

MARKET VIEW

- **Equities:** The KP-Dragon posted a 1.4% decline Wednesday on a 1.5% slide in the hryvnia, with local hryvnia-based indices closing flat. Ukrnafta (-5%) was volatile as the optimism driven by EGM expectations continued to fade. Stirol (+5.9%) was the day's best performer, followed by Motor Sich (+3.4%) which released strong 1H09 results. Volumes were again high, led by Ukrnafta, steel stocks and Motor Sich. The market is likely to consolidate today as GEMS rebound and the NBU is expected to intervene on the F/X market.
- **Fixed income:** Yesterday's comments from the Finance Ministry on Naftogaz pushed the bond to as low as 76/78 before opportunistic buyers took it back up to 80/82 into the close. Otherwise it's been a quiet week so far with plenty of traders and fund managers enjoying their August holidays.

NEWS HEADLINES

Economy & Politics

- Merchandise trade deficit narrows in June on lower gas imports
- Money supply inches down, monetary base up slightly in July
- Bank deposits inch up, lending flat in July

Company & Sector News

- PM confirms intention to cut gas prices for chemical producers
- President's statement indicates no obstacles to Odesa Portside Plant privatization
- Crude steel output may increase 9% m-o-m in August
- Azovstal [Buy; FV \$0.3] to boost production by 25% m-o-m in August
- ArcelorMittal Kryviy Rih [Not Rated] posts \$66m net loss in 1H09; SPF to auction off 0.1% stake
- Galnaftogaz [Buy; FV \$0.021] reports 2008 IFRS results
- Ukrgazbank [Not Rated] restructures \$23m syndicated loan
- Ukraine harvests 35 Mt of grain

Fixed Income

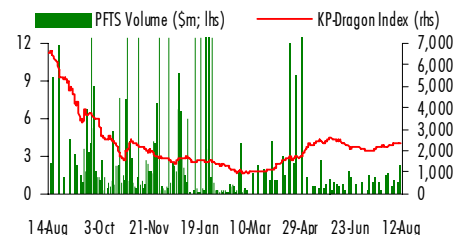
- Pivdenny Bank draws \$10.5m subordinated loan

Company	Close (\$)	Chg. (1d; %)	Chg. (1w; %)	Rec. (x)	FV (\$)	Upside (%)
Alchevsk Steel	0.014	(1.5%)	(3.0%)	Sell	0.011	(19%)
Avdiyivsky Coke	0.859	(2.1%)	(10.8%)	Buy	1.580	84%
Azovstal	0.193	(0.6%)	(0.2%)	Buy	0.300	56%
Raiff. Bank Aval	0.041	(1.7%)	(1.2%)	Hold	0.042	2%
Bohdan (LuAZ)	0.017	6.1%	7.3%		Under Review	
Centrenergo	0.901	(1.3%)	(2.4%)	Buy	2.080	131%
Donbasenergo	4.740	(3.4%)	(3.4%)	Buy	12.90	172%
MMK Illich	0.177	(0.8%)	9.3%		Under Review	
Motor Sich	90.69	3.4%	1.4%		Under Review	
MZVM	2.267	(1.5%)	(6.4%)	Hold	2.600	15%

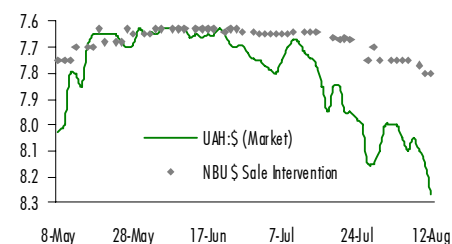
Company	Close (\$)	Chg. (1d; %)	Chg. (1w; %)	Rec. (x)	FV (\$)	Upside (%)
Pokrovskoe Mine	0.302	(1.5%)	(0.7%)	Sell	0.230	(24%)
Poltavskiy GOK	2.600	(1.5%)	(1.5%)	Sell	2.580	(1%)
Stakhaniv Rail Car	0.148	(5.3%)	(9.3%)	Hold	0.430	191%
Stirol	3.748	5.9%	11.8%	Buy	8.670	131%
Ukrnafta	19.59	(5.0%)	1.7%	Buy	30.26	54%
Ukrsotsbank	0.041	(1.9%)	(0.0%)	Hold	0.054	31%
Ukrtelecom	0.041	(2.3%)	(3.8%)	Hold	0.045	10%
Yasynivsky Coke	0.157	(1.5%)	(1.1%)	Hold	0.180	15%
Yenakievo Steel	14.97	(1.0%)	(2.5%)	Hold	19.00	27%
Zakhidenergo	43.34	(1.1%)	(3.4%)	Hold	53.50	23%

Top Stock Performance

Sources: Dragon Capital, PFTS



Market Performance
Sources: Dragon Capital, PFTS



UAH:\$ Market Rate
Sources: NBU, Bloomberg

Index	PFTS	UX	KP-Dragon
Index Close	443.1	1,122.2	2,339.1
Daily Change	(0.7%)	0.1%	(1.4%)
YTD Change	47.0%	47.7%	38.4%
Volume (\$m)	1.6	2.0	-
MC (\$m)	-	-	7,652
EV/EBITDA			5.7
Ex. Rate (UAH:\$)*			8.270
Daily Change			(1.5%)
YTD Change			(5.1%)

Note: *Market rate; Sources: Dragon Capital, PFTS, UX, Bloomberg

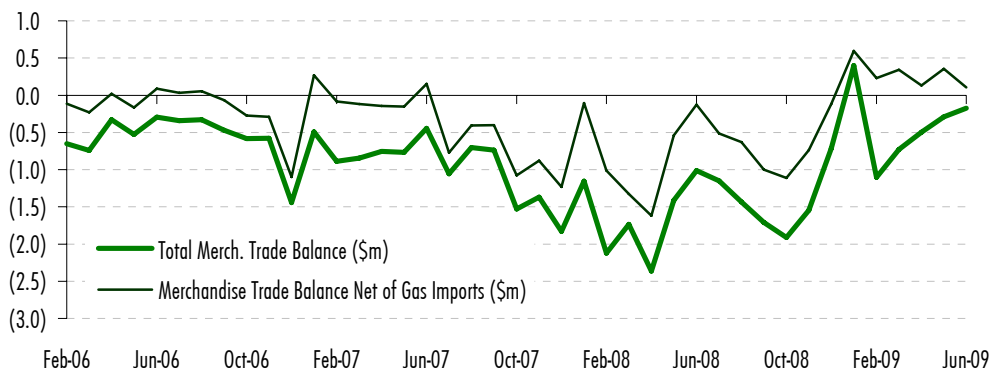
Ukraine's merchandise trade deficit narrowed to \$173m in June from \$292m the month before, bringing the 1H09 trade gap to \$2.4bn, a four-fold decrease compared to 1H08, the State Statistics Committee reported. (SSC)

Merchandise trade deficit narrows in June on lower gas imports

The goods trade balance expectedly improved in June as gas imports halved m-o-m over the period to \$0.3bn, offsetting increases across other major import categories and pushing total imports down 0.1% m-o-m (-60% y-o-y) to \$3.2bn. Merchandise exports rose by 3.9% m-o-m in June to \$3.0bn (-56% y-o-y) driven by a 13% m-o-m rise in machinery exports, while metallurgical exports declined 5.5% m-o-m. Net of gas imports, the merchandise trade balance posted a surplus of an estimated \$104m in June (down from \$355m in May).

As July's increase in gas imports to \$0.6bn (somewhat lower than we expected) is likely to be almost fully offset by stronger steel exports (up est. 20% m-o-m, or \$0.2bn, to \$0.9bn), the goods trade deficit likely remained small last month. Should steel exports continue growing in 4Q09, the full-year trade gap may appear better than our current full-year forecast of \$6bn (4.8% of 2009E GDP) under SSC methodology.

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Merchandise Trade Balance Monthly Development

Source: State Statistics Committee

Ukraine's monetary base inched up 0.2% m-o-m in July to UAH 189bn (+1.4% YTD), slowing from June's 3.9% increase, while the money supply posted a 0.1% m-o-m drop (vs. +1.0% in June), to UAH 472bn (-8.4% YTD). (NBU)

Money supply inches down, monetary base up slightly in July

The deceleration in monetary base growth and decline in the money supply (both very unusual for July) were led by a 0.9% m-o-m drop in the volume of hryvnia cash outside the banking system, which apparently reflected increased buying of foreign currency by households. At the same time, banks' correspondent accounts rose by another 10% m-o-m last month (on top of a 33% m-o-m surge in June), to UAH 24.5bn, on intensified fiscal spending and NBU purchases of Treasuries from commercial banks. The NBU bought UAH 4.4bn of Treasuries last month, most likely from the three commercial banks recently recapitalized by the state. Banking liquidity would have been even higher had not the NBU increased sterilization, which rose to UAH 11.5bn on a gross basis last month from UAH 7.7bn in June.

