

31.08.2007

## CROATIA

### DALEKOVOD D.D.

Construction  
DLKV-R-A

P/E 53.36  
P/B 5.98  
P/S 1.97

M.CAP EUR 385 million

- BUY at 1.220 HRK;
- Recently signed a new contract valued at 20 million Euros;
- Total value of contracts signed on foreign market 170 million Euros;
- Total value of contracts signed on domestic market 205 million Euro;
- Expect strong 3Q and 4Q results.

### HUP ZAGREB D.D.

Hotels  
HUPZ-R-A

P/E 26.34  
P/B 2.25  
P/S 4.27

M.CAP EUR 160 million

- BUY at 2.230 HRK;
- Revenues totaled 171.9 million kuna, an increase of 26.8% (2Q);
- Net income totaled 24.3 million kuna, an increase of 63.2% (2Q);
- Potential acquisition target.

### INA D.D.

Crude oil & Gas  
INA-R-A

P/E 29.84  
P/B 2.06  
P/S 1.12

M.CAP EUR 3,610 million

- BUY at 2.630 HRK;
- Potential acquisition target: MOL has interested in majority stake;
- At a price of 2,630 HRK there exist upside potential in price.

### ZAGREBAČKA BANKA D.D.

Banking  
ZABA-R-A

P/E 24.30  
P/B 3.36  
P/S n.a.

M.CAP EUR 5,005 million

- BUY at 11.000 HRK;
- Interest income totaled 947 million kuna, an increase of 26.7%;
- Net income totaled 272.2 million kuna, an increase of 27.2%;
- Upside potential in price.

## SLATINSKA BANKA D.D.

Banking  
SNBA-R-A

P/E	25.65
P/B	2.87
P/S	n.a.

M.CAP EUR 55.7 million

- BUY at 445 HRK;
- Interest income totaled 33.6 million kuna, an increase of 10%;
- Net income totaled 4.4 million kuna, an increase of 21%;
- Upside potential in price.

## LAVČEVIĆ D.D.

Construction  
LVCV-R-A

P/E	80.38
P/B	2.90
P/S	1,96

M.CAP EUR88 million

- BUY (SPECULATIVE) at 1.225 HRK;
- Strong half yearly financial results;
- Revenues increased by 38.3%; net income increased by 54.4%;
- Recently signed a new contract valued at 158 million kuna;
- Stock multiples below average in the construction sector.

## ADRS D.D.

Tobacco/tourism  
ADRS-P-A

P/E	7.84
P/B	1.69
P/S	3,40

M.CAP EUR501 million

- BUY at 530 HRK;
- Revenues totaled 1.33 billion kuna, an increase of 15.8% (1H 2007);
- Net income totaled 302 million kuna, an increase of 13.5% (1H 2007);
- Stock undervalued according our valuation calculation and recent drop in the stock market.

## SERBIA

### TIGAR A.D

Tyre and rubber  
production  
TIGR

P/E	50.54
P/B	1.39
P/S	6.80

M.CAP EUR 46.75 million

- Buy at 2.174 RSD;
- The Board of Directors has passed a resolution on the issuance of 15% of new approved but non-issued shares in accordance with the decision of the Stockholders' Meeting held on June 8, 2006. In addition, share emission will provide the pre-emptive rights of purchase of shares for the shareholders of record as of the date of release of the Public Announcement. By the beginning of September, the Company shall submit the securities distribution Prospectus to Central Securities Depository and Clearing House;
- The First company on Listing A;
- Company reported net profit EUR 0.66 mn for the first quarter 2007;
- UK private equity investment firm Greenhouse Investments Limited will form a joint company with Tigar. Under the initial agreement, the two companies will create an integrated business that will grind scrap tires into granules to be used in the manufacturing of products for sports surfaces and equipment, children's playgrounds, and other road-based products. The products will be sold in the former Yugoslav republics through Tigar's retail network Tigar Trgovine and in other markets with the assistance from Greenhouse. The strategic partnership project is slated for implementation in February 2008.

## SOJAPROTEIN A.D.

Food production  
SJPT

P/E	57.50
P/B	4.35
P/S	4.74

M.CAP EUR 313.47 million

- Hold at 23.235 RSD;
- The company submitted the request for enlistment on the A Listing of Belgrade Stock Exchange. It will take at least 8 days before the Commission approves the request;
- The biggest company for soybean in this region;
- Majority shareholder is Victoria group;
- The soy bean producer Sojaprotein posted a profit in the total amount of RSD 163 million in the first quarter of 2007;
- On the GA held on August 8, 2007, shareholders adopted the financial report for H1 2007. According to the report, total revenues were at RSD 5.28 billion (EUR66.8 million) and net profit was at RSD 435.6 million (EUR5.5 million).

