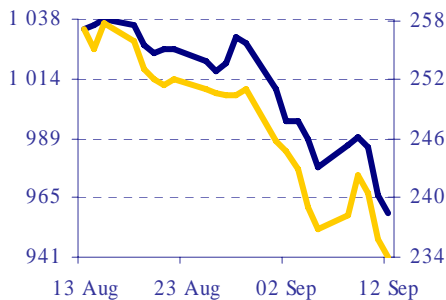


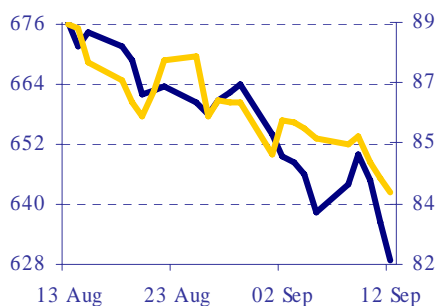


08 – 12 SEPTEMBER 2008

BULGARIA WEEKLY UPDATE



— SOFIX (left) — BG40 (right)



— BGTR30 (left) — BG REIT (right)

Change	SOFIX	BG40	BGTR30	BGREIT
1-wk	-1.9%	-1.2%	-1.5%	-1.6%
3-mo	-19.7%	-28.1%	-21.9%	-10.3%
YtD	-44.8%	-54.6%	-42.1%	-19.7%
12-mo	-41.4%	-44.6%	-38.5%	-14.9%

Top Gainers*

Kapitan Diado Nikola [3KN]	9.9%
Sopharma [3JR]	7.0%
Biovet [53B]	6.4%

Top Losers *

Holding Roads [6H2]	-12.9%
Billboard [5BP]	-8.7%
Synergon Holding [6S7]	-7.2%

* from our list of selected stocks (see last page)

Turnover statistics	Week 37
Weekly volume (shares)	5 780 625
Avg. weekly volume YtD	12 213 675
Weekly turnover (BGN)	22 867 283
Avg. weekly turnover YTD (BGN)	55 046 956

Source: Bulgarian Stock Exchange

MARKET WRAP-UP

SOFIX lost 1.90% to 959.17 during the week as the negative news worldwide did not bypass the Bulgarian Stock Exchange. The liquidity remained extremely low and even small volumes were enough for the large majority of the issues to register significant losses. The only exception of the overall picture seemed to be First Investment Bank [5F4] which attracted investor's attention, generating more than 613k total volume for the week. The main reason for the large demand appeared to be the rumours about the sale of the bank which created some enthusiasm among the local investors. At the end the bank closed at BGN 6.099, gaining 2.68% for the week. BG40 and BGTR30 also declined, fixing 234.24 and 628.78 respectively. The total return index set a new all-time-low after the disappointing performance from Chimimport (6C4, BGN 7.153, -7.10%) and Synergon Holding (6S7, BGN 5.50, -6.49%). Good volume was also traded in the mineral water producer Devin (6D3) where a total of 185k changed hands pushing the price down to BGN 3.15 (-4.55%).

NEWS HIGHLIGHTS

- **GDP real growth** in H1 2008 was 7.1% YoY. The GDP reached BGN 29.4bn, preliminary data showed.
- **HICP inflation** slightly decreased with -0.1% MoM to 11.2% YoY in Aug 2008. The **CPI** grew 0.1% MoM to 13.8% YoY.
- Bulgargaz, the largest local gas retailer, presses for a 36.5% increase in the price of **natural gas** from Q4 2008.
- **Voestalpine**, an Austrian steelmaker, signed a memorandum with the Ministry of Economy. Bulgaria is competing with Romania, Turkey, and Ukraine to attract a €5bn investment.
- Bulgaria and Poland were equally **attractive for foreign investors**, according to the *Index of Business Trust* by Reuters.
- **Greek companies invested** over EUR 2bn in Bulgaria in H1 2008, the Athens newspaper Imerisia announced.
- **FDI in real estate** decreased 10% YoY, the Minister of Economy claimed.
- Bulgarian **REITs** total assets reached BGN 1.5bn as of June 30th, up 67.3% YoY. The statistical data includes 68 REITs.
- **FairPlay Properties REIT [6F3]** obtained a EUR 4.2m loan.
- A **Holding Roads [6H2]** subsidiary signed a BGN 12m contract for the construction of residential property.
- Bulgarian **mutual funds' investments in shares** were BGN 333m as of June 30th, data of the FSC showed.
- **Devin [6D3]**, a mineral water producer, steps up its presence in Romania, plans new plant and warehouses.
- **Eurohold Insurance Group [4EH]** will raise to 91.4% its stake in the Macedonian insurer Euroins Osigurovanje Macedonia.
- Bulgaria ranked 45th among 181 economies in the *Doing business* report by the World Bank and IMF, measuring business regulations and the relative **ease of doing business**.
- A total of 64 **mergers and acquisitions** deals worth \$2.6bn were closed in H1 2008 in Bulgaria, a survey showed.
- The capital raise prospectus of **Lomsko Pivo [6L1]** was approved.