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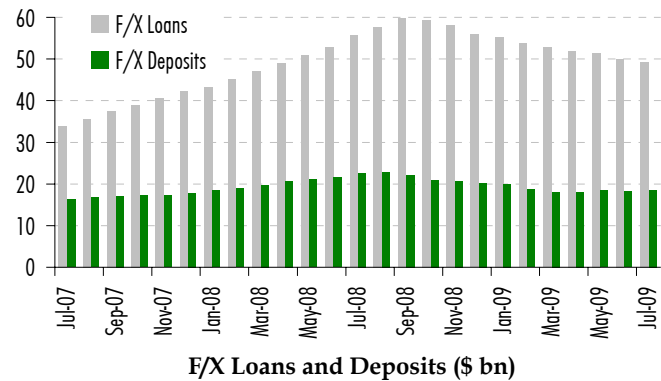
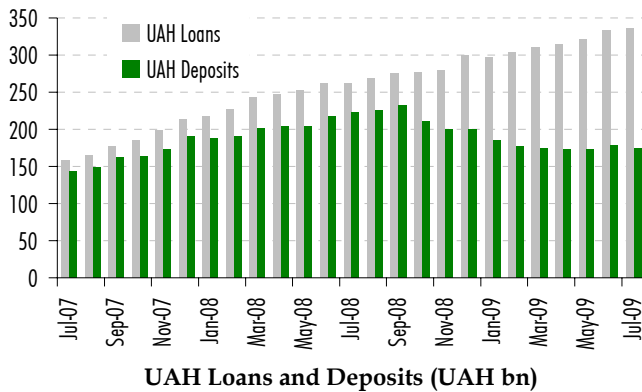
ECONOMY & POLITICS

Deposits at commercial banks rose by 0.3% m-o-m in July to UAH 318bn (-11% YTD), slowing from a 1.2% m-o-m increase in June, while bank lending was flat at UAH 715bn (-2.6% YTD). (NBU)

Bank deposits inch up, lending flat in July

July marked a shift in the currency composition of bank deposits, with hryvnia accounts declining by UAH 3.3bn and F/X deposits rising by UAH 4.2bn. The change was particularly vivid in the retail segment, reflecting increased devaluation expectations among households. Conversely, the volume of F/X loans continued to decline due to regulatory restrictions. Still, in the total lending portfolio, F/X loans accounted for 53% as of end-July.

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Sources: NBU, Dragon Capital estimates

COMPANY & SECTOR NEWS

PM Yulia Tymoshenko yesterday confirmed her intentions to cut natural gas prices for chemical producers by \$50/tcm to \$205/tcm on the Ukrainian-Russian border. (Ekonomicheskije Izvestiya)

PM confirms intention to cut gas prices for chemical producers

Initially (please see our Dragon Daily from July 31), Tymoshenko sought to cut gas prices as of Aug. 1 but met resistance from Naftogaz Ukrainy, the Fuel and Energy Ministry as well as the presidential administration. We expected that the PM and chemical industry lobby would need more time to push through the price cut, which we continue to think is quite realistic, and therefore projected in our updated model for Stirol [Buy; FV \$8.67] that lower prices would come into effect around mid-August. The delay is marginally negative for Stirol and other chemical producers as the industry is suffering from low capacity utilization and is barely profitable at current gas prices.

Tamara Levchenko, Levchenko@dragon-capital.com

COMPANY & SECTOR NEWS

An aide to President Viktor Yushchenko confirmed yesterday the president was not opposed to the privatization of Odesa Portside Plant (OPP) scheduled for Sept. 28. The president's possible suspension of the privatization auction was seen as the main risk to the OPP sale. (Interfax)

Earlier this month Yushchenko threatened to block the OPP privatization if it failed to pass environmental due diligence, but the latest statement from his office suggests the privatization will go ahead as planned. Ten companies have confirmed their preliminary interest in the tender for a 99.567% stake in OPP that will be offered at a starting price of UAH 4.0bn (\$0.5bn). In 2008 the company reported net sales of \$665.9m (+51% y-o-y), EBITDA of \$228.9m (+129%) and net income of \$150.0m (+145%), implying EBITDA and net margins of 34.3% and 22.5%, respectively.

The news is positive for the state budget as well as for chemical company valuations. The latter are currently valued at distressed levels and a successful privatization of OPP, the closest peer to Stirol [Buy, FV \$8.67] and Azot Cherkassy [Not Rated], could set a new valuation benchmark.

Andriy Bespyatov, bespyatov@dragon-capital.com

Average daily production of pig iron in Ukraine was up 5% m-o-m to 80 kt in the first 10 days of August (-9% y-o-y), in line with our expectations. (Ukrainian News)

We forecast August crude steel output to increase by 9% m-o-m to 2.9 Mt (-3% y-o-y) on firm foreign demand, with 3Q09 production expected to surge by 23% q-o-q to 8.4 Mt (-10% y-o-y). Based on the better than expected production outlook for the rest of the year, we revise our full-year steel production forecast to up 30 Mt (-19% y-o-y) from 28.5 Mt (-23%).

Sergiy Gayda, gayda@dragon-capital.com

Azovstal expects to boost finished steel output by 25% m-o-m to 440 kt in August (-12% y-o-y) on stronger foreign demand for slab and long and flat products as well as stable demand for strips from affiliated pipe producer Khartsyzsk Pipe [Not Rated]. Azovstal expects to boost slab exports by 53% m-o-m to 290 kt in August. (Metal Courier)

The expected production growth, coupled with recent strength in steel prices, bodes well for Azovstal's profitability. Prices for slab, which accounts for up to 65% of Azovstal's current output, rose to \$400-420/t (FOB) for August-September deliveries. We maintain our positive view on the company and reiterate our Buy recommendation on the stock. Azovstal's 2011 Eurobond is currently priced at 83-85% of face value, yielding 21-23%.

Sergiy Gayda, gayda@dragon-capital.com

President's statement indicates no obstacles to Odesa Portside Plant privatization

Crude steel output may increase 9% m-o-m in August; we improve 2009E forecast

Azovstal [Buy; FV \$0.3] to boost production by 25% m-o-m in August

COMPANY & SECTOR NEWS

ArcelorMittal Kryviy Rih reported weak financial results for 1H09, posting net sales of 788m (-59% y-o-y) and a net loss of \$66m (compared to 1H08 NI of \$394m). (Interfax)

The company cut finished steel production by 40% y-o-y to 2.1 Mt over the period, its average reported price plunging 31% to \$378/t. We expect AMKR to return to profitability in 2H09 thanks to stronger demand and prices for rebars and billets.

In separate news, the State Property Fund has scheduled a privatization auction for a 0.1% stake in AMKR for Sept. 16. At the current MC, this stake could be valued at \$3.4m.

ArcelorMittal Kryviy Rih [Not Rated] posts \$66m net loss in 1H09; SPF to auction off 0.1% stake

Sergiy Gayda, gayda@dragon-capital.com

Company	1H08	1H09	Chg. (%; y-o-y)
Net sales, \$m	1,907	788	(59%)
Net income (net loss), \$m	394	(66)	nm
Net margin (%)	20.6%	(8.4%)	(29.0pp)
Finished steel output, kt	3,478	2,087	(40%)
Average steel price, \$/t	548	378	(31%)

Arcelor Mittal Kryviy Rih 1H09 Results

Sources: Vidomosti pryvatyzatsii, Dragon Capital estimates

Galnaftogaz reported audited IFRS results for 2008, posting net sales of \$1.0bn (+63% y-o-y), EBITDA of \$54m (+48%) and a net loss of \$79m (below 2007 NI of \$12.3m and slightly worse than the earlier released unaudited figure). (Company)

Compared to the company's earlier released preliminary 2008 financials, the largest discrepancy was seen in other operating expenses, which rose from \$11.6m to \$24.2m.

Galnaftogaz [Buy; FV \$0.021] reports 2008 IFRS results

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	2007 IFRS	2008 IFRS	Chg. (y-o-y, %)	2008 (UAS)	Chg. (IFRS/UAS, %)
Net sales (\$m)	635.3	1,037.5	63%	1,052.6	(1%)
EBITDA (\$m)	36.4	54.0	48%	65.4	(17%)
Net income (\$m)	12.3	(79.3)	nm	(69.9)	nm
EBITDA Margin (%)	5.7%	5.2%	(0.5pp)	6.2%	(1.0pp)
Net Margin (%)	1.9%	(7.6%)	(9.6pp)	(6.6%)	(1.0pp)

Galnaftogaz 2008 audited IFRS results

Source: SSMSC

Ukrgazbank announced it had successfully restructured a \$23m one-year syndicated loan attracted in August 2008. (Interfax)

The bank will repay 20% of the principal in cash, with the remaining amount rescheduled for three years and to be amortized after a six-month grace period. The interest rate remained unchanged at LIBOR+3.25%.

Last month the government acquired an 81.7% stake in Ukrgazbank in exchange for a \$403m capital injection. The government said restructuring of Ukrgazbank's external debt was a necessary pre-condition for recapitalizing the bank.

Ukrgazbank [Not Rated] restructures \$23m syndicated loan

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COMPANY & SECTOR NEWS

Domestic farms harvested 35 Mt of grain crops from almost 12 million ha (90% of total planted area) as of Aug. 13, implying an average yield of 3.0 t/ha (15% below last year's average). (Interfax)

Ukraine harvests 35 Mt of grain

We forecast Ukraine's 2009 grain harvest at 38 Mt (-21% y-o-y, below the Agriculture Ministry's estimate of 42-43 Mt).

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FIXED INCOME

Pivdenny Bank recently attracted two subordinated loans, a €3.8m five-year facility from East Capital Explorer Financial, which owns a 9.98% stake in the bank, and a \$5.2m five-year facility from Cyprus' Mesel Trading Limited. (Interfax)

Pivdenny Bank draws \$10.5m subordinated loan

The loans will replenish the bank's regulatory capital after they are registered by the NBU. As of end-1H09, Pivdenny's regulatory capital stood at UAH 1,395m, or \$183m (equity capital of 1,445m, or \$189m) vs. assets of UAH 10,481m (\$1,374m), implying sufficient capitalization. The bank said it did not plan to raise new equity this year.

