

30.03.2007

CROATIA

ADRIS

Tobacco & tourism
ADRS-P-A

P_{02/04/07}: HRK 535.00
M.CAP.: HRK 3,629.5 million*
* preferred shares only

- Based on the current valuation calculations of Adris grupa, we believe that the preferred shares have a significant upside potential.
- Consolidation of production facilities to one location, Kanfanar, Istria, which will bring about efficiencies and cost savings.
- Company will invest approximately EUR 291 million into their tourism segment between 2005 and 2009.

SERBIA

METALS BANKA A.D.

Banking
MTBN

P/E 156,72
P/B 3,83
P/S 11,32
P_{30/03/07} 58.073 RSD
M.CAP. 153,72 MIO EUR

- Shareholders Assembly was on 20th February. Shareholders voted for new issue of shares. Bank will issue 55.000 of shares. Shareholders on 20th February will have pre-emptive right to buy 27.500 of shares on price of 36.000,00 RSD per share. The rest of 27.500 shares are for all interested investors with price of 39.000 RSD.
- Metals banka announced public invitation for subscription and payment of 21st issue of shares. Shareholders on 20th February have pre-emptive right to buy 27.500 of shares on price of 36.000,00 RSD per share. Subscription and payment of shares with pre-emptive right started on 8th March and ends on 28th March 2007. The rest of 27.500 shares are for all interested investors with price of 39.000 RSD. Subscription and payment of shares started on 8th March and ends on 11th April 2007.
- 86% of shareholders used their pre-emptive right. The rest of 31.369 of shares is offered to all interested investors. Subscription and payment of shares ends on 11th April 2007.

FIDELINKA A.D.

Wheat production
FIDL

P/E 268,33
P/B 1,91
P/S 1,54
P_{30/03/07} 2.833 RSD
M.CAP. 46,59 MIO EUR

- Fidelinka produces wide range of products from wheat and other grain species;
- Management board of the company made decision at the end of the last year to start producing confectionary products. Fidelinka Company is one of the market leaders in the segment of bread production and flour. Company's officials are satisfied with the market response to the newly launched products. Company has recently promoted a new product line of sweets. Company plans to launch several new programs during the 2007.
- The production of Fidelinka comprises mills and silos in Subotica, Bjamok, Cantavir, a pasta plant, a starch and bakery with the production of bread, rolls, buns and confectionaries.
- Fidelinka's subsidiary for production of starch refined a unprecedented 6.000 tons of flour into wheat starch and vital wheat gluten. Fidelinka is the only company in the region which has this kind of production.
- During 2006. Fidelinka modernized processing line, introduced new technologies and standards, expanded productions capacity and created new visual identity. Sales increased by 50% in 2006. Fidelinka focused on new projects and final products. Undergoing project is development of sales stores network in Belgrade and Subotica. It has been also planned to be invested near EUR 20mil in new bacon factory.

SUNCE A.D.
Edible oil production
SNCE

P/E 29,30
P/B 1,53
P/S 1,55
P_{30/03/07} 28.999,00 RSD
M.CAP. 50,73 MIO EUR

- Sombor based edible oil factory Sunce will get new owner in the following days. Invej Company owned by Serbian businessman Predrag Rankovć Peconi is currently in the process of negotiation to acquire Sunce factory. Sunce was bought by a Delta Holding in 2001. This sale will mean that Delta is out of the edible oil business, since it has soled another edible oil factory a year ago. Delta Holding invested significant sum in these factories and improved its capacity. Official information on the value of the following acquisition is not yet available.
- Sunce a.d. plans to produce near 35,000 tones of edible oil in year 2007 stated general manager of Sunce a.d. – Vladimir Bordjoski. Produced edible oil will be exported, as earlier, in ex Yugoslav republic but also in Hungary and Austria.
- Sunce presented financial result for 2006. Results are a little bit better than in 2005.

ROMANIA

ALRO S.A. SLATINA
Metals Non-Ferrous
ALR

P/E 9.11
P/B 2.41
P/S 1.51
P_{11/10/06} 4.5900 RON
M.CAP 3.276.246.230 RON

- Recommendation: BUY at MKT;
- It is the largest aluminium producer in CEE;
- It posted preliminary results for 2006: the net profit reached USD 134.7 mn, 3.37 times higher y/y and the turnover amounted to USD 781.9 mn, 42.16% higher. The strong increase of the net profit was due to the improved productivity and to the high increase of the aluminium price on the international markets. The proposed gross dividend is of RON 0.3891/share;
- It is planning a Greenfield investment of around USD 1 bn. In a thermal power station that will have a production capacity of MW 1000 and it will allow the company to remain competitive.

