



CROBEX 52wks PERFORMANCE:



| INDICES: | CLOSE | 1D | 1M | Y-T-D |
|----------|----------|--------|--------|--------|
| CROBEX | 2,154.79 | +4.63% | -3.21% | +2.08% |
| CROBEX10 | 1,159.89 | -0.50% | -4.40% | -0.02% |

COMMENT:

The Crobex moved sharply higher yesterday after the Zagreb Stock Exchange made **extraordinary revision of the index to adjust it for newly issued shares in Zagrebačka banka**. Excluding this administrative change the market continued to move lower on extremely low volume, with only 2 of the 10 most active stocks closing in positive territory. Regular turnover dropped to HRK 10.2 mn.

OUTLOOK:

Weak sentiment on European markets is expected to send Croatian shares lower today.

| TURNOVER- HRK | MN |
|--------------------|--------|
| Total turnover: | 10.23 |
| Regular turnover: | 10.23 |
| OTC turnover: | 216.85 |
| Reported turnover: | 0.00 |

Market Cap: HRK 150.30 bn

FX MARKET

| | |
|---------|----------|
| EUR/HRK | 7.440931 |
| USD/HRK | 5.136636 |

| MARKET BREADTH | |
|----------------|----|
| ADVANCERS | 23 |
| DECLINERS | 32 |
| UNCHANGED | 7 |

UP VOLUME
1,339,101.13 HRK

DOWN VOLUME
7,326,009.15 HRK

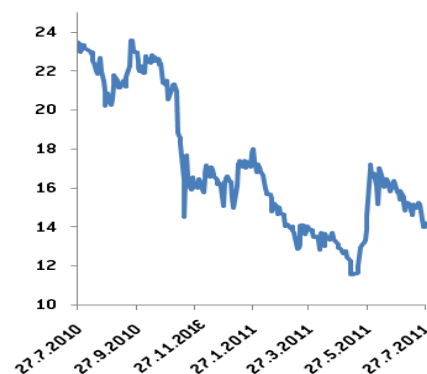
TOP PERCENTAGE GAINERS:

| | |
|----------|---------|
| SUNH-R-A | +25.56% |
| QUNE-R-A | +23.81% |
| HRDH-R-A | +10.28% |
| VLDS-R-A | +7.79% |
| AUHR-R-A | +5.97% |

TOP PERCENTAGE LOSERS:

| | |
|----------|---------|
| PDBA-R-A | -10.21% |
| DKVS-R-A | -7.67% |
| LANO-R-A | -4.76% |
| CROS-R-A | -4.55% |
| DDJH-R-A | -4.46% |

INGR 52wks PERFORMANCE:



RISING ON UNUSUALLY HIGH TURNOVER:
None

FALLING ON UNUSUALLY HIGH TURNOVER:
Ingra (Construction)

POLITICS :

No news today

MACROECONOMY :

In its brief statement the Croatian National Bank officials reiterated yesterday their determination to leave monetary and FX policy unchanged, pledging to defend any attack on Kuna. Their statement follows the first FX intervention in 2011 that took place this week after Kuna surprisingly weakened against the Euro by almost 1 % within a month. Local press speculates that Kuna's decline came on the back of speculative activity of one big domestic bank, which allegedly bought EUR 700 mn. However, the CNB repeated yesterday that at this point there are no fundamental reasons for further depreciation of Kuna and warned it might apply other monetary measures (increase of reserve requirements) to prevent any further speculative attempts to weaken Kuna.

Aware that its term is coming to its end and is unlikely to be extended, the government announced yesterday the Guidelines for economic and fiscal policy for the next three years. Similar documents were presented to public by every HDZ government months before elections, with extremely poor record of actually meeting the guidelines. The latest guidelines include GDP growth of 2.5 % in 2012 and its acceleration to 3.5 % in 2013 and 4 % in 2014 and budget deficit contraction from 4.9 % in 2011 to 1.8 % in 2014.