Pivdenny's \$100m Eurobond maturing in August 2010 is currently trading at 75/80% of face value, implying YTM of 37/45%.

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BLUE CHIP OVERVIEW

Company	Ticker*	DR	Bid	Ask	Close	52w	52w	Chg.	Chg.	Chg.	Chg. from	Trading Vol. (\$ '000)**	
		Ratio	(\$)	(\$)	(\$)	High	Low	(1d; %)	(1m; %)	(YTD; %)	52w High	(1d)	(YTD; avg.)
Alchevsk Steel	ALMK	-	0.014	0.014	0.014	0.080	0.006	(1.5%)	19.6%	30.8%	(83.0%)	94.3	41.7
Avdiyivsky Coke	AVDK	-	0.846	0.871	0.859	4.420	0.396	(2.1%)	10.5%	51.8%	(80.6%)	17.2	278.3
Azovstal	AZST	1:10	0.192	0.193	0.193	0.859	0.059	(0.6%)	30.2%	76.9%	(77.6%)	109.0	195.5
Bohdan (LuAZ)	LUAZ	1:100	0.016	0.018	0.017	0.147	0.015	6.1%	(12.9%)	2.2%	(88.5%)	0.0	89.5
Centrenergo	CEEN	1:10	0.898	0.902	0.901	2.924	0.316	(1.3%)	22.0%	38.7%	(69.2%)	49.8	84.2
Donbasenergo	DOEN	-	4.716	4.837	4.740	13.27	1.916	(3.4%)	10.9%	32.9%	(64.3%)	72.6	16.1
MMK Illich	MMKI	1:20	0.177	0.181	0.177	0.736	0.061	(0.8%)	27.4%	63.0%	(76.0%)	0.0	1.4
Motor Sich	MSICH	5:1	89.96	91.29	90.69	165.7	25.42	3.4%	10.3%	94.0%	(45.3%)	95.0	44.1
MZVM	MZVM	1:1	2.207	2.297	2.267	13.85	1.123	(1.5%)	0.0%	27.1%	(83.6%)	0.0	8.1
Pokrovskoe Mine	SHCHZ	-	0.290	0.363	0.302	1.811	0.066	(1.5%)	11.1%	82.5%	(83.3%)	0.0	20.9
Poltavskiy GOK	PGOK	1:1	2.418	2.660	2.600	13.28	0.875	(1.5%)	11.5%	77.5%	(80.4%)	3.7	4.2
Stakhaniv Rail Car	SVGZ	-	0.147	0.150	0.148	3.23	0.093	(5.3%)	3.5%	(13.9%)	(95.4%)	7.9	8.2
Stirol	STIR	1:1	3.507	4.111	3.748	20.89	2.093	5.9%	26.4%	(6.6%)	(82.1%)	23.4	3.3
Ukrnafta	UNAF	1:6	19.47	19.59	19.59	39.09	7.540	(5.0%)	32.7%	38.5%	(49.9%)	200.0	169.0
Ukrtelecom	UTLM	1:50	0.041	0.041	0.041	0.134	0.020	(2.3%)	2.1%	17.0%	(69.3%)	24.9	13.3
Yasynivsky Coke	YASK	-	0.152	0.157	0.157	0.873	0.043	(1.5%)	21.4%	54.2%	(82.0%)	0.0	5.5
Yenakievo Steel	ENMZ	-	14.93	14.98	14.97	47.52	4.358	(1.0%)	18.8%	126.0%	(68.5%)	93.6	52.3
Zakhidenergo	ZAEN	4:1	43.29	43.35	43.34	82.18	21.07	(1.1%)	3.9%	(12.8%)	(47.3%)	201.2	156.4

Company	Ticker*	DR	Close	MC	FF	Rec.	FV	Upside	EV/S		EV/EBITDA		P/E	
		Ratio	(\$)	(\$m)	(%)	(x)	(\$)	(%)	2009E	2010F	2009E	2010F	2009E	2010F
Alchevsk Steel	ALMK	-	0.014	352	4%	Sell	0.011	(19%)	0.64	0.44	30.3	3.7	neg.	6.2
Avdiyivsky Coke	AVDK	-	0.859	167	3%	Buy	1.580	84%	0.51	0.43	3.3	3.1	76.6	24.2
Azovstal	AZST	1:10	0.193	810	4%	Buy	0.300	56%	0.50	0.37	4.6	3.0	23.2	7.0
Bohdan (LuAZ)	LUAZ	1:100	0.017	73	7%	Under Review			0.79	0.57	30.1	13.2	neg.	neg.
Centrenergo	CEEN	1:10	0.901	333	22%	Buy	2.080	131%	0.73	0.58	39.2	8.0	neg.	14.3
Donbasenergo	DOEN	-	4.740	112	14%	Buy	12.90	172%	0.61	0.49	8.4	4.4	300.0	9.9
MMK Illich	MMKI	1:20	0.177	592	10%	Under Review			0.37	0.30	neg.	9.2	neg.	454.2
Motor Sich	MSICH	5:1	90.69	180	34%	Under Review			0.53	0.43	3.8	2.8	7.8	5.0
MZVM	MZVM	1:1	2.267	35	16%	Hold	2.600	15%	0.18	0.15	2.8	4.3	64.3	neg.
Pokrovskoe Mine	SHCHZ	-	0.302	257	2%	Sell	0.230	(24%)	1.21	1.00	41.1	6.9	neg.	143.7
Poltavskiy GOK	PGOK	1:1	2.600	497	3%	Sell	2.580	(1%)	1.24	1.02	6.6	5.0	20.2	12.4
Stakhaniv Rail Car	SVGZ	-	0.148	33	13%	Hold	0.430	191%	0.51	0.32	9.9	4.4	neg.	3.7
Stirol	STIR	1:1	3.748	102	8%	Buy	8.670	131%	0.26	0.21	3.4	2.9	neg.	11.2
Ukrnafta	UNAF	1:6	19.59	1,062	8%	Buy	30.26	54%	0.95	0.70	4.9	2.4	13.2	4.3
Ukrtelecom	UTLM	1:50	0.041	768	7%	Hold	0.045	10%	1.66	1.61	9.1	6.2	neg.	15.1
Yasynivsky Coke	YASK	-	0.157	43	15%	Hold	0.180	15%	0.24	0.21	7.2	4.3	23.7	9.4
Yenakievo Steel	ENMZ	-	14.97	158	8%	Hold	19.00	27%	0.21	0.18	5.3	5.0	9.8	8.9
Zakhidenergo	ZAEN	4:1	43.34	554	5%	Hold	53.50	23%	0.95	0.80	50.0	16.4	neg.	48.6

Banking	Ticker*	DR	Bid	Ask	Close	52w	52w	Chg.	Chg.	Chg.	Chg. from	Trading Vol. (\$ '000)**	
		Ratio	(\$)	(\$)	(\$)	High	Low	(1d; %)	(1m; %)	(YTD; %)	52w High	(1d)	(YTD; avg.)
Raiffeisen Bank Aval	BAVL	-	0.041	0.041	0.041	0.158	0.008	(1.7%)	21.7%	34.1%	(74.1%)	64.8	29.9
Ukrsotsbank	USCB	-	0.040	0.041	0.041	0.158	0.008	(1.9%)	19.4%	33.9%	(73.9%)	188.6	43.3

Banking	Ticker*	DR	Close	MC	FF	Rec.	FV	Upside	P/E		P/BV		ROE (%)	
		Ratio	(\$)	(\$m)	(%)	(x)	(\$)	(%)	2009E	2010F	2009E	2010F	2009E	2010F
Raiffeisen Bank Aval	BAVL	-	0.041	992	4%	Hold	0.042	2%	neg.	44.6	1.22	1.18	(13.3%)	2.7%
Ukrsotsbank	USCB	-	0.041	524	4%	Hold	0.054	31%	neg.	21.9	0.90	0.86	(9.5%)	4.0%

Notes: *PFTS ticker symbol; **PFTS average daily trading volume over period.