## ENERGOPROJEKT HOLDING A.D.

Real estate, renting and  
business activities  
ENHL

P/E	122.88
P/B	5.42
P/S	32.70

M.CAP EUR 358.51 million

- Hold at 3.270 RSD;
- Since 1951 when was founded as a consulting company Energoprojekt has developed into a complex business system integrating 18 companies in the country and over 40 subsidiaries and joint venture companies abroad. Energoprojekt is known as a reliable partner and in the course of a period of over 50 years it has developed a large spectrum of activities in the following fields: energy, town planning and environmental protection, infrastructure, architecture, industry, information technologies, trade, real estate, insurance and re-insurance, bond trading and financial mediation, industrial manufacture programs and graphic multi media engineering and digital printing.
- Serbian Railways has started negotiations with Energoprojekt holding. The representatives of Energoprojekt holding stated that they will accept the invitation for signing a contract for construction of the Belgrade's new railway terminal in Prokop. For contract worth EUR 170 million Energoprojekt holding was the second ranked bidder. Deal with Serbia's biggest construction company could be signed by the end of 2007 and the construction should begin by spring 2008;
- Energoprojekt had a net nonconsolidated profit of 120.5 million RSD in the first half of the year. Energoprojekt's net profit last year soared to 259 million RSD from 180 million RSD a year earlier.

## ROMANIA

### BIOFARM SA

Pharmaceuticals  
BIO

P/E	36.67
P/B	6.59
P/S	8.77
P <sub>31/08/07</sub>	0.8950 RON
M.CAP	525.257.739 RON

- Recommendation: BUY at RON 0.8700/share;
- It is 14.22%-owned by SIF Oltenia, 10.60% by SIF Moldova and 10.00% by SIF Banat Crisana;
- It posted the H1 2007 results: the net profit reached RON 9.16 mn., 21.79% higher compared to the similar period last year, while revenues increased by 5.49% to RON 30.94 mn;
- The EGSM called on September 19 is to approve the share capital increase from RON 58 mn to RON 102 mn and also establishing a company in Ukraine meant to register and sell drugs on this market.

## TRANSELECTRICA S.A.

Utilities Electrical&Gas  
TEL

P/E 14.21  
P/B 1.46  
P/S 1.24  
P<sub>31/08/07</sub> 43.0000 RON  
M.CAP 3.152.035.106 RON

- Recommendation: HOLD;
- It is 76.50%-owned by the Ministry of Trade and Commerce and 13.50% by Property Fund;
- It posted the financial results for H12007. The net profit reached RON 54.58 mn, 50.38% lower compared to the similar period last year, while total revenues reached RON 1.08 bn, 5.71% lower than in H1 2007;
- The free float might be increased and the value of a TEL share split.

## ROMPETROL RAFINARE

S.A.  
Oil refining  
RRC

P/E 599.29  
P/B 1.11  
P/S 0.46  
P<sub>31/08/07</sub> 0.1240 RON  
M.CAP 2.616.310.224 RON

- Recommendation: HOLD;
- It is 50.59%-owned by The Rompetrol Group (TRG). KazMunaiGas acquired a 75% stake in TRG, which was estimated at an enterprise value of USD 3.62 bn. Dinu Patriciu owned 80% in TRG and Phil Stephenson the remaining 20%;
- It posted H1 2007 results: the net profit reached USD 13 mn, compared to the USD 6 mn losses in H1 2006. EBITDA increased by 72% to USD 86 mn in H1 2007.

## PETROM S.A.

Energy sources  
SNP

P/E 16.87  
P/B 2.43  
P/S 2.30  
P<sub>31/08/07</sub> 0.5200 RON  
M.CAP 29.454.936.334 RON

- Recommendation: HOLD;
- It is 51%-owned by OMW, 20.64% by AVAS (The Authority for State Assets Recovery) and 20.11% by Property Fund;
- It posted for the first time the consolidated financial statements for 2006. Revenues amounted to RON 15.25 bn, 40% higher, while net profit was RON 2.06 bn, 17% higher.

