



CONCORDE CAPITAL

Ukraine / Equity Strategy

UA CIU Index

October 2008 Quarterly Review

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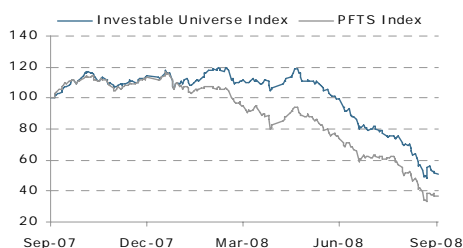
Within the framework of our quarterly review of the Concorde Investable Universe Index (UA CIU index), we hereby add Cadogan Petroleum to the basket while removing Khartsyzk Pipe, effective October 1. Stocks in the revised UA CIU index represent 95% of all trading in Ukrainian stocks and 66% of total free float, while the PFTS Index basket encompasses 15% of trading and 16% of free float.

Quarterly Index Reviews are conducted to ensure that the UA CIU index continues to accurately reflect the Ukrainian equity market.

The following changes are effective as of market close October 1, 2008.

- **Additions to the index:**
Cadogan Petroleum (CAD LN)
- **Removals:**
Khartsyzk Pipe (HRTR)
- **Changes in the number of shares:**
Dniproenergo (DNEN) from 3 923 998 to 5 967 432
Azovstal (AZST) from 4 194 295 728 to 4 204 000 000
- **Changes in free float factors:**
Dniproenergo (DNEN) from 6.10% to 4.01%
Landkom (LKI LN) from 59.45% to 57.30%
- **Changes in representation factor:**
Ferrexpo (FXPO LN) from 0.6290 to 0.8282
JKX (JKX LN) from 0.7560 to 0.8083
- **Inclusion watch:**
MCB Agricole Holding (4GW1 GR)
Oranta Insurance (SORN)
Nikopol Ferroalloy (NFER)
- **Exclusion watch:**
Kharkivoblenergo (HAON)
Dniprooblenergo (DNON)
Megabank (MEGA)
Dnipropetrovsk Pipe (DTRZ)
Kryukiv Wagon (KVBZ)
Alchevsk Coke (ALKZ)
Azovzahalmash (AZGM)

UA CIU Index vs. PFTS Index



Source: Concorde Capital, PFTS

Key market data

Performance

UA CIU Index (as of Sep 29)	100.66
chg YTD/1m/1y	-56%/ -28%/-49%
PFTS Index (as of Sep 29)	379.37
chg YTD/1m/1y	-68%/ -29/-63%
MSCI EM Index (as of Sep 29)	775.06
chg YTD/1m/1y	-38%/ -19%/-36%

Capitalization

Investable Universe MCap	USD 41.9 bln
Investable Universe FF	USD 4.1 bln

Avg daily trading, last 6M

PFTS	USD 12.2 mln
Ukr stocks listed on LSE	USD 30.9 mln
Ukr stocks listed on WSE	USD 2.6 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	January 5, 2009
Inclusion watch	4GW1 GR, NFER, SORN
Exclusion watch	HAON, DNON, MEGA, DTRZ, KVBZ, ALKZ, AZGM

