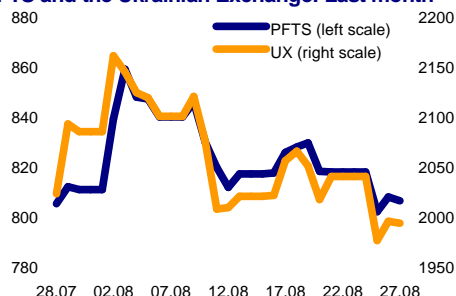


UKRAINIAN STOCK MARKET

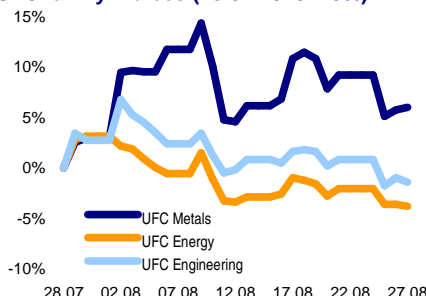
Daily review

August 30, 2010

PFTS and the Ukrainian Exchange: Last month



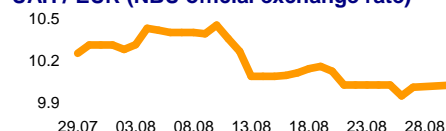
UFC family indices (28.07.2010 = 0%)



UAH / USD (NBU official exchange rate)



UAH / EUR (NBU official exchange rate)



STRATEGY

UFC Capital daily market view

Correspondent relations established between Ukraine's biggest depositories. Correspondent relations have been established between the National Depository of Ukraine (NDU) and the All-Ukrainian Securities Depository (AUSD). Earlier, cooperation between the depositories was limited. The Ukrainian Securities and Stock Market State Commission has developed a project involving a two-level depository system and it insists on merging the country's largest depositories. Three depositories currently operate in Ukraine: NDU, AUSD and the NBU Depository.

Equity market. The UX index was below zero for most of the trading session on August 26. The indicator rose into the "green zone" in the second half of the trading session, but did not manage to stay there. By the end of trading, the index slid 0.11% to reach 1,994.14.

The shares of Avdiivka Coke (AVDK; SELL) were once again the most popular among investors. The trading volume for these securities amounted to UAH 20 mln.

The worst performers on the order-driven market were Zhytomioblenergo (ZHEN) and Kryukiv Railcar (KVBZ; SELL), which fell by 5.3% and 2.4% respectively.

Vitaly Gorovoy

Major indices			
	27.08	26.08	Change
UX index	1994.14	1996.24	-0.11%
PFTS index	806.62	808.16	-0.19%
UFC index	188.33	188.53	-0.11%
UC Metals	227.47	226.97	0.22%
UFC Energy	421.49	422.41	-0.22%
UFC Engineering	154.46	155.22	-0.49%

Foreign exchange rates			
	30.08	27.08	Change
UAH/USD	7.88700	7.89000	-0.04%
UAH/EUR	10.02674	10.01478	0.12%
UAH/RUR	0.25693	0.25598	0.37%

General meetings			
01.09.2010	SUNI	Sun InBev Ukraine	
01.09.2010	PREN	Prykarpattiaoblenergo	
01.09.2010	SUNI	Sun InBev Ukraine	
02.09.2010	ZPST	Zaporizhstal	
02.09.2010	-	Illich Steel	
02.09.2010	MMKI	Mariupol Illich Iron and Steel	
03.09.2010	SHCHZ	Pokrovskoe Coalmine	
03.09.2010	LVON	Lvivoblenergo	
07.09.2010	HAON	Kharkivoblenergo	
07.09.2010	DNSS	Dniprospsstal	
09.09.2010	FARM	Farmak	
10.09.2010	ODEN	Odesaoblenergo	
14.09.2010	CHON	Cherkasyoblenergo	
17.09.2010	CHVO	Cherkasy Khimvolokno	
17.09.2010	UGZB	Ukrgazbank	

Other events		
02.09.2010	-	ECB Meeting
07.09.2010	-	BoY Meeting
09.09.2010	-	Bank of England Meeting

