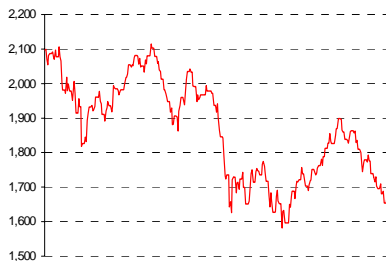


CEE Equity Daily - July 8, 2008

Close: 7-Jul-08	Index Last	LC/EUR Last	Performance							
			Indices				Currencies			
			1D		YTD		2007		2007	
LC (%)	EUR (%)	LC (%)	EUR (%)	EUR (%)	1D (%)	12M (%)				
CEE Region	NTX	1,678.1	-	-	1.52	-	-15.16	10.4	-	-
Austria	ATX	3,802.2	-	-	1.98	-	-15.75	1.1	-	-
Austria	ATX Prime	1,797.7	-	-	1.98	-	-15.55	-5.3	-	-
Croatia	CROBEX	3,504.3	7.24	0.01	-0.03	-33.11	-33.11	63.6	0.0	0.5
Czech Republic	PX	1,442.1	23.53	1.56	2.16	-20.55	-10.23	18.3	0.6	16.5
Hungary	BUX	20,125.1	231.57	1.28	2.25	-23.29	-16.25	5.0	0.9	5.7
Poland	WIG	39,471.6	3.30	-0.28	0.01	-29.07	-22.78	17.6	0.3	12.1
Poland	WIG 20	2,534.0	3.30	0.42	0.72	-26.68	-20.17	12.0	0.3	12.1
Romania	BET	6,102.5	3.58	-1.25	-0.27	-37.89	-37.78	15.0	1.0	-14.3
Russia	IRTS	2,189.0	36.85	0.06	0.25	-4.43	-107.94	7.5	0.1	-5.1
Serbia	BELEX 15	1,675.9	79.08	-1.31	-1.42	-23.56	-23.01	-	-0.1	3.0
Slovenia	SBI	7,547.3	-	-	-0.13	-	78.13	78.1	-	-
Turkey	ISE National 100	35,010.0	1.92	0.06	2.93	-37.0	-43.75	54.7	0.8	-9.7
Germany	DAX	6,395.8	-	-	1.97	-	-20.72	22.3	-	-
Germany	TecDAX	755.4	-	-	2.88	-	-22.45	30.2	-	-
Europe	DJ Euro Stoxx 50	3,332.7	-	-	1.75	-	-24.25	6.8	-	-

Source: Factset, Erste Bank

New Europe Blue Chip Index (52 weeks)



Sales

Vienna

+43 (0)50100-83123

London

(+44 20) 7623-4154

Research

+43 (0)50100-19634

Today's top stories

- **Austrian politics: Early elections in September after breakup of "big" coalition**
- **Zentiva: Sanofi-Aventis sends takeover bid to Czech National Bank**
- **Richter takeover of Polpharma unlikely to happen**
- **Banca Transilvania net profit up 40% y/y in 1H08**

Top gainers, % (1D)

	EUR	LC	YTD	
			EUR	LC
Austria (ATX)				
Wienerberger	4.39	-	-36.70	-
Raiffeisen International	3.76	-	-22.78	-
RHI	3.70	-	6.04	-
Erste Bank	3.55	-	-19.51	-
Verbundgesellschaft	3.50	-	14.85	-

CEE (indices)

	EUR	LC	YTD	
			EUR	LC
Allami Nyomda	5.36	4.36	-25.23	-31.52
TVN	4.09	3.78	-22.27	-28.60
PKO BP	3.96	3.65	-8.31	-15.78
OTP	3.33	2.35	-24.86	-31.17
Econet.hu	3.31	2.33	-47.72	-52.12

Top decliners, % (1D)

	EUR	LC	YTD	
			EUR	LC
Austria (ATX)				
voestalpine	-1.68	-	-11.45	-
Mayr-Melnhof	-1.36	-	-23.52	-
bw in	-0.65	-	-37.28	-
CEE (indices)				
Phylaxia Pharma	-4.98	-5.88	-35.30	-40.74
Soja Protein	-4.97	-4.86	-	-
Agora	-3.23	-3.52	-41.33	-46.11
Ledo	-2.97	-2.92	-39.14	-39.89
Polnord	-2.57	-2.86	-47.83	-52.08

Source: Reuters, Erste Bank

The shares included in this table are based on local indices.

