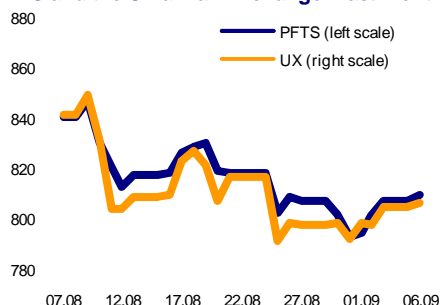


UKRAINIAN STOCK MARKET

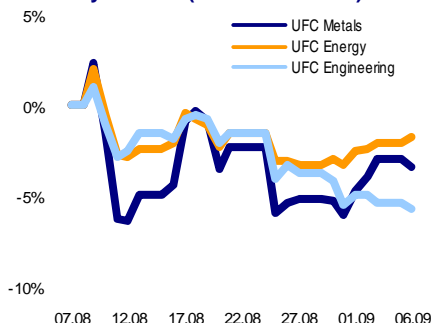
Daily review

September 7, 2010

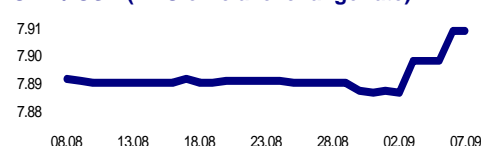
PFTS and the Ukrainian Exchange: Last month



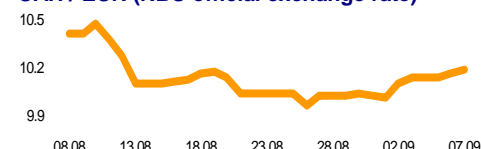
UFC family indices (07.08.2010 = 0%)



UAH / USD (NBU official exchange rate)



UAH / EUR (NBU official exchange rate)



STRATEGY

UFC Capital daily market view

Equity market. Due to the fact that U.S. trading floors were closed on Monday, the main benchmark for emerging markets was Europe instead. The European composite index began the week with slight growth of 0.17%, which set the appropriate mood for the Ukrainian Stock Exchange as well. By the close of trading in Kyiv, the UX Index had risen 0.22%. At the same time, Russia's RTS index spent almost the entire trading session near zero, and finished the session with a slight gain of 0.15%.

Confirming the fact that Monday's trading was rather sluggish is the overall trading volume on the UX, which amounted to only 61.7 mln hryvnia. This figure is almost two times less than at Friday's close. The absence of a clear trend early this week apparently provoked many market players to take a wait-and-see attitude.

We note a sharp increase in the price of Ukravto (AVTO; BUY) stock, which recorded a gain of 8.1% by the end of the day against the background of a fairly passive market. Also noteworthy were the dynamics shown by Stirol (STIR; BUY), the shares of which rose in value by 5.0% on Monday.

Among the worst performers on September 6 were the securities of the Alchevsk Coke Plant (ALKZ; BUY), which became 4.5% cheaper than they were at the close of trading on Friday.

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Major indices	06.09	03.09	Change
UX index	2015.49	2011.03	0.22%
PFTS index	808.97	806.98	0.25%
UFC index	190.41	190.34	0.04%
UC Metals	231.73	232.78	-0.45%
UFC Energy	428.34	426.90	0.34%
UFC Engineering	151.24	151.79	-0.36%

Foreign exchange rates	07.09	06.09	Change
UAH/USD	7.90820	7.90820	0.00%
UAH/EUR	10.18102	10.14938	0.31%
UAH/RUR	0.25863	0.25766	0.38%

General meetings		
07.09.2010	DNSS	Dnipropetsstal
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
23.09.2010	ORGZ	Ordzhonikidze Mining
24.09.2010	MZKK	Myronovka Groats and Feed Mill
24.09.2010	KMOL	Kovelmoloko
24.09.2010	CGOK	Central Mining
24.09.2010	IGOK	Ingulets Mining
27.09.2010	PGZK	Southern Mining
29.09.2010	ODE	Odessaoblenergo
29.09.2010	ZATR	Zaporizhtransformator
30.09.2010	UX	Ukrainian Exchange

Other events		
07.09.2010	-	BoY Meeting
09.09.2010	-	Bank of England Meeting
21.09.2010	-	Fed Meeting

