



FIMA Morning News

November 27, 2009

"All companies in major ownership of the state need to adopt anti-corruption plans by year-end", PM Jadranka Kosor...

Ministers no longer in SB of public companies

ZAGREB - "All companies in major ownership of the state need to adopt anti-corruption plans by year-end", PM Jadranka Kosor said at today's government session. PM also announced 'considerable' changes in financing of political parties and in handling state audit reports. "We will investigate what happened to past reports made by the state audit office so that these do not end up in drawers", Kosor stressed, adding that Croatian Railways (HŽ), Janaf and HRT are the first to be inspected. "Each public company will be obligated to explain an independent auditor's report online, along with their public supply system and three-year business plans", PM added. For supplying any goods worth over HRK 6mn and works worth more than HRK 12mn, the supplier will be obligated to sign an integrity statement to guarantee the regularity of the procedure. Finance Minister Ivan Šuker welcomed the decision for ministers not to be members of supervisory boards and stressed the role of independent audit companies in preventing corruption. (Source: www.seebiz.eu)

No one is saying that we don't have to change the quasi-property tax, which is a remnant of past times, or that we should allow that it continue to be paid based on the size of the property in question. But such a measure requires long-term preparation," Suker said...

Parliament discusses introducing property tax

In Parliament on Thursday during a debate over the 2010 draft budget, the opposition demanded the introduction of a property tax, to which Minister of Finance Ivan Suker said that the existing rates needed to be changed, but that this was not something that could be done overnight, given the disorganized state of land registries. "No one is saying that we don't have to change the quasi-property tax, which is a remnant of past times, or that we should allow that it continue to be paid based on the size of the property in question. But such a measure requires long-term preparation," Suker said. He dismissed the opposition's claims about income taxes being too high, saying that most of the income tax revenues were spent on pension and health contributions, which he said could not be reduced at a time when pension allocations exceeded revenues from contributions by HRK 14 billion. Suker said that one of the government's key tasks in the years to come would be to reform the pension insurance system, namely to increase the rate of payments for the second pension pillar, which is based on private insurance funds. Opposition deputies, however, insisted that citizens and the business sector were financing an excessively expensive state and that projections for 2011 and 2012 showed that the government did not intend to cut public spending. "What the government is telling us with this budget is this: You who create value will have to carry all the burden, and we can't be bothered to even think about you," said Slavko Linic of the Social Democratic Party (SDP). (Source: daily.tportal.hr)

Skladgradnja was founded in 2003 by brothers Slaven and Jozo Zuzul...

HAC gave Zuzuls jobs worth HRK 1bn

Skladgradnja was founded in 2003 by brothers Slaven and Jozo Zuzul, first cousins of former foreign minister Miomir Zuzul. In just a few years it grew from a subcontractor in Split and Trogir shipyards to become a company that earned HRK 210m in five years, with a five-year growth of amazing 6,578 percent... (Source: www.limun.hr, original text was published in www.dnevnik.hr)



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.