3 | 16.5 | 16.1 | 17.3 | 18.2 | n/a | n/a |
| PP&E, net | 15.9 | 15.3 | 15.1 | 16.2 | 17.4 | n/a | n/a |
| Other | 0.3 | 1.2 | 1.0 | 1.1 | 0.9 | n/a | n/a |
| Total Assets | 26.4 | 26.2 | 25.2 | 26.5 | 28.3 | n/a | n/a |
| Shareholders' Equity | 12.6 | 12.4 | 13.0 | 13.7 | 12.5 | n/a | n/a |
| Share Capital | 4.5 | 4.5 | 4.5 | 4.7 | 4.7 | n/a | n/a |
| Retained Earnings | (6.6) | (6.8) | (6.2) | (6.5) | (7.8) | n/a | n/a |
| Other | 14.8 | 14.7 | 14.7 | 15.4 | 15.6 | n/a | n/a |
| Current Liabilities | 13.8 | 13.8 | 12.2 | 12.9 | 15.8 | n/a | n/a |
| ST Interest Bearing Debt | 0.4 | 0.6 | - | 0.6 | 1.0 | n/a | n/a |
| Trade Payables | 12.9 | 13.0 | 11.3 | 10.6 | 10.1 | n/a | n/a |
| Other | 0.4 | 0.3 | 0.9 | 1.6 | 6.6 | n/a | n/a |
| LT Liabilities | - | - | - | - | - | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Other | - | - | - | - | - | n/a | n/a |
| Total Liabilities & Equity | 26.4 | 26.2 | 25.2 | 26.5 | 28.3 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|------------|--------------|--------------|-------------|-------------|--------------|-------------|
| Net Revenues | 9.9 | 8.4 | 8.7 | 11.6 | 13.1 | 10.3 | 10.5 |
| <i>Change y-o-y</i> | N/M | N/M | N/M | N/M | 32.4% | 22.3% | 20.8% |
| EBITDA | 0.7 | 0.5 | 0.4 | 1.0 | 1.3 | 0.5 | 0.9 |
| <i>margin, %</i> | 7.0% | 5.9% | 4.7% | 8.9% | 9.9% | 4.4% | 8.4% |
| EBIT | 0.3 | 0.0 | (0.1) | 0.6 | 0.9 | (0.0) | 0.4 |
| <i>margin, %</i> | 3.0% | 0.5% | -0.7% | 5.0% | 6.5% | -0.3% | 3.7% |
| Net Income | 0.1 | (0.1) | (0.1) | 0.5 | 0.5 | (0.1) | 0.2 |
| <i>Net Margin, %</i> | 1.3% | -0.8% | -1.2% | 4.2% | 3.6% | -0.8% | 1.8% |

Vostokenergo

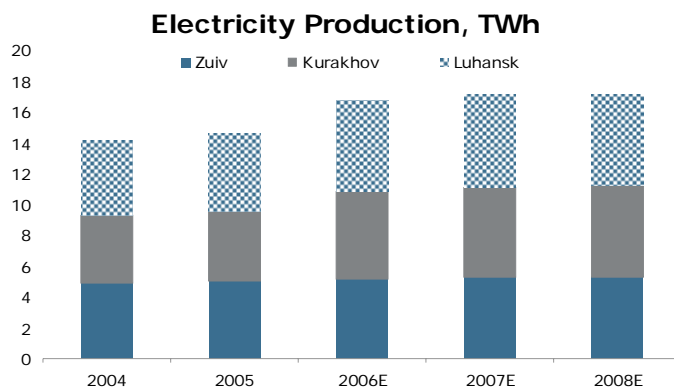
Electric

Target Price (USD) n/a
Upside (%) n/a

BUSINESS OVERVIEW

Vostokenergo is the only private thermal power generator in Ukraine and is controlled by the SCM Group. The company operates three coal-fired power plants (Kurakhiv, Zuyiv and Lugansk) with a total installed capacity of 3.89 GW. Since April 2002, Vostokenergo has been leasing plants from OJSC Tekhrempostavka, which bought them at a bankruptcy auction in 2000 from Donbasenergo. Vostokenergo is part of the DFEC Corporation, which was created in 2005 by SCM to manage its energy assets. Pavlograd Coal mine (also SCM-owned and the part of DFEC) supplies high quality coal to Vostokenergo at a lower-than-average price, which gives the latter significant advantage over other generators in the price competition. The company increased its output by 29% yoy (to 17.95 TWh) in 2006 and has become the largest thermal power producer in Ukraine. This spectacular performance was due to the artificial limitation of the company's output in 2005.

In 9M06 Vostokenergo posted growth in sales by 50% yoy to USD 529 mln, in EBITDA by 124% to USD 134.4 mln and in net income by 133% to USD 99 mln.



* The stock is not listed on PFTS

** 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 | n/a |
| Price impact** | 3 |
| 52 Wk H/L, USD | n/a |
| Chg 3m/6m/52w | n/a |
| Chg vs PFTS 3m/6m/52w | n/a |
| Chg YTD | |
| Avg Mo Tr Vol 6M, USD ths | n/a |
| MCap, USD mln | n/a |
| Free float, % | n/a |
| FF MCap, USD mln | n/a |
| No of shares, mln | n/a |
| Par Value, UAH | n/a |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-----|------|
| SCM | 100% |
|-----|------|

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | n/a | n/a |
| EV/EBITDA | n/a | n/a |
| P/E | n/a | n/a |
| P/B | n/a | n/a |
| P/CF | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 15% | 25% | n/a |
| Net Margin | 10% | 19% | n/a |
| ROE | 63% | 169% | n/a |
| Net Debt/Equity | 0.2 | -0.07 | n/a |

INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 395.9 | 432.6 | 473.2 | 529.3 | n/a | n/a |
| <i>Change y-o-y</i> | - | 9.3% | 9.4% | 50.0% | n/a | n/a |
| Gross Profit | 24.6 | 65.6 | 89.8 | 145.3 | n/a | n/a |
| EBITDA | 10.8 | 52.0 | 68.8 | 134.4 | n/a | n/a |
| <i>margin, %</i> | 3% | 12% | 15% | 25.4% | n/a | n/a |
| Depreciation | (0.3) | (0.4) | (0.4) | (0.5) | n/a | n/a |
| EBIT | 10.6 | 51.6 | 68.4 | 133.9 | n/a | n/a |
| <i>margin, %</i> | 3% | 12% | 14% | 25.3% | n/a | n/a |
| Interest Expense | (2.4) | (2.0) | (2.1) | (0.2) | n/a | n/a |
| Other income/(expense) | (0.3) | 0.1 | 0.3 | 0.2 | n/a | n/a |
| PBT | 7.9 | 49.7 | 66.6 | 133.9 | n/a | n/a |
| Tax | (5.5) | (8.9) | (18.4) | (34.7) | n/a | n/a |
| <i>Effective tax rate</i> | 69% | 18% | 28% | 25.9% | n/a | n/a |
| Net Income | 2.4 | 40.8 | 48.2 | 99.3 | n/a | n/a |
| <i>Net Margin, %</i> | 1% | 9% | 10% | 18.8% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 113.9 | 166.3 | 130.6 | 109.2 | n/a | n/a |
| Cash & Equivalents | 5.3 | 4.8 | 12.8 | 14.1 | n/a | n/a |
| Trade Receivables | 69.9 | 75.6 | 8.6 | 33.5 | n/a | n/a |
| Inventories | 29.5 | 40.4 | 38.4 | 36.4 | n/a | n/a |
| Other | 9.2 | 45.5 | 70.8 | 25.2 | n/a | n/a |
| Fixed Assets | 0.4 | 0.4 | 10.5 | 47.8 | n/a | n/a |
| PP&E, net | 0.1 | 0.2 | 1.6 | 1.8 | n/a | n/a |
| Other | 0.4 | 0.2 | 8.9 | 45.9 | n/a | n/a |
| Total Assets | 114.3 | 166.7 | 141.1 | 157.0 | n/a | n/a |
| Shareholders' Equity | 35.4 | 76.4 | 78.4 | 100.2 | n/a | n/a |
| Share Capital | 0.0 | 0.0 | 0.0 | 0.0 | n/a | n/a |
| Retained Earnings | 35.4 | 76.4 | 78.4 | 100.1 | n/a | n/a |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | n/a | n/a |
| Current Liabilities | 73.4 | 82.0 | 62.7 | 56.9 | n/a | n/a |
| ST Interest Bearing Debt | 23.4 | 18.0 | 26.0 | - | n/a | n/a |
| Trade Payables | 35.5 | 45.3 | 15.9 | 26.5 | n/a | n/a |
| Other | 14.5 | 18.7 | 20.8 | 45.1 | n/a | n/a |
| LT Liabilities | 5.5 | 8.3 | - | - | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | n/a | n/a |
| Other | 5.5 | 8.3 | - | - | n/a | n/a |
| Total Liabilities & Equity | 114.3 | 166.7 | 141.1 | 157.0 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 76.2 | 79.2 | 122.1 | 155.1 | 119.1 | 111.2 | 122.5 | 120.4 | 213.6 | 153.5 | 162.1 |
| <i>Change y-o-y</i> | -41% | 13% | 31% | 51% | 56% | 40% | 0% | -22% | 79% | 38% | 32% |
| EBITDA | 0.3 | 11.3 | 13.7 | 26.7 | 22.7 | 15.4 | 21.7 | 8.9 | 57.5 | 36.1 | 40.9 |
| <i>margin, %</i> | 0% | 14% | 11% | 17% | 19% | 14% | 18% | 7% | 27% | 24% | 25% |
| EBIT | 0.2 | 11.2 | 13.6 | 26.5 | 21.7 | 16.3 | 21.6 | 8.8 | 57.4 | 35.9 | 40.7 |
| <i>margin, %</i> | 0% | 14% | 11% | 17% | 18% | 15% | 18% | 7% | 27% | 23% | 25% |
| Net Income | (0.4) | 10.8 | 13.2 | 17.2 | 15.1 | 12.6 | 14.8 | 5.7 | 42.9 | 26.5 | 29.8 |
| <i>Net Margin, %</i> | -1% | 14% | 11% | 11% | 13% | 11% | 12% | 5% | 20% | 17% | 18% |

Zakarpatoenergo

ZOEN UZ

Electric

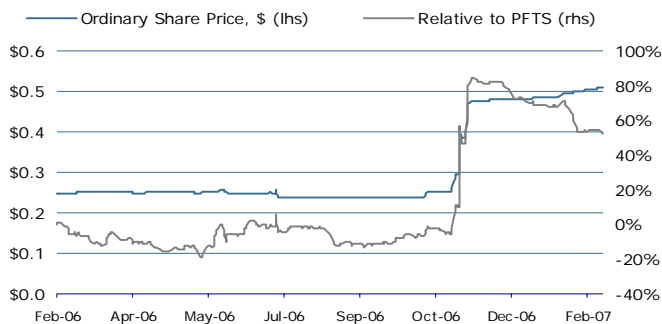
<http://www.energo.uz.ua>

Target Price (USD) 0.32
Upside -37%

INVESTMENT CASE

- Significant improvement in reducing electricity losses and increasing payment collection
- Large debt to the wholesale energy market remains but is expected to be restructured soon
- 15% of the company might be privatized in 2007, leading to increased liquidity

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Zakarpatoenergo (ZOEN) is an electricity distribution and supply company providing services to the western Ukrainian Zakarpattya region (area 12,800 km²; population 1.25 mln). The company owns a 17,400 km transmission grid with a 2.3 GVA transformer capacity. Zakarpatoenergo is one of the smallest Oblenergos in terms of electricity volume sold and the fourth smallest in terms of the length of its network. The company has one of the largest levels of excessive electricity losses among all Oblenergos, which are connected to theft and severe weather. Zakarpatoenergo suffers from inefficient management and a change in tariff policies is unlikely to lead to sharp profitability growth. The government might privatize 15% of the company in 2007. Zakarpatoenergo supplied 1.53 TWh of electricity in 2006.

In 9M06 Zakarpatoenergo posted growth in sales by 19% yoy to USD 44.8 mln, in EBITDA by 11% yoy to USD 2.7 mln and in net income by 24% yoy to USD 0.4 mln.

* PFTS MID Price 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 | 0.51 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.51 / 0.24 |
| Chg 3m/6m/52w | 8% / 113% / 105% |
| Chg vs PFTS 3m/6m/52w | -34% / 66% / 47% |
| Chg YTD | 3% |
| Avg Mo Tr Vol 6M, USD ths | 11.47 |
| MCap, USD mln | 63.5 |
| Free float, % | 14.5% |
| FF MCap, USD mln | 9.2 |
| No of shares, mln | 124.6 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

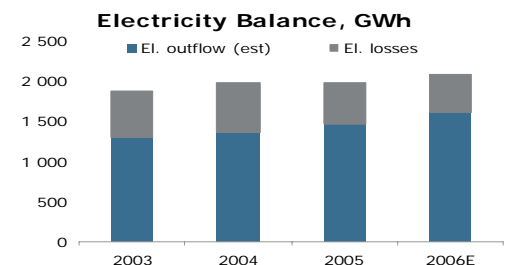
| | |
|-----------|-------|
| NC ECU | 75.0% |
| VS Energy | 10.5% |
| Other | 14.5% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.0 | 1.0 |
| EV/EBITDA | 14.9 | 13.9 |
| P/E | 37.8 | 36.7 |
| P/B | 2.0 | 1.9 |
| P/CF | 14.4 | 14.2 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 7% | 7% | 7% |
| Net Margin | 1% | 3% | 3% |
| ROE | 2% | 6% | 5% |
| Net Debt/Equity | 0.07 | 0.1 | 0.1 |



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|-------------|--------------|-------------|-------------|------------|------------|
| Net Revenues | 36.0 | 40.3 | 45.4 | 53.7 | 44.8 | n/a | n/a |
| <i>Change y-o-y</i> | - | 11.8% | 12.7% | 18.3% | 19.5% | n/a | n/a |
| Gross Profit | 3.3 | 3.9 | 3.2 | 5.1 | 5.0 | n/a | n/a |
| EBITDA | 2.3 | 2.6 | 2.1 | 3.6 | 2.7 | n/a | n/a |
| <i>margin, %</i> | 6.5% | 6.6% | 4.7% | 6.7% | 5.9% | n/a | n/a |
| Depreciation | (2.1) | (2.1) | (2.4) | (2.6) | (2.1) | n/a | n/a |
| EBIT | 0.2 | 0.6 | (0.3) | 1.0 | 0.6 | n/a | n/a |
| <i>margin, %</i> | 0.6% | 1.5% | -0.7% | 1.9% | 1.3% | n/a | n/a |
| Interest Expense | (0.1) | (0.3) | (0.3) | (0.3) | (0.2) | n/a | n/a |
| Other income/(expense) | 0.1 | 0.0 | 0.1 | 0.2 | 0.2 | n/a | n/a |
| PBT | 0.2 | 0.3 | (0.5) | 1.0 | 0.6 | n/a | n/a |
| Tax | - | - | - | (0.4) | (0.2) | n/a | n/a |
| <i>Effective tax rate</i> | 0.0% | 0.0% | 0.0% | 42.3% | 35.0% | n/a | n/a |
| Net Income | 0.2 | 0.3 | (0.5) | 0.5 | 0.4 | n/a | n/a |
| <i>Net Margin, %</i> | 0.5% | 0.9% | -1.1% | 1.0% | 0.8% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 36.0 | 43.5 | 51.9 | 58.6 | 58.3 | n/a | n/a |
| Cash & Equivalents | 0.1 | 0.0 | 0.1 | 0.1 | 0.1 | n/a | n/a |
| Trade Receivables | 32.5 | 40.7 | 48.8 | 55.6 | 55.2 | n/a | n/a |
| Inventories | 0.9 | 1.0 | 1.3 | 1.3 | 1.2 | n/a | n/a |
| Other | 2.4 | 1.8 | 1.7 | 1.6 | 1.9 | n/a | n/a |
| Fixed Assets | 36.2 | 35.4 | 35.3 | 38.6 | 38.5 | n/a | n/a |
| PP&E, net | 32.3 | 31.3 | 31.3 | 34.5 | 34.1 | n/a | n/a |
| Other | 3.9 | 4.1 | 4.0 | 4.1 | 4.5 | n/a | n/a |
| Total Assets | 72.2 | 78.9 | 87.2 | 97.2 | 96.8 | n/a | n/a |
| Shareholders' Equity | 28.0 | 28.3 | 28.2 | 29.9 | 30.1 | n/a | n/a |
| Share Capital | 5.8 | 5.8 | 5.9 | 6.2 | 6.2 | n/a | n/a |
| Retained Earnings | (13.7) | (13.4) | (14.0) | (14.4) | (14.2) | n/a | n/a |
| Other | 35.9 | 35.9 | 36.3 | 38.1 | 38.1 | n/a | n/a |
| Current Liabilities | 44.2 | 50.6 | 59.0 | 67.3 | 66.7 | n/a | n/a |
| ST Interest Bearing Debt | 1.2 | 1.0 | 2.1 | 2.1 | 2.2 | n/a | n/a |
| Trade Payables | 41.0 | 47.0 | 56.0 | 63.6 | 62.3 | n/a | n/a |
| Other | 2.0 | 2.6 | 1.0 | 1.6 | 3.2 | n/a | n/a |
| LT Liabilities | - | - | - | - | - | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Other | - | - | - | - | - | n/a | n/a |
| Total Liabilities & Equity | 72.2 | 78.9 | 87.2 | 97.2 | 96.8 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|
| Net Revenues | 14.7 | 11.7 | 11.1 | 16.2 | 17.9 | 13.9 | 13.0 |
| <i>Change y-o-y</i> | N/M | N/M | N/M | N/M | 21.5% | 19.0% | 17.3% |
| EBITDA | 0.6 | 0.9 | 0.9 | 1.2 | 1.7 | 0.3 | 0.6 |
| <i>margin, %</i> | 4.2% | 7.6% | 8.0% | 7.4% | 9.4% | 2.5% | 4.9% |
| EBIT | 0.1 | 0.3 | 0.2 | 0.5 | 1.0 | (0.3) | (0.0) |
| <i>margin, %</i> | 0.3% | 2.3% | 1.9% | 2.9% | 5.3% | -2.5% | -0.1% |
| Net Income | 0.0 | 0.2 | 0.0 | 0.2 | 0.8 | (0.3) | (0.1) |
| <i>Net Margin, %</i> | 0.1% | 2.1% | 0.4% | 1.5% | 4.3% | -2.3% | -0.6% |