Most important expected statistics					
Date	Time (+02:00 GMT)	Country / Region	Indicator	Period	Bloomberg survey
07.09	-	Japan	BOJ Target Rate	September 7	0.10%
08.09	11:30	UK	Industrial Production MoM	July	08.09
08.09	11:30	UK	Industrial Production YoY	July	08.09
08.09	13:00	Germany	Industrial Production MoM (sa)	July	08.09
08.09	13:00	Germany	Industrial Production YoY (nsa wda)	July	08.09
08.09	14:00	USA	MBA Mortgage Applications	Week ending September 3	08.09

MACROECONOMIC

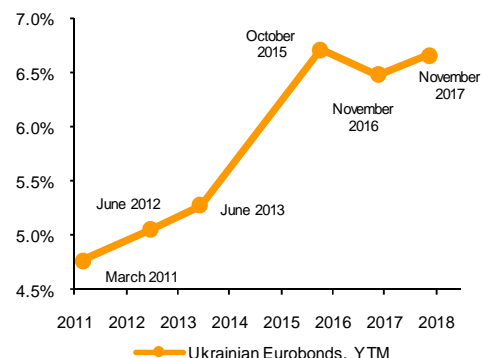
Ukraine to increase its debt via Naftogaz loan

The National Joint-Stock Company "Naftogaz of Ukraine", the largest Ukrainian company operating in the oil and gas industry, has begun negotiations with the bank VTB Capital PLC (London), a subsidiary of Russia's VTB Bank. The negotiations are aimed at attracting a credit line amounting to \$400 mln.

The state-controlled company intends to attract credit resources for a period of three years. The purpose of such borrowing is to finance the company's ongoing operational activity.

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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
Kirovogradobleno, 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

