

KEY STOCKS FOR THE WEEK 27/08—31/08

- Invalda**, Lithuanian investment conglomerate, has released detailed documentation of its anticipated **merger** with one of its controlling shareholders — **AB Nenuorama**. While a welcome move in itself, bringing more transparency to the group's structure, we see the deal conditions being detrimental to minority shareholder value, due to Nenuorama's assets, co-owned with Invalda, being valued much higher than Invalda's share price accounts for. Should this go unnoticed by a critical mass of investors, we expect a **downward** pressure on the share price during the week.
- Lietuvos Juru Laivininkyste**, Lithuania based shipping fleet operator, has announced a decrease of **-12.2%** in its H1 revenue to **LTL 47.3M**. Same-period net result was down **-35.8%**, with an **EPS of LTL 0.043**. We expect the result to realize as a negative impact on the share price as soon as this week.

BALTIC MARKET EVENTS FOR THE WEEK 27/08—31/08

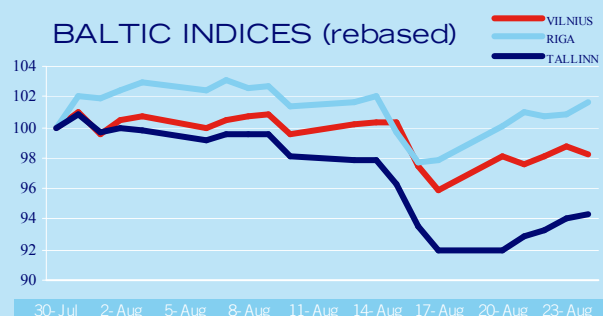
Riga Stock Exchange	Tallinn Stock Exchange	Vilnius Stock Exchange
27 August		
28 August		
29 August	Saku - H1 result	Rokiskio Suris - H1 result
30 August		
31 August	Olainfarm - H1 result	Rytu Skirstomieji Tinklai - H1 result

LAST WEEK IN THE BALTIC STOCK MARKETS

LIQUIDITY INJECTIONS MAKE THEIR WAY INTO THE EQUITIES..

	OMX RIGA INDEX	OMX TALLINN INDEX	OMX VILNIUS INDEX
Last Price	731.1	901.6	545.2
Market Cap (€ mln)	2,016.7	4,953.1	3,844.9
52-Week High Price	742.6	1086.4	574.4
52-Week Low Price	594.6	652.7	379.7
1-Week Return	3.9%	2.5%	2.4%
1-Month Return	1.0%	-5.5%	-2.1%
Year to Date	11.5%	5.3%	10.7%
1-Year Return	20.2%	36.7%	42.8%
% of Index Cap*	86.7%	96.9%	82.2%
P/E*	11.5	13.7	17.3
P/BV*	1.2	3.2	1.8

* - adjusted to include only the most liquid stocks (as listed on page 3)



Ten Most Traded Shares by Weekly Volume

	Last Price	% Change	Volume €
TEO LT	2.37	1.7%	15,831,391
Ukio Bankas	4.85	4.8%	6,945,326
Arco Vara	1.92	1.1%	6,458,107
Eesti Telekom	7.70	0.9%	3,995,662
Siauliu Bankas	3.83	3.5%	3,876,092
Apranga	19.05	2.4%	3,512,838
Invalda	18.80	2.2%	1,745,461
City Service	15.85	2.3%	1,378,429
Merko Ehitus	21.30	0.9%	1,046,839
Tallinna Vesi	14.00	0.7%	949,390

Movement of the Baltic Markets

Number of Winners	44
Number of Unchanged	3
Number of Losers	2

Largest Winner and Largest Loser (Weekly Volume Exceeding EUR10,000)

	Last Price	% Change	Volume €
Liepajas Metalurgs	3.62	29.3%	169,690
SAF Tehnika	3.82	-4.5%	28,371

Last Week's Stocks to Watch

	Last Price	% Change	Outlook *
City Service	15.85	2.3%	↓
Sanitas	32.05	3.4%	↓
PTA Grupp	4.74	9.0%	↑
Merko Ehitus	21.30	0.9%	↑
Arco Vara	1.92	1.1%	↑
Olympic Entertainment Group	5.77	4.0%	↑
Siauliu Bankas	3.83	3.5%	↑
Baltika	6.68	4.2%	↑
Invalda	18.80	2.2%	↑
Apranga	19.05	2.4%	↑
TEO LT	2.37	1.7%	↑

*based on last week's report

...AS MARKETS BOOM (BEFORE ANOTHER DOOM?)

Liepajas Metalurgs, Latvian cast steel manufacturer, has **doubled** its **H1 y/y** profit to **LVL 8.25M**, on the sales increase of **+36%**. The exciting news not only sent share price sky-high, but also generated unusual amounts of turnover for otherwise illiquid stock. Share price increase topped last week's charts at **+29.3%**.

SAF Tehnika, Latvian communications equipment manufacturer, was one of only two positions to post negative returns during last week's trading. The share has been suffering after management's recently released bleak outlook for 2007, offering no reasons for improved expectations.

