



FIMA Morning News

November 9, 2009

Arbitration deal in parliament next week

The president of the Croatian Democratic Union (HDZ) and Prime Minister, Jadranka Kosor, on Saturday attended a ceremony marking the 20th anniversary of the party branch in Sisak, announcing that next week the government would send to parliament an agreement on arbitration in the border dispute with Slovenia and expressing confidence that the parliament would ratify it. Kosor would not comment on a statement by Zoran Milanovic, leader of the strongest opposition party, the Social Democratic Party (SDP) that the parliament did not need to convene a session on the arbitration agreement. She said that Milanovic was saying untruths about the agreement and about her work. "He must decide now whether he will support the agreement in the process of ratification, so that is no longer my problem." Kosor called on Milanovic to "study the agreement... because he will see that all procedural time lines, including those for the election of arbitration judges, start running only after Croatia signs its EU accession treaty." The PM added that this was what the government had wanted - to separate the completion of Croatia's EU entry talks and the settlement of the border dispute. Asked if Finance Minister and HDZ vice-president Ivan Šuker would be appointed new Deputy PM or Economy Minister, considering the fact that he accompanied her at the event in Sisak today, Kosor said that one should not rush with conclusions as to who would be appointed Economy Minister and that she would decide on the matter next week... (Source: daily.tportal.hr)

Šuker: Sale of Ina's natgas business still negotiated

ZAGREB - "The sale of natgas business is still being negotiated with MOL", Finance Minister Ivan Šuker said briefly. Ina needs to settle its debt towards the state by year-end, Šuker said resolutely, which reached some HRK 1.35bn. "We did not block Ina's account as it would be unwise to stop fuel supply prior to tourist season", Šuker explained. When asked whether it was true that Croatia aims to indebt in Asia, Minister said that two Asian banks have shown interest in Croatian bonds. Regarding speculations of him being the next deputy PM, Šuker claims he is not considering anything alike at the moment. "My main tasks are finalizing the fiscal year and specifying next year's budget, both top priorities at the moment", Finance Minister commented. (Source: daily.tportal.hr)

Bajs: For new season aid to tourism EUR 45.7m

Tourism minister Damir Bajs on Friday announced measures for the tourist season 2010 worth EUR 15.7m. The aim of the measures adopted after two months of negotiations with the private tourist sector is a timely preparation for the season. Along with this, the total promotion budget will be worth EUR 30m, after this year's EUR 28m. Apart from an emphasis on internet promotion, the Ministry will continue with the measures of temporary visa suspension for Russia and Ukraine, with China also included for the first time. Bajs boasted that these are the earliest measures in the region, but refused to make any forecasts for next year. (Source: www.limun.hr, original text published on www.banka.hr)

." Kosor called on Milanovic to "study the agreement... because he will see that all procedural time lines, including those for the election of arbitration judges, start running only after Croatia signs its EU accession treaty."...

"The sale of natgas business is still being negotiated with MOL"...

Tourism minister Damir Bajs on Friday announced measures for the tourist season 2010 worth EUR 15.7m...



FIMA Morning News

CONTACTS FOR INSTITUTIONAL INVESTORS:

KREŠIMIR ČULO	kculo@fima.com	+385 1 63 98 357
JAKOV KOZINA	jkozina@fima.com	+385 1 63 98 353

TRADING DEPARTMENT:

trading@fima.com Phone: +385 42 66 09 60

RESEARCH DEPARTMENT:

ŽELJKO BUNJEVAC	zbunjevac@fima.com	+385 1 63 98 356
TOMISLAV KESIĆ	tkesic@fima.com	+385 1 63 98 352

CONTACTS FOR UK INSTITUTIONAL INVESTORS:



King & Shaxson Capital Limited
Candlewick House
120 Cannon Street
London EC4N 6AS
Tel: +44(0)20 7426 5950
Fax: +44(0)20 7 5997
emergingmarkets@kasl.co.uk
<http://www.kingandshaxson.com>





FIMA Morning News

DISCLAIMER

FIMA Morning News is a daily publication of FIMA Securities Ltd. which comments for the needs of its users dynamics of trading financial instruments on capital markets in the Republic of Croatia, transfers and publishes parts or entire selected news from various publicly available sources and media of interest for the investor community, and offers overview of the selected parameters of financial instruments trading on Zagreb Stock Exchange, as also selected basic macroeconomic indicators. The content uses publicly available records published by the selected relevant sources and public information services (Zagreb Stock Exchange, Bloomberg, Reuters, publicly available financial reports of the Issuer, publicly available opinions of representatives of the Issuers etc.). Although we believe that the stated information and other records are reliable, we do not guarantee for their accuracy, completeness or timeliness.

The publication has been of informative character and may not be deemed to be an invitation for purchase or sale of financial instruments being mentioned in it. Prices of financial instruments, and there from also return on investment from financial instruments may vary and cause profit or loss. Investment in financial instruments commented in this publication include certain risk (more about risks available in General Operating Conditions at Internet page (http://www.fima-vrijednosnice.hr/UserDocsImages/General%20conditions_FMVR%20novo.pdf), financial instruments are not necessarily available in all legal-regulatory environments, they may be illiquid and may be inadequate for some investors. Value or profit realized based on any financial instrument may vary and/or be under the influence of exchange rate differentials and other risks. *Investment returns from the history are not indicators of future returns.* Investors should independently make their decisions on investment, without relying on this publication.