SECOND TIER EQUITY OVERVIEW

Company	Ticker*	DR	Bid	Ask	Close	52w	52w	Chg.	Chg.	Chg.	Chg. from	Trading Vol. (\$ '000)**	
		Ratio	(\$)	(\$)	(\$)	High	Low	(1d; %)	(1m; %)	(YTD; %)	52w High	(1d)	(YTD; avg.)
ENERGY SECTOR													
Dniproenergo	DNEN	4:1	85.85	104.0	89.5	376.7	43.24	2.7%	(18.3%)	46.3%	(76.2%)	0.0	151.9
MACHINE-BUILDING													
Azovzahalmash	AZGM	-	0.846	1.814	1.270	5.886	0.413	(1.5%)	(6.7%)	99.3%	(78.4%)	0.0	0.2
Kryukiv Rail Car	KVBZ	-	1.439	1.536	1.511	5.022	0.481	0.6%	16.7%	31.8%	(69.9%)	0.0	14.8
Luhanskteplovovoz	LTPL	-	0.212	0.278	0.245	1.079	0.066	5.0%	(24.4%)	45.6%	(77.3%)	0.0	5.3
Sumy Frunze	SMASH	1:20	3.083	3.869	3.386	5.898	1.483	(1.5%)	6.7%	76.0%	(42.6%)	0.0	5.6
Zaliv Shipyard	SZLV	-	0.008	0.017	0.010	0.061	0.004	(1.5%)	(6.7%)	153.1%	(84.2%)	9.8	2.2
METALS & MINING													
Interpipe NPR	NITR	1:6	0.907	1.209	1.058	3.009	0.689	(17.9%)	(22.2%)	16.2%	(64.8%)	0.0	1.9
Komsomolets Donbassa	SHKD	-	0.423	0.605	0.544	1.934	0.128	39.7%	9.1%	30.6%	(71.9%)	173.0	7.5
OIL & GAS													
Galnaftogaz	GLNG	1:500	0.004	0.004	0.004	0.028	0.001	(1.5%)	47.4%	31.8%	(87.1%)	0.0	0.0
FOOD & BEVERAGES													
Slavutych Brewery	SLAV	-	0.110	0.145	0.128	0.606	0.067	30.0%	15.9%	46.5%	(79.0%)	0.0	2.1
UkrRos	UROS	1:10	0.034	0.060	0.036	1.982	0.019	(1.5%)	(30.0%)	(48.2%)	(98.2%)	0.0	0.1
Zhytomyr Dairy	ZHMZ	-	0.339	0.494	0.339	1.602	0.225	(1.5%)	4.6%	26.6%	(78.9%)	0.0	0.0
CONSUMER													
Koryukivka Paper	KFTP	-	0.745	2.346	1.546	7.368	0.736	0.0%	19.3%	(19.1%)	(79.0%)	0.0	0.0
KP Media	KPME	-	3.056	3.056	3.056	8.658	1.710	0.0%	70.9%	(40.0%)	(64.7%)	0.0	0.0
Kyivmedpreparat	KMED	-	1.572	1.625	1.572	36.80	0.385	(1.5%)	21.4%	(14.9%)	(95.7%)	11.3	2.0
Retail Group	RTGR	-	8.464	24.18	11.25	519.7	11.25	(1.5%)	(6.7%)	(95.5%)	(97.8%)	0.0	0.1

Company	Ticker*	DR	Close	MC	FF	Rec.	FV	Upside	EV/S		EV/EBITDA		P/E	
		Ratio	(\$)	(\$m)	(%)	(x)	(\$)	(%)	2009E	2010F	2009E	2010F	2009E	2010F
ENERGY SECTOR														
Dniproenergo	DNEN	4:1	89.48	534	2%	Buy	155.5	74%	1.01	0.81	22.2	8.6	neg.	21.1
MACHINE-BUILDING														
Azovzahalmash	AZGM	-	1.270	59	4%	Sell	0.800	(37%)	0.29	0.20	3.1	5.0	15.5	56.0
Kryukiv Rail Car	KVBZ	-	1.511	173	11%	Buy	2.500	65%	0.69	0.46	6.3	3.1	12.0	5.0
Luhanskteplovovoz	LTPL	-	0.245	54	24%	Buy	0.440	80%	0.48	0.33	7.1	3.9	18.7	6.4
Sumy Frunze	SMASH	1:20	3.386	241	14%	Buy	5.740	70%	0.45	0.39	3.8	3.5	7.9	6.0
Zaliv Shipyard	SZLV	-	0.010	9	7%	Hold	0.021	117%	0.85	0.66	neg.	6.5	neg.	0.9
METALS & MINING														
Interpipe NPR	NITR	1:6	1.058	423	5%	Sell	0.400	(62%)	1.91	1.30	30.3	13.7	neg.	108.1
Komsomolets Donbassa	SHKD	-	0.544	182	5%	Sell	0.520	(4%)	1.37	1.10	5.7	3.7	neg.	94.4
OIL & GAS														
Galnaftogaz	GLNG	1:500	0.004	64	18%	Buy	0.021	479%	0.37	0.27	3.1	2.8	2.1	1.4
FOOD & BEVERAGES														
Slavutych Brewery	SLAV	-	0.128	121	8%	Hold	0.250	96%	0.76	0.61	5.1	3.4	neg.	5.8
UkrRos	UROS	1:10	0.036	4	20%	Hold	0.270	644%	0.84	0.56	3.7	2.0	neg.	0.3
Zhytomyr Dairy	ZHMZ	-	0.339	9	13%	Buy	0.770	127%	0.21	0.18	2.0	1.6	5.1	3.7
CONSUMER														
Koryukivka Paper	KFTP	-	1.546	9	19%	Hold	3.180	106%	0.18	0.13	1.5	1.1	2.9	2.4
KP Media	KPME	-	3.056	32	23%	Sell	1.820	(40%)	2.51	2.05	44.2	19.4	40.1	40.1
Kyivmedpreparat	KMED	-	1.572	13	8%	Hold	4.220	168%	1.08	0.91	4.0	3.8	3.1	2.8
Retail Group	RTGR	-	11.25	17	12%	Suspended			0.19	0.03	3.5	0.5	neg.	6.6

Notes: *PFTS ticker symbol; **PFTS average daily trading volume over period.

SECOND AND THIRD TIER FINANCIAL STOCKS

Banking & Insurance	Ticker*	DR	Bid	Ask	Close	52w	52w	Chg.	Chg.	Chg.	Chg. from	Trading Vol. (\$ '000)**	
		Ratio	(\$)	(\$)	(\$)	High	Low	(1d; %)	(1m; %)	(YTD; %)	52w High	(1d)	(YTD; avg.)
Bank Forum	FORM	1:1	0.780	0.816	0.804	3.009	0.262	(2.9%)	12.9%	43.5%	(73.3%)	20.9	24.7
Megabank	MEGA	1:10	0.109	0.163	0.136	0.367	0.028	(0.4%)	7.7%	(28.2%)	(63.0%)	0.0	0.2
Bank Nadra	NADR	1:1	0.033	7.975	0.200	55.19	0.065	0.0%	0.0%	(96.9%)	(99.6%)	0.0	0.0
Ukrinbank	UKIB	-	0.0003	0.0006	0.0005	0.008	0.000	0.0%	(81.1%)	(79.6%)	(94.2%)	0.0	0.0
Oranta Insurance	SORN	1:1	0.456	1.209	0.833	9.740	0.468	2.1%	(57.2%)	(31.7%)	(91.5%)	0.0	0.0
Universalna Insurance	SKUN	-	0.194	0.625	0.409	2.345	0.013	0.0%	502.0%	221.4%	(82.5%)	0.0	6.1
Platinum Holding	0A0B2N AV	2:1	6.000	12.00	7.000	80.00	5.750	0.0%	0.0%	(22.2%)	(91.3%)	na	na
Rodovid Bank	RODB	-	0.100	0.450	0.230	795.5	0.230	0.0%	0.0%	(99.5%)	(99.97%)	0.0	0.2
Ukrgazbank	UGZB	-	0.104	0.125	0.104	0.797	0.039	(0.3%)	36.1%	(75.1%)	(86.9%)	0.0	0.2

Banking & Insurance	Ticker*	DR	Close	MC	FF	Rec.	FV	Upside	P/E	P/BV	ROE (%)			
		Ratio	(\$)	(\$m)	(%)	(x)	(\$)	(%)	2009E	2010F	2009E	2010F	2009E	2010F
Bank Forum	FORM	1:1	0.804	182	14%	Sell	0.760	(5%)	neg.	neg.	1.17	1.38	(42.4%)	(16.8%)
Megabank	MEGA	1:10	0.136	48	2%	Under Review			neg.	neg.	1.14	1.26	(34.1%)	(10.1%)
Bank Nadra	NADR	1:1	0.200	9	8%	Suspended			-	-	-	-	-	-
Ukrinbank	UKIB	-	0.0005	10	25%	Under Review			neg.	neg.	0.27	0.32	(15.5%)	(11.2%)
Oranta Insurance	SORN	1:1	0.833	110	16%	Suspended			44.9	21.2	1.05	0.83	3.1%	4.4%
Universalna Insurance	SKUN	-	0.409	47	17%	Sell	0.154	(62%)	neg.	neg.	2.13	2.30	(20.9%)	(7.9%)
Platinum Holding	0A0B2N AV	2:1	7.000	24	8%	Not Rated			-	-	-	-	-	-
Rodovid Bank	RODB	-	0.230	359	0%	Not Rated			-	-	-	-	-	-
Ukrgazbank	UGZB	-	0.104	395	1%	Not Rated			-	-	-	-	-	-

Note: *PFTS ticker symbol for all stocks but Platinum Bank, which is listed on the Vienna Stock Exchange; **PFTS average daily trading volume over period.