Corporate news - Austria

Austrian politics: Early elections in September after breakup of "big" coalition

Yesterday, the conservative People's Party (ÖVP) announced the breakup of the "big" coalition government in Austria. Additionally, W. Faymann was appointed as the leader of the SPÖ for the new elections and current Chancellor Gusenbauer stepped down. The ÖVP will be led by the current party head W. Molterer. The new election will take place in September; a definite date has not been fixed yet.

General comment: From the capital market point of view, this is slightly positive news. The coalition was planning to introduce a capital gains tax on profits from stock transactions, which would have been clearly negative for the stock market. However, the influence of Austria's political situation on the - mostly CEE-focused - companies listed in Vienna should not be overestimated.

Potential winners: Telekom Austria, Austrian Post. The planned outsourcing of civil servants from Telekom Austria and Austrian Post was not moving forward. We see a chance that this could become part of the program of any new government in Austria.

Potential loser: AUA. As the current government has not yet given the final privatization order to ÖIAG, there is a clear danger that this will not happen and AUA will have to wait until a new government is constituted.

Potential election outcome: In current surveys, ÖVP is clearly leading over SPÖ, but this can change with the new SPÖ front man W. Faymann. In our opinion, the outcome of the elections is open and both a government of the socialists, but also of the People's Party with the support of one or more of the smaller parties seems possible. Another attempt for a big coalition between ÖVP and SPÖ is rather unlikely, in our opinion. Günther Artner, CFA +43 (0) 5 0100 11523

Corporate news - Czech Republic

Zentiva: Sanofi-Aventis sends takeover bid to Czech National Bank

Zentiva (Accumulate, current price: CZK 1,109, target price: CZK 1,120)

Yesterday, the Czech National Bank received the takeover bid from Sanofi-Aventis for shares of Zentiva. Sanofi stated on June 18 that it would offer CZK 1,050/share for Zentiva as a counter-bid to the earlier offer from the PPF group (CZK 950/share).

No event for Zentiva. Vladimira Urbankova +43 50100 17343, Radim Kramule +420 224 995 213

Corporate news - Hungary

Richter takeover of Polpharma unlikely to happen

Richter (Buy, current price: HUF 31,960, target price: 47,301)

Breaking the silence and putting an end to market speculation on what was behind the suspension of trading with its shares (both on Friday and yesterday), Richter Gedeon announced that the acquisition of Polpharma is unlikely to happen. On July 3, 2008, Richter received approval from the Polish Competition Authority for the transaction and a termination notification from Genefar in relation to the Agreement between Richter and Genefar on the acquisition of 99.65% shares in Polpharma, which had been publicly announced on November 15, 2007. On July 6, 2008, representatives and financial and legal advisors of Richter and Genefar met in Budapest to clarify the situation. However, no agreement was reached. According to Richter, Genefar, an investment vehicle of Polish businessman Jerzy Starak, had asked Richter to provide additional rights and benefits and to release Genefar from certain obligations stipulated by the original agreement signed and approved later on by Richter's shareholders at the EGM in December. Richter said that it disagrees with Genefar's position, but is committed to completing the deal under the original terms. As Genefar no longer wishes to complete the deal on the original terms, the board of Richter believes that the transaction is unlikely to be completed. In this case, Richter will take necessary steps to enforce its claim for the breakup penalty amounting to USD 40mn.

At first glance, the news looks negative, as the transaction was promising to lift Richter into the number one regional player, with strengthened prospects in key CEE markets, namely Poland and Russia. On the other hand, given the transaction terms (an all-share deal and the associated dilution effects), the impact on Richter's target price will be marginal. Furthermore, should the transaction be canceled, this would remove uncertainties related to the deal, including the not fully transparent impact of Polpharma and Akrikhin on Richter's financials, to say nothing of the potential problems orchestrating the consolidation of the new entity. In conclusion, while we are waiting for more light to be shed on the reasons leading to the failure of this biggest-ever acquisition move by Richter, we do not anticipate any long-term negative effects on Richter's share price (although the short-term reaction might be negative). Vladimira Urbankova +43 5 01001 7343

Other short news:

Antal Kovács, a member of the SB of **OTP (Buy)**, bought 5,000 OTP shares at an average price of HUF 5,950 on July 3 and owns 38,000 shares (0.01%) after the transaction. OTP also announced yesterday that the Municipal Court of Budapest, functioning as the Registration Court, registered OTP Kereskedoház Kft. as of June 23, 2008. The new company is a 100% subsidiary of OTP with registered capital of HUF 50mn.