Zakhidenergo

ZAEN UZ

Electric

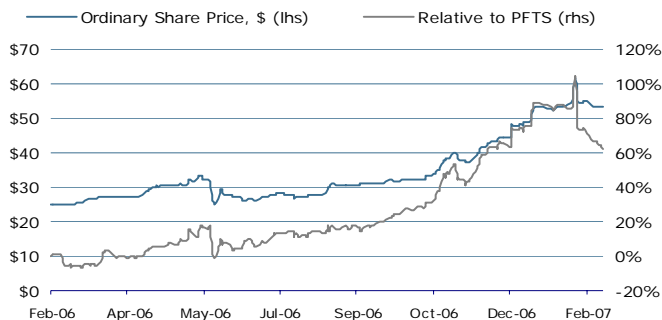
<http://www.zakhidenergo.ua>

Target Price (USD) 41.15
Upside -23%

INVESTMENT CASE

- High capacity load due to a monopoly in electricity exports to the EU
- Reduced gas use by more than three times yoy in 2006, which allowed its power plants to become price competitive on the local market
- Considering the commission of a new power unit at the Dobrotvir-2 power plant in 2009
- Bankruptcy risk is the lowest among all GenCos
- Least cost efficient power producer due to intensive use of its equipment in changeable mode. Its margins suffer the most from fuel price increases

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Zakhidenergo (ZAEN) is the largest traded GenCos by output. It operates three power plants in western Ukraine with a total installed capacity 4.6 GW. Two of Zakhidenergo's power plants (Burshtyn and Dobrotvir TPPs) are located close to the EU border and work in parallel with the European power system, UCTE. The company enjoys an export monopoly to the EU.

According to the Ministry of Fuel and Energy, the state budget is directing USD 600 mln in 2007 to modernize the power generators' capacities and its top priority is Zakhidenergo, which supports our expectations of intensive CapEx. Profitability is very likely to remain the lowest of all GenCos in 2007 and we see no boosters to the bottom line in the mid-term.

Zakhidenergo's power output grew 5% to 15.53 TWh in 2006. In 9M06 the company posted growth in net sales by 31% yoy to USD 454.1 mln. Temporarily differences in tax accounting caused large tax costs for Zakhidenergo and resulted in a decline in net income (from USD 5.4 mln net income in 9M05 to negative USD 7.9 mln in 9M06). The government might privatize 10.1% of the company in 2007.

MARKET INFORMATION

| | |
|---------------------------|------------------|
| Market price*, USD | 53.42 |
| Price impact** | 1 |
| 52 Wk H/L, USD | 61.5 / 24.8 |
| Chg 3m/6m/52w | 43% / 79% / 112% |
| Chg vs PFTS 3m/6m/52w | 0% / 32% / 54% |
| Chg YTD | 0% |
| Avg Mo Tr Vol 6M, USD ths | 1934.28 |
| MCap, USD mln | 683.2 |
| Free float, % | 29.9% |
| FF MCap, USD mln | 204.3 |
| No of shares, mln | 12.8 |
| Par Value, UAH | |
| XETRA | WT7 |
| DR Ratio | 4:1 |
| Avg Mo Tr Vol 6M, USD ths | 171.0 |

STOCK OWNERSHIP

| | |
|--------|-------|
| NC ECU | 70.1% |
| Other | 29.9% |

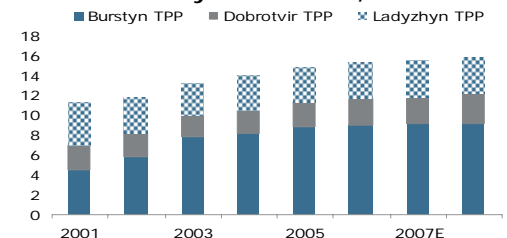
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.0 | 0.9 |
| EV/EBITDA | 20.1 | 13.8 |
| P/E | 58.9 | 28.9 |
| P/B | 2.4 | 1.9 |
| P/CF | 19.3 | 14.4 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 5% | 5% | 8% |
| Net Margin | 1% | 2% | 3% |
| ROE | 2% | 4% | 8% |
| Net Debt/Equity | 0.2 | 0.2 | 0.2 |

Electricity Production, TWh



* PFTS MID Price 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)

INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 309.5 | 367.2 | 480.2 | 667.6 | 737.6 | 808.4 |
| <i>Change y-o-y</i> | - | 18.7% | 30.8% | 38.6% | 10.5% | 9.6% |
| Gross Profit | 44.8 | 52.0 | 44.2 | 66.8 | 84.8 | 105.1 |
| EBITDA | 36.6 | 20.9 | 23.1 | 36.7 | 56.4 | 76.2 |
| <i>margin, %</i> | 11.8% | 5.7% | 4.8% | 5.5% | 7.6% | 9.4% |
| Depreciation | (17.4) | (11.7) | (12.2) | (13.5) | (18.4) | (25.0) |
| EBIT | 19.2 | 9.3 | 10.9 | 23.3 | 38.0 | 51.2 |
| <i>margin, %</i> | 6.2% | 2.5% | 2.3% | 3.5% | 5.1% | 6.3% |
| Interest Expense | (4.0) | (3.4) | (5.0) | (7.9) | (12.2) | (18.5) |
| Other income/(expense) | 0.1 | 2.5 | 0.8 | - | - | - |
| PBT | 15.3 | 8.4 | 6.7 | 15.4 | 25.8 | 32.6 |
| Tax | (14.1) | - | (2.7) | (3.9) | (7.9) | (11.1) |
| <i>Effective tax rate</i> | 92.4% | 0.0% | 40.4% | 25.0% | 25.0% | 25.0% |
| Net Income | 1.2 | 8.3 | 4.1 | 11.6 | 23.8 | 33.4 |
| <i>Net Margin, %</i> | 0.4% | 2.3% | 0.8% | 1.7% | 3.2% | 4.1% |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Current Assets | 199.4 | 181.9 | 201.7 | 224.5 | 244.6 | 264.3 |
| Cash & Equivalents | 0.3 | 1.9 | 1.3 | 5.4 | 6.4 | 7.5 |
| Trade Receivables | 132.0 | 122.3 | 128.9 | 128.1 | 135.7 | 141.5 |
| Inventories | 37.8 | 31.6 | 43.2 | 91.0 | 102.5 | 115.4 |
| Other | 29.3 | 26.1 | 28.4 | 33.7 | 39.8 | 46.7 |
| Fixed Assets | 287.3 | 282.9 | 307.6 | 330.2 | 479.1 | 698.2 |
| PP&E, net | 237.3 | 228.2 | 249.2 | 286.8 | 421.3 | 605.3 |
| Other | 50.1 | 54.7 | 58.5 | 43.4 | 57.8 | 92.9 |
| Total Assets | 486.8 | 464.7 | 509.4 | 554.8 | 723.7 | 962.5 |
| Shareholders' Equity | 249.7 | 255.5 | 275.2 | 283.3 | 359.9 | 517.4 |
| Share Capital | 24.0 | 24.1 | 25.3 | 24.1 | 24.1 | 24.1 |
| Retained Earnings | (63.5) | (57.2) | (60.4) | (55.6) | (41.3) | (21.3) |
| Other | 289.2 | 288.6 | 310.3 | 314.8 | 377.1 | 514.5 |
| Current Liabilities | 112.8 | 101.0 | 147.0 | 145.3 | 163.9 | 183.3 |
| ST Interest Bearing Debt | 19.3 | 19.9 | 53.0 | 33.4 | 36.6 | 38.1 |
| Trade Payables | 62.0 | 41.7 | 44.7 | 51.2 | 56.1 | 61.4 |
| Other | 31.5 | 39.4 | 49.3 | 60.7 | 71.2 | 83.8 |
| LT Liabilities | 124.3 | 108.2 | 87.1 | 126.1 | 199.9 | 261.7 |
| LT Interest Bearing Debt | 11.3 | 10.3 | 9.4 | 46.1 | 119.9 | 181.7 |
| Other | 113.0 | 97.9 | 77.7 | 80.0 | 80.0 | 80.0 |
| Total Liabilities & Equity | 486.8 | 464.7 | 509.4 | 554.8 | 723.7 | 962.5 |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Net Revenues | 93.4 | 83.0 | 44.5 | 146.4 | 106.4 | 116.9 | 122.5 | 134.4 | 168.4 | 144.5 | 141.2 |
| <i>Change y-o-y</i> | 6.1% | 31.0% | -35.7% | 64.5% | 14.0% | 40.9% | 175.3% | -8.2% | 58.3% | 23.7% | 15.2% |
| EBITDA | 12.3 | 2.9 | 3.3 | 2.3 | 5.8 | 9.7 | 8.5 | (0.9) | 18.0 | 4.6 | 5.5 |
| <i>margin, %</i> | 13.2% | 3.5% | 7.5% | 1.6% | 5.4% | 8.3% | 6.9% | -0.7% | 10.7% | 3.2% | 3.9% |
| EBIT | 9.4 | 0.0 | (4.8) | 4.6 | 2.9 | 6.6 | 5.4 | (4.0) | 14.8 | 1.4 | 2.4 |
| <i>margin, %</i> | 10.1% | 0.0% | -10.8% | 3.1% | 2.7% | 5.7% | 4.4% | -3.0% | 8.8% | 1.0% | 1.7% |
| Net Income | 6.7 | 3.1 | (7.9) | 6.4 | 0.5 | 2.8 | 2.2 | (1.4) | 8.2 | (2.9) | (13.2) |
| <i>Net Margin, %</i> | 7.2% | 3.8% | -17.8% | 4.4% | 0.4% | 2.4% | 1.8% | -1.0% | 4.9% | -2.0% | -9.3% |

Zaporizhiaoblenergo

ZAON UZ

Electric

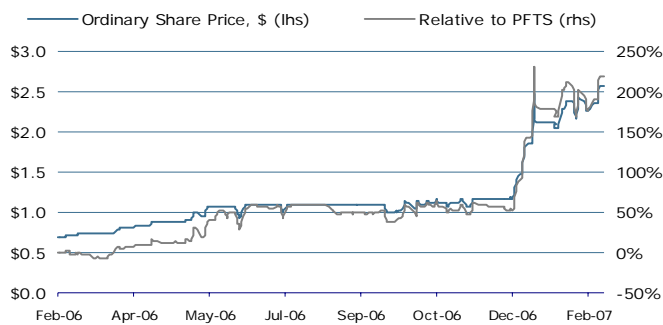
<http://www.zoe.com.ua>

Target Price (USD) 1.04
Upside -67%

INVESTMENT CASE

- Provides electricity to a highly industrialized region, which makes it dependent on large industrial consumers
- Subject to heavy government regulation, which is reflected in its low profitability
- Due to the multiple problems inside the company and considerable capital restrictions, a change in the tariff policy won't bring sharp profitability growth
- Not slated for privatization in the immediate future because of its strategic importance to the state

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Zaporizhiaoblenergo (ZAON) is Ukraine's second largest electricity supplier providing services to the eastern region of Zaporizhya (area 27,200 km²; population 1.91 mln). The company owns a 41,000 km transmission grid with a transformer capacity of 9.3 GVA. The company's main consumer is Zaporizhya Aluminum (about 30% of sales), which buys electricity at a regulated preferential rate. Annual investments in grid maintenance are not enough for a company with such a massive infrastructure. The company showed improvements in payment collection and in fighting excessive losses in 2006. The company supplied 10.2 TWh of electricity in 2006. We expect 2006 sales to grow by 33% yoy to USD 464.8 mln and net income to grow by 80% yoy to USD 6.4 mln. The government might privatize a 0.2% stake in 2007.

* PFTS MID Price 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 | 3.12 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 3.12 / 0.69 |
| Chg 3m/6m/52w | 189% / 186% / 349% |
| Chg vs PFTS 3m/6m/52w | 146% / 139% / 291% |
| Chg YTD | 32% |
| Avg Mo Tr Vol 6M, USD ths | 213.51 |
| MCap, USD mln | 559.4 |
| Free float, % | 10.9% |
| FF MCap, USD mln | 61.0 |
| No of shares, mln | 179.4 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-------------|-------|
| NC ECU | 60.2% |
| EnSt/Privat | 18.7% |
| Privat | 10.2% |
| Other | 10.9% |

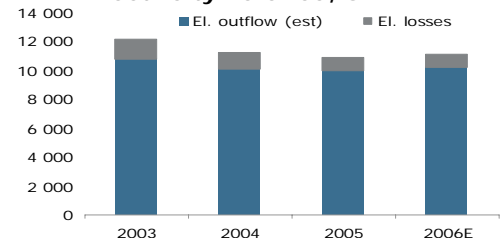
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.2 | 1.0 |
| EV/EBITDA | 22.5 | 17.8 |
| P/E | 87.3 | 75.7 |
| P/B | 19.9 | 15.8 |
| P/CF | 40.7 | 38.0 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 4% | 5% | 5% |
| Net Margin | 1% | 1% | 1% |
| ROE | 22% | 30% | 26% |
| Net Debt/Equity | 0.0 | 0.0 | 0.0 |

Electricity Balance, GWh



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 245.6 | 263.8 | 275.5 | 348.8 | 330.9 | n/a | n/a |
| <i>Change y-o-y</i> | - | 7.4% | 4.4% | 26.6% | 35.1% | n/a | n/a |
| Gross Profit | 5.2 | 9.8 | 14.4 | 14.2 | 15.5 | n/a | n/a |
| EBITDA | 3.9 | 1.0 | 5.2 | 12.8 | 13.4 | n/a | n/a |
| <i>margin, %</i> | 1.6% | 0.4% | 1.9% | 3.7% | 4.1% | n/a | n/a |
| Depreciation | (7.7) | (5.8) | (5.4) | (6.4) | (5.5) | n/a | n/a |
| EBIT | (3.9) | (4.7) | (0.3) | 6.4 | 7.9 | n/a | n/a |
| <i>margin, %</i> | -1.6% | -1.8% | -0.1% | 1.8% | 2.4% | n/a | n/a |
| Interest Expense | (0.2) | (0.0) | (0.0) | (0.0) | (0.1) | n/a | n/a |
| Other income/(expense) | 1.2 | 1.7 | 0.6 | (1.7) | (3.9) | n/a | n/a |
| PBT | (2.8) | (3.1) | 0.3 | 4.6 | 3.9 | n/a | n/a |
| Tax | - | - | - | (1.1) | (1.1) | n/a | n/a |
| <i>Effective tax rate</i> | 0.0% | 0.0% | 0.0% | 22.7% | 27.2% | n/a | n/a |
| Net Income | (2.8) | (3.0) | 0.3 | 3.6 | 2.9 | n/a | n/a |
| <i>Net Margin, %</i> | -1.1% | -1.2% | 0.1% | 1.0% | 0.9% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 143.1 | 137.2 | 127.9 | 102.7 | 101.0 | n/a | n/a |
| Cash & Equivalents | 8.7 | 3.7 | 2.0 | 1.4 | 0.6 | n/a | n/a |
| Trade Receivables | 90.5 | 93.1 | 91.5 | 73.2 | 76.1 | n/a | n/a |
| Inventories | 19.4 | 16.0 | 15.1 | 13.2 | 13.8 | n/a | n/a |
| Other | 24.5 | 24.4 | 19.3 | 14.8 | 10.6 | n/a | n/a |
| Fixed Assets | 70.9 | 74.5 | 67.2 | 74.6 | 79.5 | n/a | n/a |
| PP&E, net | 63.0 | 62.6 | 59.9 | 62.9 | 65.8 | n/a | n/a |
| Other | 8.0 | 11.8 | 7.2 | 11.7 | 13.7 | n/a | n/a |
| Total Assets | 214.1 | 211.6 | 195.0 | 177.3 | 180.5 | n/a | n/a |
| Shareholders' Equity | 32.1 | 30.0 | 16.5 | 21.7 | 23.0 | n/a | n/a |
| Share Capital | 8.4 | 8.4 | 8.5 | 8.9 | 8.9 | n/a | n/a |
| Retained Earnings | (28.3) | (30.5) | (29.9) | (27.5) | (28.2) | n/a | n/a |
| Other | 51.9 | 52.1 | 38.0 | 40.3 | 42.4 | n/a | n/a |
| Current Liabilities | 182.0 | 181.6 | 178.5 | 155.6 | 157.5 | n/a | n/a |
| ST Interest Bearing Debt | 0.0 | - | - | 1.2 | 2.6 | n/a | n/a |
| Trade Payables | 168.2 | 177.0 | 172.6 | 148.8 | 133.9 | n/a | n/a |
| Other | 13.7 | 4.6 | 5.9 | 5.6 | 23.0 | n/a | n/a |
| LT Liabilities | 0.0 | 0.0 | - | - | - | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Other | 0.0 | 0.0 | - | - | - | n/a | n/a |
| Total Liabilities & Equity | 214.1 | 211.6 | 195.0 | 177.3 | 180.5 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|-------------|-------------|--------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|
| Net Revenues | 65.9 | 65.5 | 69.4 | 74.8 | 79.1 | 83.1 | 82.7 | 103.9 | 112.0 | 107.4 | 111.5 |
| <i>Change y-o-y</i> | 962.1% | -45.4% | -1.3% | 11.0% | 20.0% | 27.0% | 19.2% | 39.0% | 41.6% | 29.2% | 34.9% |
| EBITDA | 1.5 | 3.6 | 3.8 | (3.7) | 1.7 | 4.5 | 4.5 | 2.1 | 4.5 | 6.4 | 2.5 |
| <i>margin, %</i> | 2.3% | 5.5% | 5.5% | -5.0% | 2.2% | 5.4% | 5.4% | 2.0% | 4.0% | 6.0% | 2.3% |
| EBIT | 0.2 | 2.3 | 2.4 | (5.1) | 0.2 | 2.9 | 2.9 | 0.4 | 2.8 | 4.8 | 0.3 |
| <i>margin, %</i> | 0.3% | 3.5% | 3.4% | -6.8% | 0.2% | 3.5% | 3.5% | 0.4% | 2.5% | 4.5% | 0.3% |
| Net Income | (0.0) | 2.2 | 2.0 | (3.8) | 0.1 | 1.2 | 2.0 | 0.2 | 0.1 | 2.6 | 0.2 |
| <i>Net Margin, %</i> | 0.0% | 3.3% | 2.8% | -5.0% | 0.2% | 1.5% | 2.5% | 0.1% | 0.1% | 2.5% | 0.1% |