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FIXED INCOME AND MACRO DATA

Most recent macro data	
BGN/EUR Exchange rate	1.95583
Inflation (HICP, YoY Aug)	11.8%
Inflation (HICP, cumulative 2008)	7.1%
GDP Growth (YoY H1 2008)	7.1%
Unemployment (July 2008)	5.9%
Public External Debt/GDP (July '08)	11.9%
FDI Jan-June '08 (EUR)	2.1bn
C/A Deficit/GDP (Jan-June '08)	-11.5%

Source: BNB; NSI; National Employment Agency

Type	Coupon	Maturity	Currency	Yield (%)
Treasuries	3.75%	16-Feb-10	BGN	n.a.
Treasuries	4.75%	11-Feb-11	BGN	n.a.
Treasuries	5.20%	04-Feb-14	BGN	n.a.
Eurobonds	8.25%	15-Jan-15	USD	n.a.
Sofibor		Overnight (ON)	BGN	5.37
Sofibor		3-month	BGN	7.27
Sofibor		12-month	BGN	8.66
Base Interest Rate			BGN	5.23

Source: BNB; UBB

NEWS IN THE SPOTLIGHT
Insurance sector
Insurance market sustains growth in H1 2008 at the expense of profitability

General insurance gross written premiums amounted to BGN 723m in H1 2008, 21% up YoY. Gross claims were BGN 356m, up 41% YoY. The technical result of all general insurers was negative, at BGN 13.8m, against a positive result of BGN 28.6m in H1 2007. At the end of the first half of the year the assets of the general insurers totalled BGN 1.5bn, an increase of 22.5% YoY. Motor insurances accounted for 69% of total premiums, whereas gross claims from motor insurances comprised 85% of total claims. The greatest rise in percentage terms was achieved by railway insurance (+83%), vessels (+35%) and credits (+33%).

Life insurance gross written premiums grew faster than those of general insurance, at 27% YoY, to BGN 129m. Claims and compensations paid stood at BGN 36m, up 35% YoY. The technical result of all life insurers was negative BGN 5m compared to a positive result of BGN 7m in H1 2007.

The health insurance market gross written premiums stood at BGN 15.1m in H1 2008, up 5.2% YoY. Claims paid amounted to BGN 9.6m compared to BGN 7m in H1 2007, up 38% YoY.

Source: FSC; FFBH

Bulgarian Stock Exchange
BSE Replaces 9 Companies in the BG40 Index

As of 23 September (Tuesday), the content of the BG40 index measuring the 40 most liquid companies on the BSE will be changed as follows:

Companies removed from BG40:	New companies in BG40:
Albena [6AB]	Billboard [5BP]
Bulgarian River Shipping [5BR]	Enemona [E4A]
Chugunoleene [59C]	Favorit Hold [6A9]
Devin [6D3]	Holding Roads [6H2]
Holding Varna [5V2]	Neochim [3NB]
Lomsko Pivo [6L1]	Oil & Gas Exploration Production [4O1]
M+S Hydraulic [5MH]	Polimeri [51P]
Severcoop Gamza Holding [6S4]	Trace Group Hold [T57]
Zaharni Zavodi [3Z9]	Zarneni Hrani Bulgaria [T43]

On the same date, Enemona [E4A] will be added to the calculation of SOFIX, the index of the largest market capitalisations.

Source: Profit.bg


SELECTED STOCKS INDICATORS
All figures in BGN (BGN/EUR rate fixed at 1.95583)

Ticker	Company Name	Average (Friday)	WoW%, avg	WoW%, close	YTD change %	Weekly Turnover	Market cap	PE (TTM)	PS (TTM)	PB (MRQ)	Dividend Yield
A72	Agria Group Holding	7.723	-1.0%	-1.0%	-15%	114 836	52 516 400	12.4	0.8	1.4	0.0%
6AB	Albena AD	65	-0.7%	-0.7%	-45%	80 263	277 753 190	13.2	2.4	1.0	0.8%
6AM	Alcomet	5.535	-4.7%	-4.7%	-67%	1 841	99 369 628	46.7	0.4	1.5	0.0%
6A6	Advance Terrafund	1.86	0.0%	0.0%	-8%	167 935	81 944 268	3.6	3.1	1.0	0.0%
5BN	Bulgarian American Credit Bank	56.49	3.6%	3.6%	-29%	16 555	713 170 715	12.0	8.4	4.3	2.7%
53B	Biovet	7.85	6.4%	6.4%	-54%	8 434	53 249 517	268.9	0.5	0.9	0.0%
55B	Blagoevgrad BT	67.567	-0.6%	-2.8%	-25%	3 599	182 608 331	20.1	0.9	1.0	7.4%
5BP	Billboard	5.092	-8.7%	-7.6%	40%	55 870	76 380 000	11.7	2.3	3.3	0.0%
5BU	Real Estate Fund Bulgaria	1.43	0.0%	0.0%	-32%	84 725	86 443 500	2.4	1.9	0.8	1.8%
57B	Bulgartabac Holding	27.989	0.0%	0.0%	-10%	560	206 201 177	n.m.	0.6	0.7	2.9%
4CF	Central Cooperative Bank	3.208	-2.8%	-3.3%	-70%	98 082	266 761 535	14.3	2.5	1.2	0.0%
6C4	Chimimport	7.297	-5.2%	-7.1%	-53%	470 628	1 094 549 883	8.5	0.9	1.6	0.0%
6C9	Corporate Commercial Bank	91.859	0.9%	1.1%	-4%	960 625	551 154 000	17.0	8.2	3.1	0.0%
5DOV	Doverie-Obedinen Holding	6.984	2.5%	-1.6%	-51%	1 380 318	97 818 554	8.6	0.5	0.7	0.0%
4EC	Elana Agricultural Land Opportunity Fund	1.798	0.4%	0.6%	-18%	87 969	107 369 161	2.4	1.9	0.8	0.0%
SL9	Sparky Eltos	7.413	-2.5%	-6.6%	-55%	20 904	124 058 927	9.7	1.4	1.2	0.0%
E4A	Enemona	16.618	-1.1%	-1.5%	-1%	73 369	198 312 565	11.6	1.9	2.4	0.0%
4EH	Eurohold Bulgaria	4.245	-6.7%	-5.6%	-38%	283 191	265 302 465	2.3	0.8	1.3	0.0%
5IC	EuroIns Insurance AD	6.575	-1.2%	-1.5%	-61%	115 579	65 749 947	19.3	0.8	3.1	0.0%
5F4	First Investment Bank	6.16	3.7%	2.7%	-46%	3 732 992	677 600 000	12.1	3.1	1.9	0.0%
4F6	Fazerles	115.937	-2.6%	-2.5%	-63%	37 553	59 707 555	10.8	1.9	2.9	0.9%
6H2	Holding Roads	14.806	-12.9%	-8.8%	-27%	2 787	454 129 632	36.3	2.8	8.1	0.0%
4ID	Industrial Holding Bulgaria	5.792	-1.8%	-2.9%	-49%	237 513	253 438 998	14.8	1.3	1.3	0.0%
6K1	Kaolin	6.51	-3.8%	-5.5%	-63%	215 702	162 750 000	14.5	1.3	1.4	4.6%
3KN	Kapitan Diado Nikola	39.8	9.9%	9.9%	-79%	1 030	14 687 434	142.6	0.3	0.5	0.0%
5MH	M+S Hydraulic	6.629	1.0%	1.1%	-52%	113 108	86 298 974	18.4	1.1	2.4	1.4%
5MB*	Monbat	11.494	-1.7%	-1.7%	-25%	664 769	448 266 000	17.6	2.4	4.5	1.6%
3NB	Neochim	80.337	0.4%	1.3%	4%	239 028	213 243 159	6.2	0.9	1.8	0.6%
5ODE	Shiprepair Yard Odessos	228.222	-0.8%	0.0%	-26%	25 075	133 884 611	15.6	2.9	2.5	0.9%
5ORG	Orgachim	161.994	-0.6%	-0.1%	-75%	114 788	81 453 013	23.6	0.6	1.1	0.0%
5OTZ	Lead and Zinc Complex	25.77	-2.8%	-4.9%	-72%	231 775	216 803 010	151.3	1.1	3.1	0.0%
5PET	Petrol	9	-2.1%	-2.1%	70%	47 758	983 246 400	4.4	0.5	3.8	0.0%
6S7	Synergon Holding	5.456	-7.2%	-6.5%	-63%	104 508	100 165 880	8.8	0.3	0.4	1.5%
3JR	Sopharma	3.853	7.0%	8.3%	-57%	346 664	508 596 000	22.7	1.2	2.1	1.3%
3TV	Toplivo AD	15.402	-3.7%	-3.9%	-47%	101 054	83 430 000	9.5	0.3	0.6	0.0%

Note: Figures based on H1 2008 TTM consolidated results; PS ratio for banks (BACB, BRIB, FIB, CORP and CCB) based on total operating income, PS on EuroIns Insurance (BSE ticker: EURINS) - based on gross premium income, PS on Chimimport includes both financial and non-financial revenues

* Figures are based on unconsolidated data; Dividend Yield in blue based on 2006 DPS.



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