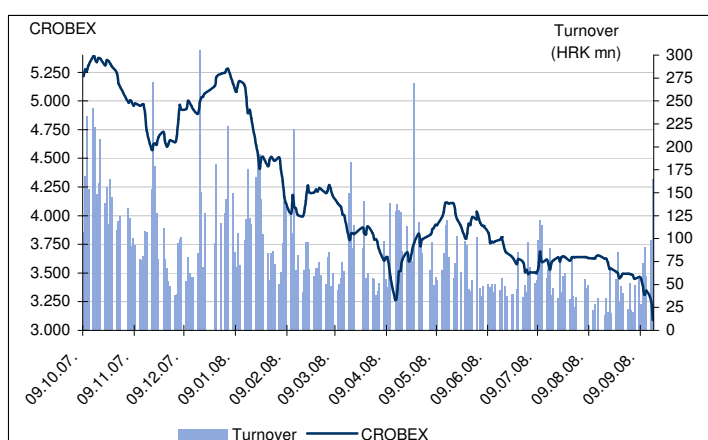




## Highlights:

- The CROBEX plummets 5.1% to its lowest in the last 22 months
- Viro lends money to employees of Sladorana to participate in privatization
- Ericsson Nikola Tesla - New contracts signed on CIS market, worth HRK 14.8mn
- T-HT to lay off 300 workers by the end of year
- Study on proposal strategy for LRH privatization accepted by City Opatija



## Top 10 turnovers

Stock	Turnover (HRK)	Clos. pr.	%chng.
INA-R-A	30.501.360,00	2.825,00	-0,98%
ATPL-R-A	15.808.450,13	1.930,00	-4,88%
HT-R-A	13.497.752,03	260,00	-3,34%
IGH-R-A	12.482.102,61	7.710,00	-8,80%
ERNT-R-A	10.712.711,49	1.859,00	-3,18%
ATPL-R-A	10.000.000,00	block	\
PODR-R-A	9.982.927,16	350,00	-2,63%
ADRS-P-A	7.294.605,47	330,31	-5,64%
INGR-R-A	5.281.404,79	150,00	-11,24%
JDPL-R-A	5.172.910,24	331,00	-13,80%

## Top 5 Winners

Stock	%chng.	Turnover (HRK)	Clos. pr.
SLDM-R-A	11,63%	12.087,61	63,63
ATLN-R-A	4,33%	1.688,01	48,00
KRAS-R-A	2,86%	487.222,62	439,75
PLVA-R-A	1,33%	288.750,00	760,00
TOZ-R-A	0,76%	55.184,51	403,03

## Top 5 Losers

Stock	%chng.	Turnover (HRK)	Clos. pr.
CROS-R-A	-22,37%	122.803,12	6.210,01
JMNC-R-A	-20,88%	216.004,07	72.000,00
LKPC-R-A	-14,81%	1.104.527,90	2.300,00
LKRI-R-A	-13,81%	109.553,27	322,10
JDPL-R-A	-13,80%	5.172.910,24	331,00

## Crobex

Last close	3.090,2
Previous close	3.255,5
Turnover, mn (HRK/EUR)	165,2 23,2
Net change - % Change	-165,3 -5,08%
Performance YTD (HRK/EUR)	-41,0% -39,3%

## Market comment:

Turmoil on the Croatian equity market continued on Tuesday, when the market witnessed an intensive sell-off. Panic among investors, caused by negative news from the world equity markets, particularly from the U.S. financial sector, resulted in a market meltdown. The market recorded HRK 150mn in regular turnover, most in 6 months, with additional HRK 15mn in block transactions made with Ingra and Atlantska plovidba. The CROBEX plummeted 5.1%, most in 5 months, to 3,090 points, a level last seen before 22 months. Severe losses were recorded across all sectors, particularly in the construction sector, where Ingra and IGH plunged 11.2% and 8.8%, respectively. Biggest drops among high turnovers were posted by seaport Luka Ploce (-14.8%) and sugar factory Viro (-12.2%). Negative atmosphere on the market is best reflected in the fact that there were no winners among 30 most liquid stocks on Tuesday.

## Market outlook:

Short term recovery could be seen on the Croatian equity market, as the world equity markets calm down.