Most important expected statistics					
Date	Time (+02:00 GMT)	Country / Region	Indicator	Period	Bloomberg survey
31.08	2:50	Japan	Industrial Production (MoM)	July	-0.2%
31.08	2:50	Japan	Industrial Production (YoY)	July	14.3%
31.08	10:55	Germany	Unemployment Rate	August	7.6%
31.08	12:00	Eurozone	CPI Estimate	July	1.6%
31.08	12:00	Eurozone	Unemployment Rate	July	10.0%
31.08	17:00	USA	Consumer Confidence	August	51

IRON & STEEL

Value of claim against IUD increased

The Evraz Group has increased the sum of its claim against the Industrial Union of Donbas (IUD) by more than UAH 100 mln. Earlier, Evraz had demanded about UAH 375 mln from Dzerzhinskiy Iron and Steel (DMKD; BUY), which is affiliated with IUD. This sum apparently includes the latter company's arrears for production that has already been delivered, losses due to inflation and 3% annual. Evraz now want to increase the total sum of the claim to UAH 477 mln. The Company explains this move as owing to a delay in the payments of debts by IUD.

In spite of the fact that Evraz won a legal case in a superior court, the IUD is dragging out the implementation of the court's judgment.

The Ukrainian group Metinvest also filed a claim against the IUD for a sum of about UAH 1.4 bln.

Vitaly Gorovoy

MACHINE ENGINEERING

Kryukiv Railcar to reduce freight car production

Kryukiv Railcar (KVBZ; SELL) is to cut back on the manufacturing of freight cars in August by 4% in comparison with July. The total monthly output should amount to just 873 units, as reported by the Company's press service. In August, the plant did not produce any passenger carriages at all.

We recall that Krukov Railcar recorded a five-time increase in the production of freight railcars in the period January-July 2010, compared to the figure reported for the same period in 2009. In total, in 7M10, the Company issued 5239 vehicles. KVBZ's management plans to produce 6 thsd freight cars in 2010 and we see the chances of the Company exceeding its planned output as being very high.

Vitaly Gorovoy

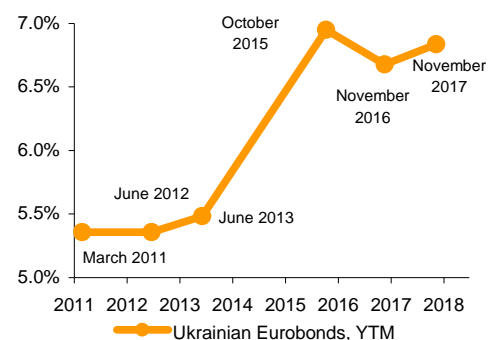
FIXED INCOME MARKET

2nd VAT bond tranche significantly less than expected

On the evening of August 27, the Finance Ministry gave an update on the second tranche of the VAT bonds issue. The volume of this tranche is disappointing – at only UAH 2.048 bln, while the volume was expected to be UAH 13 bln. The registry of recipients of this next tranche includes 217 tax payers.

The nominal value of the bond is UAH 1000 and the ISIN of this security is UA4000082531. The coupon payment and redemption of part of the nominal value will take place on the following dates: February 25 and August 26, 2011; February 24 and August 24, 2012; February 22 and August 23, 2013; February 21 and August 22, 2014; and February 20 and August 21, 2015. The bonds will be fully repaid on August 21, 2015.

Sovereign Eurobonds yields curve



Ukrainian bonds rating (Internal methodology *)		
Corporate		
Agromat, 1-B	OAGMTB	ufcBB
Amstor, 1-E	OAMSE	ufcCCC
Bogdan, 1-B	OLUAZB	ufcBB
Galychina, 1-C	OGLCHC	ufcB
Galnaftogaz, 1-E	ONGGE	ufcBBB
Donetskstal, 1-A	CODSTA	ufcBB
Kirovogradoblenergo, 1-A	OKIONA	ufcB
Konti, 1-B	OKKOB	ufcB
MAUP, 1-A	OMAUPA	ufcB
Sevastopolenergo, 1-A	OSENA2	ufcB
Sumykhimprom, 1-A	OSUMHA	ufcCC
Favorit, 1-B	COFRAB	under review
HARP Trading, 1-B	OHRPTB	ufcBB
Khlibprom, 1-D	OHLPD	ufcB
Financial		
Alfa Bank, 1-F	OALFF	ufcBBB-
Khreschatik Bank, 1-E	OBXRE	ufcBBB
Dongorbank, 3-C	ODGBC2	ufcB
Imexbank, 1-A	OIMEXA	ufcBB
Kreditprombank, 1-F	COKPBF	ufcCC
PUMB, 1-B	OPUMB	ufcA
Raiffeisen Bank Aval, 1-B	OBVLB	ufcA
Rodovid Bank, 1-C	ORODBC	ufcCC
Ukrgazbank, 1-A	OUGZBA	ufcCCC
Ukrsotsbank, 1-D	OUSCD	ufcA
Forum, 1-C	OPRXBC	ufcBBB

*- Follow the link below to learn about the internal methodology of UFC Capital for corporate bonds' ratings: http://www.ufc-capital.com/ru/analysis/bonds_rate.htm

The fact that the Ministry did not explain the remarkable difference between the previously announced and the actual size of the second tranche should negatively impact on Ukraine's reputation as the issuer. Exporters that are awaiting their reimbursement in the form of VAT bonds and stock market participants interested in trading VAT bonds, they are once again faced with inconsistency on the part of Ukraine's key authorities – in this case, MinFin and the State Tax Administration.

However, it is clear that MinFin's chances of fulfilling its promise by placing all VAT bond series this month have become more elusive. However, the Ministry affirmed that it will be able to issue the remaining bonds "in the near future", while the potential recipients of these securities and bond market participants can all but hope that this will indeed be the case.