## COMVEX CONSTANTA

S.A.  
Cargo handling  
OLT

P/E 11.00  
P/B 3.18  
P/S 3.00  
P<sub>31/08/07</sub> 44.8000 RON  
M.CAP 198.056.410 RON

- Recommendation: BUY at RON 44.0000/share;
- It is 52%-owned by Solidmet and 21.74% by Broadhurst;
- It posted the H1 2007 results: the net profit reached RON 8.97 mn, 4.8 times higher, while net sales reached RON 34.77 mn, 54.10% higher;
- The net dividend for 2006 is of RON 1.6370/share for legal entities and RON 1.5279 for individuals.

## SARAJEVO (BIH)

PIF BIG  
Investment fund

Average daily volume in  
last 2 months: 140.000 Euro

- BUY under 25 BAM;
- Good portfolio structure;
- About 90% discount to NAV.

**JP ELEKTROPRIVREDA  
BIH SARAJEVO**  
Energetic company

Average daily volume in  
last 2 months: 160.000 Euro

- BUY under 160 BAM;
- Biggest company in BIH, has several hydroelectric power plants and steam power stations and also several mines;
- Expected increase of price of electric power;
- Government is a majority holder;
- Expected attachment of several mines to one power holding;
- Long term investment.

**JP ELEKTROPRIVREDA  
MOSTAR**  
Energetic company

Average daily volume in  
last 2 months: 40.000 Euro

- HOLD at 240 BAM;
- Expected investments to energetic sector;
- Long term investment;
- Expected foreign investments to Bosnian energetic sector;
- Upside potential in price.

**FABRIKA DUHANA  
SARAJEVO**  
Tobacco company

Average daily volume in  
last 2 months: 70.000 Euro

- HOLD;
- Expected sale of government stake in 2007;
- Good operating results.

**ENERGOINVEST  
SARAJEVO**  
Construction company

Average daily volume in  
last 2 months: 80.000 Euro

- BUY under 37 BAM;
- Biggest construction company on Balkan market;
- Good operating results and several contracts signed in 2007;
- Expected management buyout (MBO) in 2007.

**HIDROGRADNJA  
SARAJEVO**  
Construction company

Average daily volume in  
last 2 months: 50.000 Euro

- BUY at 27 BAM;
- Construction of hydro centrals;
- Several contracts signed in 2007;
- Expected foreign investments to Bosnian energetic sector;
- State is planning to sell its stake.

**PIF PREVENT**  
Investment fund

Average daily volume in  
last 2 months: 50.000 Euro

- BUY at 39 BAM;
- Good portfolio structure;
- Large discount to NAV.

**PIF FORTUNA**  
Investment fund

Average daily volume in  
last 2 months: 30.000 Euro

- BUY at 20 BAM;
- Good portfolio structure;
- Large discount to NAV.

## PIF NAPRIJED

Investment fund

Average daily volume in  
last 2 months: 30.000 Euro

- BUY under 18 BAM;
- Good portfolio structure;
- Large discount to NAV.

## BANJALUKA (RS)

### PIF BLB-PROFIT

Investment fund

Average daily volume in  
last 2 months: 35.000 Euro

- BUY at 32 BAM;
- Good structure of portfolio;
- Biggest stake in portfolio have hydroelectric power plants and power station;
- Large discount to NAV.

### PIF EUROINVESTMENT

Investment fund

Average daily volume in  
last 2 months: 110.000 Euro

- BUY at 72 BAM;
- Good structure of portfolio;
- Large discount to NAV;
- Highest stake in portfolio have power stations and hydroelectric power plants.

### PIF ZEPTER FOND

Investment fund

Average daily volume in  
last 2 months: 45.000 Euro

- BUY at 27 BAM;
- Good structure of portfolio;
- Has 5% stake in Telekom Srpske;
- The biggest investment fund in Banjaluka.

### TERMOELEKTRARNA UGLJEVIK

Power station

Average daily volume in  
last 2 months: 25.000 Euro

- HOLD;
- Good potential;
- Undervalued compared to power station Gačko;
- Expected foreign investment in power station.

### HIDROELEKTRARNE NA TREBIŠNJICI

Hydroelectric power  
plant

Average daily volume in  
last 2 months: 20.000 Euro

- HOLD;
- Good potential;
- Undervalued compared to other hydroelectric power plants;
- Expected increase in electricity production.

### PIF KRISTAL INVEST

Investment fund

Average daily volume in  
last 2 months: 35.000 Euro

- BUY at 27 BAM;
- Good portfolio structure;
- Large discount to NAV.

