

January 16, 2008

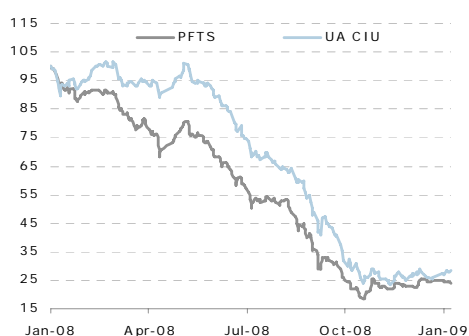
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The market meltdown, with the accompanying general collapse in liquidity and growing spreads, complicated our regular review of the Concorde Investable Universe Index (UA CIU index). For the sake of preserving the index's scope, we only remove five stocks from the basket.

UA CIU index vs. PFTS Index



Source: Concorde Capital, PFTS

Key market data

Performance

UA CIU Index (as of Jan 15)	65.9
chg YTD/1m/1y	9%/ 2%/-72%
PFTS Index (as of Jan 15)	290.0
chg YTD/1m/1y	-4%/ 6%/-76%
MSCI EM Index (as of Jan 14)	542.9
chg YTD/1m/1y	-2%/-4%/-55%

Capitalization

Investable Universe MCap	USD 15.9 bln
Investable Universe FF	USD 1.5 bln

Avg daily trading, last 6M

PFTS	USD 7.1 mln
Ukr stocks listed on LSE	USD 18.7 mln
Ukr stocks listed on WSE	USD 1.0 mln
Ukr DRs listed on FSE	USD 0.2 mln

Source: PFTS, LSE, FSE, WSE, Concorde Capital

UA CIU index watch list

Next quarterly review date	April 1, 2009
Inclusion watch	none
Exclusion watch	DNON, MEGA, DMPZ, RODB, SVGZ, AZGM, DRMZ

- The island of relative liquidity remains London, and to some extent Warsaw. Trading on the PFTS has remained frozen to start out 2009. Over the last six months, the average monthly volumes in dollar terms fell by as much as three times on the PFTS, while LSE trading has remained stable. The median spread for stocks in our index basket widened from 7% to 13% over the same period, in particular the median spread for stocks traded on the LSE and WSE was 4% vs. 15% for the PFTS-traded stocks from our basket
- Only two stocks currently boast an MCap of above USD 1 bln vs. 25 last year – Pivdenny Iron Ore (PGZK) and ArcelorMittal Kryviy Rih (KSTL)
- Turnover in terms of shares increased for eighteen stocks at the end of the year (average monthly trading volume over last 6M vs. previous 6M): all London-listed stocks, the leaders being KDD Group (+286%), DUPD (+194%), Ferrexpo (+150%), Cadogan Petroleum (+61%), Landkom (+53%), while PFTS-listed leaders were Zaporizhstal (+114%), UkrAvto (+82%), Bank Forum (+43%), Dniprospsststal (+29%), Kryukiv Wagon (+28%)
- The market's dislocation undermined strict application of formal index criteria (see our August 29, 2008 report) - as many as twelve stocks violated at least three of the four requisites. Nevertheless, in this review, we only remove the five most glaring, as we favor preserving one of the key underlying precepts behind the UA CIU Index - broad market representation. Unlike the narrower PFTS index, the UA CIU can serve as a benchmark to capture the next growth wave produced by small caps when the market recovers.
- The PFTS index was also revised as of January 15, 2009. The major change is that the weight of each stock in the index was capped at 15% (in UA CIU index calculations, the cap is 10%). The UA CIU index's advantages over the PFTS index remain its more accurate measurement of market volatility, reflection of the market's cross-border nature and better mirroring of market segmentation by sector (see chart on page 3)
- In terms of breakdown by free float, the UA CIU and PFTS indices are still quite different. Signs of convergence are weak: since the UA CIU index's launch, the share of the basic materials segment in its total free float decreased from 27% to 25% and the share of utilities grew from 13% to 17%; while for the PFTS index, the share of basic materials in total free float rose from 16% to 19%; and share of utilities dropped from 46% to 32%
- As of today, stocks in the UA CIU index represent 90% of all trading in Ukrainian equities and 64% of total free float, while the PFTS index basket encompasses 11% of trading and 21% of free float

The following changes are effective as of market close January 19, 2008.