Vladimir Landa

Liquid shares of the Ukrainian issuers: fundamentals

Ticker	Company	Price	MCap	EV	Sales	EBITDA	Earnings	Book Value
		\$	\$ mln	\$ mln	\$ mln	\$ mln	\$ mln	\$ mln
Steel								
ALMK	Alchevsk Iron & Steel	0.022	560	1218	1292	54	-114	306
AZST	Azovstal	0.36	1 514	1689	2014	106	-27	1921
DNSS	Dniprospsstal	192.02	206	372	276	18	-15	22
ENMZ	Enakievo Steel	24.65	260	255	786	-89	-110	74
KSTL	ArcelorMittal Kryviy Rih	0.98	3 767	3854	2357**	75	-15	1451
MMKI	Mariupol Illich Iron and Steel	0.15	1 876	1838	1712	43	-33	1469
ZPST	Zaporizhstal	0.76	2 002	2172	1150	33	-37	788
Iron ore								
PGOK	Poltava Mining	5.39	1 030	1164	514	73	22	427
PGZK	Southern Mining	0.74	1 585	1609	273	5	-9	477
SGOK	Northern Mining	1.27	2 931	2953	753	331	160	1459
Coke								
ALKZ	Alchevsk Coke	0.052	157	182	507	32	9	198
AVDK	Avdiivka Coke	1.86	362	365	477	-23	-64	706
YASK	Yasinovka Coke	0.48	132	163	272	22	11	112
Pipes								
DTRZ	Dnipropetrovsk Pipes	11.49	12	30	62**	-10	-15	32
HRTR	Khartsyzsk Pipes	0.15	395	390	620	123	76	204
NITR	Nizhnedniprovsky Pipe Rolling	1.15	460	606	472**	22	-46	380
NVTR	Novomoskovsk Pipes	0.37	75	77	143**	19	-4	107
Coal								
SHCHZ	Chervonoarmiyska-Zakhidna Coalmine #1	0.65	550	564	278	44	3	160
SHKD	Komsomolets Donbasa Coalmine	0.50	167	269	140	42	-10	91
Oil								
UNAF	Ukrnafta	33.59	1 821	1836**	1841**	442**	303**	896**
Power Generation								
CEEN	Centrenerg	1.70	627	714**	674**	22**	-3**	236**
DNEN	Dniproenergo	131.35	784	853**	634**	50**	13**	264**
DOEN	Donbasenergo	8.67	205	248**	364**	8**	-17**	82**
ZAEN	Zakhidenergo	66.58	852	938**	567**	-4**	-28**	114**
Power Distribution								
DNON	Dniprooblenergo	34.64	208	173**	1208**	32**	12**	34**
KIEN	Kyivenergo	2.01	218	274**	947**	-38**	-126**	154**
KREN	Krymenergo	0.41	71	72**	202**	14**	4**	15**
Fertilizers								
STIR	Stirol	11.42	310	271	244	-31	-42	294
Machine Engineering								
AVTO	Ukravto	16.77	106	211	213	15	1	321
AZGM	Azovzagalmash	1.69	79	245	250	-2	-26	-43
DRMZ	Druzhkivka Machine Engineering	0.19	39	37	80	-5	-10	12
KVBZ	Kryukiv Railcar	3.71	425	423	182	18	9	154
LTPL	Luganskeplovoz	0.54	119	130**	47**	-7**	-14**	-6**
LUAZ	Bogdan Motors	0.025	106	469**	185**	-1**	-37**	155**
MSICH	Motor Sich	281.96	586	620**	561**	180**	115**	375**
MZVM	Mariupol Heavy Machine Engineering	2.70	42	126	137	-3	-21	13
SMASH	Sumy Frunze Machine Engineering	6.64	472	629	424	111	52	141
SVGZ	Stakhanov Railcar	0.81	183	183	59	6	-7	50
TATM	Turboatom	0.62	263	241**	114**	33**	25**	142**
Abrasives								
ZABR	Zaporizhzhya Abrasives	0.23	7	12*	40	4	1	30*
Food industry								
SLAV	Slavutych Brewery and Beverages	0.34	319	400	268	75	28	156
SSOL	Slavuta Malt	1.48	37	50**	53**	9**	5**	14**
SUNI	Sun InBev Ukraine	0.049	462	481	423	120	50	195
Construction								
MTBD	Mostobud	46.07	27	44	90	7	0	54
Telecommunications								
UTLM	Ukrtelecom	0.073	1 364	1690**	880**	183**	-36**	863**
Financial services								
BAVL	Raiffeisen Bank Aval	0.056	1 684	-	-	-	-113**	811**
USCB	Ukrsotsbank	0.069	875	-	-	-	10**	765**
FORM	Forum	0.86	403	-	-	-	-235**	354**

Data for 2009.* - data for April 2009 - March 2010; ** - data for July 2009 – June 2010.