FOREIGN EXCHANGES

Company	Ticker	Curr.	Bid	Ask	Close	Chg.	Chg.	Chg. from	MC*	FF	Rec.	FV	Upside	EV/EBITDA	P/E
						(1d; %)	(YTD; %)	52w High	(m)	(%)	(x)		(%)	2009E	2009E
Anthousa	HZ21 GR	USD	2.000	7.000	5.000	0.0%	(77.8%)	(86.1%)	106	7%	Hold	12.30	146%	6.6	190.3
Astarta Holding	AST PW	USD	9.301	9.370	9.301	2.2%	150.4%	(43.4%)	233	20%	Sell	6.240	(33%)	9.1	19.7
Cadogan Petroleum	CAD LN	GBP	0.150	0.158	0.155	(3.1%)	12.7%	(85.6%)	36	50%	Not Rated		-	-	
Clubhouse (GDR)	5CHA GR	EUR	1.000	1.500	1.000	0.0%	(33.3%)	(88.9%)	15	16%	Not Rated		-	-	
Creativ (GDR)	4C8A GR	EUR	1.540	1.660	1.600	0.0%	112.8%	(82.2%)	16	23%	Hold	3.629	127%	3.2	neg.
Davento	4D5 GF	EUR	0.310	0.390	0.350	(10.3%)	94.4%	(91.9%)	39	24%	Not Rated		-	-	
DUPD	DUPD LN	GBP	0.380	0.390	0.385	0.0%	4.1%	(52.6%)	45	100%	Buy	1.214	215%	0.2	0.6
Ferrexpo	FXPO LN	GBP	1.612	1.613	1.612	(2.7%)	388.5%	(39.9%)	949	14%	Sell	1.371	(15%)	12.7	22.8
JKX Oil & Gas	JKX LN	GBP	2.365	2.370	2.370	0.5%	19.4%	(45.4%)	375	50%	Hold	2.688	13%	4.7	9.7
KDD Group	KDDG LN	GBP	0.140	0.180	0.160	10.3%	210.7%	(85.5%)	26	20%	Not Rated		-	-	
Kernel Holding	KER PW	USD	14.06	14.12	14.06	1.9%	241.1%	(7.5%)	966	41%	Hold	15.71	12%	5.5	7.9
Landkom Int'l	LKI LN	GBP	0.155	0.163	0.160	(4.5%)	44.9%	(75.2%)	38	55%	Not Rated		-	-	
Laona	0A0BKD AV	USD	750.0	800.0	750.0	0.0%	(75.0%)	(89.3%)	9	29%	Hold	888.0	18%	4.8	neg.
MHP	MHPC LI	USD	9.100	9.250	9.200	2.2%	137.1%	(46.8%)	1,019	22%	Hold	10.45	14%	5.9	12.0
Mriya Agro Holding	MAYA GR	EUR	8.500	9.000	9.000	0.0%	50.0%	(35.7%)	191	20%	Buy	16.29	81%	3.4	4.2
Sablink	A0A4V2 AV	USD	13,000	15,000	14,000	0.0%	(76.7%)	(84.4%)	19	80%	Not Rated		-	-	
TMM	TR61 GR	EUR	1.040	1.100	1.040	(5.5%)	197.1%	(87.8%)	54	13%	Not Rated		-	-	
Ukrproduct	UKR LN	GBP	0.130	0.170	0.150	0.0%	(11.8%)	(76.7%)	6	32%	Hold	0.293	95%	3.0	9.6
XXI Century	XXIC LN	GBP	0.225	0.225	0.225	0.0%	200.0%	(97.0%)	9	36%	Not Rated		-	-	

Note: *Market capitalization is provided in the same currency as respective stock prices.

UKRAINIAN ADRS AND GDRS

Company	Ratio	Bid (\$)	Ask (\$)
Azovstal ADR	1:10	1.924	1.927
Centrenerg ADR	1:10	8.984	9.021
Dniproenerg ADR	4:1	21.46	26.00
MMK Illicha ADR	1:20	3.531	3.628
Interpipe NPR ADR	1:6	5.441	7.255
Poltavskiy GOK GDR	1:1	2.418	2.660

Company	Ratio	Bid (\$)	Ask (\$)
Stirol ADR	1:1	3.507	4.111
Sumy Frunze GDR	1:20	61.67	77.39
Ukrnafta ADR	1:6	116.8	117.5
Ukrtelecom GDR	1:50	2.025	2.056
Zakhidenergo GDR	4:1	10.82	10.84
Zaporizhstal GDR	1:10	1.814	1.814

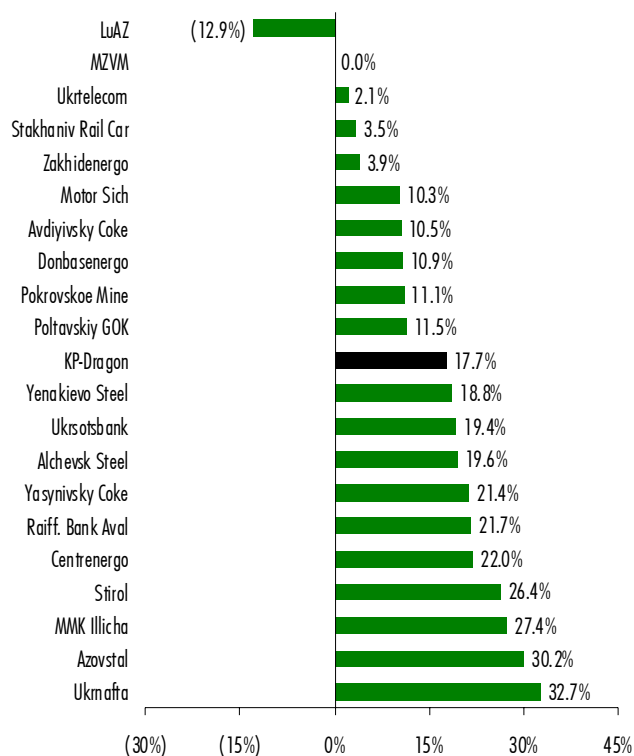
Source: Dragon Capital.