Zhytomioblenergo

ZHEN UZ

Electric

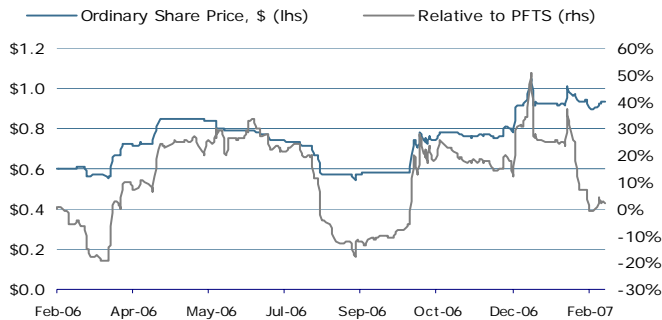
<http://www.ztoe.com.ua>

Target Price (USD) 0.64
Upside -29%

INVESTMENT CASE

- Most of the stock is concentrated in one hand (VS Energy), which considerably limits its liquidity and makes the stock price rather unstable
- Among a group of Oblenergos currently benefiting from preferential tariffs; profitability will shrink after 2008 following expected changes in tariff policies
- An expected reduction in profitability is not factored into the market price

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Zhytomioblenergo (ZHEN) is an electricity distribution and supply company providing services to Ukraine's northern Zhytomyr Region (area 29,900 km²; population 1.37 mln). The company owns a 37,900 km transmission grid with a transformer capacity of 3.3 GVA. Zhytomioblenergo services one of the most stagnant regions in Ukraine. However, this doesn't affect its financial stability and it is one of the top three Oblenergos, with excellent overall results. As an Oblenergo privatized in 2001, Zhytomioblenergo is enjoying the last year of its preferential tariffs which might be changed in 2008. The company is fully controlled by the VS Energy group of Russian businessman Alexander Babakov. The company supplied 1.83 TWh of electricity in 2006.

We expect 2006 sales to grow by 28% yoy to USD 91 mln and EBITDA to grow by 88% yoy to USD 16 mln.

* PFTS MID Price 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 | 0.90 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 1.05 / 0.54 |
| Chg 3m/6m/52w | 20% / 57% / 49% |
| Chg vs PFTS 3m/6m/52w | -23% / 10% / -9% |
| Chg YTD | -9% |
| Avg Mo Tr Vol 6M, USD ths | 161.3 |
| MCap, USD mln | 110.3 |
| Free float, % | 8.4% |
| FF MCap, USD mln | 9.3 |
| No of shares, mln | 12.8 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|-----------|-------|
| VS Energy | 91.6% |
| Other | 8.4% |

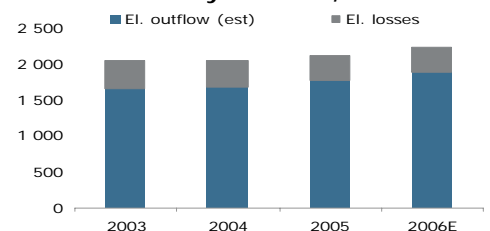
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 1.2 | 1.0 |
| EV/EBITDA | 7.0 | 5.8 |
| P/E | 13.9 | 14.9 |
| P/B | 2.0 | 1.7 |
| P/CF | 9.4 | 9.8 |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 12% | 18% | 18% |
| Net Margin | 3% | 9% | 7% |
| ROE | 6% | 16% | 13% |
| Net Debt/Equity | 0.1 | 0.0 | 0.0 |

Electricity Balance, GWh



INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|-------------|-------------|-------------|-------------|------------|------------|
| Net Revenues | 56.4 | 60.3 | 71.1 | 62.4 | n/a | n/a |
| <i>Change y-o-y</i> | - | 6.9% | 18.0% | 26.3% | n/a | n/a |
| Gross Profit | 11.7 | 10.9 | 12.3 | 10.5 | n/a | n/a |
| EBITDA | 10.2 | 9.7 | 8.6 | 9.2 | n/a | n/a |
| <i>margin, %</i> | 18.1% | 16.2% | 12.1% | 14.7% | n/a | n/a |
| Depreciation | (3.1) | (4.1) | (4.2) | (2.9) | n/a | n/a |
| EBIT | 7.1 | 5.6 | 4.4 | 6.2 | n/a | n/a |
| <i>margin, %</i> | 12.6% | 9.4% | 6.2% | 10.0% | n/a | n/a |
| Interest Expense | (0.0) | (0.1) | (0.1) | (0.3) | n/a | n/a |
| Other income/(expense) | (0.1) | 0.1 | 0.1 | 0.5 | n/a | n/a |
| PBT | 7.0 | 5.6 | 4.4 | 6.4 | n/a | n/a |
| Tax | (2.7) | (1.8) | (2.1) | (2.9) | n/a | n/a |
| <i>Effective tax rate</i> | 38.5% | 31.9% | 46.8% | 44.8% | n/a | n/a |
| Net Income | 4.3 | 3.8 | 2.3 | 3.5 | n/a | n/a |
| <i>Net Margin, %</i> | 7.7% | 6.4% | 3.3% | 5.6% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 14.8 | 21.7 | 10.4 | 12.5 | n/a | n/a |
| Cash & Equivalents | 1.9 | 4.0 | 0.8 | 0.9 | n/a | n/a |
| Trade Receivables | 8.1 | 8.6 | 6.4 | 5.8 | n/a | n/a |
| Inventories | 2.6 | 2.6 | 1.1 | 4.3 | n/a | n/a |
| Other | 2.2 | 6.4 | 2.0 | 1.5 | n/a | n/a |
| Fixed Assets | 39.6 | 40.7 | 46.2 | 50.3 | n/a | n/a |
| PP&E, net | 34.5 | 35.8 | 39.4 | 38.4 | n/a | n/a |
| Other | 5.1 | 5.0 | 6.7 | 11.9 | n/a | n/a |
| Total Assets | 54.4 | 62.4 | 56.6 | 62.9 | n/a | n/a |
| Shareholders' Equity | 40.9 | 44.4 | 48.4 | 49.7 | n/a | n/a |
| Share Capital | 5.7 | 5.8 | 6.1 | 6.1 | n/a | n/a |
| Retained Earnings | 4.4 | 7.2 | 9.1 | 10.3 | n/a | n/a |
| Other | 30.8 | 31.4 | 33.2 | 33.3 | n/a | n/a |
| Current Liabilities | 13.5 | 15.2 | 4.6 | 10.0 | n/a | n/a |
| ST Interest Bearing Debt | - | - | - | - | n/a | n/a |
| Trade Payables | 9.3 | 7.6 | 0.4 | 0.1 | n/a | n/a |
| Other | 4.2 | 7.6 | 4.2 | 10.7 | n/a | n/a |
| LT Liabilities | - | 2.8 | 3.5 | 3.2 | n/a | n/a |
| LT Interest Bearing Debt | - | 2.8 | 3.5 | 3.2 | n/a | n/a |
| Other | - | - | - | - | n/a | n/a |
| Total Liabilities & Equity | 54.4 | 62.4 | 56.6 | 62.9 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|
| Net Revenues | 17.4 | 15.8 | 16.2 | 21.7 | 23.9 | 19.5 | 19.1 |
| <i>Change y-o-y</i> | N/M | N/M | N/M | N/M | 37.4% | 23.0% | 17.7% |
| EBITDA | 3.2 | 2.3 | 1.9 | 1.1 | 4.0 | 3.1 | 2.1 |
| <i>margin, %</i> | 18.6% | 14.7% | 11.9% | 4.9% | 16.7% | 15.9% | 10.8% |
| EBIT | 2.2 | 1.3 | 1.5 | (0.6) | 3.0 | 2.2 | 1.1 |
| <i>margin, %</i> | 12.8% | 8.1% | 9.1% | -2.7% | 12.5% | 11.1% | 5.7% |
| Net Income | 1.7 | 0.9 | 0.7 | (1.1) | 1.8 | 1.6 | 0.1 |
| <i>Net Margin, %</i> | 9.9% | 6.0% | 4.6% | -5.0% | 7.6% | 8.1% | 0.7% |

DnipropetrovskGaz

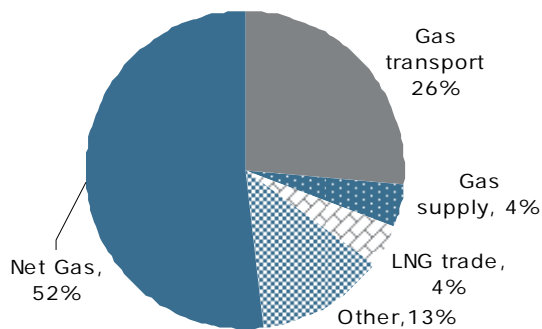
Gas

Target Price (USD) **45.20**
Upside **n/a**

INVESTMENT CASE

- Writing off bad receivables resulted in low profitability during the last couple of years
- Developing pipeline diagnostic equipment
- Posted one of the largest revenues of any GasCo

Revenue Structure in 2005



BUSINESS OVERVIEW

DnipropetrovskGaz is a gas distribution company that is responsible for the transportation and retail supply of natural gas and bottled liquid natural gas (LNG) to most of the Dnipropetrovsk region, except the most industrialized cities of Kryviy Rig and Dnipropetrovsk. The company utilizes a local gas pipeline network that is 21 ths km in length; its gasification level is 70%. DnipropetrovskGaz supplies natural gas to 604 ths end-users (most of which are households).

In 9M06, DnipropetrovskGaz posted sales growth of 8% yoy to USD 47.2 mln while its net loss dropped by 2 times from USD 8.9 mln in 9M05 to USD 4.2 mln in 9M06.

The stock is not listed on PFTS

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

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

MARKET INFORMATION

| | |
|---------------------------|------------|
| Market price*, USD | n/a |
| Price impact** | 3 |
| 52 Wk H/L, USD | n/a |
| Chg 3m/6m/52w | n/a |
| Chg vs PFTS 3m/6m/52w | n/a |
| Chg YTD | |
| Avg Mo Tr Vol 6M, USD ths | n/a |
| MCap, USD mln | n/a |
| Free float, % | 22.0% |
| FF MCap, USD mln | n/a |
| No of shares, mln | 0.9 |
| Par Value, UAH | 2.85 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|------------------|-------|
| Naftogaz Ukrainy | 51.0% |
| GAZTEK | 23.0% |
| Other | 26.0% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | n/a | n/a |
| EV/EBITDA | n/a | n/a |
| P/E | n/a | n/a |
| P/B | n/a | n/a |
| P/CF | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | -11% | -3% | n/a |
| Net Margin | -13% | -6% | n/a |
| ROE | -33% | -29% | n/a |
| Net Debt/Equity | -0.1 | -0.2 | n/a |

INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|---------------|--------------|--------------|------------|------------|
| Net Revenues | 42.0 | 59.2 | 62.6 | 63.5 | 47.2 | n/a | n/a |
| <i>Change y-o-y</i> | - | 40.9% | 5.7% | 1.4% | 8.2% | n/a | n/a |
| Gross Profit | 4.0 | 4.4 | 5.1 | 4.4 | 2.8 | n/a | n/a |
| EBITDA | 1.3 | 1.3 | (15.3) | (6.7) | (2.6) | n/a | n/a |
| <i>margin, %</i> | 3.1% | 2.1% | -24.4% | -10.6% | -5.6% | n/a | n/a |
| Depreciation | (2.0) | (2.1) | (2.2) | (2.6) | (3.6) | n/a | n/a |
| EBIT | (0.7) | (0.8) | (17.5) | (9.3) | (6.3) | n/a | n/a |
| <i>margin, %</i> | -1.8% | -1.4% | -27.9% | -14.7% | -13.3% | n/a | n/a |
| Interest Expense | (0.1) | (0.1) | (0.5) | (0.0) | (0.1) | n/a | n/a |
| Other income/(expense) | 0.7 | 0.7 | 1.4 | 0.9 | 2.4 | n/a | n/a |
| PBT | (0.2) | (0.2) | (16.5) | (8.5) | (3.9) | n/a | n/a |
| Tax | (0.1) | (0.1) | (0.2) | (0.0) | (0.3) | n/a | n/a |
| <i>Effective tax rate</i> | -44.1% | -68.6% | -1.5% | -0.4% | -7.1% | n/a | n/a |
| Net Income | (0.2) | (0.3) | (16.8) | (8.5) | (4.2) | n/a | n/a |
| <i>Net Margin, %</i> | -0.6% | -0.6% | -26.8% | -13.4% | -9.0% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 92.3 | 101.9 | 83.1 | 74.0 | 65.3 | n/a | n/a |
| Cash & Equivalents | 1.4 | 1.1 | 2.1 | 1.5 | 1.4 | n/a | n/a |
| Trade Receivables | 79.1 | 86.5 | 64.4 | 56.0 | 50.0 | n/a | n/a |
| Inventories | 3.7 | 5.6 | 7.9 | 8.6 | 6.0 | n/a | n/a |
| Other | 8.1 | 8.6 | 8.7 | 8.0 | 7.9 | n/a | n/a |
| Fixed Assets | 37.5 | 37.3 | 37.5 | 40.9 | 41.8 | n/a | n/a |
| PP&E, net | 36.4 | 36.2 | 35.7 | 39.0 | 40.2 | n/a | n/a |
| Other | 1.1 | 1.2 | 1.7 | 2.0 | 1.5 | n/a | n/a |
| Total Assets | 129.8 | 139.2 | 120.6 | 114.9 | 107.0 | n/a | n/a |
| Shareholders' Equity | 42.5 | 42.2 | 25.6 | 19.5 | 16.8 | n/a | n/a |
| Share Capital | 0.5 | 0.5 | 42.2 | 0.5 | 0.5 | n/a | n/a |
| Retained Earnings | 0.7 | (0.0) | (16.7) | (26.1) | (30.4) | n/a | n/a |
| Other | 41.4 | 41.7 | 0.1 | 45.1 | 46.7 | n/a | n/a |
| Current Liabilities | 86.1 | 97.0 | 77.1 | 68.1 | 65.3 | n/a | n/a |
| ST Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Trade Payables | 17.9 | 15.4 | 13.2 | 13.2 | 8.5 | n/a | n/a |
| Other | 68.2 | 81.6 | 63.9 | 54.9 | 59.5 | n/a | n/a |
| LT Liabilities | 1.2 | - | 17.8 | 27.4 | 24.9 | n/a | n/a |
| LT Interest Bearing Debt | 1.2 | - | - | - | - | n/a | n/a |
| Other | - | - | 17.8 | 27.4 | 24.9 | n/a | n/a |
| Total Liabilities & Equity | 129.8 | 139.2 | 120.6 | 114.9 | 107.0 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|--------------|---------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 21.8 | 12.4 | 8.6 | 19.9 | 23.4 | 11.8 | 8.5 | 19.9 | 25.5 | 11.3 | 10.4 |
| <i>Change y-o-y</i> | 25.7% | 72.4% | 37.4% | -30.3% | 7.2% | -4.6% | -1.4% | 0.0% | 9.2% | -4.5% | 23.1% |
| EBITDA | (0.3) | (0.1) | (0.7) | (14.2) | 1.0 | (7.5) | (0.8) | 0.6 | 0.1 | (0.7) | (2.0) |
| <i>margin, %</i> | -1.3% | -0.9% | -8.4% | -71.4% | 4.2% | -63.7% | -9.0% | 3.0% | 0.6% | -6.4% | -19.6% |
| EBIT | (0.8) | (0.6) | (1.2) | (14.8) | 0.4 | (8.2) | (1.4) | (0.1) | (0.7) | (2.2) | (3.4) |
| <i>margin, %</i> | -3.8% | -5.2% | -14.6% | -74.3% | 1.6% | -69.1% | -16.4% | -0.7% | -2.7% | -19.1% | -32.8% |
| Net Income | (0.6) | (0.5) | (1.0) | (14.7) | 0.3 | (8.0) | (1.2) | 0.4 | (0.6) | (1.2) | (2.5) |
| <i>Net Margin, %</i> | -2.7% | -4.1% | -11.7% | -74.0% | 1.3% | -67.4% | -14.4% | 2.0% | -2.2% | -10.5% | -23.9% |

DonetskObIGaz

DOGZ UZ

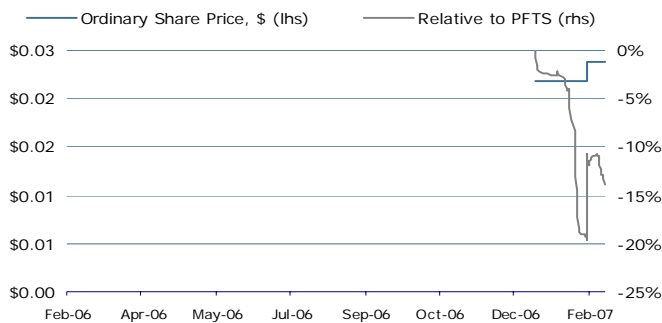
Gas

Target Price (USD) 0.05
Upside 57%

INVESTMENT CASE

- Growth potential due to its relatively low gasification level

SHARE PRICE PERFORMANCE*



*listed on PFTS since 18 Dec 2006

BUSINESS OVERVIEW

DonetskObIGaz (DOGZ) is gas distribution company, responsible for the transportation and retail supply of natural gas and bottled liquid natural gas (LNG) to part of the Donetsk region. DonetskObIGaz utilizes a local gas pipe network that is 10 ths km length; gasification level of the region is 64%. The company supplies natural gas to 636 ths end-users and liquefied natural gas (LNG) to the 220 ths customers. The company's main customers are households and heating enterprises. Like other GasCos, the company's business is characterized by highly seasonal natural gas consumption. DonetskObIGaz generates most of its revenues during the first and the fourth quarters of the year. With increase of tariffs for GasCos since Jan 2007, we expect the company's profitability to grow. In 9M06, DonetskObIGaz posted sales of USD 49.6 mln and a net loss of USD 11.9 mln, in line with our projections.

