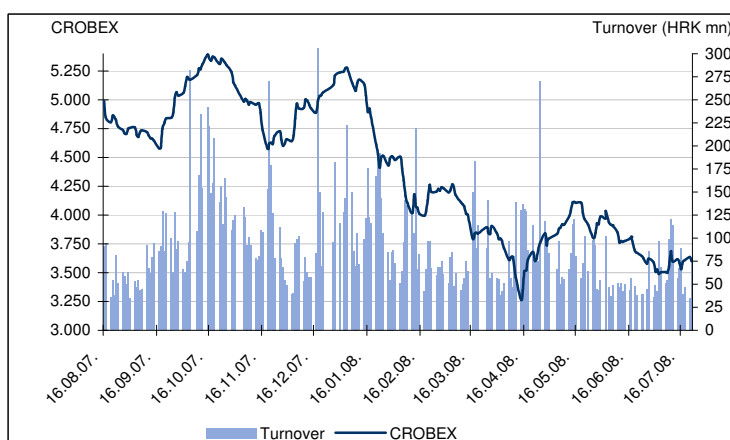




## Highlights:

- The CROBEX declined 1.1%, INA accounted for two thirds of the total regular turnover
- OMV intentions regarding INA revealed by Croatian authorities
- New management and supervisory boards appointed at Podravka
- Ingra – AGM approves all proposals of management board
- Subsidies of HRK 11mn to private shipping companies for fleet renewal in 2008



## Crobex

Last close	3.598,8
Previous close	3.637,5
Turnover, mn (HRK/EUR)	75,1 10,4
Net change - % Change	-38,6 -1,06%
Performance YTD (HRK/EUR)	-31,3% -30,3%

## Market comment:

After three days of positive movements, the CROBEX lost 1.1% on Tuesday, closing at just below 3,600 points. INA was expected to be in focus on the Croatian equity market on Tuesday, due to expiration of the lock-up period for employees who served at the company for 10-20 years. However, due to a response from OMV to Croatian watchdog HANFA on inquiries regarding its intentions for buying INA shares, INA became the only story on the market, accounting for two thirds of the total regular turnover. INA witnessed some pressure on the selling side, probably by employees, but has shown a strong support at HRK 2,900 per share, closing with a 1% loss. Besides INA, only 5 more shares recorded more than HRK 1mn in turnover. Shipping company Atlantska plovodba (-2.8%) and ICT company Ericsson Nikola Tesla (-2.2%) recorded most significant losses among high turnovers. On the other side, tobacco/tourism company Adris (+0.8%) and seaport Luka Ploce (+1.6%) were among rare winners.

## Top 10 turnovers

Stock	Turnover (HRK)	Clos. pr.	%chng.
INA-R-A	50.776.434,14	2.900,00	-1,02%
HT-R-A	7.606.601,85	280,40	-0,58%
ATPL-R-A	3.583.571,24	2.399,95	-2,76%
ERNT-R-A	1.150.322,55	2.039,20	-2,20%
ADRS-P-A	1.096.005,72	383,00	0,79%
IGH-R-A	1.011.362,43	9.370,00	-1,37%
PTKM-R-A	986.627,00	234,01	-1,84%
DLKV-R-A	934.249,33	840,11	-3,44%
KNZM-R-A	783.897,49	238,14	-1,59%
LKPC-R-A	752.122,43	3.100,00	1,61%

## Top 5 Winners

Stock	%chng.	Turnover (HRK)	Clos. pr.
TNSA-R-A	3,85%	158.074,99	6.745,00
ADPL-R-A	2,03%	352.240,65	113,25
LKPC-R-A	1,61%	752.122,43	3.100,00
KRAS-R-A	1,47%	149.391,54	482,01
LCDS-R-A	1,00%	184.907,08	47,46

## Top 5 Losers

Stock	%chng.	Turnover (HRK)	Clos. pr.
KODT-P-A	-10,59%	137.450,00	2.280,00
DLKV-R-A	-3,44%	934.249,33	840,11
HUPZ-R-A	-3,01%	117.003,50	2.070,70
ATPL-R-A	-2,76%	3.583.571,24	2.399,95
ULPL-R-A	-2,67%	114.634,12	2.000,03

## Market outlook:

Slight negative movements could be seen on the Croatian equity market, unless some major news drives the market in other direction.