Liquid shares of the Ukrainian issuers: fundamentals

Ticker	Company	Price \$	MCap \$ mln	EV \$ mln	Sales \$ mln	EBITDA \$ mln	Earnings \$ mln	Book Value \$ mln
Steel								
ALMK	Alchevsk Iron & Steel	0.022	560	1218	1292	54	-114	306
AZST	Azovstal	0.37	1 552	1728	2014	106	-27	1921
DNSS	Dniprospsstal	191.16	205	371	276	18	-15	22
ENMZ	Enakievo Steel	24.55	259	254	786	-89	-110	74
KSTL	ArcelorMittal Kryviy Rih	0.99	3 823	3910	2357**	75	-15	1451
MMKI	Mariupol Illich Iron and Steel	0.15	1 898	1860	1712	43	-33	1469
ZPST	Zaporizhstal	0.60	1 577	1746	1150	33	-37	788
Iron ore								
PGOK	Poltava Mining	5.61	1 072	1206	514	73	22	427
PGZK	Southern Mining	0.74	1 581	1606	273	5	-9	477
SGOK	Northern Mining	1.29	2 975	2996	753	331	160	1459
Coke								
ALKZ	Alchevsk Coke	0.051	152	177	507	32	9	198
AVDK	Avdiivka Coke	1.95	381	384	477	-23	-64	706
YASK	Yasinovka Coke	0.46	125	156	272	22	11	112
Pipes								
DTRZ	Dnipropetrovsk Pipes	10.83	11	29	62**	-10	-15	32
HRTR	Khartsyzsk Pipes	0.15	400	395	620	123	76	204
NITR	Nizhnedniprovsky Pipe Rolling	1.14	457	602	472**	22	-46	380
NVTR	Novomoskovsk Pipes	0.37	74	77	143**	19	-4	107
Coal								
SHCHZ	Chervonoarmiyska-Zakhidna Coalmine #1	0.64	542	556	278	44	3	160
SHKD	Komsomolets Donbasa Coalmine	0.50	167	269	140	42	-10	91
Oil								
UNAF	Ukrnafta	34.59	1 876	1891**	1841**	442**	303**	896**
Power Generation								
CEEN	Centrenerg	1.72	634	721**	674**	22**	-3**	236**
DNEN	Dniproenergo	134.46	802	872**	634**	50**	13**	264**
DOEN	Donbasenergo	8.71	206	249**	364**	8**	-17**	82**
ZAEN	Zakhidenergo	66.77	854	941**	567**	-4**	-28**	114**
Power Distribution								
DNON	Dniprooblenergo	33.51	201	166**	1208**	32**	12**	34**
KIEN	Kyivenergo	1.94	210	266**	947**	-38**	-126**	154**
KREN	Krymenergo	0.41	71	72**	202**	14**	4**	15**
Fertilizers								
STIR	Stirol	12.19	331	292	244	-31	-42	294
Machine engineering								
AVTO	Ukravto	16.57	105	210	213	15	1	321
AZGM	Azovzagalmash	1.65	77	243	250	-2	-26	-43
DRMZ	Druzhkivka Machine Engineering	0.19	39	37	80	-5	-10	12
KVBZ	Kryukiv Railcar	3.56	408	406	182	18	9	154
LTPL	Luganskteplovov	0.51	112	122**	47**	-7**	-14**	-6**
LUAZ	Bogdan Motors	0.025	106	469**	185**	-1**	-37**	155**
MSICH	Motor Sich	284.20	591	624**	561**	180**	115**	375**
MZVM	Mariupol Heavy Machine Engineering	2.74	42	126	137	-3	-21	13
SMASH	Sumy Frunze Machine Engineering	6.10	434	591	424	111	52	141
SVGZ	Stakhanov Railcar	0.79	180	179	59	6	-7	50
TATM	Turboatom	0.62	260	238**	114**	33**	25**	142**
Abrasives								
ZABR	Zaporizhzhya Abrasives	0.23	7	12*	40	4	1	30*
Food industry								
SLAV	Slavutych Brewery and Beverages	0.33	316	397	268	75	28	156
SSOL	Slavuta Malt	1.58	39	52**	53**	9**	5**	14**
SUNI	Sun InBev Ukraine	0.048	461	480	423	120	50	195
Construction								
MTBD	Mostobud	46.22	27	45	90	7	0	54
Telecommunications								
UTLM	Ukrtelecom	0.072	1 342	1668**	880**	183**	-36**	863**
Financial services								
BAVL	Raiffeisen Bank Aval	0.056	1 684	-	-	-	-113**	811**
USCB	Ukrsotsbank	0.072	917	-	-	-	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		1.16	1.03	46.03	neg.	1.64
ALMK	Alchevsk Iron & Steel	0.94	0.43	22.37	neg.	1.83
AZST	Azovstal	0.86	0.77	16.25	neg.	0.81
DNSS	Dniprospsststal	1.35	0.75	20.27	neg.	9.20
ENMZ	Enakievo Steel	0.32	0.33	neg.	neg.	3.49
KSTL	ArcelorMittal Kryviy Rih	1.66	1.62	51.96	neg.	2.63
MMKI	Mariupol Illich Iron and Steel	1.09	1.11	43.27	neg.	1.29
ZPST	Zaporizhstal	1.52	1.37	53.44	neg.	2.00
Iron ore		3.77	3.65	14.21	32.63	2.38
PGOK	Poltava Mining	2.35	2.09	16.57	48.60	2.51
PGZK	Southern Mining	5.88	5.79	311.94	neg.	3.32
SGOK	Northern Mining	3.98	3.95	9.06	18.61	2.04
Coke		0.57	0.52	23.29	neg.	0.65
ALKZ	Alchevsk Coke	0.35	0.30	5.63	16.21	0.77
AVDK	Avdiivka Coke	0.81	0.80	neg.	neg.	0.54
YASK	Yasinovka Coke	0.57	0.46	7.14	11.81	1.12
Pipes		0.85	0.73	7.20	90.15	1.30
DTRZ	Dnipropetrovsk Pipes	0.47	0.18	neg.	neg.	0.36
HRTR	Khartsyzsk Pipes	0.64	0.64	3.22	5.28	1.96
NITR	Nizhnedniprovsky Pipe Rolling	1.28	0.97	27.42	neg.	1.20
NVTR	Novomoskovsk Pipes	0.54	0.51	4.11	neg.	0.69
Coal						