Liquid shares of the Ukrainian issuers: market multiples

Ticker	Company	EV/S	P/S	EV/ EBITDA	P/ E	P/BV
Steel		1.19	1.06	47.32	neg.	1.69
ALMK	Alchevsk Iron & Steel	0.94	0.43	22.36	neg.	1.83
AZST	Azovstal	0.84	0.75	15.88	neg.	0.79
DNSS	Dniprospsststal	1.35	0.75	20.32	neg.	9.24
ENMZ	Enakievo Steel	0.32	0.33	neg.	neg.	3.50
KSTL	ArcelorMittal Kryviy Rih	1.64	1.60	51.21	neg.	2.60
MMKI	Mariupol Illich Iron and Steel	1.07	1.10	42.77	neg.	1.28
ZPST	Zaporizhstal	1.89	1.74	66.47	neg.	2.54
Iron ore		3.72	3.60	14.01	32.15	2.35
PGOK	Poltava Mining	2.26	2.00	16.00	46.72	2.41
PGZK	Southern Mining	5.89	5.80	312.63	neg.	3.32
SGOK	Northern Mining	3.92	3.89	8.93	18.33	2.01
Coke		0.57	0.52	23.08	neg.	0.64
ALKZ	Alchevsk Coke	0.36	0.31	5.78	16.73	0.79
AVDK	Avdiivka Coke	0.77	0.76	neg.	neg.	0.51
YASK	Yasinovka Coke	0.60	0.49	7.47	12.49	1.18
Pipes		0.85	0.73	7.20	90.19	1.30
DTRZ	Dnipropetrovsk Pipes	0.49	0.20	neg.	neg.	0.38
HRTR	Khartsyzsk Pipes	0.63	0.64	3.18	5.22	1.93
NITR	Nizhnedniprovsky Pipe Rolling	1.28	0.98	27.60	neg.	1.21
NVTR	Novomoskovsk Pipes	0.54	0.52	4.15	neg.	0.70
Coal						
SHCHZ	Pokrovskoe Coalmine	2.03	1.98	12.71	191.82	3.43
SHKD	Komsomolets Donbasa Coalmine	1.93	1.20	6.40	neg.	1.84
Oil						
UNAF	Ukrnafta	1.00	0.99	4.16	6.01	2.03
Power Generation		1.23	1.10	36.32	neg.	3.55
CEEN	Centrenergo	1.06	0.93	32.31	neg.	2.66
DNEN	Dniproenergo	1.35	1.24	17.13	59.31	2.97
DOEN	Donbasenergo	0.68	0.56	32.93	neg.	2.51
ZAEN	Zakhidenergo	1.65	1.50	neg.	neg.	7.47
Power Distribution		0.22	0.21	58.06	neg.	2.43
DNON	Dniproblenergo	0.14	0.17	5.37	17.66	6.04
KIEN	Kyivenergo	0.29	0.23	neg.	neg.	1.41
KREN	Krymenergo	0.36	0.35	4.98	19.36	4.63
Fertilizers						
STIR	Stirol	1.11	1.27	neg.	neg.	1.05
Machine Engineering		1.47	1.07	9.65	28.06	1.84
AVTO	Ukravto	0.99	0.50	14.21	157.88	0.33
AZGM	Azovzagalmash	0.98	0.31	neg.	neg.	neg.
DRMZ	Druzhkivka Machine Engineering	0.47	0.50	neg.	neg.	3.25
KVBZ	Kryukiv Railcar	2.32	2.34	23.19	46.40	2.76
LTPL	Luganskteplovoy	2.74	2.52	neg.	neg.	neg.
LUAZ	Bogdan Motors	2.54	0.58	neg.	neg.	0.68
MSICH	Motor Sich	1.10	1.04	3.45	5.10	1.56
MZVM	Mariupol Heavy Machine Engineering	0.91	0.30	neg.	neg.	3.31
SMASH	Sumy Frunze Machine Engineering	1.48	1.11	5.68	9.12	3.35
SVGZ	Stakhanov Railcar	3.12	3.12	33.04	neg.	3.69
TATM	Turboatom	2.12	2.32	7.35	10.40	1.85
Abrasives						
ZABR	Zaporizhzhya Abrasives	0.31	0.18	3.00	10.13	0.23
Food industry						
SLAV	Slavutych Brewery and Beverages	1.49	1.19	5.33	11.21	2.04
SSOL	Slavuta Malt	0.94	0.69	5.83	7.89	2.62
SUNI	Sun InBev Ukraine	1.14	1.09	4.01	9.27	2.37
Construction						
MTBD	Mostobud	0.49	0.30	6.80	184.01	0.50
Telecommunications						
UTLM	Ukrtelecom	1.92	1.55	9.22	neg.	1.58
Financial services					neg.	1.54
BAVL	Raiffeisen Bank Aval	x	x	x	neg.	2.08
USCB	Ukrsotsbank	x	x	x	83.64	1.14
FORM	Forum	x	x	x	neg.	1.14

Note: Multiples are estimated, based on the latest available data. Periods for which recent data are available are listed in the table "Liquid shares of Ukrainian issuers: fundamentals."

