



CONCORDE CAPITAL

Ukraine / Real Estate

KDD Group

Share buyback on December 5 EGM agenda

November 26, 2008

Current price: GBP 0.07/ USD 0.12

12M Target: N/A

BUY

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- Last week, KDD Group amended the agenda for its upcoming December 5 EGM to include consideration of a share buyback program
- The company's cash position of USD ~60 mln and debt position of only USD 17 mln implies robust solvency
- Currently the company is trading at an extremely low P/Net Cash of 0.4x; we recommend BUY

Tickers

LSE AIM KDDG

Market information

Market price, GBP	0.08
USD	0.12
MCap, GBP mln	28.6
USD mln	18.7
Chg YTD	-97%
Hi/Lo YTD, GBP	2.09 / 0.04
USD	4.11 / 0.06
No of shares, mln	162.7
Avg Mon Tr Vol YTD, USD mln	2.0
Free float	23%
Free float, GBP mln	6.6
USD mln	4.3

Prices as of Nov. 26, 2008

Corporate governance

Concorde Rating* Q

* The rating is based on Concorde Capital's corporate governance survey. Q denotes quality corporate governance standards, AA - above average standards, A - average, BA - below average and P - poor.

Shareholders

Group of seven individuals	77.1%
Portfolio investors	22.9%

KDD Group to consider share buyback at December 5 EGM

Last week KDD Group released the updated agenda for its December 5 EGM, which includes consideration of a share buyback program. If approved, the company would buyback shares at a price between par value and placement price (GBP 0.01 to GBP 2.0 per share), for the period from the date of the EGM to June 4, 2010. As KDD Group currently has USD ~60 mln in cash on balance, the probability that the issue is approved is highly likely, in our view.

Trading at a low P/Net Cash of 0.4x; we recommend BUY

As of June 3, 2008, KDD Group had only USD ~17 mln in outstanding debt (maturing in 2012), and we estimate that the company's current net cash position is USD ~40 mln. This means that the stock is currently trading at a low P/Net Cash of 0.4x. We believe that the discount is unjustified and recommend to BUY the stock.

Disclosures

Analyst certification

We, Alexander Romanov and Andriy Gostik, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject securities and issuers. We also certify that no part of our compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

KDDG LN ratings history

Date	Target price, USD	Market Price, USD	Rating	Action
19-Dec-07	N/R	4.05	N/R	N/R
23-Jun-08	N/R	3.38	N/R	N/R
05-Sep-08	N/R	1.49	N/R	N/R
26-Nov-08	N/R	1.49	N/R	N/R

Investment Ratings

The time horizon for target prices in Concorde Capital's research is 12 months unless otherwise stated. Concorde Capital employs three basic investment ratings: Buy, Hold and Sell. Typically, Buy recommendation is associated with an upside of 15% or more from the current market price; Sell is prompted by downside from the current market price (upside <0%); Hold recommendation is generally for limited upside within 15%. Though investment ratings are generally induced by the magnitude of upside, they are not derived on this basis alone. In certain cases, an analyst may have reasons to establish a recommendation where the associated range given above does not correspond. Temporary discrepancies between an investment rating and its upside at a specific point in time due to price movement and/or volatility will be permitted; Concorde Capital may revise an investment rating at its discretion. A recommendation and/or target price might be placed Under Review when impelled by corporate events, changes in finances or operations. Investors should base decisions to Buy, Hold or Sell a stock on the complete information regarding the analyst's views in the research report and on their individual investment objectives and circumstances.

Concorde Capital ratings distribution

Buy	55	46%
Hold	47	39%
Sell	11	9%
Under Review	6	5%
Total	119	100%

Investment banking clients*

Buy	7	100%
Hold	0	0%
Sell	0	0%
Under Review	0	0%
Total	7	100%

* Within the last twelve month period, Concorde Capital has obtained compensation from these companies for investment banking services.

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