THIRD TIER EQUITY OVERVIEW

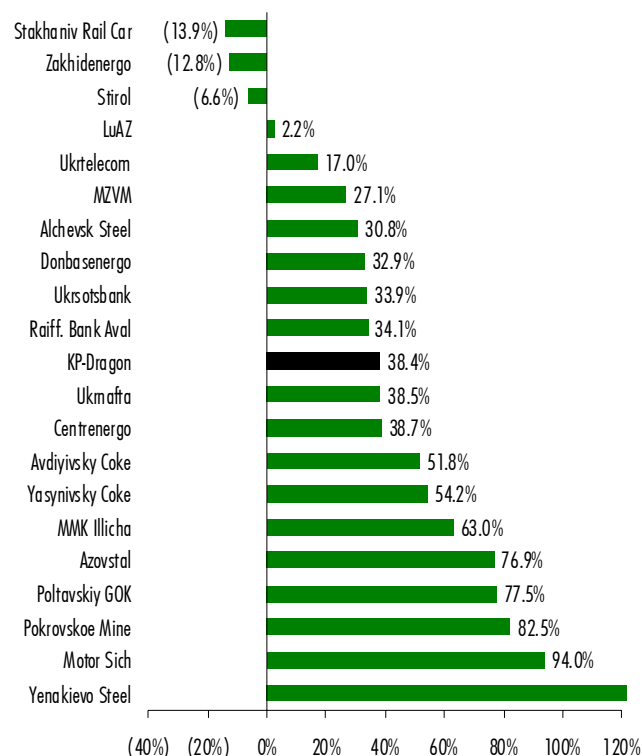
Company	Ticker*	DR	Bid	Ask	Close	Chg.	Chg.	Chg. from	MC	EV/S	EV/EBITDA	P/E	Vol. (\$ '000)**
		Ratio	(\$)	(\$)	(\$)	(1d; %)	(YTD; %)	52w High	(\$m)	2008	2008	2008	(YTD; avg.)
CHEMICALS													
Dniproshyna	DNSH	1:1	1.209	4.232	1.209	(1.5%)	(42.5%)	(91.6%)	4	0.55	4.2	neg.	0.1
ENERGY SECTOR													
Chernihivoblenergo	CHEON	-	0.242	0.228	0.242	7.6%	(31.0%)	(80.8%)	29	0.37	2.8	4.2	6.6
Chernivtsioblenergo	CHEN	-	0.062	0.062	0.062	0.0%	(95.2%)	(95.3%)	4	0.38	2.4	0.6	0.0
Dniprooblenergo	DNON	-	29.63	42.32	35.97	27.5%	135.3%	(60.3%)	216	0.13	4.4	13.7	0.3
Donetskoblenergo	DOON	-	0.097	0.100	0.097	(1.5%)	(93.7%)	(97.6%)	6	1.03	neg.	neg.	0.0
Kharkivoblenergo	HAON	-	0.163	0.605	0.266	(1.5%)	4.9%	(78.9%)	68	0.18	1.9	19.1	0.1
Khersonoblenergo	HOEN	-	0.181	0.199	0.181	21.7%	72.1%	(89.5%)	32	0.38	4.6	7.1	2.2
Khmelnyskoblenenergo	HMON	1:40	0.073	0.064	0.073	(1.5%)	(88.6%)	(96.1%)	10	0.10	0.8	1.8	0.2
Kirovohradoblenergo	KION	-	0.062	0.065	0.062	0.0%	(92.9%)	(97.7%)	7	0.60	7.3	30.7	0.0
Krymenergo	KREN	-	0.227	0.252	0.239	(0.7%)	(1.1%)	(80.5%)	41	0.16	1.9	7.8	2.4
Kyivenergo	KIEN	-	1.330	1.693	1.451	(1.5%)	37.2%	(75.4%)	157	0.25	neg.	neg.	0.8
Lvivoblenergo	LVON	-	0.175	0.605	0.390	(2.2%)	(30.4%)	(67.2%)	76	0.40	3.2	5.4	1.1
Poltavaoblenergo	POON	-	0.210	0.987	0.210	0.0%	(72.1%)	(88.1%)	46	0.24	2.5	11.3	0.4
Prykarpattiaoblenergo	PREN	-	0.097	0.961	0.529	(3.7%)	(12.6%)	(64.4%)	55	0.53	2.7	4.7	0.5
Sevastopolenergo	SMEN	-	0.967	3.144	2.056	(36.0%)	53.7%	(62.0%)	55	1.14	7.4	12.1	0.2
Ternopiloblenergo	TOEN	-	0.073	0.613	0.073	(88.2%)	(83.7%)	(95.2%)	4	0.19	1.6	neg.	0.0
Vinnysiaoblenergo	VIEN	-	1.814	33.86	32.65	(1.5%)	(35.9%)	(63.5%)	101	0.79	5.9	17.8	0.0
Volynoblenergo	VOEN	-	0.012	0.121	0.067	(3.2%)	16.0%	(85.6%)	32	0.45	3.4	26.0	0.0
Zakarpattiaoblenergo	ZOEN	-	0.062	0.092	0.062	0.0%	(84.4%)	(96.2%)	8	neg.	neg.	1.6	0.0
Zaporizhyaoblenergo	ZAON	-	0.311	0.313	0.311	0.0%	(51.2%)	(88.7%)	56	0.24	21.6	neg.	0.0
Zhytomyroblenergo	ZHEN	-	0.062	0.395	0.228	0.0%	(54.6%)	(79.0%)	28	0.43	10.3	neg.	1.3
MACHINE-BUILDING													
AutoKRAZ	KRAZ	1:100	0.007	0.036	0.016	(1.5%)	(66.6%)	(89.6%)	36	0.57	5.4	2.9	2.5
Dniprovagonmash	DNVM	-	1.814	6.046	3.930	(1.5%)	(40.7%)	(65.7%)	65	0.35	2.1	2.1	0.0
Donetskfirmash	DGRM	-	0.024	0.048	0.046	(1.5%)	(19.8%)	(88.2%)	2	0.51	10.7	neg.	0.0
Druzhkivsky Machinery	DRMZ	-	0.060	0.266	0.163	(16.8%)	(17.3%)	(81.2%)	34	0.20	3.2	337.8	0.4
Kremenchuk Wheel	KKOL	-	0.635	2.993	2.177	(1.5%)	(56.2%)	(74.6%)	19	0.32	1.5	3.9	0.0
Svitlo Shakhtarya	HMBZ	-	0.036	0.102	0.073	(1.5%)	62.7%	(67.6%)	24	0.29	1.0	2.7	0.0
Turboatom	TATM	-	0.183	0.363	0.314	(1.5%)	14.8%	(63.4%)	133	1.53	4.8	4.9	49.1
Yasynuvatskiy Machinery	YAMZ	1:10	0.621	61.728	0.621	0.0%	62.5%	(71.3%)	14.2	0.47	61.5	neg.	0.1
METALS & MINING													
Alchevsky Coke	ALKZ	-	0.022	0.030	0.024	(1.5%)	(36.7%)	(87.1%)	73	0.08	1.3	3.2	0.2
Arcelor Mittal Kryviy Rih	KSTL	-	0.496	1.209	0.871	(1.5%)	(5.0%)	(76.6%)	3,360	0.80	2.7	3.7	2.9
Dniprosststal	DNSS	-	145.1	257.7	145.1	(37.8%)	(52.5%)	(74.7%)	156	0.42	4.0	neg.	21.7
Donetsk Steel	DOMZ	1:100	0.005	0.011	0.008	(1.5%)	70.4%	(90.2%)	3	0.05	0.8	3.7	1.2
Nikopol Ferroalloy	NFER	1:25	0.024	0.497	0.024	(2.7%)	(96.5%)	(98.4%)	38	0.18	neg.	neg.	0.0
Pivdenniy GOK	PGZK	-	0.846	1.028	0.967	12.6%	(1.4%)	(49.1%)	2,074	2.42	3.8	4.8	2.9
Pivnichniy GOK	SGOK	-	0.237	0.296	0.284	7.7%	(10.8%)	(83.0%)	655	0.40	0.9	1.0	31.8
Stakhaniv Ferroalloy	SFER	1:100	0.002	0.005	0.004	57.7%	(13.2%)	(81.0%)	56	0.41	1.3	1.2	0.0
Sukha Balka	SUBA	1:25	0.015	0.121	0.068	(2.3%)	(79.6%)	(92.5%)	57	0.34	0.6	0.9	0.0
Tsentrlniy GOK	CGOK	-	0.183	0.302	0.242	(3.6%)	(23.9%)	(79.6%)	284	0.38	0.7	0.8	0.1
Zaporizhkoks	ZACO	-	0.062	0.160	0.062	(0.7%)	(60.3%)	(93.9%)	7	0.00	0.1	1.2	92.5
Zaporizhya Ferroalloy	ZFER	1:100	0.024	0.121	0.073	(1.5%)	(35.3%)	(88.3%)	165	0.43	2.0	4.5	0.0
PIPE ROLLING													
Dnipropetrovsk Pipe	DTRZ	-	7.860	9.674	8.827	2.8%	(18.5%)	(88.0%)	9	0.18	neg.	neg.	5.4
Khartsyzsk Pipe	HRTR	1:50	0.127	0.175	0.128	(1.5%)	8.9%	(76.6%)	331	0.47	1.0	1.4	1.4
Kominmet	DMZK	-	0.024	0.048	0.036	7.5%	(67.8%)	(90.7%)	17	0.10	7.2	neg.	0.0
Novomoskovsk Pipe	NVTR	-	0.115	0.151	0.133	(6.5%)	(56.5%)	(91.3%)	27	0.27	2.4	neg.	1.2
FOOD & BEVERAGES													
SUN InBev Ukraine	SUNI	-	0.022	0.030	0.030	(1.5%)	89.9%	(62.3%)	288	0.62	3.4	28.2	0.1
CONSUMER													
Farmak	FARM	-	6.211	28.40	17.30	0.0%	(45.7%)	(65.2%)	126	1.90	6.9	neg.	10.0
Nord	NORD	-	2.418	12.09	12.09	(1.5%)	(5.1%)	(66.0%)	33	0.24	20.2	neg.	0.0

Notes: *PFTS ticker symbol; **PFTS average daily trading volume over period.

UKRAINIAN STOCK PERFORMANCE



Blue Chip Performance (1-m)
Source: Dragon Capital



Blue Chip Performance (YTD)
Source: Dragon Capital

STOCK INDEX COMPARISON

Index	Country	Close	1-d Chg. (%)	1-w Chg. (%)	1-m Chg. (%)	YTD Chg. (%)
KP-Dragon	Ukraine	2,339.1	(1.4%)	(0.0%)	17.7%	38.4%
PFTS	Ukraine	443.1	(0.7%)	1.9%	16.5%	47.0%
UX	Ukraine	1,122.2	0.1%	1.6%	24.5%	47.7%
MSCI FM	Ukraine	203.9	(2.6%)	(3.0%)	2.5%	19.9%
SOFIX	Bulgaria	434	2.1%	11.7%	27.3%	23.8%
SHCOMP	China	3,113	(4.7%)	(9.3%)	1.0%	70.7%
CROBEX	Croatia	1,891	0.3%	(1.6%)	9.1%	12.7%
PX	Czech Republic	1,115	0.4%	(1.3%)	26.1%	37.5%
BUX	Hungary	18,072	3.5%	0.7%	27.6%	48.1%
WIG-20	Poland	2,069	0.7%	(2.0%)	22.6%	17.4%
BET-10	Romania	4,124	(0.5%)	1.6%	26.8%	38.4%
RTS	Russia	1,025	(0.8%)	(6.3%)	22.7%	62.2%
ISE National-100	Turkey	43,890	0.9%	(1.8%)	22.6%	67.9%
BSE SENSEX 30	India	15,020	(1.2%)	(7.2%)	13.8%	56.7%
IBOV	Brazil	56,588	2.6%	(0.0%)	24.6%	90.4%
MSCI FM		521.4	(2.2%)	(0.4%)	9.8%	10.6%
MSCI FM CEE CIS		470.8	(0.8%)	(2.3%)	13.5%	25.0%
MSCI EMEA		270.5	0.5%	(2.1%)	16.8%	36.4%

Notes: All index changes are in USD, except for PFTS and UX which are in UAH; the UX index was launched on April 26, 2009, and recalculated back to enable historical comparisons.
Sources: PFTS, UX, Bloomberg, Dragon Capital

FIXED INCOME: TREASURIES

Latest Primary T-Bill Auctions	Maturity	Yield	Volume (UAH m)
August 10, 2009	April 2011	23.0%	102
August 10, 2009	April 2010	28.0%	8
August 10, 2009	February 2010	23.0%	9
August 3, 2009	April 2012	28.0%	4