Contacts:

Niko Delić

niko.delic@momentum-brokeri.hr

Tel: + 385 (0)1 63 96 678

Tel: + 385 (0)1 63 96 671

Željka Rubinić

zeljka.rubinic@momentum-brokeri.hr

Tel: + 385 (0)1 63 96 672



IN FOCUS :

Končar (Electrical Engineering) – H1'11 revenues fell 13 y/y, net profit higher

The company announced yesterday unaudited consolidated results, which showed a 15.8 % y/y decline of sales to HRK 1.13 bn and a 13 % fall of total revenues to HRK 1.21 bn. The decline was renewedly related to weak domestic market, which accounted for less than 40 % of the total sales. Still, thanks to a 15.7 % decrease in operating expenses to HRK 1.10 bn, driven mostly by lower material costs and provisions, as well as the increase in financial revenues, the company managed to increase net profit by 16 % y/y to HRK 72.35 mn. The management also admitted that at the end of H1'11 orders booked stood at HRK 1.25 bn, which was 12 % below plan.

INA (Oil & Gas) – MOL to offer share swap

The CEO of Hungarian MOL Jozsef Molnar said in Hungarian press that his company might offer Croatian government a share swap of MOL's treasury shares for government's stake in INA. Although MOL and the government haven't started talks on this issue, the idea might be acceptable for Croatian side, which mulled the same idea. Still, the decision is unlikely to be brought before elections as the issue might have negative impact on government's (already weak) popularity.

20 MOST LIQUID:

| STOCK | OPEN | HIGH | LOW | CLOSE | CHANGE % | VOLUME | TURNOVER |
|----------|----------|----------|----------|----------|----------|--------|--------------|
| HT-R-A | 254.50 | 255.00 | 252.16 | 252.16 | -1.07% | 9,160 | 2,327,313.72 |
| INGR-R-A | 13.86 | 14.00 | 13.50 | 14.00 | -1.41% | 88,727 | 1,206,694.82 |
| PODR-R-A | 322.89 | 322.90 | 320.00 | 322.90 | 0.00% | 2,712 | 870,564.71 |
| DLKV-R-A | 200.33 | 200.35 | 195.00 | 195.00 | -2.78% | 4,313 | 849,242.99 |
| ADRS-P-A | 243.00 | 243.00 | 239.99 | 239.99 | -0.63% | 2,354 | 569,145.72 |
| ADRS-R-A | 300.00 | 300.00 | 293.00 | 293.00 | -2.33% | 1,310 | 383,936.24 |
| ERNT-R-A | 1,310.00 | 1,310.00 | 1,280.00 | 1,286.99 | -1.76% | 278 | 361,067.33 |
| LKPC-R-A | 918.96 | 918.96 | 881.00 | 891.00 | 0.64% | 362 | 323,308.26 |
| ATPL-R-A | 595.00 | 595.00 | 590.01 | 592.00 | -0.50% | 535 | 316,760.72 |
| ADPL-R-A | 121.81 | 123.39 | 121.75 | 121.97 | 0.16% | 1,815 | 221,706.51 |
| LKRI-R-A | 156.04 | 156.06 | 156.00 | 156.06 | -1.23% | 1,221 | 190,523.34 |
| KORF-R-A | 75.00 | 76.00 | 74.61 | 74.61 | -2.57% | 2,479 | 187,139.35 |
| BLJE-R-A | 92.10 | 93.43 | 92.07 | 93.00 | 1.04% | 2,003 | 186,160.81 |
| ZABA-R-A | 66.00 | 66.00 | 63.05 | 66.00 | 1.55% | 2,430 | 158,660.79 |
| DDJH-R-A | 64.45 | 64.70 | 64.00 | 64.00 | -4.46% | 2,442 | 156,427.42 |
| ULPL-R-A | 559.00 | 559.00 | 546.00 | 546.00 | -2.50% | 273 | 150,957.68 |
| ATGR-R-A | 688.50 | 688.90 | 670.10 | 688.90 | 3.43% | 170 | 116,819.29 |
| CROS-R-A | 5,416.02 | 5,416.02 | 5,250.00 | 5,250.00 | -4.55% | 22 | 116,806.02 |
| PTKM-R-A | 195.32 | 198.00 | 195.30 | 198.00 | -0.50% | 522 | 102,459.48 |
| THNK-R-A | 1,400.00 | 1,415.00 | 1,361.01 | 1,375.01 | -0.37% | 69 | 96,776.11 |

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