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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%	951,0	18.140,1	2.511,9	21,2	2,3	4,3	-	-	1,4%	11,0%	-50,2%	-40,9%	-7,7%	-5,4%
SNBA-R-A	banking	0,75%	190,2	174,8	24,2	17,2	1,1	2,1	-	-	1,0%	6,9%	-59,8%	-50,1%	-4,9%	-4,9%
ZABA-R-A	banking	3,70%	366,0	23.442,4	3.246,1	19,0	2,0	4,3	-	-	1,6%	10,8%	-37,3%	-36,8%	-16,2%	-8,5%
PTKM-R-A	chemical	0,80%	234,0	781,9	108,3	17,1	0,8	0,4	21,8	6,6	2,9%	4,8%	-20,1%	-19,6%	-4,5%	1,7%
DLKV-R-A	construction	3,33%	840,1	1.927,1	266,8	24,7	3,5	1,1	21,1	16,1	5,1%	15,5%	-30,6%	-43,1%	-13,4%	-10,3%
HDEL-R-A	construction	0,86%	765,0	477,3	66,1	34,6	2,3	0,5	57,3	24,1	1,6%	6,9%	-46,8%	-55,0%	-17,3%	-5,6%
IGH-R-A	construction	4,29%	9.370,0	1.485,9	205,8	29,2	4,2	2,2	23,1	14,0	5,0%	15,3%	-19,2%	-29,3%	-7,1%	-6,7%
INGR-R-A	construction	3,83%	32.399,9	1.620,0	224,3	20,1	2,4	2,0	33,1	31,7	6,9%	16,4%	-15,6%	-29,6%	-1,2%	-3,3%
THNK-R-A	construction	2,36%	5.000,0	947,3	131,2	15,7	1,6	0,7	19,5	15,0	4,1%	11,3%	-53,3%	-48,5%	-5,7%	-5,7%
VDKT-R-A	construction	1,85%	1.451,1	668,2	92,5	neg	3,6	0,4	neg	69,0	neg	neg	-53,2%	-58,5%	-32,7%	-16,6%
KOEI-R-A	electrical	2,20%	645,0	1.659,0	229,7	16,6	1,3	0,6	29,5	14,8	3,4%	8,3%	-46,2%	-37,4%	-12,3%	-5,6%
LEDO-R-A	food/beverage	1,96%	11.345,0	2.497,8	345,9	33,3	5,4	2,4	29,0	21,4	8,6%	16,3%	17,0%	-40,3%	-5,5%	-1,4%
PODR-R-A	food/beverage	3,69%	364,0	1.972,9	273,2	101,8	1,0	0,6	31,8	12,2	0,5%	1,0%	-37,2%	-22,9%	-2,9%	-4,2%
ERNT-R-A	ICT	5,17%	2.039,2	2.715,5	376,0	13,3	1,9	1,4	16,0	10,1	10,8%	14,1%	-43,3%	-36,1%	-20,2%	-6,5%
HT-R-A	telecom	14,48%	280,4	25.267,8	3.498,9	10,5	2,0	2,9	7,8	5,1	15,7%	19,1%	0,0%	-11,5%	-1,4%	1,4%
CROS-R-A	insurance	2,96%	10.300,0	5.270,0	729,7	33,1	2,1	-	-	-	1,5%	7,4%	-42,8%	-33,5%	-14,2%	-7,2%
INA-R-A	oil	14,80%	2.900,0	22.289,9	3.086,5	22,6	2,1	1,1	32,0	14,5	5,2%	9,2%	0,7%	16,0%	38,8%	13,5%
BLSC-R-A	paper/cardboard	2,08%	778,0	905,9	125,4	27,5	1,8	0,7	35,3	11,8	2,1%	6,8%	-7,4%	-16,8%	-7,4%	-9,0%
MGMA-R-A	retailer	1,10%	180,0	877,3	121,5	262,4	4,7	1,0	54,5	21,0	0,5%	1,8%	0,0%	-33,4%	-17,0%	-3,8%
ATGR-R-A	distribution	1,69%	715,0	1.790,7	248,0	29,3	2,9	1,0	19,5	14,3	4,1%	9,5%	-16,4%	-14,9%	-4,7%	-2,3%
LKRI-R-A	sea port	1,27%	429,9	1.294,8	179,3	198,1	3,5	5,4	112,9	61,2	1,7%	3,5%	-27,7%	-45,6%	-23,9%	-8,1%
LKPC-R-A	sea port	0,87%	3.100,0	690,1	95,6	34,6	4,1	4,4	24,5	18,7	9,5%	12,5%	6,9%	-45,6%	-6,4%	-4,9%
ATPL-R-A	shipping	6,73%	2.400,0	3.349,2	463,8	7,2	2,9	2,2	7,5	6,0	18,5%	48,7%	23,4%	-14,9%	0,4%	-6,7%
JDPL-R-A	shipping	0,80%	521,3	853,3	118,2	13,1	0,6	2,2	7,7	4,2	4,8%	6,5%	6,4%	-19,2%	-10,3%	-7,3%
TNPL-R-A	shipping	1,51%	3.400,0	2.129,7	294,9	11,2	1,2	2,0	10,2	6,3	6,5%	11,0%	-35,6%	-44,3%	-17,1%	-11,7%
ULPL-R-A	shipping	2,93%	2.000,0	1.160,0	160,6	4,2	1,8	2,4	10,4	7,9	15,2%	43,6%	-34,1%	-33,3%	-3,1%	-10,5%
VIRO-R-A	sugar	1,69%	912,0	1.264,7	175,1	16,3	2,5	1,6	15,9	13,4	9,7%	16,2%	-28,2%	-39,6%	-0,3%	-4,0%
ADRS-P-A	tobacco/tourism	7,70%	383,0	7.406,3	1.025,6	11,4	1,3	2,2	8,4	6,6	9,5%	12,1%	-31,9%	-18,5%	-1,0%	-0,3%
HUPZ-R-A	tourism	1,47%	2.070,7	1.026,2	142,1	23,2	2,0	2,9	15,5	7,5	3,9%	8,7%	-6,9%	-23,3%	-9,9%	-7,6%
KORF-R-A	tourism	1,18%	94,8	769,1	106,5	11,1	0,5	1,1	neg	15,5	2,6%	4,7%	-56,1%	-40,8%	-56,1%	-56,1%