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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%	695,0	13.257,0	1.862,9	14,1	1,6	3,0	-	-	1,6%	11,7%	-62,2%	-46,5%	-40,1%	-25,4%
SNBA-R-A	banking	0,75%	153,0	140,6	19,8	13,8	0,9	1,6	-	-	1,0%	6,8%	-67,8%	-49,0%	-23,5%	-19,5%
ZABA-R-A	banking	3,70%	320,0	20.495,5	2.880,0	14,5	1,7	3,5	-	-	1,8%	12,0%	-40,3%	-35,3%	-24,3%	-15,8%
PTKM-R-A	chemical	0,80%	230,0	768,5	108,0	6,6	0,7	0,3	7,8	4,1	7,0%	11,8%	-13,2%	-11,5%	0,9%	-7,1%
DLKV-R-A	construction	3,33%	700,1	1.605,9	225,7	19,9	2,9	0,8	17,9	13,7	4,9%	15,6%	-42,6%	-39,1%	-29,6%	-18,6%
HDEL-R-A	construction	0,86%	575,0	358,7	50,4	23,0	1,7	0,4	21,1	13,3	1,8%	7,7%	-62,5%	-52,1%	-40,4%	-26,8%
IGH-R-A	construction	4,29%	7.710,0	1.222,7	171,8	20,9	3,3	1,6	19,0	12,5	5,4%	17,1%	-32,4%	-31,4%	-28,0%	-21,7%
INGR-R-A	construction	3,83%	150,0	1.125,0	158,1	13,9	1,7	1,3	21,5	20,3	6,1%	14,5%	-50,1%	-39,2%	-36,6%	-31,0%
THNK-R-A	construction	2,36%	3.200,0	606,3	85,2	9,2	1,2	0,4	12,2	9,6	4,3%	11,9%	-68,5%	-50,0%	-41,8%	-32,2%
VDKT-R-A	construction	1,85%	1.000,0	460,5	64,7	114,6	2,2	0,2	50,3	11,9	0,4%	1,9%	-66,7%	-62,3%	-44,5%	-25,6%
KOEI-R-A	electrical	2,20%	525,0	1.350,4	189,8	13,5	1,1	0,5	25,3	12,7	3,4%	8,3%	-52,3%	-37,4%	-30,0%	-21,9%
LEDO-R-A	food/beverage	1,96%	7.301,0	1.607,5	225,9	23,7	3,1	1,5	21,3	15,2	7,4%	14,0%	-32,6%	-42,1%	-41,5%	-33,6%
PODR-R-A	food/beverage	3,69%	350,0	1.897,0	266,6	98,2	1,0	0,5	31,9	12,2	0,5%	1,0%	-32,7%	-14,2%	-11,4%	-3,8%
ERNT-R-A	ICT	5,17%	1.859,0	2.475,5	347,9	11,3	2,3	1,3	15,1	9,8	12,8%	17,1%	-43,6%	-31,4%	-17,9%	-15,3%
HT-R-A	telecom	14,48%	260,0	21.291,0	2.991,8	9,4	1,7	2,4	6,3	4,0	15,3%	18,3%	-31,6%	-20,9%	-7,1%	-10,0%
CROS-R-A	insurance	2,96%	6.210,0	1.910,2	268,4	23,5	1,1	-	-	-	0,9%	4,3%	-65,1%	-54,7%	-46,0%	-34,6%
INA-R-A	oil	14,80%	2.825,0	28.250,0	3.969,7	20,6	2,0	1,0	27,6	13,0	5,6%	10,0%	8,6%	24,9%	10,9%	-0,2%
BLSC-R-A	paper/cardboard	2,08%	735,0	855,8	120,3	23,7	1,7	0,7	31,8	11,1	2,3%	7,3%	-11,9%	-18,9%	-17,0%	-13,5%
MGMA-R-A	retailer	1,10%	96,6	470,6	66,1	neg	2,8	0,5	-	31,7	neg	neg	-68,6%	-63,6%	-50,5%	-35,6%
ATGR-R-A	distribution	1,69%	680,0	1.679,6	236,0	25,0	2,5	0,9	17,0	12,6	5,2%	13,0%	-20,9%	-16,6%	-11,1%	-4,8%
LKRI-R-A	sea port	1,27%	322,1	970,1	136,3	156,2	2,6	3,8	96,4	47,0	1,4%	2,5%	-56,8%	-49,5%	-37,3%	-23,3%
LKPC-R-A	sea port	0,87%	2.300,0	512,0	71,9	22,2	2,8	3,0	15,4	12,1	10,4%	13,9%	-39,5%	-39,0%	-37,8%	-28,1%
ATPL-R-A	shipping	6,73%	1.930,0	2.693,4	378,5	4,6	2,0	1,6	5,5	4,6	22,1%	55,9%	-25,8%	-22,5%	-25,8%	-23,1%
JDPL-R-A	shipping	0,80%	331,0	541,7	76,1	9,7	0,4	1,3	5,2	2,5	3,8%	4,9%	-36,3%	-46,2%	-43,8%	-31,8%
TNPL-R-A	shipping	1,51%	2.550,0	1.597,3	224,4	7,2	0,9	1,5	7,1	4,6	7,5%	12,8%	-56,0%	-49,0%	-39,3%	-22,6%
ULPL-R-A	shipping	2,93%	1.570,0	910,6	128,0	5,3	1,4	2,8	11,8	8,1	11,1%	30,2%	-60,4%	-55,8%	-31,7%	-18,9%
VIRO-R-A	sugar	1,69%	630,0	873,6	122,8	17,2	1,8	1,1	19,1	14,4	5,9%	10,4%	-49,2%	-52,7%	-39,4%	-25,9%
ADRS-P-A	tobacco/tourism	7,70%	330,3	7.048,8	990,5	10,7	1,2	2,2	8,0	6,3	9,7%	12,0%	-36,7%	-18,9%	-16,8%	-15,3%
HUPZ-R-A	tourism	1,47%	2.165,0	1.073,0	150,8	22,6	2,0	3,0	16,3	7,9	4,2%	9,2%	-0,2%	-15,4%	-2,9%	3,5%
KORF-R-A	tourism	1,18%	67,2	545,2	76,6	neg	0,4	0,8	neg	14,8	neg	neg	-65,2%	-45,0%	-38,1%	-29,3%