FHB (Hold) bought 2,281 treasury shares at an average price of HUF 1,100 on Monday and the bank owns 227,304 shares after the transaction.

Fotex (N.R.) bought 39,687 treasury shares at an average price of 554 on July 4 and owns 1,892,865 shares after the transaction. The company gave an order to purchase a further 50,000 shares at a maximum price of HUF 560. Today is the first trading day of the 1:10 split shares of **Allami Nyomda (N.R.)**. *Hungarian Equity Research +36 1 23 55 131*

Corporate news - Poland

Monnari: Impressive sales in June (up 110.8% y/y)

(Hold, current price: PLN 20.8, target price: PLN 32.0)

In June, Monnari reported impressive unconsolidated revenues of PLN 19.6mn. This translates into a very strong y/y dynamic of 110.8%, which was prompted by the fast pace of new openings (an increase in the number of stores by over 60% y/y) and like-to-like growth of as high as 48.8%. In 1H08, the unconsolidated top line arrived at PLN 102.3mn (up 90.5% y/y).

Revenues generated during the first half of the year usually contribute around 40% of the FY figure. Based on the 1H08 performance, we expect FY08 sales to reach around PLN 255mn, over 20% higher than the PLN 207mn estimated in our last report. On the other hand, we would like to underline that, for Monnari, skyrocketing revenues do not translate into an equivalent growth in profit. We expect margins to be flattened by the cost of expansion and intensive after-season sales. As a result, we maintain our bottom line target for 2008 of PLN 17.7mn. Magda Jagodzinska +48 22 538 62 50

Corporate news - Romania

Banca Transilvania net profit up 40% y/y in 1H08

(Accumulate, current price: RON 0.51, target price: RON 0.3350)

Banca Transilvania announced yesterday in advance its results for 1H08, with net profit up 40% y/y (under Romanian Accounting Standards, RAS). In the last year, Banca Transilvania reported an increase of deposits and loans of 66% and 63.5%, respectively. Banca Transilvania also made an important announcement regarding a capital gain of at least EUR 75mn from the sale of the insurance company Asiban to Groupama in a transaction worth EUR 350mn. Asiban is the third player on the Romanian insurance market and the company was held by Banca Comerciala Romana, BRD, Banca Transilvania and CEC, with 25% stakes for each. Each shareholder will receive EUR 87.5mn from this transaction. Banca Transilvania budgeted for 2008 a gross operating profit of RON 300mn, with the capital gain from the Asiban transaction adding to the gross profit over RON 266mn. In 2007, Banca Transilvania reported a gross profit of RON 403.2mn, out of which RON 173.5mn was a capital gain from the sale of its insurance subsidiary BT Asigurari to Groupama.

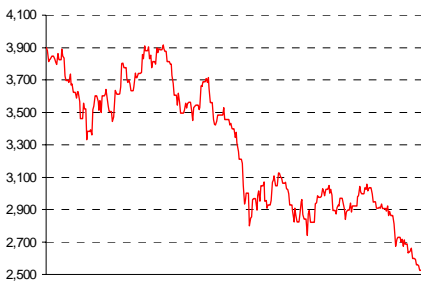
RON mn	1H08	1H07	y/y	2008 consensus	1H08/ 2008 consensus
Total net revenues	490.1	375.6	30.5%	-	-
Total expenses	358.7	282.1	27.1%	-	-
Gross profit	131.5	93.5	40.6%	300.0	43.8%
Net profit	111.4	79.5	40.1%	-	-
Credits	10,486.0	6,414.0	63.5%	12,148.0	-
Deposits	11,724.0	7,047.0	66.4%	15,019.0	-

*According to Romanian Accounting Standards

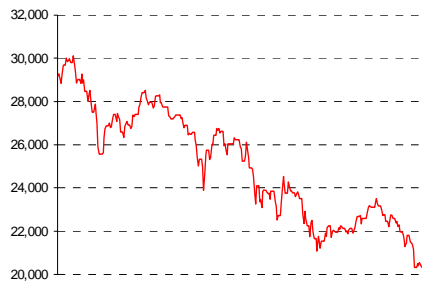
The operating gross result is over the guidance provided by management for the whole year, with an ambitious target in terms of increasing the profit before tax by 31%. The capital gain recorded from the Asiban transaction (which will be finalized in 3Q08) is significantly over estimates and will draw investors' attention, with an exceptional net profit to be achieved for FY08. Gernot Jany +43 (0) 50 100 11903, Mihai Caruntu +4021 311 27 54

