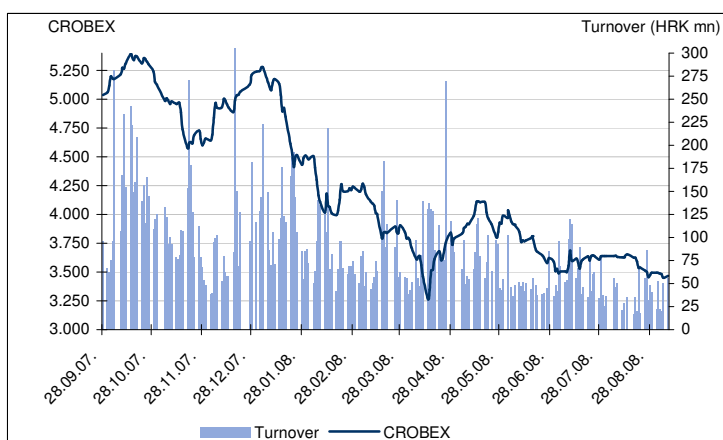




Highlights:

- Further improvement in market liquidity, CROBEX in the green territory
- Cost cutting seen to bolster Podravka results this year
- Adris: TDR to build tobacco factory in Iran
- Uljanik plovidba – keel placed on tanker in 3.MAJ



Crobex

Last close	3.466,6
Previous close	3.450,2
Turnover, mn (HRK/EUR)	56,0 7,8
Net change - % Change	16,5 0,48%
Performance YTD (HRK/EUR)	-33,8% -32,1%

Market comment:

Further improvement in market liquidity was seen on the Croatian equity market on Monday, with mostly positive movements among high turnovers. The market recorded HRK 56mn in total regular turnover, the most in six weeks, with 10 stocks exceeding HRK 1mn in turnover. The CROBEX closed in green territory for the first time after a 5-day negative series and advanced 0.5% to 3,466 points. Tourism company HUP Zagreb was the most liquid stock on Monday, accompanied by its highest turnover in years, dropping 3.7% at the end of day. Oil company INA extended its positive series to six consecutive days by gaining 1.1% on Monday, climbing to HRK 2,880 per share, while MOL's offer stands at HRK 2,800. Solid performances among high turnovers were also seen by shipping company Atlantska plovidba (+1.7%) and engineering company Koncar elektroindustrija (+1.5%).

Top 10 turnovers

Stock	Turnover (HRK)	Clos. pr.	%chng.
HUPZ-R-A	10.993.460,15	2.300,00	-3,69%
INA-R-A	7.181.686,53	2.880,00	1,12%
PODR-R-A	5.783.614,97	364,85	-0,04%
HT-R-A	5.601.662,79	280,00	-0,36%
ATPL-R-A	5.005.721,00	2.340,00	1,74%
KOEI-R-A	3.576.228,40	615,00	1,49%
ADRS-P-A	2.763.980,26	374,00	0,43%
ULPL-R-A	1.367.980,59	1.900,97	0,05%
ZTNJ-R-A	1.295.273,86	837,50	0,90%
IGH-R-A	1.054.995,52	9.363,00	0,06%

Top 5 Winners

Stock	%chng.	Turnover (HRK)	Clos. pr.
JDPL-R-A	4,29%	109.252,23	438,00
ATPL-R-A	1,74%	5.005.721,00	2.340,00
THNK-R-A	1,67%	215.333,03	4.269,99
MGMA-R-A	1,52%	137.787,41	127,20
KOEI-R-A	1,49%	3.576.228,40	615,00

Top 5 Losers

Stock	%chng.	Turnover (HRK)	Clos. pr.
SNHO-R-A	-7,83%	106.196,40	195,00
HUPZ-R-A	-3,69%	10.993.460,15	2.300,00
TISK-R-A	-2,40%	263.616,17	657,00
BLJE-R-A	-1,99%	107.848,72	200,00
LEDO-R-A	-1,09%	370.801,08	9.100,00

Market outlook:

Mixed session is likely to continue on the Croatian equity market. Some losses might continue in stocks removed from the CROBEX.