## MAKEDONIJA

### KOMERCIJALNA BANKA A.D. Banking KMB

P/E	22.23
P/B	3.68
P/S	5.32

M.CAP EUR 262.3 million

### TOPLIFIKACIJA A.D. Power supplies (Heating) TPLF

P/E	214.99
P/B	3.58
P/S	4.18

M.CAP EUR 100.9 million

### BETON A.D. Construction BESK

P/E	62.54
P/B	1.12
P/S	2.00

M.CAP EUR 30.2 million

### RZ USLUGI A.D. Services to heavy industry (Steel production) STIL

P/E	615.20
P/B	2.50
P/S	7.30

M.CAP EUR 27.2 million

- BUY at 8.000 MKD;
- Has a dominant market share in the banking business in Macedonia with the largest well dispersed network all over the country;
- It still has no significant owner who dominates the ownership structure. (EBRD - 6%);
- According to its last financial statement for the first half of 2007 Komercijalna accounted:
  - Profits of 10.4 million euros, an increase of 64% compared to the same period in 2006;
  - Bank assets grew by 14% compared to the end of 2006;
  - Growth of 18% for its sales to non-financial subjects;
  - Growth of 39% for the net interest income and over 33% for the income from provisions.

- HOLD;
- Few days ago Toplifikacija announced that they won a court case against the Regulatory commission which didn't allow them to raise their service price for 26% last year which, due to the gas price increase which caused them to make negative results. They ask for about 4.2 million euros from the regulatory commission;
- According to its last 6 month financial result for 2007:
  - They slightly decreased sales by 0.5%;
  - Significantly decreased expenses by 39.4%;
  - Showed profits at an amount of 2.14 million euros, a financial result much better than their last year loss of 2.6 million for the same period.

- BUY at 42.000 MKD;
- Second largest construction company in Macedonia;
- According to their financial statement for the first quarter of 2007:
  - Their sales grew by 7.3% (2.77 million euros);
  - Their profits grew by 9.6 % compared to the same period in 2006;
- One month ago its dominant shareholder Mr. Azmanov (35% share) sold out its stake to two offshore companies (Repro one LTD and Wolles trading corp.). Behind those companies is Mr. Minco Jordanov who promised more aggressive market strategy for Beton on its latest interview.

- BUY at 1.150 MKD;
- Sole provider of technical water supplies to RZ Makstil and Mittal Steel, Operating water supplies system (more than 50 km length) with about 230 workers;
- Expanding its business into telecommunication services installing VIOP, and a prospective main partner in the future gasification product for those two steel producers;
- According to its last financial statement for H1 in 2007:
  - They increased sales by 62.07% compared to the same period in 2006;
  - Increased net profits by 66.89%.

## MAKPETROL A.D.

Gas retailing  
MPT

P/E	66.00
P/B	5.00
P/S	1.00

M.CAP EUR 314.3 million

- BUY at 170.000 MKD;
- Makpetrol Skopje is the largest gas retailer and supplier in Macedonia owning 114 gas stations well dispersed around the country and by them holding most of the gas retail market. It also owns two hotels (in Ohrid and Mavrovo), Honda exclusive retail business and Dell computers retail business, and has many stores on attractive locations in the capital Skopje;
- Its latest project this year is the construction of bio-diesel factory, able to produce about 30.000T of biodiesel a year;
- According to its latest financial statement for the first half of 2007:
  - They slightly decreased sales by 2.5% but increased their other operative income increased by significant 160%;
  - They decreased costs for employees by 3.3% and for supplies by 1.4%;
  - Their profits increased by 774.2 thousand euros.

## ALKALOID A.D.

Pharmaceuticals  
ALK

P/E	58.50
P/B	3.90
P/S	5.60

M.CAP EUR 293.5 million

- BUY at 12.250 MKD;
- The biggest pharmaceutical company in Macedonia;
- According to the last financial statement for the first half of 2007:
  - they increased sales for 9.01%;
  - increased gross operative profits by 41%;
  - increased net profits by 50.1%.

## ZEMJODELSKI KOMBINAT A.D. BITOLA

Agriculture  
ZPKO

P/E	51.30
P/B	1.09
P/S	3.60

M.CAP EUR 44.5 million

- BUY at 13.500 MKD;
- Largest agricultural company in Macedonia located in Bitola;
- According to the last financial statement for the first half of 2007:
  - they increased sales for 15.8%;
  - increased other income by 228%;
  - 2.8 million euros net profits showed for 1H of 2007;
- On 03.09.07 a block transaction for 3.8% of its capital was traded at MSE. Croatian FIMA investment fund is suspected to be the buyer of this block.

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