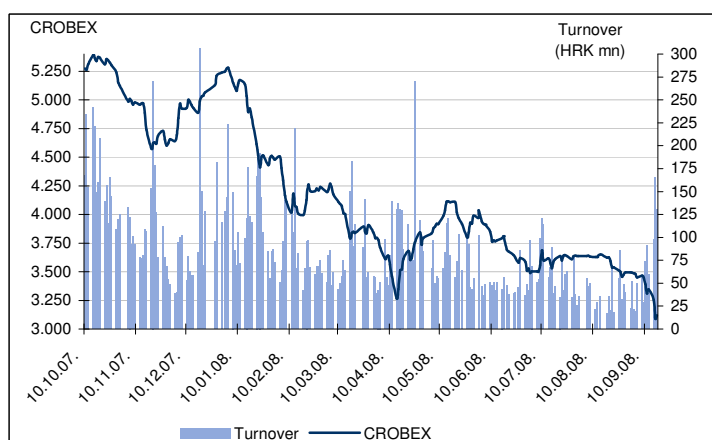




Highlights:

- Slight recovery on the market, the CROBEX gains 0.9%
- Coverage of Atlantska plovidba initiated with BUY
- Atlantska plovidba sold a vessel, acquired own shares
- Ingra faced with legal proceedings on Posedarje Riviera project
- Viro signed contracts with 190 employees of Sladorana



Crobex

Last close	3.119,3	
Previous close	3.090,2	
Turnover, mn (HRK/EUR)	130,1	18,3
Net change - % Change	29,1	0,94%
Performance YTD (HRK/EUR)	-40,5%	-38,6%

Market comment:

The Croatian equity market recovered somewhat from severe losses seen in the last couple of days. Market liquidity remained at relatively high levels, totaling HRK 130mn in regular turnover, with 19 stocks recording more than HRK 1mn in turnover. The CROBEX slightly recovered after shocking drops seen this week, gaining 0.9% to 3,119 points. Mostly positive movements were seen among high turnovers, with only 3 out of 20 most liquid stocks closing in the red territory. Biggest gain among high turnovers was posted by sugar factory Viro, which surged 11%, supported by media speculations that Viro is most likely to become strategic partner of sugar refiner Sladorana. Strong gains were also seen in the financial sector, particularly by insurer Croatia osiguranje (+4.7%) and Zagrebacka banka (+3.1%), as well as by food company Podravka (+4.3%). INA (unchanged) and T-HT (-0.6%), the two most liquid stocks on Wednesday, did not record significant movements.

Market outlook:

The Croatian equity market could witness sideways trading on Thursday.

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Top 10 turnovers

Stock	Turnover (HRK)	Clos. pr.	%chng.
INA-R-A	17.182.814,19	2.825,00	0,00%
HT-R-A	17.161.794,89	258,50	-0,58%
ZABA-R-A	14.188.056,90	330,00	3,13%
PODR-R-A	13.839.554,80	365,00	4,29%
ATPL-R-A	9.253.732,91	1.950,00	1,04%
DLKV-R-A	7.827.818,18	703,99	0,56%
INGR-R-A	7.158.409,02	150,00	0,00%
PTKM-R-A	5.737.105,43	230,99	0,43%
PLAG-R-A	5.335.000,00	2.750,00	0,00%
IGH-R-A	4.933.388,45	7.995,00	3,70%

Top 5 Winners

Stock	%chng.	Turnover (HRK)	Clos. pr.
OPTE-R-A	16,62%	167.940,00	139,95
VIRO-R-A	10,95%	1.508.937,04	699,00
LKPC-R-A	9,78%	764.031,54	2.525,00
KORF-R-A	7,10%	370.830,46	71,97
DIOK-R-A	6,36%	190.711,13	350,98

Top 5 Losers

Stock	%chng.	Turnover (HRK)	Clos. pr.
TNSA-R-A	-8,89%	365.167,26	5.280,00
HDEL-R-A	-4,35%	262.116,48	550,00
THNK-R-A	-3,06%	734.549,09	3.102,02
ADPL-R-A	-2,38%	720.228,74	82,00
KRAS-R-A	-2,22%	242.592,87	430,00