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Ticker	Sector	Weight		Market capitalization			Key financial ratios					Price performance over time				
		Crobex	Price HRK	HRKmn	EURmn	P/E	P/B	P/S	EV/EBIT	EV/EBITDA	RoA	RoE	12M	6M	3M	1M
PBZ-R-A	banking	1,94%	821,0	15.660,4	2.194,2	16,7	1,8	3,5	-	-	1,6%	11,7%	-55,0%	-37,0%	-32,2%	-13,4%
SNBA-R-A	banking	0,75%	163,0	149,8	21,0	14,7	1,0	1,7	-	-	1,0%	6,8%	-64,4%	-51,8%	-24,7%	-16,4%
ZABA-R-A	banking	3,70%	359,0	22.993,4	3.221,6	16,2	1,9	3,9	-	-	1,8%	12,0%	-35,7%	-30,4%	-21,8%	-5,5%
PTKM-R-A	chemical	0,80%	239,5	800,2	112,1	6,9	0,8	0,3	8,1	4,3	7,0%	11,8%	-8,2%	-10,6%	4,1%	-2,6%
DLKV-R-A	construction	3,33%	818,0	1.876,3	262,9	23,2	3,4	1,0	20,1	15,3	4,9%	15,6%	-33,2%	-31,3%	-21,3%	-2,0%
HDEL-R-A	construction	0,86%	686,0	428,0	60,0	27,4	2,1	0,4	23,6	14,9	1,8%	7,7%	-54,9%	-47,6%	-30,9%	-11,7%
IGH-R-A	construction	4,29%	9.363,0	1.484,8	208,0	25,4	4,0	2,0	21,8	14,3	5,4%	17,1%	-17,5%	-19,6%	-17,1%	-4,2%
INGR-R-A	construction	3,83%	197,5	1.481,3	207,5	18,3	2,2	1,8	25,8	24,4	6,1%	14,5%	-34,2%	-23,3%	-17,7%	-10,2%
THNK-R-A	construction	2,36%	4.270,0	809,0	113,3	12,3	1,5	0,6	15,4	12,0	4,3%	11,9%	-58,1%	-41,9%	-27,0%	-13,2%
VDKT-R-A	construction	1,85%	1.130,0	520,4	72,9	129,5	2,5	0,3	54,2	12,8	0,4%	1,9%	-62,3%	-57,4%	-46,2%	-19,3%
KOEI-R-A	electrical	2,20%	615,0	1.581,9	221,6	15,9	1,3	0,6	28,4	14,3	3,4%	8,3%	-44,1%	-28,5%	-22,3%	-4,2%
LEDO-R-A	food/beverage	1,96%	9.100,0	2.003,5	280,7	29,5	3,9	1,8	26,1	18,6	7,4%	14,0%	-17,3%	-35,0%	-29,5%	-17,3%
PODR-R-A	food/beverage	3,69%	364,9	1.977,5	277,1	102,3	1,0	0,5	32,7	12,6	0,5%	1,0%	-29,8%	-12,1%	-10,6%	0,0%
ERNT-R-A	ICT	5,17%	2.080,0	2.769,8	388,1	12,6	2,6	1,5	17,0	11,1	12,8%	17,1%	-38,6%	-22,5%	-12,8%	-3,3%
HT-R-A	telecom	14,48%	280,0	22.928,8	3.212,6	10,1	1,9	2,6	7,0	4,4	15,3%	18,3%	0,0%	-15,0%	-1,8%	-0,8%
CROS-R-A	insurance	2,96%	8.301,0	2.553,4	357,8	31,4	1,4	-	-	-	0,9%	4,3%	-54,1%	-44,7%	-27,8%	-10,3%
INA-R-A	oil	14,80%	2.880,0	28.800,0	4.035,2	21,0	2,0	1,0	28,0	13,2	5,6%	10,0%	10,2%	23,9%	10,8%	-0,8%
BLSC-R-A	paper/cardboard	2,08%	785,0	914,0	128,1	25,3	1,8	0,7	33,0	11,6	2,3%	7,3%	-5,5%	-13,4%	-13,2%	-7,4%
MGMA-R-A	retailer	1,10%	127,2	620,0	86,9	neg	3,7	0,7	-	37,4	neg	neg	-58,3%	-49,9%	-34,1%	-25,8%
ATGR-R-A	distribution	1,69%	703,0	1.736,4	243,3	25,8	2,6	0,9	17,3	13,0	4,6%	10,5%	-21,0%	-14,1%	-3,0%	-1,0%
LKRI-R-A	sea port	1,27%	390,1	1.174,9	164,6	189,2	3,2	4,6	114,2	55,6	1,4%	2,5%	-48,0%	-45,7%	-28,6%	-8,2%
LKPC-R-A	sea port	0,87%	2.930,0	652,3	91,4	28,2	3,6	3,9	19,8	15,5	10,4%	13,9%	-15,2%	-21,8%	-24,9%	-8,5%
ATPL-R-A	shipping	6,73%	2.340,0	3.265,5	457,5	5,6	2,5	2,0	6,4	5,3	22,1%	55,9%	-6,6%	-13,3%	-17,1%	-3,2%
JDPL-R-A	shipping	0,80%	438,0	716,9	100,4	12,9	0,5	1,8	7,1	3,3	3,8%	4,9%	-10,4%	-30,8%	-29,4%	-12,4%
TNPL-R-A	shipping	1,51%	3.110,0	1.948,1	272,9	8,7	1,1	1,8	8,3	5,4	7,5%	12,8%	-46,4%	-41,1%	-26,0%	-8,5%
ULPL-R-A	shipping	2,93%	1.901,0	1.102,6	154,5	6,4	1,7	3,4	13,4	9,2	11,1%	30,2%	-50,0%	-48,2%	-14,3%	-5,0%
VIRO-R-A	sugar	1,69%	795,0	1.102,4	154,5	21,6	2,3	1,4	23,5	17,6	5,9%	10,4%	-33,7%	-41,5%	-29,6%	-8,6%
ADRS-P-A	tobacco/tourism	7,70%	374,0	7.345,2	1.029,1	11,1	1,3	2,3	8,4	6,6	9,7%	12,0%	-28,5%	-11,0%	-10,5%	-5,3%
HUPZ-R-A	tourism	1,47%	2.300,0	1.139,9	159,7	24,0	2,2	3,2	17,3	8,4	4,2%	9,2%	4,5%	-11,2%	-1,4%	5,1%
KORF-R-A	tourism	1,18%	87,0	705,5	98,8	neg	0,5	1,0	neg	16,8	neg	neg	-55,4%	-32,1%	-25,6%	-8,5%

*All financial ratios presented in the table above are calculated based on one-year trailing financial reports

Corporate news:

Cost cutting seen to bolster Podravka results this year

(Accumulate, current price: HRK 364.85, target price: HRK 470)

In a media interview yesterday, Podravka's new CEO Zdravko Sestak said that he expects the company to post better results at the end of this year after a campaign to cut costs. While he refused to provide any numbers, Sestak said that he is confident that Podravka's operational results this year will be much better than in 2007. The company has undertaken changes in organizational structure and intensified its efforts to boost profitability and efficiency. Now the goal is to rearrange the production mix in order to create potential for those products that can be more competitive. According to Sestak, Podravka's restructuring might also include reducing its workforce. Furthermore, Sestak confirmed that Podravka is eyeing acquisitions in key markets where it is already present. While in some cases they are close to a deal, no details were disclosed at this stage.

The interview does not bring any surprising news, but should reassure investors that the new management (in place since July this year) is committed to bringing Podravka back to a growth path and tackle its ailing profitability (namely in its core food business). We continue to believe that the depressed stock price fails to reflect the recovery prospects, to say nothing of possibly revived interest associated with the pending privatization of the state's stake in the company. Vladimira Urbankova +435 0100 17343

Adris: TDR to build tobacco factory in Iran

(N.R., current price: HRK 374.00)

Tobacco factory Tvornica Duhana Rovinj (TDR), the biggest tobacco producer in the SEE region and a member of the Adris Group, announced on Monday that it is expanding its business to Iran. The company signed an agreement with tobacco producer Iranian Tobacco Company and the biggest local distributor, Dokhan Parcian Co., on exporting its tobacco brands to Iran. Also, TDR will build a new tobacco factory in Iran within two years, as well as deliver its own tobacco sorts, technology and know-how, which was required by Iran to enter its market.

TDR has already exported first shipments of its brands to Iran. TDR CEO Davor Tomaskovic said that 2008 will be characterized by expansion of the company in the region and to new markets. TDR already expanded in the German and Italian markets this year and established a branch office in Dubai, which will be used as headquarters for expansion in the Middle East, Tomaskovic said. Davor Špoljar +385 62 372 825

Uljanik plovidba – keel placed on tanker in 3.MAJ

The Croatian shipping company announced on the Zagreb Stock Exchange that, on September 6, a keel was placed in the process of tanker construction at shipyard 3.MAJ. Keel placing is the third step of ship construction out of five, and one of the critical dates when installment payments are made. The tanker under construction should have a capacity of 51,800 DWT when finished.

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