* PFTS BID Price 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 | 0.03 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.02 / 0.02 |
| Chg 3m/6m/52w | n/a / n/a / n/a |
| Chg vs PFTS 3m/6m/52w | -43% / -47% / -58% |
| Chg YTD | 9% |
| Avg Mo Tr Vol 6M, USD ths | 0.7 |
| MCap, USD mln | 23.1 |
| Free float, % | 40.0% |
| FF MCap, USD mln | 9.2 |
| No of shares, mln | 696.0 |
| Par Value, UAH | 0.01 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|------------------|-------|
| Naftogaz Ukrainy | 38.0% |
| Other | 62.0% |

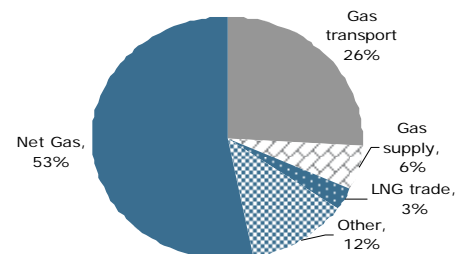
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.3 | n/a |
| EV/EBITDA | -1.8 | n/a |
| P/E | neg | n/a |
| P/B | 7.8 | n/a |
| P/CF | -1.9 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 1% | -15% | n/a |
| Net Margin | -7% | -19% | n/a |
| ROE | N/M | N/M | n/a |
| Net Debt/Equity | -0.1 | -0.3 | n/a |

Revenue Structure in 2005



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|-------------|--------------|---------------|-------|-------|
| Net Revenues | 33.6 | 44.6 | 48.8 | 52.2 | 49.6 | n/a | n/a |
| <i>Change y-o-y</i> | - | 32.8% | 9.5% | 7.0% | 39.4% | n/a | n/a |
| Gross Profit | 0.1 | 4.6 | 6.5 | 4.2 | 0.8 | n/a | n/a |
| EBITDA | 2.8 | (1.5) | 17.3 | 0.2 | (9.4) | n/a | n/a |
| <i>margin, %</i> | 8.4% | -3.3% | 35.5% | 0.4% | -19.0% | n/a | n/a |
| Depreciation | (2.3) | (2.8) | (3.0) | (3.7) | (2.8) | n/a | n/a |
| EBIT | 0.6 | (4.3) | 14.3 | (3.5) | (12.2) | n/a | n/a |
| <i>margin, %</i> | 1.7% | -9.6% | 29.3% | -6.8% | -24.5% | n/a | n/a |
| Interest Expense | - | - | (0.0) | (0.0) | - | n/a | n/a |
| Other income/(expense) | (4.6) | (0.9) | (0.6) | 0.3 | 0.5 | n/a | n/a |
| PBT | (4.1) | (5.2) | 13.7 | (3.3) | (11.6) | n/a | n/a |
| Tax | - | (0.0) | (2.8) | (0.7) | (0.3) | n/a | n/a |
| <i>Effective tax rate</i> | 0.0% | -0.7% | 20.2% | -21.5% | -2.2% | n/a | n/a |
| Net Income | (4.1) | (5.2) | 10.9 | (4.0) | (11.9) | n/a | n/a |
| <i>Net Margin, %</i> | -12.1% | -11.7% | 22.4% | -7.6% | -23.9% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------|-------|
| Current Assets | 37.3 | 35.3 | 29.8 | 28.4 | 24.5 | n/a | n/a |
| Cash & Equivalents | 0.4 | 1.8 | 1.7 | 1.8 | 1.1 | n/a | n/a |
| Trade Receivables | 22.8 | 15.8 | 10.3 | 8.4 | 10.4 | n/a | n/a |
| Inventories | 4.2 | 5.1 | 5.6 | 5.6 | 4.0 | n/a | n/a |
| Other | 9.9 | 12.7 | 12.3 | 12.6 | 9.0 | n/a | n/a |
| Fixed Assets | 38.0 | 41.1 | 42.5 | 48.3 | 47.0 | n/a | n/a |
| PP&E, net | 32.0 | 33.8 | 35.7 | 40.1 | 41.5 | n/a | n/a |
| Other | 6.0 | 7.3 | 6.8 | 8.1 | 5.5 | n/a | n/a |
| Total Assets | 75.3 | 76.5 | 72.2 | 76.6 | 71.5 | n/a | n/a |
| Shareholders' Equity | 9.0 | 5.7 | 17.8 | 18.8 | 0.4 | n/a | n/a |
| Share Capital | 1.3 | 1.3 | 1.3 | 1.4 | 1.4 | n/a | n/a |
| Retained Earnings | (3.8) | (9.0) | 1.9 | (1.3) | (21.8) | n/a | n/a |
| Other | 11.5 | 13.4 | 14.6 | 18.8 | 20.9 | n/a | n/a |
| Current Liabilities | 66.3 | 70.7 | 53.8 | 37.6 | 52.6 | n/a | n/a |
| ST Interest Bearing Debt | 0.0 | - | 0.0 | 0.0 | - | n/a | n/a |
| Trade Payables | 2.0 | 1.7 | 1.7 | 32.6 | 20.1 | n/a | n/a |
| Other | 64.2 | 69.0 | 52.1 | 5.0 | 33.5 | n/a | n/a |
| LT Liabilities | 0.0 | 0.0 | 0.6 | 20.1 | 18.5 | n/a | n/a |
| LT Interest Bearing Debt | - | - | 0.0 | - | - | n/a | n/a |
| Other | 0.0 | 0.0 | 0.6 | 20.1 | 18.5 | n/a | n/a |
| Total Liabilities & Equity | 75.3 | 76.5 | 72.2 | 76.6 | 71.5 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|-------------|-------------|-------------|--------------|--------------|-------------|-------------|--------------|--------------|
| Net Revenues | 17.2 | 9.5 | 7.6 | 14.4 | 16.4 | 10.4 | 8.8 | 16.6 | 21.3 | 14.6 | 13.8 |
| <i>Change y-o-y</i> | 28.7% | 16.7% | 2.3% | -7.4% | -5.1% | 9.9% | 15.7% | 15.1% | 29.9% | 39.9% | 56.5% |
| EBITDA | 0.5 | (1.6) | 14.2 | 4.3 | 2.2 | (2.1) | (1.5) | 1.6 | 1.1 | (3.8) | (6.8) |
| <i>margin, %</i> | 2.9% | -17.3% | 186.7% | 29.4% | 13.4% | -19.7% | -17.2% | 9.5% | 5.3% | -25.7% | -49.3% |
| EBIT | (0.2) | (2.3) | 13.4 | 3.4 | 1.3 | (3.0) | (2.5) | 0.6 | 0.2 | (4.6) | (7.7) |
| <i>margin, %</i> | -1.2% | -24.6% | 176.7% | 23.4% | 8.2% | -28.5% | -28.0% | 3.4% | 0.9% | -31.8% | -56.0% |
| Net Income | (0.4) | (2.5) | 13.3 | 0.4 | 0.9 | (2.9) | (2.1) | 0.2 | 0.3 | (4.4) | (7.8) |
| <i>Net Margin, %</i> | -2.1% | -25.8% | 174.9% | 3.0% | 5.2% | -28.0% | -23.3% | 1.0% | 1.4% | -30.1% | -56.5% |

Ivano-FrankivskGaz

FGAZ UZ

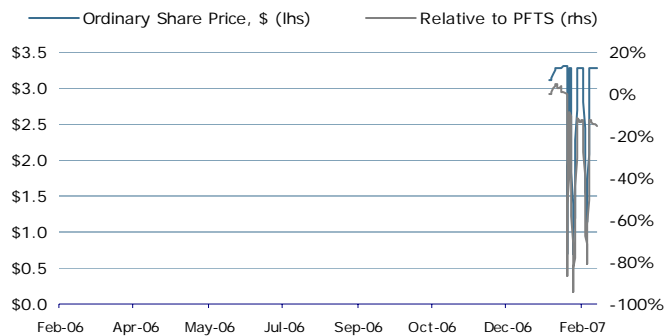
Gas

Target Price (USD) 1.65
Upside 45%

INVESTMENT CASE

- One of the leaders in pipeline reconstruction and gas meter installation
- High accumulated debt is expected to be re-structured and written off
- Posted positive net income in the last couple of years
- A large state stake suggests privatization is likely in the mid-term, which will boost liquidity and the company's valuation

SHARE PRICE PERFORMANCE*



* listed on PFTS since 25 Dec 2006

BUSINESS OVERVIEW

Ivano-FrankivskGaz (FGAZ) is a gas distribution company, responsible for the transportation and retail supply of natural gas and bottled liquid natural gas (LNG) to most of Ivano-Frankivsk region. Ivano-FrankivskGaz utilizes a local gas pipe network that is 11 ths km in length; gasification level of the region is 62%. The company supplies natural gas to 303 ths end-users and liquefied natural gas (LNG) to 81 ths customers (most of which are households). Ivano-FrankivskGaz was controlled by the WOG business group of Igor Yermeev, which is rumored to have sold the company to one of the ex-top managers of Naftogaz Ukrainy. Its main gas consumer is the Burstyn thermal power plant, which brought in about 50% of gas transport revenues in 2004-2005. As the power plant cut gas consumption by more than two times in 2006, Ivano-FrankivskGaz's market has decreased significantly. However, this was not reflected in the company's sales which grew 57% yoy in 9M06 to USD 43 mln. The company posted a drop in net income (from USD 0.8 mln net profit in 9M05 to a net loss of USD 3.2 mln in 9M06). With an increase of tariffs for GasCos in January 2007, we expect the company's profitability to grow.

* PFTS BID Price 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 | 1.14 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 3.27 / 0.68 |
| Chg 3m/6m/52w | n/a / n/a / n/a |
| Chg vs PFTS 3m/6m/52w | -43% / -47% / -58% |
| Chg YTD | -65% |
| Avg Mo Tr Vol 6M, USD ths | 0.0 |
| MCap, USD mln | 17.2 |
| Free float, % | 20.0% |
| FF MCap, USD mln | 3.4 |
| No of shares, mln | 15.1 |
| Par Value, UAH | 0.25 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|----------------------------|-------|
| Naftogaz Ukrainy | 50.0% |
| Institutional Shareholders | 35.0% |
| Other | 15.0% |

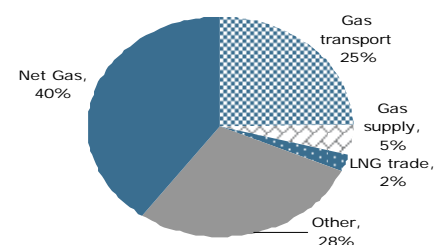
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.3 | n/a |
| EV/EBITDA | -6.6 | n/a |
| P/E | -4.0 | n/a |
| P/B | -1.0 | n/a |
| P/CF | -7.4 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | 2% | -4% | n/a |
| Net Margin | -0.1% | -7% | n/a |
| ROE | 0.4% | 35% | n/a |
| Net Debt/Equity | 0.27 | 0.05 | n/a |

Revenue Structure in 2005



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|-------------|--------------|--------------|------------|------------|
| Net Revenues | 23.0 | 27.1 | 35.1 | 43.9 | 43.0 | n/a | n/a |
| <i>Change y-o-y</i> | - | 17.8% | 29.6% | 25.1% | 57.2% | n/a | n/a |
| Gross Profit | 2.5 | 2.5 | 5.1 | 3.8 | 0.2 | n/a | n/a |
| EBITDA | (2.2) | (1.2) | 1.6 | 1.0 | (1.9) | n/a | n/a |
| <i>margin, %</i> | -9.7% | -4.3% | 4.5% | 2.2% | -4.4% | n/a | n/a |
| Depreciation | (0.9) | (1.1) | (1.2) | (1.5) | (1.5) | n/a | n/a |
| EBIT | (3.2) | (2.2) | 0.4 | (0.5) | (3.4) | n/a | n/a |
| <i>margin, %</i> | -13.9% | -8.2% | 1.1% | -1.2% | -7.9% | n/a | n/a |
| Interest Expense | - | - | - | - | (0.0) | n/a | n/a |
| Other income/(expense) | 0.2 | 0.2 | 0.3 | 0.5 | 0.2 | n/a | n/a |
| PBT | (3.0) | (2.0) | 0.7 | (0.1) | (3.2) | n/a | n/a |
| Tax | (0.3) | (0.1) | - | - | - | n/a | n/a |
| <i>Effective tax rate</i> | -8.3% | -3.4% | 0.0% | 0.0% | 0.0% | n/a | n/a |
| Net Income | (3.3) | (2.0) | 0.7 | (0.0) | (3.2) | n/a | n/a |
| <i>Net Margin, %</i> | -14.2% | -7.5% | 1.9% | -0.1% | -7.6% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|---------------|---------------|---------------|---------------|--------------|------------|------------|
| Current Assets | 35.7 | 35.9 | 15.7 | 63.5 | 11.5 | n/a | n/a |
| Cash & Equivalents | 0.4 | 0.8 | 1.2 | 3.3 | 0.7 | n/a | n/a |
| Trade Receivables | 28.0 | 27.7 | 10.0 | 19.8 | 5.7 | n/a | n/a |
| Inventories | 1.9 | 1.7 | 3.0 | 38.1 | 2.6 | n/a | n/a |
| Other | 5.4 | 5.7 | 1.5 | 2.2 | 2.5 | n/a | n/a |
| Fixed Assets | 16.9 | 18.2 | 20.2 | 22.6 | 36.7 | n/a | n/a |
| PP&E, net | 15.7 | 17.1 | 19.0 | 21.1 | 29.2 | n/a | n/a |
| Other | 1.2 | 1.1 | 1.1 | 1.5 | 7.5 | n/a | n/a |
| Total Assets | 52.6 | 54.1 | 35.8 | 86.1 | 48.2 | n/a | n/a |
| Shareholders' Equity | (18.3) | (19.0) | (12.6) | (12.3) | (6.7) | n/a | n/a |
| Share Capital | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | n/a | n/a |
| Retained Earnings | (34.5) | (36.6) | (32.0) | (33.6) | (36.9) | n/a | n/a |
| Other | 15.6 | 16.8 | 18.6 | 20.6 | 29.4 | n/a | n/a |
| Current Liabilities | 70.8 | 73.1 | 48.5 | 98.4 | 55.0 | n/a | n/a |
| ST Interest Bearing Debt | 0.5 | 1.0 | - | 0.0 | 3.8 | n/a | n/a |
| Trade Payables | 6.0 | 3.8 | 8.5 | 96.4 | 49.9 | n/a | n/a |
| Other | 64.3 | 68.4 | 40.0 | 2.0 | 1.9 | n/a | n/a |
| LT Liabilities | - | - | - | - | - | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Other | - | - | - | - | - | n/a | n/a |
| Total Liabilities & Equity | 52.6 | 54.1 | 35.8 | 86.1 | 48.2 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|--------------|--------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 11.0 | 4.2 | 3.7 | 16.1 | 13.1 | 7.5 | 6.8 | 16.5 | 21.0 | 11.4 | 10.6 |
| <i>Change y-o-y</i> | -3.5% | -2.1% | 15.9% | 98.0% | 19.1% | 79.0% | 81.4% | 2.2% | 59.6% | 53.3% | 56.7% |
| EBITDA | 0.5 | (0.1) | (0.7) | 1.9 | 2.4 | 0.2 | (0.8) | (0.9) | 0.2 | (0.5) | (1.6) |
| <i>margin, %</i> | 4.6% | -2.1% | -19.0% | 11.6% | 18.5% | 2.5% | -11.4% | -5.2% | 1.2% | -4.5% | -15.2% |
| EBIT | 0.2 | (0.4) | (0.9) | 1.5 | 2.1 | (0.2) | (1.2) | (1.2) | (0.2) | (1.0) | (2.1) |
| <i>margin, %</i> | 1.9% | -8.7% | -24.8% | 9.1% | 15.7% | -2.6% | -17.1% | -7.6% | -1.2% | -8.9% | -20.0% |
| Net Income | 0.2 | (0.3) | (0.8) | 1.7 | 2.1 | (0.2) | (1.2) | (0.8) | (0.2) | (1.0) | (2.0) |
| <i>Net Margin, %</i> | 1.8% | -8.1% | -22.6% | 10.3% | 15.8% | -2.1% | -17.1% | -4.8% | -1.1% | -8.9% | -18.8% |