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%	702,0	13.390,5	1.883,7	14,3	1,6	3,0	-	-	1,6%	11,7%	-60,6%	-43,8%	-39,9%	-24,6%
SNBA-R-A	banking	0,75%	155,0	142,4	20,0	14,0	0,9	1,7	-	-	1,0%	6,8%	-67,0%	-50,9%	-23,6%	-18,4%
ZABA-R-A	banking	3,70%	330,0	21.136,0	2.973,3	14,9	1,7	3,6	-	-	1,8%	12,0%	-39,4%	-34,7%	-21,4%	-10,8%
PTKM-R-A	chemical	0,80%	231,0	771,8	108,6	6,7	0,7	0,3	7,9	4,1	7,0%	11,8%	-14,8%	-9,4%	1,3%	-6,5%
DLKV-R-A	construction	3,33%	704,0	1.614,8	227,2	20,0	2,9	0,8	18,0	13,7	4,9%	15,6%	-42,3%	-36,1%	-29,2%	-17,7%
HDEL-R-A	construction	0,86%	550,0	343,1	48,3	22,0	1,7	0,3	20,5	12,9	1,8%	7,7%	-63,8%	-50,5%	-39,9%	-29,9%
IGH-R-A	construction	4,29%	7.995,0	1.267,8	178,4	21,7	3,4	1,7	19,5	12,8	5,4%	17,1%	-28,6%	-27,0%	-26,2%	-18,4%
INGR-R-A	construction	3,83%	150,0	1.125,0	158,3	13,9	1,7	1,3	21,5	20,3	6,1%	14,5%	-50,7%	-39,2%	-38,4%	-30,2%
THNK-R-A	construction	2,36%	3.102,0	587,7	82,7	8,9	1,1	0,4	12,0	9,3	4,3%	11,9%	-69,4%	-53,0%	-45,6%	-34,5%
VDKT-R-A	construction	1,85%	1.000,0	460,5	64,8	114,6	2,2	0,2	50,3	11,9	0,4%	1,9%	-66,1%	-61,5%	-45,6%	-23,1%
KOEI-R-A	electrical	2,20%	535,0	1.376,1	193,6	13,8	1,1	0,5	25,6	12,9	3,4%	8,3%	-52,2%	-33,1%	-28,1%	-19,2%
LEDO-R-A	food/beverage	1,96%	7.290,0	1.605,0	225,8	23,6	3,1	1,5	21,3	15,2	7,4%	14,0%	-33,7%	-39,3%	-40,7%	-33,7%
PODR-R-A	food/beverage	3,69%	365,0	1.978,3	278,3	102,4	1,0	0,5	32,7	12,6	0,5%	1,0%	-29,8%	-12,0%	-8,8%	0,3%
ERNT-R-A	ICT	5,17%	1.840,0	2.450,2	344,7	11,2	2,3	1,3	14,9	9,7	12,8%	17,1%	-43,4%	-31,7%	-19,1%	-16,0%
HT-R-A	telecom	14,48%	258,5	21.168,2	2.977,8	9,3	1,7	2,4	6,3	4,0	15,3%	18,3%	-32,0%	-20,3%	-8,5%	-10,2%
CROS-R-A	insurance	2,96%	6.500,0	1.999,4	281,3	24,6	1,1	-	-	-	0,9%	4,3%	-64,2%	-52,6%	-42,2%	-31,6%
INA-R-A	oil	14,80%	2.825,0	23.434,4	3.296,6	20,6	2,0	1,0	27,6	13,0	5,6%	10,0%	8,2%	27,1%	10,1%	2,1%
BLSC-R-A	paper/cardboard	2,08%	750,0	873,2	122,8	24,1	1,7	0,7	32,2	11,3	2,3%	7,3%	-9,5%	-15,3%	-15,4%	-11,7%
MGMA-R-A	retailer	1,10%	100,0	487,4	68,6	neg	2,9	0,5	-	32,3	neg	neg	-67,5%	-60,2%	-45,9%	-33,3%
ATGR-R-A	distribution	1,69%	678,0	1.674,7	235,6	24,9	2,5	0,9	17,0	12,6	5,2%	13,0%	-22,7%	-15,3%	-10,8%	-4,8%
LKRI-R-A	sea port	1,27%	319,0	960,8	135,2	154,7	2,6	3,8	95,6	46,6	1,4%	2,5%	-57,9%	-48,3%	-38,7%	-24,2%
LKPC-R-A	sea port	0,87%	2.525,0	562,1	79,1	24,3	3,1	3,3	17,0	13,3	10,4%	13,9%	-34,4%	-31,3%	-29,7%	-19,6%
ATPL-R-A	shipping	6,73%	1.950,0	2.721,3	382,8	4,7	2,1	1,7	5,5	4,6	22,1%	55,9%	-23,7%	-18,8%	-26,1%	-21,7%
JDPL-R-A	shipping	0,80%	340,0	556,5	78,3	10,0	0,4	1,4	5,4	2,5	3,8%	4,9%	-34,5%	-40,7%	-43,1%	-29,8%
TNPL-R-A	shipping	1,51%	2.600,0	1.628,6	229,1	7,3	0,9	1,5	7,2	4,7	7,5%	12,8%	-55,2%	-48,0%	-37,0%	-21,2%
ULPL-R-A	shipping	2,93%	1.599,0	927,4	130,5	5,4	1,5	2,8	11,9	8,2	11,1%	30,2%	-59,9%	-53,8%	-30,5%	-16,4%
VIRO-R-A	sugar	1,69%	699,0	969,3	136,4	19,0	2,0	1,2	20,9	15,7	5,9%	10,4%	-43,6%	-45,8%	-33,6%	-16,8%
ADRS-P-A	tobacco/tourism	7,70%	334,0	7.073,8	995,1	10,7	1,3	2,2	8,0	6,3	9,7%	12,0%	-36,3%	-16,5%	-15,9%	-13,9%
HUPZ-R-A	tourism	1,47%	2.198,0	1.089,3	153,2	22,9	2,1	3,1	16,6	8,0	4,2%	9,2%	-0,1%	-12,1%	-4,4%	1,4%
KORF-R-A	tourism	1,18%	72,0	583,9	82,1	neg	0,4	0,8	neg	15,3	neg	neg	-62,3%	-39,0%	-32,7%	-23,5%