Sources: Finance Ministry, PFTS, Dragon Capital

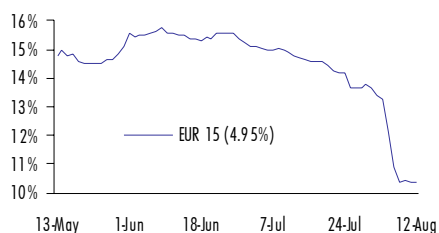
FIXED INCOME: DOMESTIC BONDS

Corporate Issues	Price ¹⁾	Yield ²⁾	Duration ³⁾	Vol. (UAH m)	Issuance Date	Maturity	Days to Maturity	Coupon	Period	Put Exercise
Boryspil (A)	84.80	40.00%	0.63	300	Apr-25, 05	Apr-19, 10	249	10.00%	Q	-
Oschadbank (A)	99.66	25.00%	0.03	300	Feb-14, 08	Feb-10, 11	546	10.25%	Q	Aug-13, 09
Raiffeisen Bank Aval (C)	92.08	27.00%	0.62	150	Jan-22, 07	Jan-21, 10	161	13.50%	A	-
Ukraine Sep-09	99.33	19.00%	0.08	906	Sep-04, 06	Sep-02, 09	20	9.40%	Q	-
Ukraine Sep-09	63.95	19.00%	0.16	470	Jun-15, 09	Sep-23, 09	41	18.29%	Q	-
Ukraine Oct-09	98.91	20.00%	0.20	529	Apr-17, 09	Oct-07, 09	55	12.50%	Q	-
Ukraine Oct-09	98.70	20.00%	0.21	1,081	Apr-17, 09	Oct-14, 09	62	12.50%	Q	-
Ukraine Dec-09	97.09	21.00%	0.38	1,805	Jan-05, 05	Dec-30, 09	139	11.94%	Q	-
Ukraine April-10	98.28	22.00%	0.66	453	Apr-29, 09	Apr-28, 10	258	18.00%	Q	-
Ukraine May-10	92.21	22.50%	0.69	576	Jun-30, 05	May-05, 10	265	8.00%	Q	-
Ukraine June-10	89.31	22.75%	0.82	2,007	Jul-02, 07	Jun-23, 10	314	6.59%	Q	-
Ukraine April-11	98.18	23.00%	1.37	150	Apr-30, 09	Apr-27, 11	622	20.00%	Q	-
Ukraine Sep-11	79.41	23.50%	1.81	425	Nov-27, 06	Sep-28, 11	776	9.50%	Q	-
Ukraine April-12	85.86	25.00%	2.05	700	Apr-21, 09	Apr-04, 12	965	15.70%	Q	-
Ukraine April-12	85.63	25.00%	2.07	585	Apr-21, 09	Apr-11, 12	972	15.70%	Q	-
Ukraine October-13	74.10	25.50%	2.96	745	Nov-20, 08	Oct-23, 13	1,532	12.00%	Q	-
Ukraine June-13	67.02	25.50%	2.71	400	Jan-28, 09	Nov-06, 13	1,546	15.60%	Q	-
Ukraine May-14	99.01	27.00%	2.85	1,000	Feb-16, 09	May-14, 14	1,735	15.60%	Q	-
Ukrsotsbank (D)	89.19	27.00%	0.91	500	Feb-19, 07	Feb-13, 12	914	12.50%	Q	Aug-18, 10

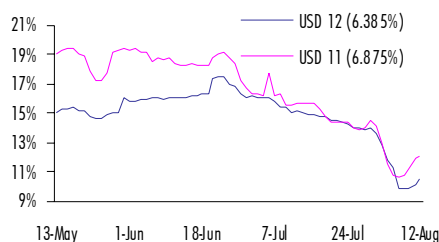
Note: 1) Market prices net of accrued coupon; 2) Ask yield (bid yield if no ask price) to nearest valid put date or to maturity; 3) Duration to nearest put date or to maturity. Sources: PFTS, Cbonds, Companies, Dragon Capital calculations

FIXED INCOME: EUROBONDS

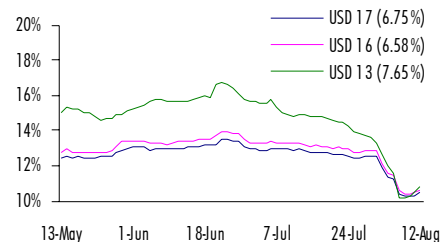
Ukrainian Eurobonds	Bid ¹⁾	Ask ¹⁾	YTM (Bid) ¹⁾	YTM (Ask) ¹⁾	Price Chg. (1d) ²⁾	Mod. Dur ²⁾	Spread (bp) ³⁾	Coupon (%)	Period	Maturity Date	Volume (millions)	Rating ⁴⁾
Ukraine 2011	92.0	93.5	12.74%	11.59%	(0.5)	1.3	1,157.5	6.88%	S/A	03/04/11	USD 600	B2/CCC+/B
Ukraine 2012	89.0	91.0	10.97%	10.08%	(1.0)	2.4	928.1	6.39%	S/A	06/26/12	USD 500	B2/CCC+/B
Ukraine 2013	89.0	90.5	11.27%	10.74%	(1.0)	3.1	859.8	7.65%	S/A	06/11/13	USD 1000	B2/CCC+/B
Ukraine 2015	75.0	77.0	10.69%	10.15%	0.0	4.5	809.1	4.95%	A	10/13/15	EUR 600	B2/CCC+/B
Ukraine 2016	79.0	80.5	10.83%	10.48%	(1.0)	5.2	712.0	6.58%	S/A	11/21/16	USD 1000	B2/CCC+/B
Ukraine 2017	79.0	80.5	10.64%	10.32%	(1.0)	5.7	692.9	6.75%	S/A	11/14/17	USD 700	B2/CCC+/B



Ukrainian Eurobond Yields (YTM)



Ukrainian Eurobond Yields (YTM)



Ukrainian Eurobond Yields (YTM)

Notes: 1) Estimated market price and YTM; 2) Based on bid price; 3) Spread to comparable UST, based on bid price. Source: Bloomberg

OUTSTANDING CORPORATE AND MUNICIPAL EUROBONDS (LPNS)

Issue	Price ¹⁾ (Bid)	Price ¹⁾ (Ask)	YTM ¹⁾ (Bid)	YTM ¹⁾ (Ask)	Price ³⁾ chg. 1d	Mod. Dur. ³⁾	Spread ^{2,3)} (bp)	Spread ^{2,3)} chg. 1d (bp)	Coupon (%)	Coupon Period	Maturity Date	Vol. (\$m)	Rating ⁴⁾
Corporates													
Azovstal 11	83.0	85.0	22.92%	21.11%	0.0	1.2	2,249	100.0	9.13%	S/A	2/28/11	175	B3/--/--
Interpipe 10	65.0	67.0	62.71%	58.49%	0.0	0.7	6,228	(92.8)	8.75%	S/A	8/02/10	200	--/--/CCC
MHP 11 ⁵⁾	90.0	92.5	15.60%	14.19%	(0.5)	1.8	1,444	29.8	10.25%	S/A	11/30/11	250	B3/--/B
Naftogaz Ukrainy 09	78.0	82.0	242.49%	190.81%	(2.0)	0.0	38,156	6,869.0	8.13%	S/A	9/30/09	500	Caa1/--/B
Banks													
Alfa Bank Ukr 12	77.0	81.0	28.26%	25.21%	(1.0)	1.5	2,757	87.1	13.00%	S/A	7/30/12	185	--/CCC+/--
Fin&Credit Bank 10	42.0	46.5	336.05%	282.10%	0.0	0.1	36,255	(2,680.0)	10.38%	S/A	1/25/10	100	Caa2/--/--
Forum 09	96.5	99.0	27.64%	14.71%	0.0	0.1	2,862	(187.0)	10.00%	S/A	10/30/09	100	B1/--/B
FUIB 10	55.0	59.0	183.02%	156.92%	1.0	0.2	18,350	(589.0)	9.75%	S/A	2/16/10	275	B1/--/--
Bank Pivdenny 10	75.0	80.0	45.13%	36.83%	0.0	0.7	4,470	(165.0)	0.00%	S/A	8/3/10	100	B2/--/B-
Nadra Bank 10	11.0	18.0	559.10%	372.13%	0.0	0.2	55,867	3,630.0	0.00%	S/A	8/3/10	100	B2/--/B-
Privatbank 12	74.0	76.5	22.25%	20.62%	0.0	2.0	2,109	(23.8)	9.25%	S/A	6/28/10	175	C/--/WD
Privatbank 16 ⁷⁾	60.0	64.0	21.49%	19.79%	0.0	1.1	4,912	(954.0)	8.75%	S/A	2/09/16	150	B1/--/--
Ukreximbank 09	99.0	100.0	17.66%	7.52%	0.0	0.1	1,813	(450.0)	7.75%	S/A	9/23/09	250	B1/--/B
Ukreximbank 11	87.0	89.0	15.26%	13.99%	(1.3)	1.7	1,409	77.8	7.65%	S/A	9/07/11	500	B1/--/B
Ukreximbank 12	84.0	86.0	13.20%	12.32%	0.0	2.5	1,151	(57.5)	6.80%	S/A	10/04/12	250	B1/--/B
Ukreximbank 16 ⁸⁾	77.0	80.0	13.90%	13.07%	0.0	4.5	1,123	0.0	8.40%	S/A	2/09/16	125	B1/--/CCC
Ukrsibbank 10	96.0	98.0	12.03%	9.66%	0.0	0.8	1,160	(119.0)	7.38%	S/A	7/23/10	200	B1/--/B
Ukrsibbank 11	90.0	93.0	12.81%	11.22%	0.0	2.0	1,165	(52.6)	7.75%	S/A	12/21/11	500	B1/--/B
Ukrsibbank 11	94.0	97.0	12.80%	10.99%	0.0	1.7	1,164	(134.0)	9.25%	S/A	8/04/11	250	B1/--/B
Ukrsotsbank 10	95.2	97.0	18.25%	14.29%	0.0	0.4	1,799	176.0	8.00%	S/A	2/22/10	400	//
VAB Bank 10	52.0	55.0	114.08%	103.45%	0.0	0.5	11,366	653.0	10.13%	S/A	6/14/10	125	B1/--/B
Munis													
City of Kyiv 11	73.0	76.0	27.76%	25.20%	0.0	1.5	2,660	(303.0)	8.63%	S/A	7/15/11	200	B2/CCC+/B
City of Kyiv 12	68.0	70.0	22.58%	21.45%	0.0	2.5	2,089	(165.0)	8.25%	S/A	11/26/12	250	B2/CCC+/B
City of Kyiv 15	64.0	66.5	17.79%	16.90%	0.0	4.1	1,512	(44.2)	8.00%	S/A	11/06/15	250	B2/CCC+/B