KharkivGaz

HRGZ UZ

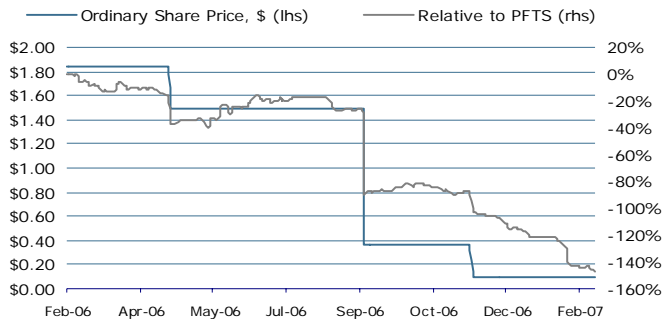
Gas

Target Price (USD)
6.15
Upside
n/a

INVESTMENT CASE

- Absence of debt problems and no dominating consumers make it the least risky GasCo for investors
- One of the most stable companies in terms of profits
 - Acquired by Russian business group Gaztek

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

KharkivGaz (HRGZ) is a gas distribution company that is responsible for the transportation and retail supply of natural gas and bottled liquid natural gas (LNG) to Kharkiv region (not including the city of Kharkiv). The company utilizes a local gas pipeline network that is 14 ths km long; the gasification level of the region is 62%. KharkivGaz supplies natural gas to 383 ths end-users and liquefied natural gas (LNG) to 140 ths customers (most of which are households). The company's main customers are households and heating enterprises. In 2006 the company was purchased by Gaztek, a Russian business entity associated with Viktor Vekselberg's Renova Group and became the fifth Ukrainian GasCo in the group.

In 9M06, KharkivGaz posted sales growth of 24% yoy to USD 39.7 mln, and a more than five-fold increase in its net loss (from USD 0.5 mln in 9M05 to USD 2.7 mln in 9M06).

* PFTS MID Price 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 | n/a |
| Price impact** | 3 |
| 52 Wk H/L, USD | 1.84 / 0.10 |
| Chg 3m/6m/52w | n/a / n/a / n/a |
| Chg vs PFTS 3m/6m/52w | -43% / -47% / -58% |
| Chg YTD | n/a |
| Avg Mo Tr Vol 6M, USD ths | 0.0 |
| MCap, USD mln | n/a |
| Free float, % | 37.0% |
| FF MCap, USD mln | n/a |
| No of shares, mln | 4.9 |
| Par Value, UAH | 0.50 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|----------------------------|-------|
| Naftogaz Ukrainy | 18.0% |
| Institutional Shareholders | 46.0% |
| Other | 36.0% |

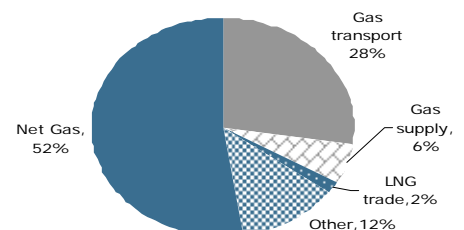
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | n/a | n/a |
| EV/EBITDA | n/a | n/a |
| P/E | n/a | n/a |
| P/B | n/a | n/a |
| P/CF | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 10% | 2% | n/a |
| Net Margin | 1% | -4% | n/a |
| ROE | 1% | -9% | n/a |
| Net Debt/Equity | 0.02 | 0.02 | n/a |

Revenue Structure in 2005



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|------------------------|--------------|--------------|-------------|-------------|--------------|------------|------------|
| Net Revenues | 35.7 | 41.7 | 43.0 | 50.9 | 39.7 | n/a | n/a |
| Change y-o-y | - | 16.8% | 3.1% | 18.2% | 23.7% | n/a | n/a |
| Gross Profit | 4.2 | 3.0 | 5.0 | 5.6 | 1.3 | n/a | n/a |
| EBITDA | 0.0 | 1.7 | 3.0 | 4.8 | 1.4 | n/a | n/a |
| margin, % | 0.1% | 4.1% | 7.0% | 9.5% | 3.5% | n/a | n/a |
| Depreciation | (1.5) | (1.8) | (2.5) | (4.1) | (4.3) | n/a | n/a |
| EBIT | (1.5) | (0.1) | 0.5 | 0.7 | (2.9) | n/a | n/a |
| margin, % | -4.3% | -0.2% | 1.2% | 1.5% | -7.2% | n/a | n/a |
| Interest Expense | (0.1) | (0.1) | (0.2) | (0.2) | (0.2) | n/a | n/a |
| Other income/(expense) | 0.4 | 0.3 | 0.5 | 0.7 | 0.5 | n/a | n/a |
| PBT | (1.2) | 0.0 | 0.8 | 1.3 | (2.6) | n/a | n/a |
| Tax | (0.2) | (0.5) | (0.8) | (0.9) | (0.1) | n/a | n/a |
| Effective tax rate | -14.4% | 971.8% | 98.7% | 70.6% | -3.2% | n/a | n/a |
| Net Income | (1.3) | (0.4) | 0.0 | 0.4 | (2.7) | n/a | n/a |
| Net Margin, % | -3.8% | -1.0% | 0.0% | 0.8% | -6.7% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 14.8 | 14.3 | 9.9 | 9.5 | 7.9 | n/a | n/a |
| Cash & Equivalents | 0.6 | 0.4 | 0.5 | 0.2 | 0.7 | n/a | n/a |
| Trade Receivables | 10.2 | 10.2 | 5.4 | 3.3 | 1.8 | n/a | n/a |
| Inventories | 1.1 | 1.4 | 1.7 | 2.5 | 2.2 | n/a | n/a |
| Other | 2.9 | 2.4 | 2.3 | 3.5 | 3.2 | n/a | n/a |
| Fixed Assets | 32.1 | 34.9 | 38.4 | 43.5 | 43.0 | n/a | n/a |
| PP&E, net | 31.1 | 33.3 | 35.8 | 39.9 | 39.3 | n/a | n/a |
| Other | 1.0 | 1.6 | 2.7 | 3.6 | 3.7 | n/a | n/a |
| Total Assets | 46.9 | 49.2 | 48.4 | 53.1 | 50.9 | n/a | n/a |
| Shareholders' Equity | 34.5 | 35.6 | 37.6 | 41.4 | 38.6 | n/a | n/a |
| Share Capital | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | n/a | n/a |
| Retained Earnings | 0.4 | (0.0) | 0.0 | 0.5 | (2.2) | n/a | n/a |
| Other | 33.6 | 35.2 | 37.1 | 40.4 | 40.3 | n/a | n/a |
| Current Liabilities | 12.4 | 13.1 | 9.7 | 10.7 | 12.4 | n/a | n/a |
| ST Interest Bearing Debt | 0.6 | 0.6 | - | 0.1 | 2.1 | n/a | n/a |
| Trade Payables | 3.4 | 3.0 | 1.6 | 8.1 | 7.5 | n/a | n/a |
| Other | 8.4 | 9.4 | 8.1 | 2.4 | 3.4 | n/a | n/a |
| LT Liabilities | 0.0 | 0.5 | 1.1 | 1.0 | 0.0 | n/a | n/a |
| LT Interest Bearing Debt | - | 0.5 | 1.1 | 1.0 | - | n/a | n/a |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | n/a | n/a |
| Total Liabilities & Equity | 46.9 | 49.2 | 48.4 | 53.1 | 50.9 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|---------------------|-------------|--------------|--------------|-------------|-------------|--------------|--------------|-------------|-------------|--------------|--------------|
| Net Revenues | 14.8 | 7.1 | 5.4 | 15.7 | 16.8 | 7.7 | 7.6 | 18.8 | 20.2 | 9.4 | 10.1 |
| Change y-o-y | -4.5% | 12.6% | 21.7% | 1.6% | 13.5% | 8.5% | 40.5% | 19.3% | 20.1% | 22.4% | 33.0% |
| EBITDA | 1.4 | (0.1) | (0.1) | 1.9 | 2.5 | (0.2) | 0.2 | 2.4 | 2.9 | (0.7) | (0.8) |
| margin, % | 9.4% | -2.1% | -2.4% | 12.1% | 14.6% | -2.1% | 2.2% | 12.6% | 14.5% | -7.2% | -8.4% |
| EBIT | 0.8 | (0.7) | (0.8) | 1.2 | 1.7 | (1.4) | (0.9) | 1.2 | 1.4 | (2.2) | (2.1) |
| margin, % | 5.5% | -10.5% | -14.5% | 7.8% | 10.4% | -17.6% | -11.6% | 6.6% | 6.9% | -23.2% | -20.4% |
| Net Income | 0.5 | (0.6) | (0.7) | 0.7 | 1.4 | (1.1) | (0.7) | 0.8 | 1.3 | (1.9) | (2.1) |
| Net Margin, % | 3.5% | -8.0% | -12.2% | 4.5% | 8.2% | -14.8% | -9.1% | 4.5% | 6.4% | -20.3% | -20.3% |

KhmelnytskGaz

HGAZ UZ

Gas

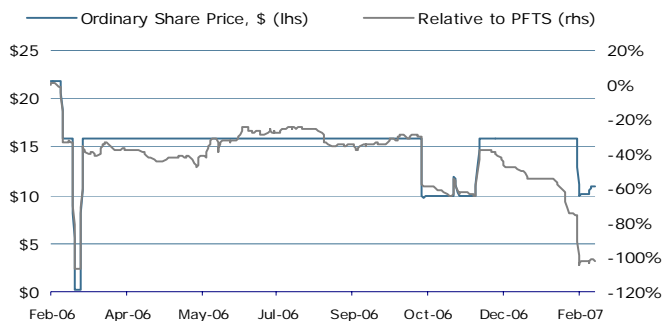
<http://www.hmgaz.com.ua>

Target Price (USD) 59.70
Upside 448%

INVESTMENT CASE

- One of the most profitable and stable GasCos during the last three years
- Controlled by local business group Gaztek
- Only GasCo traded so far this year

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

KhmelnytskGaz (HGAZ) is a gas distribution company responsible for the transportation and retail supply of natural gas and bottled liquid natural gas (LNG) to most of the Khmelnytsk region. The company utilizes a local gas pipeline network that is 10 ths km long. KhmelnytskGaz supplies natural gas to 218 ths end-users and liquefied natural gas (LNG) to 87 ths customers (most of which are households). The company is controlled by Ukrainian gas holding Gaztek and owns a 24.29% stake in neighboring ZhytomirGaz. KhmelnytskGaz supplies gas to a mostly agricultural region where there are no dominant gas consumers. Like any other GasCo, it is subject to highly seasonal natural gas consumption. KhmelnytskGaz generates most of its revenues during the first and the fourth quarters of the year.

In 9M06 KhmelnytskGaz posted growth in sales by 22% yoy to USD 28.2 mln, and a significant change in net income (from a USD 0.2 mln net profit in 9M05 to a net loss of USD 0.5 mln in 9M06).

* PFTS BID Price 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 | 10.89 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 41.6 / 0.2 |
| Chg 3m/6m/52w | 10% / -31% / 5400% |
| Chg vs PFTS 3m/6m/52w | -33% / -78% / 5342% |
| Chg YTD | -31% |
| Avg Mo Tr Vol 6M, USD ths | 0 |
| MCap, USD mln | 4.0 |
| Free float, % | 24.0% |
| FF MCap, USD mln | 1.0 |
| No of shares, mln | 0.4 |
| Par Value, UAH | 15.0 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|------------------|-------|
| Naftogaz Ukrainy | 26.0% |
| GAZTEK | 49.0% |
| Other | 25.0% |

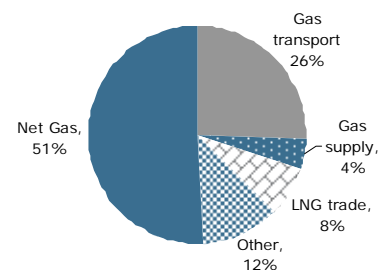
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.08 | n/a |
| EV/EBITDA | 2.1 | n/a |
| P/E | -6.1 | n/a |
| P/B | 0.2 | n/a |
| P/CF | 1.5 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 10% | 4% | n/a |
| Net Margin | 3% | -1% | n/a |
| ROE | 6% | -3% | n/a |
| Net Debt/Equity | 0.01 | 0.004 | n/a |

Revenue Structure in 2005



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|-------------|--------------|------------|------------|
| Net Revenues | 20.3 | 24.1 | 29.4 | 35.5 | 28.2 | n/a | n/a |
| <i>Change y-o-y</i> | - | 18.9% | 22.0% | 20.5% | 22.3% | n/a | n/a |
| Gross Profit | 2.1 | 2.0 | 3.4 | 5.1 | 2.7 | n/a | n/a |
| EBITDA | (0.3) | 1.0 | 1.9 | 3.6 | 1.4 | n/a | n/a |
| <i>margin, %</i> | -1.4% | 4.1% | 6.4% | 10.1% | 5.1% | n/a | n/a |
| Depreciation | (1.0) | (1.4) | (2.1) | (2.7) | (2.4) | n/a | n/a |
| EBIT | (1.3) | (0.4) | (0.2) | 0.9 | (1.0) | n/a | n/a |
| <i>margin, %</i> | -6.4% | -1.5% | -0.7% | 2.6% | -3.5% | n/a | n/a |
| Interest Expense | - | (0.0) | (0.1) | (0.2) | (0.1) | n/a | n/a |
| Other income/(expense) | 0.5 | 0.6 | 0.7 | 0.9 | 0.8 | n/a | n/a |
| PBT | (0.8) | 0.2 | 0.4 | 1.6 | (0.3) | n/a | n/a |
| Tax | (0.3) | (0.5) | (0.4) | (0.4) | (0.2) | n/a | n/a |
| <i>Effective tax rate</i> | -41.4% | 209.6% | 101.3% | 25.6% | -51.5% | n/a | n/a |
| Net Income | (1.1) | (0.2) | (0.0) | 1.2 | (0.5) | n/a | n/a |
| <i>Net Margin, %</i> | -5.4% | -1.0% | 0.0% | 3.3% | -1.7% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 54.0 | 56.7 | 16.7 | 9.6 | 9.8 | n/a | n/a |
| Cash & Equivalents | 0.4 | 0.8 | 0.3 | 0.3 | 0.2 | n/a | n/a |
| Trade Receivables | 48.5 | 49.0 | 5.1 | 4.5 | 3.7 | n/a | n/a |
| Inventories | 1.3 | 1.8 | 1.6 | 1.9 | 1.6 | n/a | n/a |
| Other | 3.9 | 5.1 | 9.6 | 2.8 | 4.2 | n/a | n/a |
| Fixed Assets | 19.7 | 22.6 | 27.0 | 32.5 | 35.8 | n/a | n/a |
| PP&E, net | 19.1 | 21.3 | 25.3 | 29.1 | 33.0 | n/a | n/a |
| Other | 0.7 | 1.3 | 1.7 | 3.4 | 2.8 | n/a | n/a |
| Total Assets | 73.7 | 79.3 | 43.8 | 42.1 | 45.6 | n/a | n/a |
| Shareholders' Equity | 16.3 | 17.0 | 20.8 | 25.2 | 27.2 | n/a | n/a |
| Share Capital | 1.0 | 1.0 | 1.0 | 1.1 | 1.1 | n/a | n/a |
| Retained Earnings | (4.5) | (4.7) | (2.5) | (0.6) | (1.1) | n/a | n/a |
| Other | 19.7 | 20.6 | 22.3 | 24.8 | 27.2 | n/a | n/a |
| Current Liabilities | 57.5 | 62.4 | 22.9 | 16.8 | 18.4 | n/a | n/a |
| ST Interest Bearing Debt | 0.1 | 0.3 | 1.2 | 0.6 | 1.1 | n/a | n/a |
| Trade Payables | 17.1 | 16.9 | 2.1 | 12.4 | 12.4 | n/a | n/a |
| Other | 40.2 | 45.2 | 19.7 | 3.9 | 5.7 | n/a | n/a |
| LT Liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | 0.0 | 0.0 | n/a | n/a |
| Other | 0.0 | 0.0 | 0.0 | - | - | n/a | n/a |
| Total Liabilities & Equity | 73.7 | 79.3 | 43.8 | 42.1 | 45.6 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|--------------|-------------|-------------|--------------|--------------|-------------|-------------|--------------|--------------|
| Net Revenues | 9.2 | 4.9 | 4.8 | 10.5 | 11.1 | 6.1 | 5.8 | 12.4 | 14.8 | 7.1 | 6.4 |
| <i>Change y-o-y</i> | 14.4% | 75.7% | 28.1% | 10.4% | 21.3% | 24.8% | 20.9% | 17.7% | 32.7% | 15.7% | 9.3% |
| EBITDA | 0.2 | 0.1 | 0.4 | 1.2 | 1.8 | 0.2 | (0.1) | 1.6 | 2.0 | (0.1) | (0.4) |
| <i>margin, %</i> | 2.1% | 1.5% | 8.3% | 11.6% | 16.5% | 4.0% | -2.4% | 13.2% | 13.3% | -1.2% | -6.7% |
| EBIT | (0.2) | (0.4) | (0.1) | 0.5 | 1.2 | (0.4) | (0.9) | 1.0 | 1.2 | (1.0) | (1.2) |
| <i>margin, %</i> | -2.0% | -7.6% | -3.0% | 4.6% | 10.7% | -6.3% | -14.7% | 7.7% | 7.9% | -13.8% | -18.6% |
| Net Income | (0.0) | (0.3) | (0.0) | 0.3 | 1.1 | (0.5) | (0.5) | 1.0 | 1.3 | (0.8) | (0.9) |
| <i>Net Margin, %</i> | -0.3% | -5.4% | -0.6% | 3.0% | 10.0% | -7.9% | -8.2% | 8.3% | 8.5% | -11.4% | -14.8% |