CEE Equity Daily - July 8, 2008

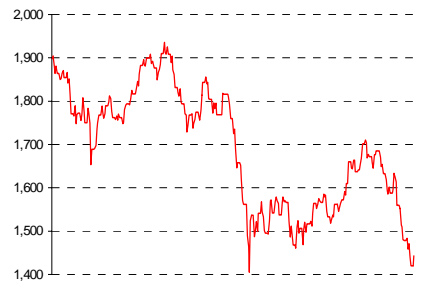
WIG 20 (52 weeks)



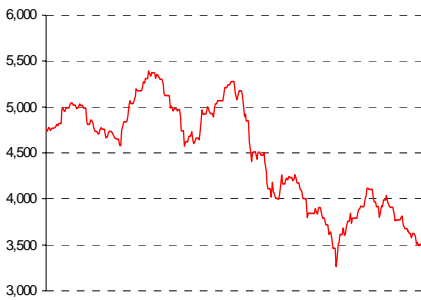
BUX (52 weeks)



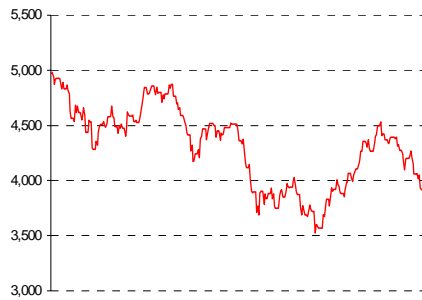
PX 50 (52 weeks)



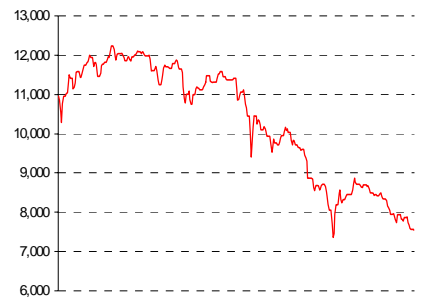
CROBEX (52 weeks)



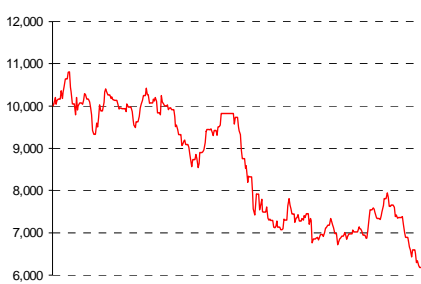
ATX (52 weeks)



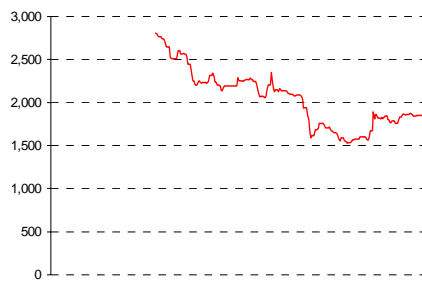
SBI (52 weeks)



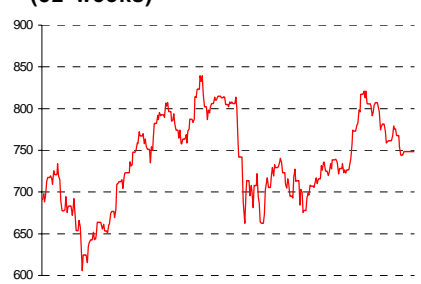
BETI (52 weeks)



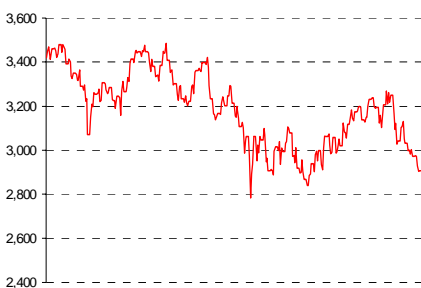
BELEX 15 (52 weeks)



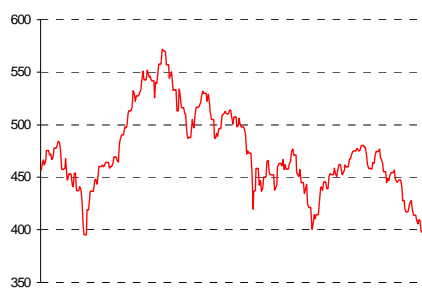
MSCI Emerging Europe (52 weeks)



