

July 2, 2009

FX MARKET

EUR / HRK 7.277817

USD / HRK 5.175153

MARKET BREADTH

ADVANCERS: 12

DECLINERS: 73

UNCHANGED: 5

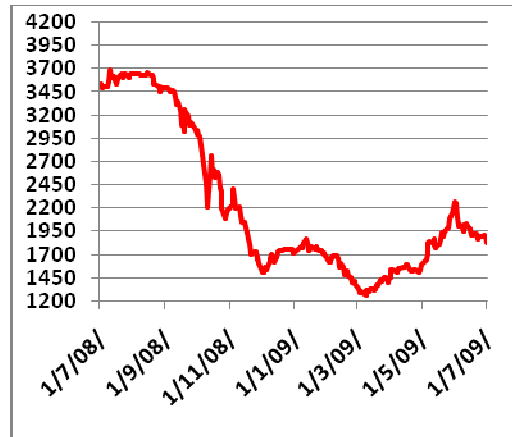
UP VOLUME:

19,020,143.19 HRK

DOWN VOLUME:

45,049,133.49 HRK

CROBEX 52wks PERFORMANCE:



INGR 52 wks PERFORMANCE:



| INDICES: | CLOSE | 1D | 1M | Y-T-D |
|----------|----------|--------|---------|--------|
| CROBEX | 1,821.81 | -3.93% | -19.85% | +5.78% |

MARKET STATISTICS:

| Total turnover: | Regular turnover: | Reported turnover: | Institutional turnover: | Market Cap: |
|-----------------|-------------------|--------------------|-------------------------|---------------|
| HRK 65.14 mn | HRK 64.65 mn | HRK 0.00 mn | HRK 0.49 mn | HRK 174.42 bn |

COMMENT:

The news of PM Sanader's resignation shocked the market and caused a massive 7% plunge in the early afternoon, but by the end day the stocks recouped some losses and left the Crobex 2only" 4 % lower. The negative trend was bucked only by shares in HT and Atlantic Group, which showed resilience to the sharp drop of the broad market. Total turnover expectedly improved, returning again to above average levels.

OUTLOOK:

Rising political uncertainty and lower European markets are expected to lead to new losses today.

POLITICS :

Croatian PM Ivo Sanader unexpectedly resigned yesterday and announced withdrawal from politics, thus decreasing likelihood of running for the presidency. His resignation caused rather sweeping reshuffle of the cabinet, with former Vice Prime minister and Minister of the Family Jadranka Kosor being proposed for the new Prime minister, former Mister of Agriculture Božidar Pankretić promoted to Vice Prime minister, Sanader's close ally Bianka Matković given a cabinet post without any specific responsibility, former Mister of Agriculture Petar Čobanković offered to return to his previous position, HDZ candidate Davor Mlakar being appointed for the new minister of Administration and Tomislav Ivić chosen for the leading position in the Ministry of War Veterans. Although President Mesić yesterday decided not to give a mandate to Jadranka Kosor before the Parliament approves Sanader's withdrawal, it is almost certain that the ruling party really managed to collect 83 votes support for Mrs.Kosor, who will be confirmed as the new PM. Beside the government there were also changes within the ruling HDZ party, which local media explained as the victory of conservative wing within the party.

Although he cited no particular reason for departure, Sanader's decision could have been motivated by three reasons. The first, least likely, was that he left because of illness. The second reason could be his longer-term intention to run for the presidency and his estimate that with negative economic trends his chances will gradually wane toward the end of the year.

| TOP PERCENTAGE GAINERS: | |
|-------------------------|--------|
| CKML-R-A | +8.20% |
| PRFC-R-A | +5.88% |
| HTPK-R-A | +5.32% |
| PDBA-R-A | +4.22% |
| ISTT-R-A | +4.07% |

| TOP PERCENTAGE LOSERS: | |
|------------------------|---------|
| ZDNK-R-A | -56.00% |
| KODT-R-A | -21.18% |
| SLPF-R-A | -21.18% |
| JMNC-R-A | -21.00% |
| LVCV-R-A | -20.45% |

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POLITICS 2 :

Finally, the reason might be his defeat in controlling the right wing of the party, led by former Minister of Defence and also Health Care Andrija Hebrang and minister of Sea, Transport and Infrastructure Božidar Kalmeta. According to some media, the right wing got scared after recent revelation by the State Office for fighting corruption and organized crime (USKOK), which discovered wrongdoings by former minister of Defence Rončević, whose purchase of military equipment was overpaid by HRK 16 mn. For these sources selection of new people in the government also confirms that HDZ is turning right, although the fact that Sanader proposed Mrs. Kosor surely doesn't go in that way.