KyivObIGaz

KIGA UZ

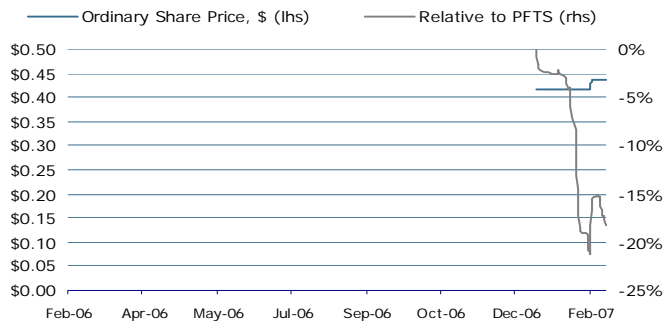
Gas

Target Price (USD) 1.30
Upside 119%

INVESTMENT CASE

- Operates one of the longest gas networks in Ukraine and actively maintains it
- Internal capacity to construct plastic pipelines guarantees additional stable revenue sources
- One of several GasCos that are developing the capacity for polyethylene gas production
- Low debt and market stability

SHARE PRICE PERFORMANCE*



* listed on PFTS since 18 Dec 2006

BUSINESS OVERVIEW

KyivObIGaz (KIGA) is a gas distribution company that is responsible for the transportation and retail supply of natural gas and bottled liquid natural gas (LNG) to the region around Kyiv and does not have any dominant gas consumers. The company utilizes a local gas pipeline network 28 ths km in length; the gasification level of Kyiv region is 69%. KyivObIGaz supplies natural gas to 618 ths end-users and liquefied natural gas (LNG) to 112 ths customers (most of which are households). Since it is not controlled by major gas groups, KyivObIGaz might become an attractive acquisition target. In 9M06, KyivObIGaz posted sales growth of 47% yoy to USD 55.5 mln and its net loss jumped four-fold (from USD 0.5 mln in 9M05 to USD 1.9 mln in 9M06).

* PFTS BID Price is used

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

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

MARKET INFORMATION

| | |
|---------------------------|-----------------|
| Market price*, USD | 0.59 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.59 / 0.42 |
| Chg 3m/6m/52w | 43% / 43% / 43% |
| Chg vs PFTS 3m/6m/52w | 0% / -4% / -16% |
| Chg YTD | 43% |
| Avg Mo Tr Vol 6M, USD ths | 0 |
| MCap, USD mln | 20.0 |
| Free float, % | 43.0% |
| FF MCap, USD mln | n/a |
| No of shares, mln | 33.7 |
| Par Value, UAH | 0.05 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|----------------------------|-------|
| Naftogaz Ukrainy | 33.0% |
| Institutional Shareholders | 23.0% |
| Other | 44.0% |

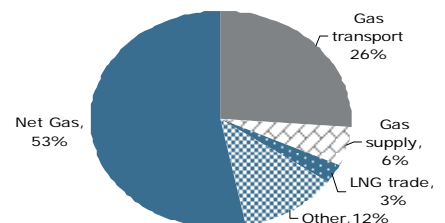
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.1 | n/a |
| EV/EBITDA | -24.7 | n/a |
| P/E | -7.9 | n/a |
| P/B | 0.5 | n/a |
| P/CF | -33.0 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|---------|-------|-------|
| EBITDA margin | 5.7% | -0.4% | n/a |
| Net Margin | -0.004% | -3% | n/a |
| ROE | -0.01% | -6% | n/a |
| Net Debt/Equity | -0.12 | -0.2 | n/a |

Revenue Structure in 2005



INCOME STATEMENT SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|------------------------|--------------|-------------|--------------|--------------|------------|------------|
| Net Revenues | 52.4 | 51.0 | 60.3 | 55.5 | n/a | n/a |
| Change y-o-y | - | -2.8% | 18.2% | 46.6% | n/a | n/a |
| Gross Profit | 2.9 | 1.3 | 2.0 | 0.9 | n/a | n/a |
| EBITDA | 1.4 | 2.4 | 3.4 | (0.3) | n/a | n/a |
| margin, % | 2.7% | 4.8% | 5.7% | -0.6% | n/a | n/a |
| Depreciation | (1.6) | (2.3) | (2.2) | (1.5) | n/a | n/a |
| EBIT | (0.2) | 0.1 | 1.3 | (1.8) | n/a | n/a |
| margin, % | -0.3% | 0.2% | 2.1% | -3.2% | n/a | n/a |
| Interest Expense | - | - | - | - | n/a | n/a |
| Other income/(expense) | (0.0) | (0.0) | (0.0) | (0.0) | n/a | n/a |
| PBT | (0.2) | 0.1 | 1.3 | (1.8) | n/a | n/a |
| Tax | - | (0.0) | (1.3) | (0.1) | n/a | n/a |
| Effective tax rate | 0.0% | 26.2% | 102.9% | -6.8% | n/a | n/a |
| Net Income | (0.2) | 0.1 | (0.0) | (1.9) | n/a | n/a |
| Net Margin, % | -0.3% | 0.2% | 0.0% | -3.4% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 22.6 | 16.5 | 17.5 | 17.9 | n/a | n/a |
| Cash & Equivalents | 4.0 | 3.5 | 5.4 | 4.7 | n/a | n/a |
| Trade Receivables | 16.9 | 8.8 | 8.2 | 5.6 | n/a | n/a |
| Inventories | 0.9 | 1.0 | 1.4 | 2.3 | n/a | n/a |
| Other | 0.8 | 3.3 | 2.5 | 5.4 | n/a | n/a |
| Fixed Assets | 38.9 | 35.6 | 40.0 | 43.0 | n/a | n/a |
| PP&E, net | 36.8 | 33.1 | 38.2 | 40.7 | n/a | n/a |
| Other | 2.1 | 2.5 | 1.8 | 2.3 | n/a | n/a |
| Total Assets | 61.5 | 52.2 | 57.5 | 61.0 | n/a | n/a |
| Shareholders' Equity | 42.0 | 40.0 | 44.5 | 46.0 | n/a | n/a |
| Share Capital | 0.3 | 0.3 | 0.3 | 0.3 | n/a | n/a |
| Retained Earnings | 2.9 | 1.3 | 1.3 | (0.6) | n/a | n/a |
| Other | 38.7 | 38.4 | 42.9 | 46.3 | n/a | n/a |
| Current Liabilities | 19.5 | 12.2 | 12.9 | 14.9 | n/a | n/a |
| ST Interest Bearing Debt | - | - | - | - | n/a | n/a |
| Trade Payables | 0.6 | 1.9 | 3.2 | 3.2 | n/a | n/a |
| Other | 18.9 | 10.2 | 9.7 | 13.8 | n/a | n/a |
| LT Liabilities | 0.0 | - | - | - | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | n/a | n/a |
| Other | 0.0 | - | - | - | n/a | n/a |
| Total Liabilities & Equity | 61.5 | 52.2 | 57.5 | 61.0 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|---------------------|-------------|--------------|--------------|-------------|-------------|--------------|--------------|-------------|-------------|--------------|--------------|
| Net Revenues | 19.7 | 7.4 | 5.0 | 18.9 | 22.8 | 8.6 | 6.5 | 22.4 | 32.5 | 10.0 | 13.0 |
| Change y-o-y | 4.6% | 30.5% | -33.9% | -7.4% | 16.0% | 15.6% | 29.6% | 18.6% | 42.4% | 17.0% | 100.9% |
| EBITDA | 3.7 | (0.2) | (3.8) | 2.7 | 1.9 | 0.5 | (0.4) | 1.5 | 1.6 | (1.3) | (0.7) |
| margin, % | 18.9% | -2.5% | -76.1% | 14.2% | 8.1% | 5.3% | -5.7% | 6.7% | 5.1% | -12.8% | -5.4% |
| EBIT | 3.1 | (0.8) | (3.8) | 1.6 | 1.2 | (0.2) | (0.8) | 1.0 | 1.1 | (1.7) | (1.2) |
| margin, % | 15.9% | -10.2% | -76.6% | 8.3% | 5.4% | -1.9% | -12.9% | 4.6% | 3.4% | -17.1% | -9.0% |
| Net Income | 2.4 | (0.6) | (2.8) | 1.1 | 0.2 | (0.2) | (0.5) | 0.5 | 0.9 | (1.6) | (1.2) |
| Net Margin, % | 11.9% | -7.6% | -56.0% | 5.8% | 0.8% | -1.9% | -8.4% | 2.4% | 2.9% | -16.0% | -9.5% |

LuhanskGaz

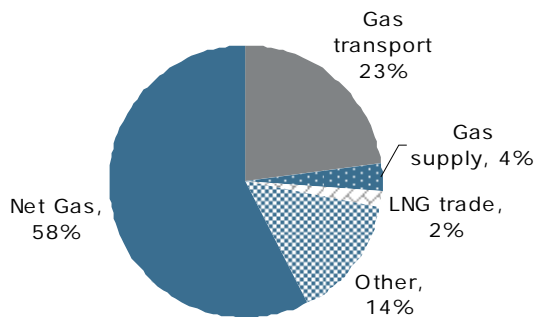
Gas

Target Price (USD) 4.18
Upside (%) n/a

INVESTMENT CASE

- Enjoys one of the highest gasification levels
- Efficiently restructured its debt and started showing positive margins
- A large state stake suggests privatization is likely in the mid-term, which would boost liquidity and the company's valuation

Revenue Structure in 2005



BUSINESS OVERVIEW

LuhanskGaz is a gas distribution company that is responsible for the transportation and retail supply of natural gas and bottled liquid natural gas (LNG) to Luhansk region. The company utilizes a local gas pipeline network that is 15 ths km long; gasification level of the region is 76%. LuhanskGaz supplies natural gas to 652 ths end-users (most of which are households). Like any other GasCo, it is subject to highly seasonal natural gas consumption. LuhanskGaz generates most of its revenues during the first and the fourth quarters of the year.

In 9M06, LuhanskGaz posted growth in sales by 40% yoy to USD 43.8 mln, and a six-fold increase in its net loss (from USD 0.7 mln in 9M05 to USD 4.3 mln in 9M06).

* The stock is not listed on PFTS

** 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 | n/a |
| Price impact** | 3 |
| 52 Wk H/L, USD | n/a |
| Chg 3m/6m/52w | n/a |
| Chg vs PFTS 3m/6m/52w | n/a |
| Chg YTD | |
| Avg Mo Tr Vol 6M, USD ths | n/a |
| MCap, USD mln | n/a |
| Free float, % | 26.0% |
| FF MCap, USD mln | n/a |
| No of shares, mln | 7.3 |
| Par Value, UAH | 0.50 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|----------------------------|-------|
| Naftogaz Ukrainy | 51.0% |
| Institutional Shareholders | 31.0% |
| Other | 18.0% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | n/a | n/a |
| EV/EBITDA | n/a | n/a |
| P/E | n/a | n/a |
| P/B | n/a | n/a |
| P/CF | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 3% | -4% | n/a |
| Net Margin | -1% | -7% | n/a |
| ROE | 26% | 989% | n/a |
| Net Debt/Equity | 1.6 | 0.2 | n/a |

INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 35.0 | 39.3 | 40.9 | 47.7 | 43.8 | n/a | n/a |
| <i>Change y-o-y</i> | - | 12.3% | 4.1% | 16.7% | 40.1% | n/a | n/a |
| Gross Profit | 3.3 | 3.0 | 3.5 | 2.2 | (0.8) | n/a | n/a |
| EBITDA | (5.3) | (4.3) | (4.9) | 1.4 | (2.3) | n/a | n/a |
| <i>margin, %</i> | -15.1% | -10.8% | -12.0% | 3.0% | -5.3% | n/a | n/a |
| Depreciation | (1.7) | (2.1) | (1.9) | (2.2) | (2.0) | n/a | n/a |
| EBIT | (7.0) | (6.3) | (6.8) | (0.8) | (4.3) | n/a | n/a |
| <i>margin, %</i> | -19.9% | -16.1% | -16.7% | -1.7% | -9.8% | n/a | n/a |
| Interest Expense | (0.2) | - | - | - | - | n/a | n/a |
| Other income/(expense) | 0.2 | 0.4 | 0.2 | 0.3 | 0.4 | n/a | n/a |
| PBT | (6.9) | (5.9) | (6.6) | (0.5) | (3.9) | n/a | n/a |
| Tax | (0.0) | (0.1) | (0.2) | (0.2) | (0.3) | n/a | n/a |
| <i>Effective tax rate</i> | 0.0% | -1.5% | -3.0% | -34.1% | -8.8% | n/a | n/a |
| Net Income | (6.9) | (6.0) | (6.8) | (0.7) | (4.3) | n/a | n/a |
| <i>Net Margin, %</i> | -19.8% | -15.3% | -16.6% | -1.4% | -9.7% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 69.1 | 66.6 | 58.9 | 55.1 | 54.2 | n/a | n/a |
| Cash & Equivalents | 0.3 | 0.2 | 1.2 | 1.6 | 1.0 | n/a | n/a |
| Trade Receivables | 43.1 | 36.2 | 32.0 | 27.0 | 26.4 | n/a | n/a |
| Inventories | 1.1 | 1.2 | 1.4 | 1.7 | 1.5 | n/a | n/a |
| Other | 24.6 | 29.0 | 24.3 | 24.8 | 25.2 | n/a | n/a |
| Fixed Assets | 28.2 | 30.6 | 35.5 | 43.6 | 47.4 | n/a | n/a |
| PP&E, net | 27.0 | 29.4 | 31.7 | 38.7 | 42.9 | n/a | n/a |
| Other | 1.2 | 1.2 | 3.8 | 4.8 | 4.5 | n/a | n/a |
| Total Assets | 97.3 | 97.2 | 94.5 | 98.6 | 101.6 | n/a | n/a |
| Shareholders' Equity | 6.0 | 3.4 | (2.7) | (0.6) | 0.1 | n/a | n/a |
| Share Capital | 0.0 | 0.0 | 0.0 | 0.7 | 0.7 | n/a | n/a |
| Retained Earnings | (26.1) | (32.1) | (40.2) | (46.9) | (50.8) | n/a | n/a |
| Other | 32.0 | 35.4 | 37.5 | 45.6 | 50.2 | n/a | n/a |
| Current Liabilities | 91.3 | 93.9 | 51.3 | 23.5 | 26.2 | n/a | n/a |
| ST Interest Bearing Debt | - | - | 0.5 | 0.6 | 0.6 | n/a | n/a |
| Trade Payables | 2.4 | 1.4 | 1.8 | 1.5 | 1.3 | n/a | n/a |
| Other | 88.9 | 92.4 | 49.0 | 21.4 | 25.3 | n/a | n/a |
| LT Liabilities | 0.0 | - | 45.8 | 75.7 | 75.3 | n/a | n/a |
| LT Interest Bearing Debt | - | - | 0.0 | - | - | n/a | n/a |
| Other | 0.0 | - | 45.8 | 75.7 | 75.3 | n/a | n/a |
| Total Liabilities & Equity | 97.3 | 97.2 | 94.5 | 98.6 | 101.6 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|-------------|--------------|--------------|--------------|-------------|--------------|--------------|-------------|--------------|--------------|--------------|
| Net Revenues | 14.5 | 7.2 | 4.9 | 14.3 | 17.9 | 7.7 | 5.7 | 16.5 | 24.0 | 10.1 | 9.7 |
| <i>Change y-o-y</i> | -9.4% | 34.6% | 11.6% | 5.7% | 23.7% | 7.4% | 14.6% | 15.0% | 33.9% | 30.8% | 72.2% |
| EBITDA | 0.8 | (1.0) | (1.5) | (3.3) | 1.2 | (0.3) | (0.1) | 0.6 | 0.0 | (1.0) | (1.3) |
| <i>margin, %</i> | 5.9% | -14.1% | -29.5% | -22.9% | 6.8% | -3.5% | -1.8% | 3.6% | 0.1% | -10.2% | -13.6% |
| EBIT | 0.4 | (1.5) | (1.9) | (3.8) | 0.7 | (0.8) | (0.7) | 0.0 | (0.6) | (1.7) | (2.0) |
| <i>margin, %</i> | 3.1% | -20.7% | -39.4% | -26.7% | 3.9% | -10.9% | -11.8% | 0.0% | -2.4% | -16.8% | -21.0% |
| Net Income | 0.3 | (1.6) | (1.5) | (4.0) | 0.7 | (0.9) | (0.6) | 0.1 | (0.4) | (1.9) | (1.9) |
| <i>Net Margin, %</i> | 2.3% | -22.9% | -30.2% | -27.7% | 4.1% | -11.8% | -10.0% | 0.3% | -1.9% | -18.6% | -19.9% |