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

## Corporate news:

### **OMV intentions regarding INA revealed by Croatian authorities**

MOL (Hold, current price: HUF 19,505, target price: HUF 24,125)

INA (Accumulate, current price: HRK 2,900, target price: HRK 2,490)

The Croatian Financial Services Supervisory Agency (HANFA) published on Tuesday OMV's response to HANFA's inquiries regarding its intentions on the purchase of INA shares. OMV said that it had sent a letter to Erste Invest, the investment company managing the War Veterans Fund, which holds 7% stake in INA, on June 9, suggesting that Erste Invest "record OMV's interest in the acquisition of shares in INA held by the War Veterans Fund", adding that it would appreciate if it would be given an opportunity to bid or otherwise participate in the sale process, in the event of an intention to dispose of such a shareholding in INA. OMV confirmed that it had sent a letter to Damir Polancec, the deputy PM of Croatia, on July 9, with content very similar to the letter sent to Erste Invest. "Absent any process or any terms we have never expressed or intended to express our intention to actually purchase INA shares, nor have we expressed or intended to express an intention to make a public offer for INA shares", OMV said in its letter to HANFA. However, OMV continues to be interested in the terms and process and would like to be considered should any sale transaction by either the Croatian Government or the War Veterans Fund be undertaken. OMV added that it will closely monitor any potential privatization or sale transactions in INA shares in the future and, depending on the terms, decide about a possible participation.

*We see this news as neutral for INA's share price. It is clear that OMV formulated its statements so as to not be forced by HANFA to announce a bid for INA, but it has also shown genuine interest in INA, with participating in the privatization of INA still a possible option. We do not expect significant share price moves based solely on this news, as INA's share price already reflects expectations on OMV's possible bid. INA lost 1% on Tuesday, but witnessed strong support at HRK 2,900 per share. The 1% loss is more a result of the expiration of a lock-up period for INA employees with 10-20 years of service. Jakub Zidon +420 224 995 340, Davor Špoljar +385 62 372 825*

### **New management and supervisory boards appointed at Podravka**

(Accumulate, current price: HRK 364.00, target price: HRK 470.00)

At the AGM held on Tuesday, Podravka shareholders accepted proposals from the supervisory board to appoint new members to the management and supervisory board of the company. Zdravko Sestak was appointed CEO, Miroslav Vitkovic was named deputy CEO, while Sasa Romac, Marin Pucar and Josip Pavlovic became members of the management board. The new supervisory board was also constituted, with Darko Marinac (the former CEO) appointed president. Vladimira Urbankova +43 50100 17343

### **Ingra – AGM approves all proposals of management board**

At the AFM held on Tuesday, shareholders of construction company Ingra approved all proposals of the supervisory board, the company announced, including proposals on a dividend payout (HRK 200 per share), capital increase and stock split (1:150).

### **Subsidies of HRK 11mn to private shipping companies for fleet renewal in 2008**

The Ministry of the Sea, Transport and Infrastructure opened a tender for awarding subsidies to shipping companies for ship construction in domestic shipyards. The government dedicated HRK 11mn for this purpose for 2008, while an additional HRK 6mn will be added in 2009. On July 10, the government also accepted a subsidy increase from 10% to 15% for hull construction, while reconstruction of existing ships will be subsidized with 10%. The tender will be open until September 1; this is part of a project initiated by the Croatian government in order to renew the domestic shipping fleet and help shipyards to surmount the current difficult times.

### **Croatian industrial output up 7.2% y/y in June**

Croatian industrial output increased by 7.2% y/y in June, according to data published by the Central Bureau of Statistics on Tuesday. On a cumulative level, industrial output advanced 4.3% y/y in 1H08.

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