COMPANY	MARKET CAPITAL FREE FLOAT (€ mln)	SHARE PRICE (quoted currency)		YTD	P/E	P/B	EV/EBITDA
		2007.08.20	2007.08.24				
Consumer Discretionary							
Apranga	92.7	18.60	19.05	44.3%	32.9	9.5	17.6
Baltika	98.2	6.41	6.68	-9.7%	23.9	6.2	16.9
Express Grupp	33.5	5.15	5.31	-10.0%	16.2	3.0	13.3
Norma	32.2	4.90	4.95	-3.1%	10.5	1.2	3.0
Olympic Entertainment Gro	523.9	5.55	5.77	29.8%	36.1	6.4	20.6
PTA Grupp*	55.5	4.35	4.74	20.6%	36.1	5.7	18.0
Snaige	16.1	8.50	8.70	-28.1%		2.1	22.7
Starman	19.5	5.00	5.00	13.6%	22.4	4.8	11.7
Tallinna Kaubamaja	118.3	8.17	8.83	-3.8%	16.4	4.1	13.1
Vilniaus Baldai	7.5	19.00	20.00	10.5%		2.9	22.3
Consumer Staples							
Kalev	22.1	1.13	1.13	-28.9%		1.1	24.2
Latvijas Balzams	5.5	4.00	4.26	-3.8%	10.0	1.0	8.5
Pieno Zvaigzdes	50.0	5.05	5.17	-4.3%	15.2	2.2	6.6
Rokiskio Suris	40.8	62.50	64.00	16.4%	19.8	1.4	6.7
Saku Olleتهas	31.3	15.00	15.66	15.1%	19.4	9.7	8.6
Zemaitijos Pienas	13.5	21.01	21.21	-16.0%	7.9	1.4	4.1
Energy							
Klaipėdos Nafta	31.4	1.05	1.08	-6.1%	48.3	0.9	12.9
Latvijas Gaze	17.2	10.20	9.98	-3.3%	18.7	1.3	9.9
Latvijas Kugnieciba	124.4	1.27	1.40	30.8%	4.0	1.2	6.5
Lietuvos Dujos	31.1	3.56	3.62	-5.0%	19.2	0.9	10.3
Lietuvos Elektrine	9.2	5.80	6.10	35.9%	-	0.9	15.2
Ventspils Nafta	62.1	2.89	2.97	26.4%	18.8	1.1	123.0
Financials & Real Estate							
Arco Vara	75.8	1.90	1.92	-21.0%	4.9	1.5	7.2
Invalda	98.0	18.40	18.80	50.6%	13.1	2.5	20.5
Siauliu Bankas	138.0	3.70	3.83	-1.8%	24.0	2.5	-
Snoras	21.2	5.04	5.20	4.0%	20.0	3.0	-
Ukio Bankas	116.7	4.63	4.85	24.0%	11.8	2.3	-
Healthcare & Pharmaceuticals							
Grindeks	45.0	8.00	8.05	11.8%	11.9	2.2	8.5
Olainfarm	10.9	2.98	3.03	23.7%	32.3	2.9	12.1
Sanitas	178.2	31.00	32.05	135.7%	29.1	3.2	26.3
Industrials							
Eesti Ehitus	67.2	5.45	5.60	6.0%	11.0	5.1	12.1
Harju Elekter	31.5	3.31	3.35	-19.3%	11.5	1.6	14.1
Lietuvos Juru Laivininkyste	10.3	0.61	0.61	-1.6%	58.0	0.5	6.3
Merko Ehitus	106.5	21.10	21.30	8.4%	9.0	3.4	9.1
Panevezio Statybos Trestas	40.6	18.80	19.19	27.1%	7.6	5.9	12.0
Rigas Kugu Buvetava	7.4	0.83	0.88	-5.4%	83.5	0.7	11.1
Tallink Grupp	503.2	1.30	1.31	2.5%	9.9	1.5	13.3
IT & Telecommunications							
Eesti Telekom	185.6	7.63	7.70	-8.3%	11.8	5.0	7.1
SAF Tehnika	3.8	4.00	3.82	-68.2%	104.1	1.4	11.5
TEO LT	186.6	2.33	2.37	-14.1%	12.8	1.9	4.5
Vilniaus Vingis	9.1	5.60	5.94	1.5%	2.8	0.8	-
Materials							
Grigiskes	14.7	2.66	2.69	-8.8%	20.6	1.6	7.4
Liepajas Metalurgs	10.4	2.80	3.62	47.8%	4.3	0.9	-
Lifosa	17.4	51.30	54.49	154.6%	40.0	2.9	18.6
Utilities							
City Service	21.9	15.50	15.85	22.4%	30.3	11.5	21.4
Lietuvos Energija	36.0	5.01	5.20	32.0%	-	1.6	19.4
Rytu Skirstomieji Tinklai	46.5	3.85	3.90	4.0%	-	1.0	9.9
Tallinna Vesi	84.0	13.90	14.00	-6.7%	17.5	4.1	12.5
Vakaru Skirstomieji Tinklai	21.1	710.00	730.00	65.9%	-	1.9	9.2
Average	71.9			12.0%	22.8	2.9	15.2

* Values adjusted to include Silvano Fashion Group

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