LvivGaz

LGAZ UZ

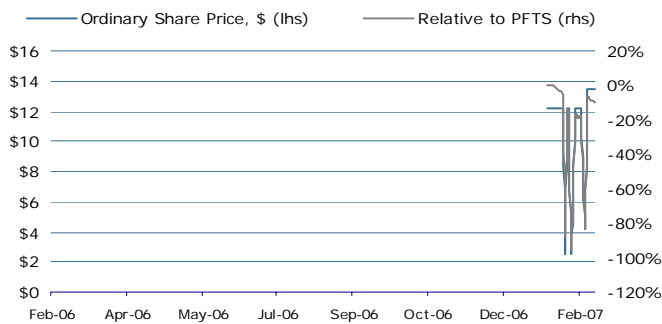
Gas

Target Price (USD) 8.80
Upside 90%

INVESTMENT CASE

- Pipeline construction was reflected in high additional revenues and recently high volatility in sales
- Large debt is expected to be re-structured and written off
- One of the GasCos that belongs to WOG, which is now an acquisition target of UkrGazEnergo

SHARE PRICE PERFORMANCE*



*listed on PFTS since 25 Dec 2006

BUSINESS OVERVIEW

LvivGaz (LGAZ) is a gas distribution company that is responsible for the transportation and retail supply of natural gas and bottled liquid natural gas (LNG) to the Lviv region. The company utilizes a local gas pipeline network that is 19 ths km in length; gasification level of the region 88% - the highest in Ukraine. LvivGaz is a leader in terms of its level of gasification in Ukraine and is among the leaders in pipeline reconstruction. LvivGaz supplies natural gas to 675 ths end-users (most of which are households). LvivGaz is controlled by the WOG business group of Igor Yeremeev which is rumored to have sold the company to one of the ex-top managers of Naftogaz Ukrainy. Current tariff policies have not allowed the company to generate profits. In 9M06 LvivGaz posted the highest sales among GasCos – USD 188.5 mln (420% yoy).

* PFTS BID Price 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 | 4.64 |
| Price impact** | 3 |
| 52 Wk H/L, USD | 13.5 / 2.5 |
| Chg 3m/6m/52w | n/a / n/a / n/a |
| Chg vs PFTS 3m/6m/52w | -43% / -47% / -58% |
| Chg YTD | -62% |
| Avg Mo Tr Vol 6M, USD ths | 0.0 |
| MCap, USD mln | 15.8 |
| Free float, % | 9.0% |
| FF MCap, USD mln | 1.4 |
| No of shares, mln | 3.4 |
| Par Value, UAH | 0.05 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|------------------|-------|
| Naftogaz Ukrainy | 28.0% |
| West Oil Group | 63.0% |
| Other | 9.0% |

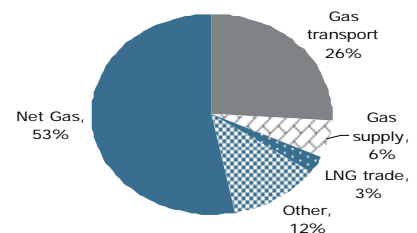
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | 0.2 | n/a |
| EV/EBITDA | -9.6 | n/a |
| P/E | -2.4 | n/a |
| P/B | -5.3 | n/a |
| P/CF | -4.9 | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | -1.0% | -2% | n/a |
| Net Margin | -6.5% | -6% | n/a |
| ROE | 78.4% | -181% | n/a |
| Net Debt/Equity | 0.8 | -1.3 | n/a |

Revenue Structure in 2005



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|------------------------|--------------|--------------|---------------|--------------|--------------|------------|------------|
| Net Revenues | 42.4 | 42.6 | 41.2 | 69.9 | 188.5 | n/a | n/a |
| Change y-o-y | - | 0.4% | -3.2% | 69.8% | 419.8% | n/a | n/a |
| Gross Profit | 5.2 | 4.2 | 3.2 | 2.8 | 21.9 | n/a | n/a |
| EBITDA | (2.8) | (5.9) | (24.1) | (0.7) | (1.5) | n/a | n/a |
| margin, % | -6.6% | -13.9% | -58.5% | -1.0% | -0.8% | n/a | n/a |
| Depreciation | (3.2) | (3.9) | (4.7) | (3.4) | (2.5) | n/a | n/a |
| EBIT | (6.0) | (9.8) | (28.8) | (4.1) | (4.1) | n/a | n/a |
| margin, % | -14.2% | -23.1% | -70.0% | -5.8% | -2.2% | n/a | n/a |
| Interest Expense | (0.0) | - | (0.0) | (0.5) | (22.8) | n/a | n/a |
| Other income/(expense) | (1.2) | 0.0 | 19.3 | 0.0 | 21.9 | n/a | n/a |
| PBT | (7.2) | (9.8) | (9.5) | (4.5) | (4.9) | n/a | n/a |
| Tax | (1.2) | - | (0.0) | (0.0) | (0.0) | n/a | n/a |
| Effective tax rate | -17.0% | 0.0% | -0.3% | -0.7% | -0.2% | n/a | n/a |
| Net Income | (8.5) | (9.8) | (9.5) | (4.6) | (4.9) | n/a | n/a |
| Net Margin, % | -20.0% | -23.1% | -23.1% | -6.5% | -2.6% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Current Assets | 245.6 | 231.9 | 64.4 | 147.3 | 107.2 | n/a | n/a |
| Cash & Equivalents | 0.6 | 0.8 | 0.5 | 1.7 | 1.1 | n/a | n/a |
| Trade Receivables | 72.7 | 54.0 | 35.1 | 39.3 | 33.8 | n/a | n/a |
| Inventories | 1.6 | 2.7 | 1.8 | 40.8 | 12.5 | n/a | n/a |
| Other | 170.7 | 174.4 | 27.1 | 65.4 | 59.8 | n/a | n/a |
| Fixed Assets | 30.7 | 33.4 | 35.3 | 39.1 | 47.6 | n/a | n/a |
| PP&E, net | 30.0 | 32.2 | 33.9 | 37.4 | 45.8 | n/a | n/a |
| Other | 0.7 | 1.1 | 1.3 | 1.7 | 1.7 | n/a | n/a |
| Total Assets | 276.3 | 265.3 | 99.6 | 186.3 | 154.8 | n/a | n/a |
| Shareholders' Equity | 6.7 | (0.3) | (5.8) | 3.6 | 8.2 | n/a | n/a |
| Share Capital | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | n/a | n/a |
| Retained Earnings | (30.6) | (41.0) | (49.7) | (45.1) | (50.9) | n/a | n/a |
| Other | 37.3 | 40.6 | 43.9 | 48.7 | 59.1 | n/a | n/a |
| Current Liabilities | 269.4 | 265.6 | 105.3 | 182.7 | 146.4 | n/a | n/a |
| ST Interest Bearing Debt | - | - | 0.3 | 4.6 | 9.7 | n/a | n/a |
| Trade Payables | 260.7 | 11.2 | 5.3 | 138.4 | 106.4 | n/a | n/a |
| Other | 8.7 | 254.4 | 99.7 | 39.6 | 30.9 | n/a | n/a |
| LT Liabilities | 0.3 | 0.0 | 0.2 | 0.0 | 0.2 | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Other | 0.3 | 0.0 | 0.2 | 0.0 | 0.2 | n/a | n/a |
| Total Liabilities & Equity | 276.3 | 265.3 | 99.6 | 186.3 | 154.8 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|---------------------|--------------|--------------|--------------|---------------|--------------|------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenues | 17.2 | 6.3 | 4.8 | 12.8 | 17.7 | 8.6 | 9.9 | 33.7 | 143.3 | 13.9 | 31.3 |
| Change y-o-y | -1.1% | -0.9% | 6.1% | -9.9% | 3.3% | 35.9% | 105.4% | 162.1% | 707.2% | 61.0% | 216.8% |
| EBITDA | (0.3) | (5.7) | 4.7 | (22.8) | 1.0 | 2.1 | (2.5) | (1.2) | 2.2 | (1.6) | (2.2) |
| margin, % | -1.9% | -89.2% | 97.8% | -177.6% | 5.6% | 24.0% | -25.4% | -3.7% | 1.6% | -11.2% | -7.1% |
| EBIT | (2.3) | (6.7) | 4.9 | (24.8) | (0.0) | 1.1 | (3.3) | (1.9) | 1.5 | (2.6) | (2.9) |
| margin, % | -13.1% | -106.1% | 102.5% | -192.8% | -0.2% | 12.4% | -32.9% | -5.5% | 1.1% | -19.1% | -9.4% |
| Net Income | (2.3) | (1.4) | (0.5) | (5.4) | (0.1) | 1.2 | (3.6) | (2.1) | 1.5 | (3.4) | (3.1) |
| Net Margin, % | -13.3% | -21.3% | -10.0% | -41.9% | -0.4% | 13.4% | -36.4% | -6.1% | 1.1% | -24.5% | -9.8% |

OdessaGaz

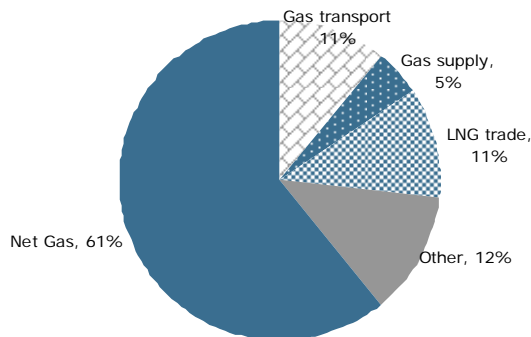
Gas

Target Price (USD) **38.00**
Upside (%) **n/a**

INVESTMENT CASE

- Lowest gasification level of all GasCos suggests a considerable potential for growth in gas sales in the mid-term
- The most stable profit margins of its peers
- A majority of shares are controlled by the company's current management

Revenue Structure in 2005



BUSINESS OVERVIEW

OdessaGaz is a gas distribution company, responsible for the transportation and retail supply of natural gas and bottled liquid natural gas (LNG) to the entire region of Odessa. The company utilizes a local gas pipeline network that is 31 ths km in length; gasification level of the region is 48% - the lowest in Ukraine. This gives the company high growth potential in the mid-term. The company supplies natural gas to 470 ths end-users and liquefied natural gas (LNG) to 315 ths customers (most of which are households). The company's main customers are households and heating enterprises. The company is controlled by its top-management.

In 9M06, the company posted growth in sales by 45% yoy to USD 57.7 mln and in net income from a net loss of USD 0.4 mln in 9M05 to net profit of USD 0.3 mln in 9M06.

* The stock is not listed on PFTS

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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 | n/a |
| Price impact** | 3 |
| 52 Wk H/L, USD | n/a |
| Chg 3m/6m/52w | n/a |
| Chg vs PFTS 3m/6m/52w | n/a |
| Chg YTD | |
| Avg Mo Tr Vol 6M, USD ths | n/a |
| MCap, USD mln | n/a |
| Free float, % | 20.0% |
| FF MCap, USD mln | n/a |
| No of shares, mln | 0.6 |
| Par Value, UAH | 28.73 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|------------------|-------|
| Naftogaz Ukrainy | 20.0% |
| Management | 59.0% |
| Other | 21.0% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | n/a | n/a |
| EV/EBITDA | n/a | n/a |
| P/E | n/a | n/a |
| P/B | n/a | n/a |
| P/CF | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | 1.7% | 2% | n/a |
| Net Margin | 0.05% | 0.4% | n/a |
| ROE | 0.2% | 2% | n/a |
| Net Debt/Equity | -0.08 | -0.2 | n/a |

INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|------------------------|-------------|-------------|-------------|--------------|-------------|------------|------------|
| Net Revenues | 47.6 | 63.5 | 54.4 | 60.3 | 57.7 | n/a | n/a |
| Change y-o-y | - | 33.4% | -14.3% | 10.9% | 45.4% | n/a | n/a |
| Gross Profit | 2.8 | 3.8 | 3.2 | 4.3 | 2.9 | n/a | n/a |
| EBITDA | 1.4 | 2.6 | 1.2 | 1.0 | 1.1 | n/a | n/a |
| margin, % | 2.8% | 4.1% | 2.2% | 1.7% | 1.9% | n/a | n/a |
| Depreciation | (0.9) | (0.9) | (1.0) | (1.0) | (0.8) | n/a | n/a |
| EBIT | 0.5 | 1.6 | 0.2 | (0.0) | 0.3 | n/a | n/a |
| margin, % | 1.0% | 2.6% | 0.4% | 0.0% | 0.5% | n/a | n/a |
| Interest Expense | (0.4) | (0.1) | (0.1) | (0.0) | (0.0) | n/a | n/a |
| Other income/(expense) | 0.2 | 0.0 | 0.1 | 0.1 | 0.3 | n/a | n/a |
| PBT | 0.2 | 1.6 | 0.2 | 0.0 | 0.6 | n/a | n/a |
| Tax | (0.1) | (0.5) | (0.2) | (0.0) | (0.3) | n/a | n/a |
| Effective tax rate | 29.8% | 30.0% | 75.3% | 52.2% | 46.3% | n/a | n/a |
| Net Income | 0.2 | 1.1 | 0.1 | 0.0 | 0.3 | n/a | n/a |
| Net Margin, % | 0.4% | 1.7% | 0.1% | 0.0% | 0.5% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 33.6 | 24.7 | 26.3 | 25.7 | 25.5 | n/a | n/a |
| Cash & Equivalents | 0.5 | 1.2 | 2.2 | 2.1 | 0.4 | n/a | n/a |
| Trade Receivables | 23.3 | 13.1 | 11.4 | 13.3 | 12.0 | n/a | n/a |
| Inventories | 2.4 | 2.9 | 3.2 | 2.4 | 2.6 | n/a | n/a |
| Other | 7.4 | 7.5 | 9.6 | 7.9 | 10.5 | n/a | n/a |
| Fixed Assets | 17.7 | 19.0 | 22.2 | 26.6 | 27.0 | n/a | n/a |
| PP&E, net | 15.9 | 17.0 | 19.6 | 24.2 | 24.5 | n/a | n/a |
| Other | 1.8 | 2.0 | 2.5 | 2.5 | 2.5 | n/a | n/a |
| Total Assets | 51.2 | 43.7 | 48.5 | 52.3 | 52.6 | n/a | n/a |
| Shareholders' Equity | 16.1 | 15.8 | 19.5 | 23.1 | 24.1 | n/a | n/a |
| Share Capital | 3.1 | 1.5 | 3.1 | 3.3 | 3.3 | n/a | n/a |
| Retained Earnings | 0.7 | 1.1 | 0.1 | 0.1 | 0.5 | n/a | n/a |
| Other | 12.3 | 13.1 | 16.2 | 19.8 | 20.4 | n/a | n/a |
| Current Liabilities | 34.4 | 26.6 | 27.4 | 28.9 | 28.4 | n/a | n/a |
| ST Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Trade Payables | 2.2 | 2.2 | 2.8 | 15.4 | 16.1 | n/a | n/a |
| Other | 32.2 | 24.4 | 24.6 | 13.5 | 13.0 | n/a | n/a |
| LT Liabilities | 0.7 | 1.3 | 1.7 | 0.2 | - | n/a | n/a |
| LT Interest Bearing Debt | 0.7 | 1.2 | 1.6 | 0.2 | - | n/a | n/a |
| Other | 0.0 | 0.1 | 0.1 | - | - | n/a | n/a |
| Total Liabilities & Equity | 51.2 | 43.7 | 48.5 | 52.3 | 52.6 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|---------------------|-------------|--------------|--------------|-------------|-------------|--------------|--------------|
| Net Revenues | 22.9 | 9.9 | 6.9 | 20.7 | 33.4 | 13.8 | 10.5 |
| Change y-o-y | N/M | N/M | N/M | N/M | 46.1% | 39.5% | 51.7% |
| EBITDA | 1.5 | (0.5) | (0.6) | 0.6 | 2.1 | (0.0) | (1.0) |
| margin, % | 6.6% | -5.1% | -8.6% | 3.0% | 6.2% | -0.4% | -9.2% |
| EBIT | 1.3 | (0.8) | (0.9) | 0.3 | 1.8 | (0.3) | (1.2) |
| margin, % | 5.6% | -7.8% | -12.4% | 1.6% | 5.4% | -2.4% | -11.6% |
| Net Income | 0.9 | (0.6) | (0.7) | 0.4 | 1.4 | (0.0) | (1.1) |
| Net Margin, % | 4.1% | -6.2% | -10.8% | 2.1% | 4.2% | -0.3% | -10.1% |

PoltavaGaz

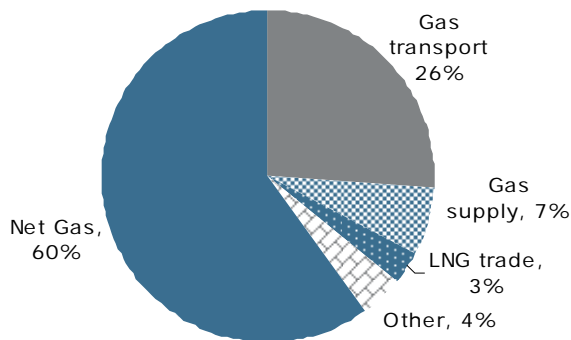
Gas

Target Price (USD) **48.30**
Upside (%) **n/a**

INVESTMENT CASE

- Debt restructuring caused negative financial results in recent years but lately the company has shown positive margins

Revenue Structure in 2005



BUSINESS OVERVIEW

PoltavaGaz is a gas distribution company, responsible for the transportation and retail supply of natural gas and bottled liquid natural gas (LNG) to the city of Poltava and central and eastern districts in Poltava Region. The company utilizes a local gas pipeline network that is 19 ths km long; its gasification level is 74%. The company supplies natural gas to 340 ths end-users (most of which are households). Like any other GasCo, it is subject to highly seasonal natural gas consumption. The company generates most of its revenues during the first and the fourth quarters of the year.