- **Additions to the index:**
none
- **Removals:**
XXI Century (XXIC LN)
Kharkivoblenergo (HAON)
Novomoskovsk Pipe (NVTR)
Alchevsk Coke (ALKZ)
Dnipropetrovsk Pipe (DTRZ)
- **Changes in the number of shares outstanding:**
Bogdan (LUAZ) from 3,327,998,160 to 4,427,998,160
Bank Forum (FORM) from 162,100,000 to 237,100,000
- **Changes in free float factors:**
Bogdan Automobile Plant (LUAZ) from 10.00% to 7.70%
Bank Forum (FORM) from 10.00% to 6.80%
Landkom (LKI LN) from 59.45% to 57.30%
- **Changes in representation factor:**
Ferrexpo (FXPO LN) from 0.8282 to 1.0000
JKX Oil & Gas (JKX LN) from 0.8083 to 0.4977
Zakhidenergo (ZAEN) from 1.0000 to 0.8044
- **Exclusion watch:**
Dniprooblenergo (DNON)
Megabank (MEGA)
Azovzahalmash (AZGM)
Stakhaniv Wagon (SVGZ)
Druzhkivka Machinery (DRMZ)
Rodovid bank (RODB)
DMP Petrovskogo Steel (DMPZ)

For the revised UA CIU index basket, see page 3

Historical and actualized data available online: www.concorde.ua, Bloomberg: CNCRUAIU Index <GO>