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

## Corporate news:

### **Viro lends money to employees of Sladorana to participate in privatization**

Sugar factory Viro announced on Tuesday that it will lend money to employees of sugar refiner Sladorana, so they could participate in privatization of the company. Viro said that it guarantees employees to purchase those shares from them at HRK 160 per share, after their three-year lockup expires, adding that two thirds of Sladorana employees have signed the contract so far. Viro is fighting its competitor IPK Kandit to acquire a controlling stake in Sladorana.

Separately, Croatian Privatization Fund will choose Viro's offer as the best one for signing a strategic partnership with Sladorana, according to Croatian daily Poslovni dnevnik, citing unnamed sources from CFP. Although the other bidder IPK Kandit offered higher price for a controlling stake, Viro's offer was found better based on its investment plan proposed for Sladorana, Poslovni dnevnik said.

### **Ericsson Nikola Tesla - New contracts signed on CIS market, worth HRK 14.8mn**

ICT company Ericsson Nikola Tesla announced on Tuesday that it signed several new contracts on the CIS market worth HRK 14.8mn. The contracts mostly refer to modernization and upgrading of fixed telephony networks for operators in Russia, Moldova and Kazakhstan.

### **T-HT to lay off 300 workers by the end of year**

According to Croatian daily Business.hr, citing Jadranko Vehar, representative of the trade union, T-HT will lay off around 300 workers by the end of 2008. Mr. Vehar said that T-HT initially planned to lay off an additional 500 workers, but the management board gave up on that, following efforts of the trade unions. Mr. Vehar said that the total work force in T-HT could halve by 2012 to only 3,000 employees.

### **Study on proposal strategy for LRH privatization accepted by City Opatija**

Yesterday, Government of city Opatija accepted study on strategy for privatization of tourist company Liburnia Riviera hoteli (LRH). Key decisions were to keep the company Nova Liburnija which manages a 25% stake in LRH owned by city government and to continue to negotiate with Croatian Government on transfer of shares to employees. Privatization schemes suggested to city Opatija are to increase its stake in LRH and through ESOP sell these shares to employees under preferred conditions. Other solutions are to find an investment company whose shares will be traded on the market or to find a partner for managing a hotel through an international competitive bidding. Just to mention, two major shareholders of LRH are Croatian Privatization Fund with 58.57%, followed by city Opatija through Nova Liburnija which holds 25% stake. However legal suit of SN Holding and Dom against Croatian Government regarding 80% of LRH shares is still pending.

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