SHCHZ	Pokrovskoe Coalmine	2.00	1.95	12.53	189.04	3.38
SHKD	Komsomolets Donbasa Coalmine	1.93	1.20	6.40	neg.	1.84
Oil						
UNAF	Ukrnafta	1.03	1.02	4.28	6.19	2.09
Power Generation		1.24	1.11	36.71	neg.	3.59
CEEN	Centrenergo	1.07	0.94	32.64	neg.	2.69
DNEN	Dniproenergo	1.38	1.27	17.51	60.72	3.04
DOEN	Donbasenergo	0.68	0.57	33.07	neg.	2.52
ZAEN	Zakhidenergo	1.66	1.51	neg.	neg.	7.49
Power Distribution		0.21	0.20	56.45	neg.	2.36
DNON	Dniproblenergo	0.14	0.17	5.16	17.09	5.84
KIEN	Kyivenergo	0.28	0.22	neg.	neg.	1.36
KREN	Krymenergo	0.36	0.35	4.99	19.42	4.64
Fertilizers						
STIR	Stirol	1.20	1.36	neg.	neg.	1.13
Machine engineering		1.44	1.04	9.45	27.27	1.79
AVTO	Ukravto	0.99	0.49	14.13	156.00	0.33
AZGM	Azovzagalmash	0.97	0.31	neg.	neg.	neg.
DRMZ	Druzhkivka Machine Engineering	0.47	0.49	neg.	neg.	3.24
KVBZ	Kryukiv Railcar	2.23	2.24	22.27	44.56	2.65
LTPL	Luganskteplovoz	2.58	2.36	neg.	neg.	neg.
LUAZ	Bogdan Motors	2.54	0.57	neg.	neg.	0.68
MSICH	Motor Sich	1.11	1.05	3.47	5.14	1.57
MZVM	Mariupol Heavy Machine Engineering	0.92	0.31	neg.	neg.	3.35
SMASH	Sumy Frunze Machine Engineering	1.39	1.02	5.34	8.39	3.08
SVGZ	Stakhanov Railcar	3.06	3.06	32.42	neg.	3.62
TATM	Turboatom	2.09	2.29	7.25	10.27	1.83
Abrasives						
ZABR	Zaporizhzhya Abrasives	0.31	0.17	3.00	10.11	0.23
Food industry						
SLAV	Slavutych Brewery and Beverages	1.48	1.18	5.29	11.11	2.02
SSOL	Slavuta Malt	0.99	0.74	6.12	8.44	2.80
SUNI	Sun InBev Ukraine	1.13	1.09	4.00	9.25	2.36
Construction						
MTBD	Mostobud	0.50	0.30	6.81	184.59	0.50
Telecommunications						
UTLM	Ukrtelecom	1.89	1.52	9.09	neg.	1.56
Financial services					neg.	1.56
BAVL	Raiffeisen Bank Aval	x	x	x	neg.	2.08
USCB	Ukrsotsbank	x	x	x	87.59	1.20
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	Z-Spread* (bid/offer)	Mod. Duration	Volume, mln	Currency	Maturity
Ukraine, 2011	100.50	101.00	5.81%	4.77%	6.875%	2615/2240	0.47	600	USD	04.03.2011
Ukraine, 2012	102.00	102.25	5.20%	5.05%	6.385%	535/ 505	1.66	500	USD	26.06.2012
Ukraine, 2013	105.38	106.00	5.52%	5.28%	7.650%	590/ 580	2.43	1 000	USD	11.06.2013
Ukraine, 2015	92.00	92.50	6.83%	6.71%	4.950%	189/ 176	4.11	600	EUR	13.10.2015
Ukraine, 2016	100.00	100.50	6.58%	6.48%	6.580%	632/ 621	4.93	1 000	USD	21.11.2016
Ukraine, 2017	100.00	100.50	6.75%	6.66%	6.750%	460/ 451	5.50	700	USD	14.11.2017
IUD, 2010	20.00	40.00	-	-	9.250%	N/A	N/A	150	USD	23.09.2010
Azovstal, 2011	100.25	101.25	8.66%	6.47%	9.125%	807/ 589	0.44	175	USD	28.02.2011
Kyiv, 2011	100.00	100.75	8.60%	7.68%	8.625%	788/ 695	0.79	200	USD	15.07.2011
UkrSibbank, 2011	101.75	102.50	7.20%	6.34%	9.250%	759/ 701	0.85	250	USD	04.08.2011
Ukreximbank, 2011	100.75	101.50	6.86%	6.07%	7.650%	602/ 523	0.94	500	USD	07.09.2011
UkrSibbank, 2011	100.75	101.25	7.11%	6.70%	7.750%	693/ 652	1.19	500	USD	21.12.2011
Privatbank, 2012	98.50	99.25	9.15%	8.57%	8.000%	836/ 797	1.29	500	USD	06.02.2012
Alfa Bank (Ukraine), 2012	101.75	102.50	11.92%	11.47%	13.000%	1030/ 951	1.64	841	USD	30.07.2012
Ukreximbank, 2012	99.75	100.25	6.93%	6.67%	6.800%	620/ 594	1.85	250	USD	04.10.2012
Kyiv, 2012	97.00	98.00	9.78%	9.26%	8.250%	900/ 848	1.92	250	USD	26.11.2012
Finance and Credit, 2014	82.50	86.00	17.57%	16.01%	10.500%	1645/1489	2.61	100	USD	25.01.2014
VAB Bank, 2014	74.00	78.00	20.77%	18.91%	10.500%	870/ 846	2.79	125	USD	14.06.2014
Naftogaz of Ukraine, 2014	110.50	110.75	6.51%	6.45%	9.500%	2094/1947	3.26	1 595	USD	30.09.2014
PUMB, 2014	91.00	93.50	13.83%	13.01%	11.000%	1241/1160	3.25	275	USD	31.12.2014
Ukreximbank, 2015	103.50	104.00	7.46%	7.34%	8.375%	596/ 583	3.70	500	USD	27.04.2015
DTEK, 2015	101.75	102.38	9.02%	8.86%	9.500%	753/ 736	3.58	500	USD	28.04.2015
MHP, 2015	104.00	104.50	9.17%	9.03%	10.250%	735/ 722	3.53	585	USD	29.04.2015
Metinvest, 2015	105.25	105.75	8.85%	8.72%	10.250%	6750/3757	3.59	500	USD	20.05.2015
Kyiv, 2015	91.00	92.00	10.29%	10.02%	8.000%	864/ 837	3.96	250	USD	06.11.2015
Privatbank, 2016	91.50	93.00	10.86%	10.47%	8.750%	1207/1016	0.37	150	USD	09.02.2016
Ukreximbank, 2016	96.00	98.00	9.35%	8.87%	8.400%	764/ 715	4.21	125	USD	09.02.2016