TRANSELECTRICA .A.
Utilities Electrical&Gas
TEL

P/E 12.35
P/B 1.57
P/S 1.33
P_{30/03/07} 47.3000 RON
M.CAP 3.466.989.062 RON

- Recommendation: HOLD;
- It is the national power grid company and it is responsible for electricity transmission, system and market operation, grid and infrastructure development;
- It posted preliminary results for 2006: the net profit reached RON 280.76 mn, 240.81% higher compared to 2005 and the turnover amounted to RON 2.45 mn, 43.50% higher. It proposed a gross dividend of RON 1.47/share;
- Former owners of the nationalized houses, that wanted to be compensated in TEL shares, will receive 2-3% of TEL's share capital on May 15 at RON 31.5638/share.

**ALUMIL ROM
INDUSTRY S.A.**
Aluminium profiles
ALU

P/E* 10.20
P/B 2.41
P/S 1.69
P_{18/12/06} 4.6000 RON
M.CAP 143.750.000 RON
*According to the IPO's price P/S 3.16

- Recommendation: BUY at MKT;
- It is 69.88% owned by Alumil Milonas - Aluminium Industry and 29.94% by Michail Sotiriou and is the largest distributor of aluminium profile systems and related products;
- It posted a net profit of RON 12.43 mn in 2005, 13.58% lower y/y, while the turnover amounted to RON 84.81 mn, 14.42% higher y/y. The net profit at Q2 06 reached RON 5.42 mn, while the turnover amounted to RON 35.19 mn.

IPROEB S.A. BISTRITA

Cable manufacturing
IPRU

P/E 9.81
P/B 1.02
P/S 3.30
P_{30/03/07} 3.3200 RON
M.CAP 135.392.664 RON

- Recommendation: BUY at RON 3.32/share;
- It is 30.66% owned by Electromontaj and produces wires, insulated electric and optic cables;
- It posted a net profit of RON 13.8 mn in 2006, 489.13% higher y/y, while the turnover amounted to RON 147 mn, 47.73% higher y/y.
- It proposed a gross dividend of RON 0.0980/share.

PRODPLAST S.A.

BUCURESTI

Chemicals
PPL

P/E 35.13
P/B 2.90
P/S 0.66
P_{30/03/07} 3.2000 RON
M.CAP 121.111.296 RON

- Recommendation: HOLD;
- It is 21.60% owned by Nord S.A. and is specialized in plastic parts products like PVC, injection moulding products and polyethylene products;
- It posted a net profit of RON 3.9 mn, 3% higher y/y, while the turnover was of RON 63.8 mn, 8.3% higher y/y. The proposed gross dividend is of RON 0.0120/share.

SARAJEVO (BIH)

PIF BIG

Investment fund

Average daily volume in
last 2 months: 140.000 Euro

- BUY AT 26;
- Good portfolio structure;
- About 65% discount to NAV.

JP ELEKTROPRIVREDA

BIH SARAJEVO

Energetic company

Average daily volume in
last 2 months: 160.000 Euro

- BUY AT 180;
- 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.

JP ELEKTROPRIVREDA

MOSTAR

Energetic company

JPEMR

Average daily volume in
last 2 months: 160.000 Euro

- BUY AT 270;
- Expected increase of price of electric power;
- Has hydroelectric power plants which are more efficient;
- Good long term investment;
- Government is a majority shareholder.

ENERGOINVEST

SARAJEVO

Construction company

Average daily volume in
last 2 months: 80.000 Euro

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

PIF PREVENT Investment fund

Average daily volume in
last 2 months: 50.000 Euro

- BUY AT 52;
- Good portfolio structure;
- About 85% discount to NAV.

PIF FORTUNA Investment fund

Average daily volume in
last 2 months: 30.000 Euro

- BUY AT 22;
- Good portfolio structure;
- About 85% discount to NAV.

PIF NAPRIJED Investment fund

Average daily volume in
last 2 months: 30.000 Euro

- BUY 20;
- Good portfolio structure;
- About 85% discount to NAV.

BANJALUKA (RS)

PIF BLB-PROFIT Investment fund

Average daily volume in
last 2 months: 35.000 Euro

- BUY AT 32;
- 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 90;
- 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

- HOLD AT 28;
- Good structure of portfolio;
- Has 5% stake in Telekom Srpske;
- The biggest investment fund in Banjaluka.

PIF KRISTAL INVEST Investment fund

Average daily volume in
last 2 months: 35.000 Euro

- BUY AT 34;
- Good structure of portfolio;
- Large discount to NAV;

PIF BORS INVEST Investment fund

Average daily volume in
last 2 months: 35.000 Euro

- BUY AT 30;
- Good structure of portfolio;
- Large discount to NAV;

TERMOELEKTRARNA UGLJEVIK Power station

Average daily volume in
last 2 months: 25.000 Euro

HIDROELEKTRARNE NA TREBIŠNJICI Hydroelectric power plant

Average daily volume in
last 2 months: 20.000 Euro

TERMOELEKTRARNA UGLJEVIK Power station

Average daily volume in
last 2 months: 25.000 Euro

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