In 9M06 PoltavaGaz posted growth in sales by 12% yoy to USD 24.7 mln, and increased its net loss from USD 2.4 mln in 9M05 to USD 4.0 mln in 9M06.

* The stock is not listed on PFTS

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

MARKET INFORMATION

| | |
|---------------------------|------------|
| Market price*, USD | n/a |
| Price impact** | 3 |
| 52 Wk H/L, USD | n/a |
| Chg 3m/6m/52w | n/a |
| Chg vs PFTS 3m/6m/52w | n/a |
| Chg YTD | |
| Avg Mo Tr Vol 6M, USD ths | n/a |
| MCap, USD mln | n/a |
| Free float, % | 8.0% |
| FF MCap, USD mln | n/a |
| No of shares, mln | 0.4 |
| Par Value, UAH | 1.05 |
| XETRA | n/a |
| DR Ratio | n/a |
| Avg Mo Tr Vol 6M, USD ths | n/a |

STOCK OWNERSHIP

| | |
|----------------------------|-------|
| Naftogaz Ukrainy | 51.0% |
| Institutional Shareholders | 40.0% |
| Other | 9.0% |

MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | n/a | n/a |
| EV/EBITDA | n/a | n/a |
| P/E | n/a | n/a |
| P/B | n/a | n/a |
| P/CF | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|------|-------|-------|
| EBITDA margin | 6% | -8% | n/a |
| Net Margin | -1% | -10% | n/a |
| ROE | -1% | -22% | n/a |
| Net Debt/Equity | 0.02 | 0.07 | n/a |

INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 23.9 | 28.1 | 33.9 | 34.0 | 24.7 | n/a | n/a |
| Change y-o-y | - | 17.9% | 20.3% | 0.5% | 11.5% | n/a | n/a |
| Gross Profit | (0.4) | 2.8 | 3.8 | 4.4 | (0.1) | n/a | n/a |
| EBITDA | (3.0) | (3.5) | (2.2) | 2.2 | (3.1) | n/a | n/a |
| margin, % | -12.4% | -12.3% | -6.5% | 6.3% | -12.7% | n/a | n/a |
| Depreciation | (1.1) | (1.3) | (1.5) | (3.1) | (2.0) | n/a | n/a |
| EBIT | (4.0) | (4.7) | (3.7) | (1.0) | (5.1) | n/a | n/a |
| margin, % | -16.9% | -16.8% | -10.8% | -3.0% | -20.7% | n/a | n/a |
| Interest Expense | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | n/a | n/a |
| Other income/(expense) | 3.5 | 2.8 | 3.6 | 1.0 | 1.1 | n/a | n/a |
| PBT | (0.5) | (1.9) | (0.1) | (0.0) | (4.0) | n/a | n/a |
| Tax | - | - | - | (0.3) | - | n/a | n/a |
| Effective tax rate | 0.0% | 0.0% | 0.0% | -811.6% | 0.0% | n/a | n/a |
| Net Income | (0.5) | (1.9) | (0.1) | (0.3) | (4.0) | n/a | n/a |
| Net Margin, % | -2.1% | -6.8% | -0.3% | -0.9% | -16.3% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 37.0 | 32.3 | 28.3 | 25.1 | 24.8 | n/a | n/a |
| Cash & Equivalents | 0.4 | 1.3 | 0.6 | 1.4 | 0.4 | n/a | n/a |
| Trade Receivables | 24.9 | 22.7 | 18.4 | 7.9 | 5.4 | n/a | n/a |
| Inventories | 0.6 | 3.1 | 4.5 | 4.4 | 6.5 | n/a | n/a |
| Other | 11.1 | 5.1 | 4.9 | 11.4 | 12.5 | n/a | n/a |
| Fixed Assets | 19.7 | 24.0 | 27.3 | 30.3 | 30.8 | n/a | n/a |
| PP&E, net | 17.9 | 22.0 | 25.0 | 28.7 | 28.2 | n/a | n/a |
| Other | 1.8 | 2.0 | 2.3 | 1.6 | 2.6 | n/a | n/a |
| Total Assets | 56.7 | 56.3 | 55.6 | 55.3 | 55.6 | n/a | n/a |
| Shareholders' Equity | 18.7 | 17.6 | 20.7 | 24.2 | 20.4 | n/a | n/a |
| Share Capital | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | n/a | n/a |
| Retained Earnings | (3.2) | (5.1) | (5.3) | (5.5) | (9.3) | n/a | n/a |
| Other | 21.9 | 22.7 | 25.9 | 29.7 | 29.7 | n/a | n/a |
| Current Liabilities | 35.9 | 36.5 | 31.9 | 29.3 | 33.4 | n/a | n/a |
| ST Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Trade Payables | 1.6 | 4.7 | 4.4 | 4.3 | 6.4 | n/a | n/a |
| Other | 34.3 | 31.9 | 27.5 | 25.0 | 27.4 | n/a | n/a |
| LT Liabilities | 2.1 | 2.1 | 3.0 | 1.9 | 1.9 | n/a | n/a |
| LT Interest Bearing Debt | 2.1 | 2.0 | 2.0 | 1.8 | 1.8 | n/a | n/a |
| Other | 0.0 | 0.1 | 1.0 | 0.0 | 0.0 | n/a | n/a |
| Total Liabilities & Equity | 56.7 | 56.3 | 55.6 | 55.3 | 55.6 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|---------------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|-------------|--------------|--------------|--------------|
| Net Revenues | 13.3 | 5.0 | 3.0 | 12.5 | 13.0 | 5.1 | 4.1 | 11.9 | 14.4 | 4.9 | 5.4 |
| Change y-o-y | 20.3% | 27.2% | 16.4% | 18.8% | -2.6% | 0.9% | 38.5% | -5.4% | 10.9% | -2.2% | 30.4% |
| EBITDA | (0.1) | (1.1) | (1.2) | 0.1 | 0.5 | (1.1) | (1.2) | 3.9 | 0.0 | (1.8) | (1.4) |
| margin, % | -0.6% | -21.0% | -40.1% | 1.1% | 4.1% | -21.1% | -28.7% | 32.7% | 0.3% | -36.3% | -25.7% |
| EBIT | (0.4) | (1.4) | (1.6) | (0.2) | 0.1 | (1.5) | (1.6) | 2.0 | (0.6) | (2.4) | (2.1) |
| margin, % | -3.3% | -28.6% | -52.4% | -1.9% | 1.0% | -29.7% | -39.1% | 16.6% | -4.2% | -48.1% | -39.6% |
| Net Income | (0.3) | (1.3) | 0.9 | 0.6 | 0.3 | (1.3) | (1.4) | 2.1 | (0.2) | (2.1) | (1.7) |
| Net Margin, % | -2.3% | -25.9% | 29.6% | 4.9% | 2.4% | -26.2% | -34.4% | 17.9% | -1.6% | -42.1% | -32.0% |

ZhytomirGaz

ZHGZ UZ

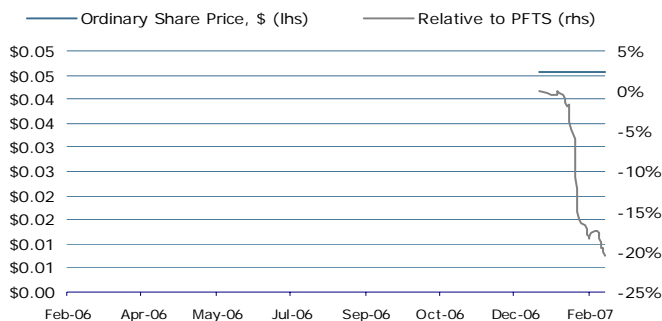
Gas

Target Price (USD) **111.80**
Upside **n/a**

INVESTMENT CASE

- Poor 2006 margins due mostly to low gas tariffs. After tariff increases in May 2006 and January 2007, the company is expected to operate in black
- Majority controlled by Gaztek
- Only GasCo with depository receipts

SHARE PRICE PERFORMANCE*



*listed on PFTS since 1 Dec 2006

BUSINESS OVERVIEW

ZhytomirGaz (ZHGZ) is a gas distribution company, responsible for the transportation and retail supply of natural gas and bottled liquid natural gas (LNG) to most of Zhytomir region. The company utilizes a local gas pipeline network 9 ths km long. The company supplies natural gas to 299 ths end-users and liquefied natural gas (LNG) to 155 ths customers. ZhytomirGaz has a diverse customer base and has no dominant consumers in its region. Like any other GasCo, it is subject to highly seasonal natural gas consumption. The company generates most of its revenues during the first and the fourth quarters of the year. In 9M06 ZhytomirGaz posted growth in sales by 27% yoy to USD 30 mln, and an unchanged net loss of USD 1.7 mln.

* PFTS BID Price 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 | n/a |
| Price impact** | 3 |
| 52 Wk H/L, USD | 0.05 / 0.05 |
| Chg 3m/6m/52w | n/a / n/a / n/a |
| Chg vs PFTS 3m/6m/52w | -43% / -47% / -58% |
| Chg YTD | n/a |
| Avg Mo Tr Vol 6M, USD ths | 0.0 |
| MCap, USD mln | n/a |
| Free float, % | 11.0% |
| FF MCap, USD mln | n/a |
| No of shares, mln | 0.2 |
| Par Value, UAH | 1.5 |
| XETRA | W8P1 |
| DR Ratio | 2:1 |
| Avg Mo Tr Vol 6M, USD ths | 0.00 |

STOCK OWNERSHIP

| | |
|--------------------------|-----|
| Naftogaz Ukrainy | 16% |
| GAZTEK | 35% |
| Khmel'nitsk'gaz (GAZTEK) | 24% |
| Other | 25% |

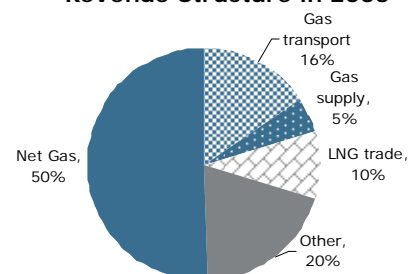
MARKET MULTIPLES

| | 2006E | 2007E |
|-----------|-------|-------|
| EV/Sales | n/a | n/a |
| EV/EBITDA | neg | n/a |
| P/E | neg | n/a |
| P/B | 0.0 | n/a |
| P/CF | n/a | n/a |

KEY RATIOS

| | 2005 | 2006E | 2007E |
|-----------------|-------|-------|-------|
| EBITDA margin | -0.1% | -3% | n/a |
| Net Margin | -2% | -4% | n/a |
| ROE | N/M | N/M | n/a |
| Net Debt/Equity | 0.03 | 0.2 | n/a |

Revenue Structure in 2005



INCOME STATEMENT SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Net Revenues | 17.5 | 22.5 | 27.5 | 36.5 | 30.0 | n/a | n/a |
| <i>Change y-o-y</i> | - | 29.1% | 21.8% | 33.0% | 27.4% | n/a | n/a |
| Gross Profit | 0.7 | 1.2 | 1.1 | 1.6 | (0.1) | n/a | n/a |
| EBITDA | (1.6) | (2.8) | (1.8) | (0.1) | (1.3) | n/a | n/a |
| <i>margin, %</i> | -9.1% | -12.3% | -6.5% | -0.2% | -4.2% | n/a | n/a |
| Depreciation | (1.1) | (1.2) | (1.3) | (1.2) | (1.0) | n/a | n/a |
| EBIT | (2.7) | (3.9) | (3.0) | (1.3) | (2.2) | n/a | n/a |
| <i>margin, %</i> | -15.5% | -17.5% | -11.0% | -3.5% | -7.5% | n/a | n/a |
| Interest Expense | (0.1) | (0.1) | (0.1) | (0.2) | (0.2) | n/a | n/a |
| Other income/(expense) | (0.1) | 0.0 | 0.0 | 0.5 | 0.7 | n/a | n/a |
| PBT | (2.9) | (4.0) | (3.1) | (0.9) | (1.7) | n/a | n/a |
| Tax | (0.2) | - | (0.0) | (0.0) | (0.0) | n/a | n/a |
| <i>Effective tax rate</i> | -6.9% | 0.0% | -0.3% | -1.1% | -1.6% | n/a | n/a |
| Net Income | (3.1) | (4.0) | (3.1) | (0.9) | (1.7) | n/a | n/a |
| <i>Net Margin, %</i> | -17.5% | -17.7% | -11.2% | -2.6% | -5.7% | n/a | n/a |

BALANCE SHEET SUMMARY, USD mln

| | 2002 | 2003 | 2004 | 2005 | 9M06 | 2007E | 2008E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Current Assets | 29.8 | 30.6 | 14.8 | 16.5 | 16.1 | n/a | n/a |
| Cash & Equivalents | 0.3 | 0.4 | 0.6 | 1.2 | 0.3 | n/a | n/a |
| Trade Receivables | 23.5 | 22.8 | 5.5 | 5.7 | 5.2 | n/a | n/a |
| Inventories | 0.8 | 1.0 | 2.4 | 2.3 | 2.3 | n/a | n/a |
| Other | 5.3 | 6.5 | 6.2 | 7.3 | 8.3 | n/a | n/a |
| Fixed Assets | 21.0 | 20.3 | 23.3 | 27.8 | 28.8 | n/a | n/a |
| PP&E, net | 18.8 | 18.9 | 21.7 | 24.8 | 27.0 | n/a | n/a |
| Other | 2.2 | 1.4 | 1.6 | 3.0 | 1.8 | n/a | n/a |
| Total Assets | 50.8 | 50.9 | 38.1 | 44.2 | 44.9 | n/a | n/a |
| Shareholders' Equity | 11.8 | 8.5 | 8.0 | 9.0 | 9.3 | n/a | n/a |
| Share Capital | 21.8 | 0.0 | 0.0 | 0.0 | 0.0 | n/a | n/a |
| Retained Earnings | (10.0) | (14.0) | (17.1) | (19.0) | (20.7) | n/a | n/a |
| Other | - | 22.4 | 25.1 | 27.9 | 29.9 | n/a | n/a |
| Current Liabilities | 39.0 | 42.4 | 30.1 | 35.2 | 35.6 | n/a | n/a |
| ST Interest Bearing Debt | 0.2 | 0.3 | 0.5 | 1.5 | 0.7 | n/a | n/a |
| Trade Payables | 2.1 | 1.4 | 3.3 | 30.1 | 31.0 | n/a | n/a |
| Other | 36.7 | 40.7 | 26.3 | 3.6 | 4.8 | n/a | n/a |
| LT Liabilities | - | - | - | - | - | n/a | n/a |
| LT Interest Bearing Debt | - | - | - | - | - | n/a | n/a |
| Other | - | - | - | - | - | n/a | n/a |
| Total Liabilities & Equity | 50.8 | 50.9 | 38.1 | 44.2 | 44.9 | n/a | n/a |

QUARTERLY ANALYSIS, USD mln

| | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|----------------------|--------------|--------------|--------------|-------------|-------------|--------------|--------------|
| Net Revenues | 11.5 | 6.7 | 5.4 | 13.0 | 15.5 | 7.7 | 6.8 |
| <i>Change y-o-y</i> | N/M | N/M | N/M | N/M | 35.2% | 15.1% | 26.0% |
| EBITDA | 0.3 | (0.2) | (0.6) | 0.5 | 0.8 | (0.9) | (1.1) |
| <i>margin, %</i> | 2.5% | -3.7% | -12.0% | 4.1% | 4.9% | -12.1% | -16.4% |
| EBIT | (0.0) | (0.5) | (0.9) | 0.2 | 0.4 | (1.2) | (1.4) |
| <i>margin, %</i> | -0.1% | -8.1% | -17.6% | 1.8% | 2.8% | -16.1% | -21.4% |
| Net Income | (0.0) | (0.7) | (1.0) | 0.8 | 0.8 | (1.2) | (1.3) |
| <i>Net Margin, %</i> | -0.2% | -10.2% | -19.0% | 6.0% | 4.9% | -15.5% | -19.2% |

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