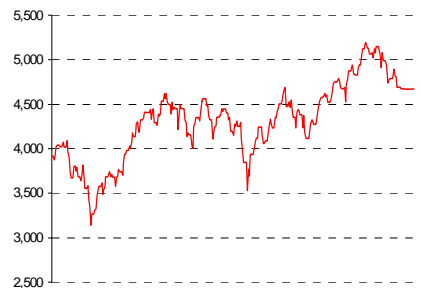
MSCI Emerging Far East (52 weeks)



MSCI Emerging Asia (52 weeks)



MSCI Emerging Latin America (52 weeks)



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	MO- July 7, 2008	TUE- July 8, 2008	WE- July 9, 2008	THU- July 10, 2008	FR- July 11, 2008
Company Results				<p>Agrana Beteiligungs AG (Hold) 1Q 2008/09 (EUR) Sales: 506 (449)mn EBITDA: 40.0 (42.3)mn EBIT: 25.0 (27.6)mn Net profit: 15.4 (17.9)mn</p> <p>We expect strong sales development in 1Q (March – May) driven by the starch (volume and price increases) and fruit business (higher price level). However, operating profitability will lag behind due to high raw material and energy costs. On top, the bioethanol plant in Pischelsdorf (AU) will cause downtime cost of around EUR 2mn. The financial result should also worsen leading to a decline in net profit.</p> <p>Eybl International AG (n.r.) Publication of the result 2007/2008 (EUR)</p>	<p>Flughafen Wien AG (Hold) Traffic results June 2008</p>

	MO- July 7, 2008	TUE- July 8, 2008	WE- July 9, 2008	THU- July 10, 2008	FR- July 11, 2008
AGMs			Zentiva (Accumulate): EGM	Unternehmens Invest AG (n.r.): AGM DO&CO Restaurants& Catering AG (n.r.): AGM Kapsch TrafficCom AG (Buy): AGM	Eybl International AG(n.r.): AGM
Ex Div.	Miba AG(n.r.): DPS EUR 3.3 Voestalpine AG (Buy): DPS EUR 2.1 AT&S Austria Technologie & Systemtechnik AG (Accumulate): DPS EUR 0.34 MOL(Hold): DPS HUF 883		Aparator (Hold): DPS PLN 0.50	Agora (Hold): DPS PLN 0.50	
Other	<p>EUR: Sentix Investor Confidence (Jul)</p> <p>GER: Industrial production (May)</p> <p>JPN: Machine Tool Orders (Jun)</p> <p>CZ: International reserves (USD)</p> <p>RO: Net wages (May)</p> <p>Other companies:Alcoa (Q2)</p>	<p>USA: Pending home sales (May) , Consumer Credits (May)</p> <p>JPN: Money Stock M3 (Jun) , Eco Watchers Survey : Current & Outlook (Jun)</p> <p>SK: Industrial Production (May)</p> <p>HR: Producer Prices (Jun) , Retail Trade Real (May)</p> <p>HU: Industrial Output (May P)</p> <p>CZ: Consumer Price Index (Jun), Unemployment rate</p> <p>RO: Industrial Output (May), Retail Sales (May)</p>	<p>EUR: Euro-Zone GDP (1Q F)</p> <p>GER: Trade Balance, Current Account (May)</p> <p>USA: MBA Mortgage Applications (Jul 4)</p> <p>JPN: Machine Orders (May)</p> <p>SK: Average Monthly Real Wage (May)</p> <p>HU: Trade balance (May P)</p> <p>RO: Trade Balance, Consumer Prices (Jun)</p>	<p>EUR : ECB monthly report</p> <p>USA: Initial Jobless Claims (Jul 05)</p> <p>JPN: Current Account Total (May)</p> <p>SK: Consumer Price Index (Jun)</p> <p>CZ: Industrial Output (May) , Industrial Sales (May), Construction Output (May)</p>	<p>USA: Trade Balance (May) , Import Price Index (Jun) , Univ. of Michigan confidence (July P), Monthly Budget Statement (Jun)</p> <p>JPN: Industrial Production (May F), Capacity Utilization (May F), Consumer confidence (Jun)</p> <p>SK: Trade balance (May)</p> <p>HU: Consumer Price Index (Jun)</p> <p>Other companies: General Electric (Q2)</p>