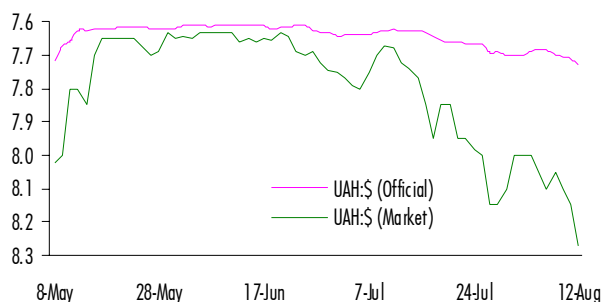
Notes: 1) Estimated prices and YTM; 2) Spread to comparable UST if OAS is unavailable; 3) Based on bid price; 4) Moody's/S&P/Fitch; 5) Callable bonds; 6) Puttable on Aug. 11, 2009, at par; yield to put is used instead YTM; 7) Callable on February 9, 2011, at par; coupon rate is set at 8.75% until February 2011 and to be changed to 5-year UST+648bp if not called; 8) Callable on February 9, 2011, at par; coupon rate steps up if not called. Source: Bloomberg

MONEY MARKETS

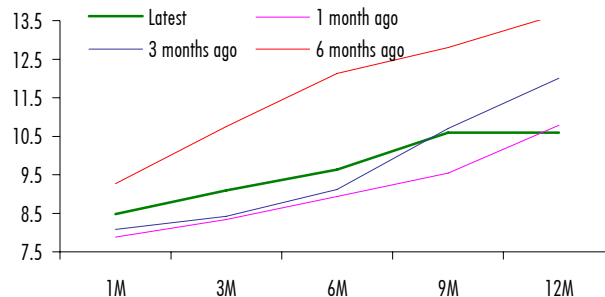
	3-m	6-m	12-m
LIBOR (\$)	0.450%	0.869%	1.460%

Exchange Rates ¹⁾	Latest	1d Chg.	YTD Chg.
Market (UAH/\$)	8.270	(1.5%)	(5.1%)
Official (UAH/\$)	7.739	(0.1%)	(0.5%)
Market (UAH/EUR)	11.79	(1.5%)	(6.4%)
Official (UAH/EUR)	10.97	(0.2%)	0.2%

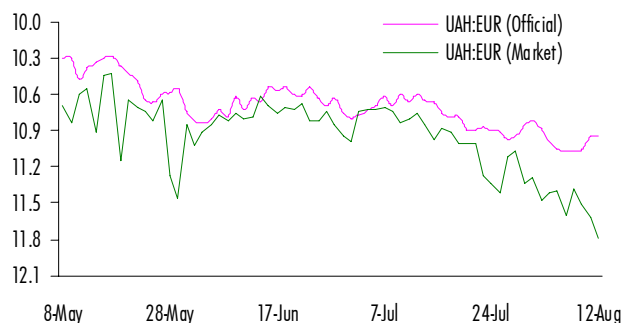
Interest Rates ²⁾	Bid	Ask	YTD Chg. ²⁾	YTD Low ²⁾	YTD High ²⁾
Overnight	0.1%	1.1%	(17.2%)	0.04%	52.6%
1 week	1.0%	2.0%	(18.7%)	0.24%	54.5%
2 weeks	1.0%	6.0%	(16.8%)	1.00%	26.3%
1 month	6.4%	9.4%	(14.9%)	4.25%	32.0%



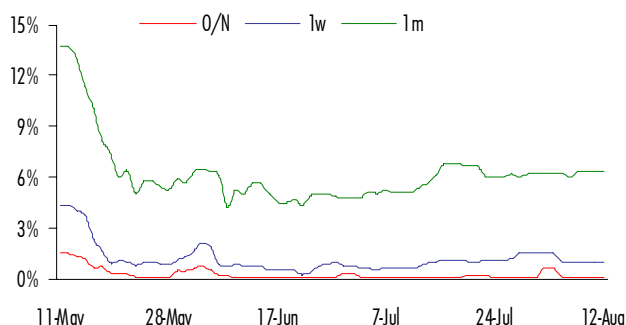
UAH:\$ Exchange Rate



UAH:\$ Non-deliverable Forwards



UAH:EUR Exchange Rate



Inter-bank Interest Rate Development

Notes: 1) Official exchange rates are for current trading day, inter-bank market rate is for previous trading day; 2) KIEIBOR; YTD absolute change in bid yield, YTD bid low and YTD bid high; Sources: National Bank of Ukraine, Bloomberg, Dragon Capital

COMMODITIES

Metals (\$/tonne)	Close	Change (1-m; %)	Change (YTD; %)	Change (y-o-y; %)
CIS Export Steel Billet	405	(0.6%)	11.0%	(59.4%)
LME Steel Billet (3M Forward)	415	13.7%	9.2%	(55.1%)

Oil (\$/bbl)	July 23	Chg. Prev.	YTD	52-w High	52-w Low	Urals*	Prem./(Disc.)
Oil Auction (Ukrnafta)	\$18.4	(4.1%)	(10.7%)	\$105.0	\$17.2	66.88	(72.5%)

Note: *Urals (FOB Novorossiysk); Sources: Bloomberg, Dragon Capital

MACROECONOMIC INDICATORS

Year	2004	2005	2006	2007	2008	2009E	2010F
Real GDP Growth (y-o-y; %)	12.1%	2.7%	7.3%	7.9%	2.1%	(12.5%)	4.0%
Nominal GDP (\$bn)	65.0	86.1	107.8	142.7	180.1	119.0	126.2
Real Industrial Growth (y-o-y; %)	12.5%	3.1%	6.2%	10.2%	(3.1%)	(17.5%)	8.0%
Consumer Price Index (e-o-p; %)	12.3%	10.3%	11.6%	16.6%	22.3%	14.2%	11.2%
Consolidated Fiscal Balance (% of GDP)	(2.9%)	(1.8%)	(0.7%)	(1.1%)	(1.5%)	(6.2%)	(5.0%)
Total Public Debt (% of GDP)	24.7%	17.7%	14.8%	12.3%	19.9%	39.0%	40.2%
NBU Gross Reserves (\$bn)	9.5	19.4	22.3	32.5	31.5	25.4	31.2
C/A Balance (% of GDP)	10.6%	2.9%	(1.4%)	(3.7%)	(7.2%)	(1.2%)	(0.2%)
Foreign Direct Investment (\$bn)	1.7	7.5	5.7	9.2	9.7	5.0	8.0
UAH:USD (market; e-o-p)	5.31	5.05	5.05	5.05	7.85	8.50	8.50
UAH:USD (market; average)	5.32	5.12	5.05	5.05	5.31	8.22	8.50

Sources: State Statistics Committee, Finance Ministry, National Bank of Ukraine, Dragon Capital estimates & forecasts

CALENDAR OF EVENTS

Date	Company/Sector	Event
August 14	Ukrnafta	EGM to approve 2006-2008 financial results and profit allocation, to reshuffle Supervisory Board, Management Board and Audit Commission
August 19	Bank Forum	EGM to vote on a 49% share capital increase by issuing 110 million shares
August 27	AES-Kyivoblenergo	EGM to approve 2008 profit allocation and reshuffle management bodies
September 4	Centrenerg	EGM to vote on divesting several non-core assets
September 10	Dnipropetrovsk Pipe	EGM to vote on mothballing fixed assets and to reshuffle Supervisory Board
September 10	Kyivenergo	EGM to approve 2007-2008 financial results and profit allocation, to reshuffle management bodies
September 10	Yenakievo Steel	AGM to approve 2008 financial results and profit allocation
September 14	Galnaftogaz	EGM to vote on a 17% share capital increase by issuing 20.5 billion shares
September 22	Dniprooblenergo	EGM to hear management report on 1H09 results and approve amendments to the Charter
September 29	Dniprospeptsstal	EGM to reshuffle management bodies and approve amendments to the Charter
October 15	Odesakabel	AGM to approve 2008 financial results and profit allocation
November 1	Sevastopolenergo	Beginning of dividend payout, DPS of \$0.088

Sources: Companies, Dragon Capital

RECENT RESEARCH REPORTS

Date	Company/Market	Title
August 11	Stirol	Direct Gas Purchases and Lower Gas Prices Promise Turnaround
August 10	Ukrainian Bonds	Domestic Treasuries Emerge as Top Yield Attraction
August 10	Ukrainian Bonds	Ukraine 09 Redemption Fuels Demand
August 6	Komsomolets Donbassa	Weak 1H09 Results; Sell
August 5	Ferrexpo	1H09 Results in Line, 'Sell' Confirmed
August 3	Ukrainian Economy	Waiting for Green Shoots But Keeping Risks in Mind
August 3	Ukrainian Bonds	Azovstal 11: Keeping Its Appeal
August 3	Azovstal	Upgraded to Buy on Positive Outlook, Cheap Valuation
August 3	Ukrainian Bonds	Naftogaz In Spotlight While \$0.5bn Sovereign Bond Maturity Nears
July 30	NEWS FLASH	Our View on Naftogaz Ukrainy Debt Restructuring



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