For the revised UA CIU index basket, see page 2; for details on index calculation, 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 Volume,		Capitalization,		Number of shares	FF%	RF	Shares in the Index	Index weight
				USD mln last 6M	USD mln MCap	USD mln	USD mln FF					
1	JKX LN	JKX Oil & Gas	LSE	135.6	776	475	151 342 600	61.2%	0.8083	74 866 336	10.0%	
2	FXPO LN	Ferrexpo	LSE	212.2	1 717	464	613 000 000	27.0%	0.8282	137 073 941	10.0%	
3	CAD LN	Cadogan Petroleum	LSE	42.0	434	317	231 091 734	73.1%	1.0000	168 997 385	8.3%	
4	MHPC LI	Mironivskiy Hliboproduct	LSE	26.9	1 274	284	110 750 000	22.3%	1.0000	24 719 400	7.4%	
5	ZAEN	Zakhidenergo	PFTS	14.0	749	224	12 790 541	29.9%	1.0000	3 824 372	5.8%	
6	KER PW	Kernel Group	WSE	45.1	481	176	63 341 000	36.7%	1.0000	23 246 147	4.6%	
7	DUPD LN	DUPD	LSE	2.0	167	167	140 630 300	100.0%	1.0000	140 630 300	4.4%	
8	PGZK	Pivdenny Iron Ore	PFTS	3.8	2 769	158	2 143 659 200	5.7%	1.0000	122 188 574	4.1%	
9	RPT LN	Regal Petroleum	LSE	205.5	238	151	143 028 824	63.6%	1.0000	90 894 818	3.9%	
10	CEEN	Centrenergo	PFTS	11.5	596	129	369 407 108	21.7%	1.0000	80 161 342	3.4%	
11	KSTL	ArcelorMittal Kryviy Rih	PFTS	2.3	9 896	103	3 859 533 000	1.0%	1.0000	40 139 143	2.7%	
12	UNAF	Ukrnafta	PFTS	9.8	1 219	98	54 228 510	8.0%	1.0000	4 338 281	2.5%	
13	BAVL	Raiffeisen Bank Aval	PFTS	11.4	2 067	93	24 149 349 080	4.5%	1.0000	1 086 720 709	2.4%	
14	XXIC LN	XXI Century Investments	LSE	15.6	190	71	38 347 935	37.4%	1.0000	14 349 797	1.9%	
15	ZFER	Zaporizhya Ferroalloy	PFTS	9.8	1 133	68	2 279 550 000	6.0%	1.0000	136 773 000	1.8%	
16	DNEN	Dniproenergo	PFTS	14.2	1 389	56	3 923 998	6.1%	1.0000	239 364	1.5%	
17	AST PW	Astarta	WSE	8.4	272	54	25 000 000	20.0%	1.0000	5 000 000	1.4%	
18	LKI LN	Landkom	LSE	34.6	94	54	200 008 935	59.5%	1.0000	118 905 312	1.4%	
19	AVTO	UkrAvto	PFTS	4.1	240	48	6 330 618	20.0%	1.0000	1 266 124	1.3%	
20	RODB	Rodovid Bank	PFTS	3.5	223	42	435 000	19.0%	1.0000	82 650	1.1%	
21	ALMK	Alchevsk Iron & Steel	PFTS	6.7	800	40	25 775 254 830	5.0%	1.0000	1 288 762 742	1.0%	
22	UTEL	Ukrtelecom	PFTS	1.9	1 533	38	18 726 248 000	2.5%	1.0000	468 156 200	1.0%	
23	KIEN	Kyivenergo	PFTS	6.2	413	37	108 364 280	9.0%	1.0000	9 752 785	1.0%	
24	USCB	Ukrsotsbank	PFTS	10.3	839	37	10 700 000 000	4.4%	1.0000	470 800 000	1.0%	
25	MSICH	Motor Sich	PFTS	9.3	138	34	2 077 990	24.3%	1.0000	504 952	0.9%	
26	NVTR	Novomoskovsk Pipe	PFTS	1.4	245	33	200 000 000	13.5%	1.0000	27 000 000	0.9%	
27	FORM	Bank Forum	PFTS	0.7	320	32	162 100 000	10.0%	1.0000	16 210 000	0.8%	
28	AZST	Azovstal	PFTS	9.6	1 383	32	4 194 295 728	2.3%	1.0000	96 468 802	0.8%	
29	LUAZ	Bogdan Automobile Plant	PFTS	2.2	309	31	3 327 998 160	10.0%	1.0000	332 799 816	0.8%	
30	DNON	Dniprooblenergo	PFTS	0.4	331	30	5 991 617	9.1%	1.0000	545 237	0.8%	
31	NITR	Nyzhnyodniprovsk Pipe	PFTS	3.3	600	28	400 000 000	4.7%	1.0000	18 800 000	0.7%	
32	ZPST	Zaporizhstal	PFTS	1.5	704	28	2 643 681 779	4.0%	1.0000	105 747 271	0.7%	
33	KREN	Krymenergo	PFTS	1.9	120	24	172 967 520	20.0%	1.0000	34 593 504	0.6%	
34	MMKI	MMK Ililcha Steel	PFTS	1.4	1 180	24	3 351 712 480	2.0%	1.0000	67 034 250	0.6%	
35	KDDG LN	KDD Group	LSE	1.4	103	24	162 687 763	23.0%	1.0000	37 336 842	0.6%	
36	MTBD	Mostobud	PFTS	4.5	72	23	579 940	31.7%	1.0000	183 725	0.6%	
37	ENMZ	Enakievo Steel	PFTS	10.5	162	22	10 550 688	13.8%	1.0000	1 455 995	0.6%	
38	DOEN	Donbasenergo	PFTS	2.3	150	21	23 644 301	14.2%	1.0000	3 357 491	0.6%	
39	STIR	Stirol	PFTS	3.9	298	21	27 125 280	7.0%	1.0000	1 898 770	0.5%	
40	DNSS	Dniprospetsstal	PFTS	4.0	351	20	1 075 030	5.8%	1.0000	62 352	0.5%	
41	SMASH	Sumy Frunze	PFTS	1.6	245	17	71 085 000	7.0%	1.0000	4 975 950	0.4%	
42	LTPL	Luhanskteplovoz	PFTS	1.0	113	17	219 184 684	15.0%	1.0000	32 877 703	0.4%	
43	SUNI	Sun InBev Ukraine	PFTS	1.3	375	15	9 510 655 300	4.0%	1.0000	380 426 212	0.4%	
44	DMZP	DMP Petrovskogo Steel	PFTS	2.6	319	14	1 849 350 440	4.4%	1.0000	81 926 224	0.4%	
45	SHCHZ	Chervonoarmiyska Zakhidna	PFTS	7.8	657	14	848 535 009	2.1%	1.0000	17 819 235	0.4%	
46	DRMZ	Druzhkivka Machinery	PFTS	1.3	114	14	207 535 684	12.0%	1.0000	24 904 282	0.4%	
47	YASK	Yasynivsky Coke	PFTS	1.9	148	13	273 598 680	9.0%	1.0000	24 623 881	0.3%	
48	SVGZ	Stakhaniv Wagon	PFTS	7.1	106	13	75 463 170	12.0%	1.0000	9 055 580	0.3%	
49	HAON	Kharkivoblenergo	PFTS	0.3	190	12	256 540 760	6.2%	1.0000	15 905 527	0.3%	
50	MZVM	Mariupol Heavy Machinery	PFTS	2.9	90	12	15 387 464	13.0%	1.0000	2 000 370	0.3%	
51	AVDK	Avdiyivka Coke	PFTS	5.4	351	11	195 062 500	3.2%	1.0000	6 242 000	0.3%	
52	MEGA	Megabank	PFTS	0.8	35	10	200 000 000	30.0%	1.0000	60 000 000	0.3%	
53	DTRZ	Dnipropetrovsk Pipe	PFTS	0.8	39	10	1 055 718	24.8%	1.0000	261 818	0.2%	
54	SHKD	Komsomolets Donbasa	PFTS	1.2	355	9	334 879 267	2.5%	1.0000	8 371 982	0.2%	
55	KVBZ	Kryukiv Wagon	PFTS	2.7	316	6	114 679 552	2.0%	1.0000	2 293 591	0.2%	
56	ALKZ	Alchevsk Coke	PFTS	6.5	299	6	3 011 960 000	2.0%	1.0000	60 239 200	0.2%	
57	AZGM	Azovzahalmarsh	PFTS	1.2	142	5	46 504 000	3.5%	1.0000	1 627 640	0.1%	