By publishing this publication FIMA Securities Ltd. does not bear any responsibility for the consequences, or for the possible damages resulted from usage of the information and records published in this publication. Single opinions stated in this publication may change without prior notice.

This publication has not been prepared in compliance with the provisions of the Capital Market Act, and the Regulations of the Croatian Agency for Supervision of Financial Services (HANFA) ensuring independence of investment research, as also the issuance of the publication has not been subject to trading ban prior to distribution, as it has usually been foreseen for investment researches. According to the previously stated regulations this publication is considered to be promotional communication.

All significant sources of information used in preparing of this publication were stated in its text.

In preparing this publication the results of the fundamental and technical analysis may be used including also internally developed evaluation models. If it is the case of an internally developed evaluation model, the basic methodology shall be presented and publicly available to the investors at the Company's web page www.fima-vrijednosnice.hr or in the other legally permitted manner.

The seat of the Company FIMA Securities Ltd. is in Varaždin, Međimurska 28, whereas the operating of the Company has been supervised by the Croatian Agency for Supervision of Financial Services. The company was entered into the Court Register of the Commercial Court in Varaždin under the number: 070052968.

Protection of copyright and database records exist in this Document, and the same must not be reproduced, distributed or published by anyone regardless the intention, without previous express consent of the Company FIMA Securities Ltd. Please state the source in case of citing. All rights reserved.

FIMA Morning News is prepared by the employees of FIMA Securities Ltd.

The first issue of *FIMA Morning News* was issued on 30TH January 2009

Additional information is available upon request.

For the purpose of distribution of this report in United Kingdom, the following important notes are applicable:

FIMA Securities Ltd. is a business associate of King & Shaxson Capital Limited for the purpose of trading securities on the Croatian capital market by UK institutional investors. This report has been prepared solely by FIMA Securities Ltd. on the date set forth above. FIMA Securities Ltd. is an independent Croatian limited liability company, and not a subsidiary or associated company of King & Shaxson Capital Limited. FIMA Securities Ltd. and its research analysts are not members of the Financial Services Authority and are not regulated by the Financial Services Authority, and are therefore not subject to the rules of the FSA on research analysts and Research Reports and the attendant restrictions and required disclosures required by that rule.

The information used here is obtained from sources that we consider to be reliable but its accuracy and completeness cannot be guaranteed. The opinions and conclusions contained are those of King & Shaxson Capital Ltd. ("K&S"), and are subject to change without notice. No responsibility is taken for any losses, including any consequential loss, which may be incurred by acting upon such recommendations or information.





FIMA Morning News

This document has been provided to you solely for your information and may not be reproduced or redistributed, in whole or in part to any other person. The information contained in this document has not been approved for the purposes of Section 21(2) of the Financial Services & Markets Act 2000 of the United Kingdom ('FSMA'). As such this document is being distributed only to and is directed only at persons falling within the categories of exempt person described in the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 as amended, (the Order) or pursuant to any applicable exemption under FSMA (together 'relevant persons'). Any person who is not a relevant person should not act or rely on this document or any of its contents. This report is intended for professional clients, eligible counterparties, Self-certified High Net Worth or Self-certified sophisticated investors only. (Self-certification can be completed free of charge at www.fisma.org).

Any opinions, forecasts or estimates herein constitute a judgment as at the date of this report. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or estimates. This information is subject to change without notice. It may be incomplete or condensed.

This document does not constitute or form part of and should not be construed as any offer for sale or purchase of (or solicitation of or invitation to make any offer to buy or sell) any securities nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever.

The material is not a substitute for investment advice which should be obtained from an authorised investment professional, and any investment decisions the recipient makes should be based on an evaluation of that recipient's financial circumstances, investment objectives, risk tolerance, and liquidity and other needs.

Past performance is not necessarily indicative of future performance. The value of investments may fall as well as rise and the income from them may fluctuate and is not guaranteed. Investors may not recover the amount invested.

Some investments carry a higher degree of risk than others. Investment in certain securities, including shares in smaller companies, in companies in specialist sectors, and in companies from emerging markets can involve greater risk of above average price movements than investment in larger, more established companies. The markets in such securities can suffer from partial or total illiquidity, which can make it difficult or impossible to redeem an investment, and the difference between the bid and offer price will often be greater so that if an investor has to sell them immediately after purchase the proceeds may be much less than the amount paid.

Investments in emerging markets carry a greater degree of risk relating to dealing, settlement and custody practices than investment in established markets.

The value of certain investments may increase or decrease as a result of changes in exchange rates between currencies.

The levels and basis of taxation can change.

King & Shaxson Capital Limited Reg. No. 2863591 is a member of the London Stock Exchange and the Registered Office is 6th Floor, Candlewick House, 120 Cannon Street, London, EC4N 6AS. The company is registered in England and is part of the PhillipCapital Group.

King & Shaxson Capital Limited (FSA Reg. No. 169760) is Authorised and Regulated by the Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS.