

The announcement of Prime Minister Andrej Plenkovic that the Government will buy INA shares from MOL raised the price of INA shares less than 10 percent to EUR 423 and the following days and weeks will show whether yesterday's customers will make profit from the transaction.

INA shares are listed on the stock exchange, but are minimally traded with because three key players, MOL, Croatia and pension funds, are holding 98.5 of INA shares, and only 1.5 per cent of shares of Croatian oil company is commercially available. Most of them belong to MOL, 49.08 percent (although it is believed that associated partners who have purchased half percent of shares are hiding behind custody accounts), followed by the Ministry of State Property with 44.84 percent, and the rest is held by pension funds and other investors, reports Vecernji list.

Whoever bought INA yesterday, and 45 shares have been sold for EUR 19,024 does not believe that the Croatian government and MOL will reach agreement. Anonymous sources say that Croatia is willing to offer MOL EUR 800 million, while the company also unofficially reports that it will not go below EUR 1.8 billion as it is the amount that have been invested in INA so far.

Like all divorces, divorce between INA and MOL can have several scenarios. The least painful would be the deal between two partners on the sale price, and the takeover process would be reduced to formal respect for the procedures specified in the Croatian law. Experts believe that the price at which INA shares are being traded is high just because 1.5 percent of shares held by small shareholders and investors who are hiding behind the custody accounts can be crucial if the agreement fails. There are more possible outcomes. If the agreement on the price is reached, in that case it is expected from the Croatian government to come out with a voluntary takeover bid at the agreed price. This procedure is carried out and controlled by HANFA, and includes publication of bid, HANFA control of the process and shareholders payment, which should all be completed in less than two months! The agreed price may be lower (and theoretically higher) than the price at which it was traded on the stock exchange yesterday and previous days.

However, the turbulent divorce would bring an explosion in the price of share because it is assumed that then the Croatian government and MOL would start the final fight for the remaining 6 percent of stake. This scenario involves a public bids on INA takeover. MOL has already tried to increase the share of 50 percent in 2010, but was stopped by pension funds. In 2010 MOL had 47 percent of INA shares, and offered to buy the remaining shares at EUR 370. The offer was accepted by two percent of INA shareholders. At the same time, the pension funds joined the race for INA shares and actually stopped MOL.

Their offer of EUR 370 per share brought them a total of 4.5 percent of stake. After this failure, MOL has played different game and through other customers started buying shares significantly above the price which was defined in the public bid. HANFA and its then head

Ante Samodol found out that MOL had paid EUR 529 per share and a criminal complaint was filed for that. Starting from the assumption that the Croatian pension funds would rather sell its stake in INA to Croatia than to MOL, it appears that Croatia lacks only 0.7 percent of INA shares to overtake the management rights from MOL and throw it off the game. However, in that game MOL has slightly better position because it is assumed that it is in need of only 0.5 percent of shares in order to throw Croatia off the game. In both cases, the ultimate loser would be the company that would continue to fall apart.

The Hungarian government does not want to comment anything related to INA and MOL, but refers to a statement from MOL which says that the company has always been and still remains open to discuss the future of INA. With reference to the statement of Prime Minister Andrej Plenkovic regarding the intention of Croatia to buy the entire shares of MOL in INA, MOL is still waiting for the official statement.

- We have nothing to add to this statement - as reported from the Hungarian government. At St. Mark's Square a new energy strategy is being prepared diligently as well as details of the takeover. "Pametno" Party voted against the takeover on which will benefit only freeloaders, according to them. If it already wants to have good investment, the State should invest in the technologies of the future such as nanotechnology and robotics or to buy shares of proven technology companies. "Pametno" urges citizens to oppose the takeover of INA and ask the Government to start thinking about how to increase the standard of living of its citizens, not just itself and its party colleagues.