MACROECONOMY :

According to preliminary CNB data Croatia's Q1'09 current account deficit fell by EUR 736 mn or 29 % y/y to EUR 1.82 bn. Based on recent GDP data Croatia's C/A deficit shrank to 7.9 % of the GDP. Decline in current account deficit was predominantly driven by reduction of deficit on the goods account, which dropped almost 33 % y/y to EUR 1.73 bn. At the same time services account showed an unexpectedly high surplus of EUR 127 mn, which was 29 % more than in the same period last year, while deficit on the income account surged 34 % y/y to EUR 418 mn.

IN FOCUS :

Ingra (Construction) – Management says companies' shares are attacked systematically and continuously

The management board of Ingra decided to issue a statement yesterday, blaming unspecified sources for „systematic and continuous“ attack on company's share price. In its statement Ingra said that recently media reported only negative news about the company, with some of them even forecasting bad outlook for share price. The management confirmed that its intention is to focus on institutional investors as long-term investors, but that it's dispersed shareholders' structure still paves the way for poor share price performance of the last couple of months. Just recently the press reported that the management paid its subcontractors with treasury shares, hinting that the company is short of financial means to fulfil its contract obligations.

RIISING ON UNUSUALLY HIGH TURNOVER: HT (Telecom)

FALLING ON UNUSUALLY HIGH TURNOVER: Atlantska plovdba (Shipping)

20 MOST LIQUID:

| STOCK | OPEN | HIGH | LOW | CLOSE | CHANGE % | VOLUME | TURNOVER |
|----------|----------|----------|----------|----------|----------|--------|---------------|
| HT-R-A | 216.12 | 220.00 | 214.65 | 219.00 | 0.23% | 75,292 | 16,379,435.76 |
| ATPL-R-A | 1,143.00 | 1,143.00 | 1,011.02 | 1,045.08 | -7.35% | 13,092 | 13,784,266.02 |
| IGH-R-A | 3,695.00 | 3,706.90 | 3,300.00 | 3,500.00 | -5.41% | 1,578 | 5,442,752.19 |
| DLKV-R-A | 385.00 | 390.58 | 351.60 | 366.00 | -6.15% | 11,969 | 4,363,114.10 |
| ULPL-R-A | 700.50 | 700.50 | 626.36 | 658.89 | -5.87% | 3,489 | 2,247,512.06 |
| ATGR-R-A | 513.04 | 522.50 | 504.00 | 515.00 | 0.39% | 4,169 | 2,132,410.27 |
| INGR-R-A | 42.97 | 43.27 | 38.30 | 40.99 | -4.63% | 49,663 | 2,043,595.04 |
| JDPL-R-A | 192.50 | 193.00 | 171.77 | 171.77 | -11.05% | 10,492 | 1,907,460.39 |
| INA-R-A | 1,364.00 | 1,364.00 | 1,320.01 | 1,340.00 | -1.76% | 1,179 | 1,592,382.18 |
| KOEI-R-A | 385.00 | 385.00 | 358.00 | 374.00 | -4.10% | 3,888 | 1,432,062.77 |
| PTKM-R-A | 122.50 | 122.50 | 102.03 | 118.00 | -5.60% | 11,392 | 1,296,479.64 |
| ADRS-P-A | 220.00 | 222.48 | 204.16 | 215.00 | -3.56% | 5,863 | 1,251,714.58 |
| ERNT-R-A | 1,250.01 | 1,251.00 | 1,175.00 | 1,230.00 | -1.60% | 1,011 | 1,238,344.93 |
| LKPC-R-A | 1,350.00 | 1,350.00 | 1,170.00 | 1,200.00 | -9.77% | 552 | 676,452.39 |
| ZABA-R-A | 190.00 | 190.00 | 175.00 | 184.00 | -5.15% | 3,630 | 657,230.31 |
| TNPL-R-A | 1,907.10 | 1,907.10 | 1,800.00 | 1,806.50 | -9.67% | 350 | 634,126.96 |
| THNK-R-A | 1,848.97 | 1,848.97 | 1,670.00 | 1,715.00 | -7.25% | 342 | 586,287.91 |
| KORF-R-A | 42.19 | 42.30 | 37.51 | 40.98 | -2.82% | 13,698 | 546,348.72 |
| LEDO-R-A | 4,350.01 | 4,500.00 | 4,000.01 | 4,000.01 | -11.48% | 119 | 496,800.93 |
| PBZ-R-A | 530.00 | 530.00 | 485.00 | 510.00 | -3.77% | 863 | 442,353.22 |

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