Note: Based on prices as of September 29, 2008; RF – representation factor
Source: PFTS, LSE, FSE, WSE, Concorde Capital

Index calculation

The Ukrainian Investable Universe Index is a free float capitalization weighted index, calculated daily, starting from December 29, 2006, with a base value of 100.

The Index is calculated according to the following basic formula:

$$[1] \quad I_t = I_{t-1} * \frac{\sum_i FF_{i,t} * MC_{i,t} * RF_{i,t} - D}{\sum_i FF_{i,t-1} * MC_{i,t-1} * RF_{i,t-1}}, \text{ where:}$$

I_t - Index value in the current period (period t).

I_{t-1} - Index value in the previous period;

$FF_{i,t}$ - Free Float percentage. Estimated by Concorde Capital, after analysis of all publicly available and unofficial sources;

$RF_{i,t}$ - Representation factor, calculated quarterly, with the purpose to cap a security weight in the Index basket at 10%. For index constituents with up to 10% weight in the index basket, $RF = 1$;

$MC_{i,t}$ - Market capitalization for the stock i in the period t , calculated as follows:

$$[2] \quad MC_{i,t} = Q_{i,t} * Pr_{i,t}, \text{ where:}$$

$Q_{i,t}$ - Number of shares in period t ; in case of an additional share issue, ex-rights date is taken as the date to account for the new number of shares;

$Pr_{i,t}$ - Price used in index calculation. Prices are taken from PFTS, LSE, FSE, WSE either as the day's last trade price, or mid-market if no trades.

D - Adjustment factor employed to account for additional share issues, changes in free float or representation factor as well as exclusions and additions of the stocks. D is a change in capitalization caused by the events listed above, offsetting their effect on the index, so that the index only reflects changes caused by price movement.

In order to bridge Index values between periods t-1 and t when a stock is added/excluded from the Index, computation of the denominator in the formula [1] is carried out on all stocks from the Index basket in the new period, with their prices taken for the day preceding the addition/exclusion.

Index is routinely reviewed on a quarterly basis. A quarterly revision becomes effective on the first working day in January, April, July and October, with prior written notice describing the changes.

Small changes in the Number of Shares, typically less than 5% of shares outstanding, can be updated during quarterly reviews, rather than at the time of the change, while notable (typically more than 5%) Free Float changes and changes in the Number of Shares are reflected in Index calculations as soon as relevant information becomes available.

The eligibility of stocks for inclusion into the Investable Universe Index following an IPO or private placement with listing is studied in due course. Stocks are included during quarterly index reviews. We apply the Minimum Length of Trading requirement at the individual security level: in general, the new issue must have traded for at least two months before inclusion. Large IPOs might be, on an exceptional basis, included in the Investable Universe Index without a quarterly review, with a respective written notice prior to inclusion.

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