Eurobonds

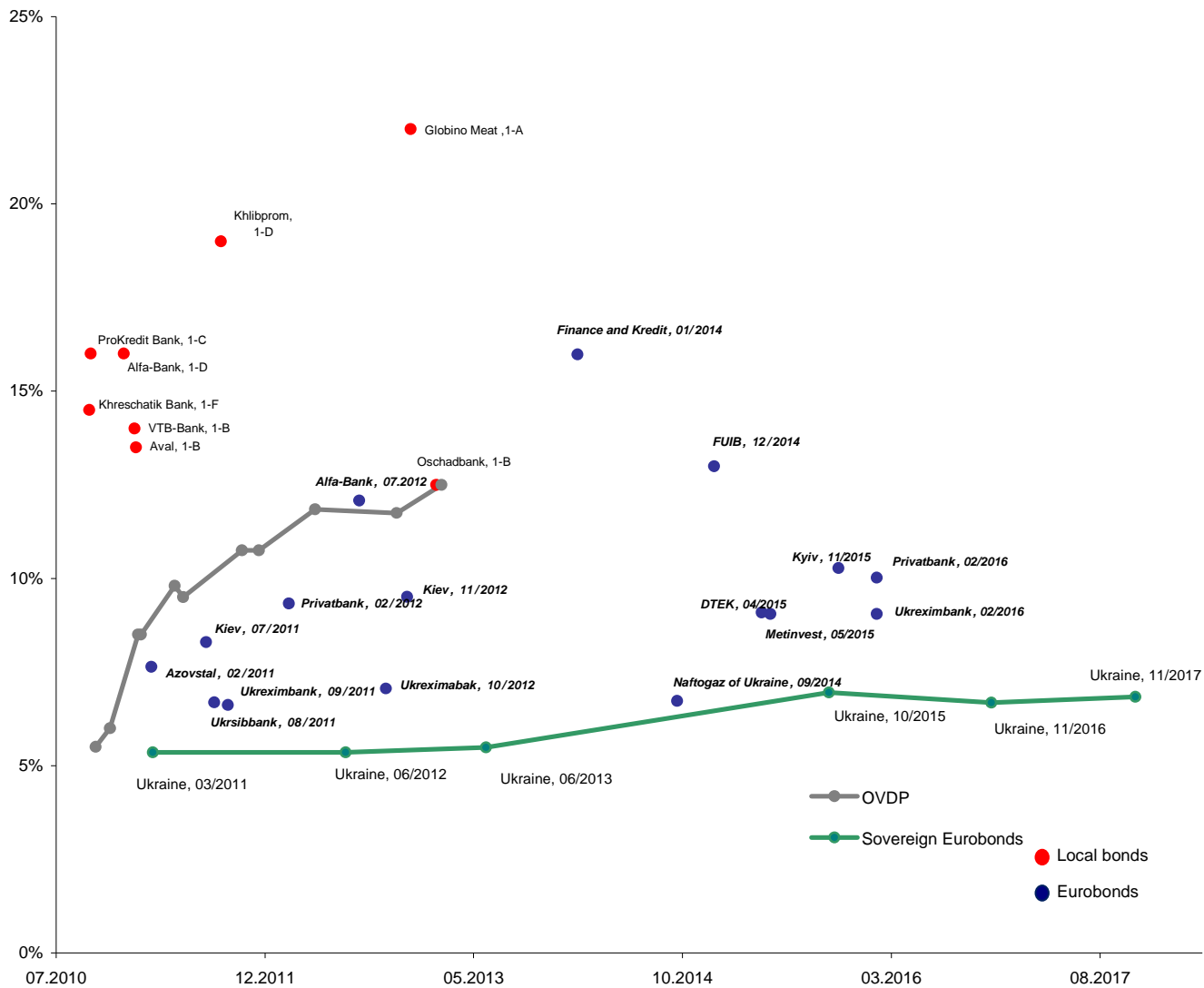
Issuer	bid	ask	Yield (bid)	Yield (offer)	Coupon	Volume, mln	Currency	Maturity
Ukraine, 2011	100.50	100.75	5.86%	5.36%	6.875%	600	USD	04.03.2011
Ukraine, 2012	101.25	101.75	5.65%	5.36%	6.385%	500	USD	26.06.2012
Ukraine, 2013	105.00	105.50	5.67%	5.48%	7.650%	1 000	USD	11.06.2013
Ukraine, 2015	91.00	91.50	7.08%	6.95%	4.950%	600	EUR	13.10.2015
Ukraine, 2016	99.00	99.50	6.78%	6.68%	6.580%	1 000	USD	21.11.2016
Ukraine, 2017	99.00	99.50	6.93%	6.84%	6.750%	700	USD	14.11.2017
IUD, 2010	20.00	40.00	5479%	2249%	9.250%	150	USD	23.09.2010
Azovstal, 2011	100.00	100.75	9.23%	7.64%	9.125%	175	USD	28.02.2011
Kyiv, 2011	99.00	100.25	9.83%	8.30%	8.625%	200	USD	15.07.2011
UkrSibbank, 2011	101.50	102.25	7.53%	6.69%	9.250%	250	USD	04.08.2011
Ukreximbank, 2011	100.50	101.00	7.13%	6.61%	7.650%	500	USD	07.09.2011
UkrSibbank, 2011	100.50	101.00	7.33%	6.92%	7.750%	500	USD	21.12.2011
Privatbank, 2012	97.50	98.25	9.91%	9.33%	8.000%	500	USD	06.02.2012
Alfa Bank (Ukraine), 2012	100.75	101.50	12.53%	12.08%	13.000%	841	USD	30.07.2012
Ukreximbank, 2012	99.00	99.50	7.32%	7.06%	6.800%	250	USD	04.10.2012
Kyiv, 2012	96.75	97.50	9.89%	9.51%	8.250%	250	USD	26.11.2012
Finance and Credit, 2014	82.50	86.00	17.54%	15.98%	10.500%	100	USD	25.01.2014
VAB Bank, 2014	73.00	76.50	21.20%	19.55%	10.500%	125	USD	14.06.2014
Naftogaz of Ukraine, 2014	109.50	109.75	6.79%	6.73%	9.500%	1 595	USD	30.09.2014
PUMB, 2014	91.00	93.50	13.82%	13.00%	11.000%	275	USD	31.12.2014
Ukreximbank, 2015	103.00	103.50	7.59%	7.47%	8.375%	500	USD	27.04.2015
DTEK, 2015	100.75	101.50	9.29%	9.09%	9.500%	500	USD	28.04.2015
MHP, 2015	102.00	102.75	9.70%	9.50%	10.250%	585	USD	29.04.2015
Metinvest, 2015	103.75	104.50	9.24%	9.05%	10.250%	500	USD	20.05.2015
Kyiv, 2015	90.00	91.00	10.55%	10.28%	8.000%	250	USD	06.11.2015
Privatbank, 2016	93.25	94.75	10.40%	10.02%	8.750%	150	USD	09.02.2016
Ukreximbank, 2016	95.50	97.25	9.48%	9.05%	8.400%	125	USD	09.02.2016