* – Z-spread over US state bonds

OVDPs

Issuer, ticker	bid	ask	Yield (bid)	Yield (offer)	Coupon	Maturity
Ukraine, 63309*	993.95	994.96	6.00%	5.00%	-	13.10.2010
Ukraine, 61725*	987.34	988.30	6.50%	6.00%	-	17.11.2010
Ukraine, 63648*	965.26	967.99	9.25%	8.50%	-	26.01.2011
Ukraine, 74173*	962.67	966.46	9.50%	8.50%	-	02.02.2011
Ukraine, 54456	1 130.69	1 134.97	10.50%	9.80%	20.00%	27.04.2011
Ukraine, 66526*	930.40	937.99	10.75%	9.50%	-	18.05.2011
Ukraine, 61089	1 241.42	1 248.88	11.45%	10.75%	25.14%	12.10.2011
Ukraine, 62012	1 154.05	1 162.56	11.50%	10.75%	20.00%	23.11.2011
Ukraine, 53912	1 116.69	1 122.28	12.25%	11.85%	15.70%	11.04.2012
Ukraine, 61451	1 213.82	1 228.31	12.50%	11.75%	20.00%	31.10.2012
Ukraine, 64018	1 249.05	1 265.40	13.25%	12.50%	20.00%	20.02.2013

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

UFC Capital
47 Volodymyrska St., office 1 Kyiv, 01034, Ukraine
Tel.: +380 (44) 391-37-78 fax: +380 (44) 391-37-79
<http://www.ufc-capital.com>

Mikhail Dorfman
Managing Partner
dorfman@ufc-capital.com

Vladimir Landa
Head of Research
landa@ufc-capital.com

Vitaly Gorovoy
Director of Strategic Development
gorovoy@ufc-capital.com

Artem Kost
Head of Fixed Income Research
kost@ufc-capital.com

Sergei Sharov
Analyst
sharov@ufc-capital.com

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