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

Corporate news:

Coverage of Atlantska plovidba initiated with BUY

(Buy, target price: HRK 2,786; current price: HRK 1,950)

We have initiated coverage of the Croatian dry bulk shipping company Atlantska plovidba with a Buy recommendation and a target price of HRK 2,786. Our price was derived from the DCF model, peer comparison and NAV calculation. We favor the shipping industry in which the company operates, especially as it is mainly driven by China's growth, which has greater forecasted and achieved rates than those seen in European countries. The tourism and airline businesses are a useful addition to the core business, as they generate revenues and profits in summer, when shipping usually shows slower performance.

Our forecasts for sales growth (without ship sales) are somewhat lower than the historical CAGR of 27% in the five year period 2002-07, coming in at 6.2%. This slowdown is based on our assumption of a freight drop in 2010 and 2011, due to a world dry bulk fleet increase. In the forecasted period, we expect to see the company's shipping fleet capacity increase by 66% measured in DWT, with ten ship deliveries during 2008-12. These deliveries will lower the average fleet age from around 14 years in mid-2008 to around seven years in 2012. This will reduce the need for fleet repair and maintenance. By 2012, we also expect to see two additional plane acquisitions.

The dynamics of CAPEX suggest that almost 40% of ship deliveries are already paid for. The sale of three older ships at a price of around USD 30mn has been incorporated into our model, which, along with high freight rates in the following two years, gives us record-strong 2008 and 2009 estimates.

On the bottom line, we have forecasted an EPS reduction from HRK 187.41 in 2007 to HRK 94.74 in 2012. The strongest years for earnings should be 2008 and 2009, with forecasted EPS of HRK 443.01 and HRK 499.93, respectively. A strong contribution to the net profit surge should come from the sale of older ships. *Davor Špoljar +385 62 372 825*

Atlantska plovidba sold a vessel, acquired own shares

Shipping company Atlantska plovidba announced on Wednesday that it had sold and delivered its vessel "Jadran" to Hong Kong based Saint Glory Shipping Company. The vessel was a bulk carrier built in 1982. Atlantska plovidba did not disclose any information on value of the transaction.

Separately, Atlantska plovidba announced that it bought 5,000 own shares on September 16 in a block transaction on the Zagreb Stock Exchange. The company now holds a total of 120,700 own shares, representing an 8.65% stake in the equity.

Ingra faced with legal proceedings on Posedarje Riviera project

Independent councilors of Posedarje municipality started legal proceedings against construction company Ingra and Municipality Posedarje, aiming to nullify the public-private partnership contract signed between Ingra and local authorities on Posedarje Riviera project, as reported by Croatian daily Business.hr. Suitors find disputable the provision in the contract, which enables Ingra to buy an attractive land parcel of 450,000 square meters for EUR 2-4 per square meter. Mayor of Posedarje, Mr. Ivica Jurcevic said that this suit will not jeopardize the project, which will continue and should be finished in 2011. Posedarje Riviera project assumes construction of a luxury hotel complex, worth approximately EUR 93mn.

Viro signed contracts with 190 employees of Sladorana

Sugar refiner Sladorana, currently undergoing a privatization process, announced on Wednesday that sugar factory Viro, one of two bidders for strategic partnership with Sladorana, signed contracts on lending funds for participation in company privatization with 190 out of 329 employees who have the right to buy shares of Sladorana. Additionally, Viro guarantees to all employees to purchase shares of Sladorana at HRK 160 per share, after their 3-year lockup period expires. Also, Sladorana said that Viro's competitor IPK Kandit offered the same contracts to company employees, guaranteeing to purchase shares at HRK 155 per share. Croatian Privatization Fund offered up to 24.99% stake (666,794 shares) in Sladorana to company employees at a privileged price of HRK 30 per share, while 38.12% stake was offered at the public tender to potential strategic partners. Viro and its peer IPK Kandit are the only two bidders for the stake.

Viadukt - 97.6% shares booked in the capital increase

Raiffeisenbank Austria, as the agent of the issue, announced on Wednesday that capital increase of construction company Viadukt was completed successfully. A total of 149,813 shares (97.6% of offered shares) was booked and paid by company shareholders in a private offering through two rounds of booking, which lasted from August 26 to September 15. The company decided earlier this year to increase capital by issuing up to 153,500 new common shares at HRK 300 nominal value. Participation in the capital increase was available only to existing shareholders of the company, who could book shares at HRK 450 per share.

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