OVDPs

Issuer, ticker	bid	ask	Yield (bid)	Yield (offer)	Coupon	Maturity
Ukraine, 63309*	991.07	992.97	7.00%	5.50%	-	13.10.2010
Ukraine, 61725*	984.52	986.70	7.00%	6.00%	-	17.11.2010
Ukraine, 63648*	962.91	965.81	9.25%	8.50%	-	26.01.2011
Ukraine, 74173*	960.26	964.29	9.50%	8.50%	-	02.02.2011
Ukraine, 54456	1 127.60	1 132.07	10.50%	9.80%	20.00%	27.04.2011
Ukraine, 66526*	927.86	935.71	10.75%	9.50%	-	18.05.2011
Ukraine, 61089	1 237.74	1 245.40	11.45%	10.75%	25.14%	12.10.2011
Ukraine, 62012	1 150.61	1 159.32	11.50%	10.75%	20.00%	23.11.2011
Ukraine, 53912	1 113.16	1 118.84	12.25%	11.85%	15.70%	11.04.2012
Ukraine, 61451	1 209.91	1 224.58	12.50%	11.75%	20.00%	31.10.2012
Ukraine, 64018	1 244.80	1 261.32	13.25%	12.50%	20.00%	20.02.2013

Note: For issues marked * simple yields are specified, while for the rest issues – effective yields

Ukrainian bond yields



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