Revised UA CIU index basket

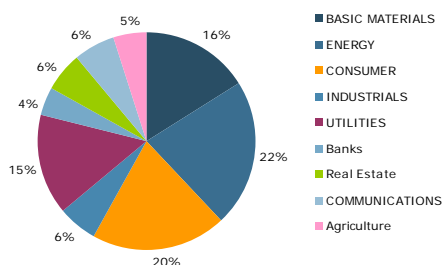
N	Ticker	Name	Exchange	Mon Avg Tr Value, USD mln	Chg in Tr Volume	Spread	Capitalization, USD mln	RF	Index weight		
				last 6M	prev 6m	last 6m/prev 6m	6m avg	MCap	FF	%	
1	JKX LN	JKX Oil & Gas	LSE	85.1	150.8	33%	1%	431	264	0.50	10.0%
2	ZAEN	Zakhidenergo	PFTS	8.4	14.3	7%	3%	546	163	0.80	10.0%
3	PGZK	Pivdenny Iron Ore	PFTS	1.2	6.0	-83%	15%	1 951	111	1.00	8.5%
4	FXPO LN	Ferrexpo	LSE	147.4	183.5	150%	1%	391	106	1.00	8.0%
5	KER PW	Kernel Group	WSE	15.6	45.9	-32%	3%	280	103	1.00	7.8%
6	DUPD LN	DUPD	LSE	2.6	2.4	194%	6%	76	76	1.00	5.8%
7	MHPC LI	Mironivskiy Hliboproduct	LSE	10.3	23.6	4%	13%	332	74	1.00	5.6%
8	UNAF	Ukrnafta	PFTS	3.8	12.6	-14%	3%	685	55	1.00	4.2%
9	CAD LN	Cadogan Petroleum	LSE	27.0	38.6	61%	4%	70	51	1.00	3.9%
10	RPT LN	Regal Petroleum	LSE	94.3	183.4	8%	1%	77	49	1.00	3.7%
11	CEEN	Centrenerg	PFTS	6.8	16.8	-3%	4%	213	46	1.00	3.5%
12	KSTL	ArcelorMittal Kryviy Rih	PFTS	0.9	2.6	-19%	42%	3 756	39	1.00	3.0%
13	BAVL	Raiffeisen Bank Aval	PFTS	3.4	12.4	-56%	7%	553	25	1.00	1.9%
14	NITR	Nyzhnyodniprovsk Pipe	PFTS	0.2	4.5	-35%	14%	469	22	1.00	1.7%
15	MSICH	Motor Sich	PFTS	3.7	12.9	-16%	3%	87	21	1.00	1.6%
16	LKI LN	Landkom	LSE	13.2	34.2	53%	6%	36	20	1.00	1.6%
17	DNSS	Dniprospeksstal	PFTS	2.4	4.6	29%	14%	302	17	1.00	1.3%
18	AST PW	Astarta	WSE	3.6	8.1	-28%	3%	77	15	1.00	1.2%
19	UTEL	Ukrtelecom	PFTS	0.5	2.8	-61%	9%	611	15	1.00	1.2%
20	ZFER	Zaporizhya Ferroalloy	PFTS	5.1	13.5	-61%	30%	215	13	1.00	1.0%
21	DNEN	Dniproenergo	PFTS	4.6	15.7	-32%	17%	318	13	1.00	1.0%
22	ALMK	Alchevsk Iron & Steel	PFTS	3.3	10.5	13%	4%	234	12	1.00	0.9%
23	USCB	Ukrsootsbank	PFTS	3.9	12.1	-36%	7%	245	11	1.00	0.8%
24	DOEN	Donbasenergo	PFTS	0.8	2.9	25%	8%	74	11	1.00	0.8%
25	FORM	Bank Forum	PFTS	0.3	1.2	43%	21%	151	10	1.00	0.8%
26	DNON	Dniprooblenergo	PFTS	0.1	0.7	-49%	36%	103	9	1.00	0.7%
27	KIEN	Kyivenergo	PFTS	0.9	10.6	-90%	25%	104	9	1.00	0.7%
28	AZST	Azovstal	PFTS	8.2	10.9	7%	2%	399	9	1.00	0.7%
29	AVTO	UkrAvto	PFTS	1.8	7.0	82%	13%	43	9	1.00	0.7%
30	SMASH	Sumy Frunze	PFTS	0.2	2.0	-79%	16%	118	8	1.00	0.6%
31	ENMZ	Enakievo Steel	PFTS	3.7	13.3	-7%	3%	60	8	1.00	0.6%
32	KREN	Krymenergo	PFTS	0.4	3.0	-56%	37%	38	8	1.00	0.6%
33	MMKI	MMK Illich Steel	PFTS	0.4	1.7	-30%	17%	328	7	1.00	0.5%
34	STIR	Stirol	PFTS	1.2	5.5	-56%	9%	83	6	1.00	0.4%
35	SUNI	Sun InBev Ukraine	PFTS	0.0	2.3	-97%	43%	136	5	1.00	0.4%
36	MEGA	Megabank	PFTS	0.3	1.0	-4%	40%	18	5	1.00	0.4%
37	LTPL	Luhanskeplevoz	PFTS	0.3	1.6	-62%	23%	35	5	1.00	0.4%
38	LUAZ	Bogdan Automobile Plant	PFTS	0.6	2.8	-46%	19%	67	5	1.00	0.4%
39	ZPST	Zaporizhstal	PFTS	0.6	1.3	114%	26%	117	5	1.00	0.4%
40	MTBD	Mostobud	PFTS	1.2	5.5	-38%	25%	13	4	1.00	0.3%
41	KDDG LN	KDD Group	LSE	0.8	2.2	286%	18%	17	4	1.00	0.3%
42	RODB	Rodovid Bank	PFTS	0.2	4.2	-73%	35%	19	4	1.00	0.3%
43	SHCHZ	Chervonoarmyska Zakhidna	PFTS	0.9	9.2	-72%	17%	163	3	1.00	0.3%
44	AVDK	Avdiyivka Coke	PFTS	8.7	6.1	-36%	6%	103	3	1.00	0.3%
45	MZVM	Mariupol Heavy Machinery	PFTS	0.6	5.6	-72%	13%	24	3	1.00	0.2%
46	DRMZ	Druzhkivka Machinery	PFTS	0.6	2.1	-18%	50%	25	3	1.00	0.2%
47	SHKD	Komsomolets Donbasa	PFTS	0.3	2.5	-81%	53%	107	3	1.00	0.2%
48	DMZP	DMP Petrovskogo Steel	PFTS	0.7	3.2	-57%	27%	56	2	1.00	0.2%
49	YASK	Yasynivsky Coke	PFTS	1.0	2.2	-3%	12%	24	2	1.00	0.2%
50	KVBZ	Kryukiv Wagon	PFTS	1.6	2.6	28%	5%	106	2	1.00	0.2%
51	SVGZ	Stakhaniv Wagon	PFTS	0.6	8.7	-47%	9%	12	1	1.00	0.1%
52	AZGM	Azovzahalmash	PFTS	0.2	2.0	-79%	28%	36	1	1.00	0.1%

Note: Based on prices as of January 14, 2009; RF – representation factor

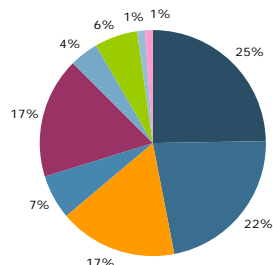
Source: PFTS, LSE, FSE, WSE, Concorde Capital

Breakdown by free float

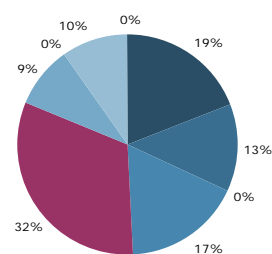
Total for all bourses



UA CIU Index



PFTS Index



Note: Financials is represented in the pie charts by its two subsectors: Real Estate and Banks. The consumer segment is depicted excluding agriculture, which is broken out. All subsectors are denoted in lower case letters. Source: PFTS, LSE, FSE, WSE, Concorde Capital

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