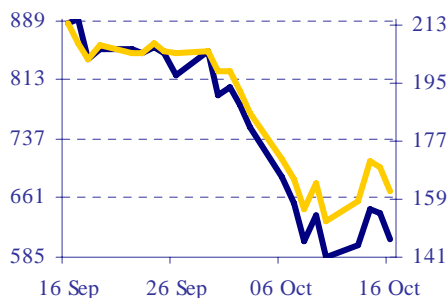
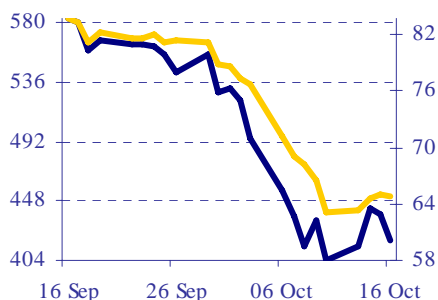




13 OCTOBER – 17 OCTOBER 2008



— SOFIX (left) — BG40 (right)



— BGTR30 (left) — BGREIT (right)

Change	SOFIX	BG40	BGTR30	BGREIT
<b>1-wk</b>	5.6%	9.4%	6.2%	-0.4%
<b>3-mo</b>	-40.3%	-36.3%	-37.3%	-29.7%
<b>YtD</b>	-64.4%	-67.8%	-60.5%	-40.2%
<b>12-mo</b>	-67.4%	-71.4%	-63.4%	-39.2%

**Top Gainers\***

Kapitan Diado Nikola [3KN]	43.6%
Blagoevgrad BT [55B]	35.1%
Doverie-Obedinen Holding [5DOV]	16.9%

**Top Losers \***

Agria Group Holding [A72]	-13.5%
Sparky Eltos [SPV]	-10.7%
Advance Terrafund [6A6]	-7.4%

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

**Turnover Statistics Week 42**

Weekly volume (shares)	10 023 081
Avg. weekly volume YtD	12 207 236
Weekly turnover (BGN)	31 712 570
Avg. weekly turnover YTD (BGN)	51 939 079

Source: Bulgarian Stock Exchange

**MARKET WRAP-UP**

Last week recorded positive results, which was a nice change in the background of the recent turmoil and weeks of negative results. SOFIX advanced by 5.6% to 618bps., BG40 jumped to 166.5 bps. (+9.4%), BGTR 30 added 6.2% to 429 bps. while BGREIT was almost flat at 62.60 bps. Part of the explanation for these growths was the severe drop of the overall market the Friday before last (Oct 10<sup>th</sup> when markets fell by between 7.3% and 8.4% in a single day). This provided opportunities for speculators, and with some positive news about lowering world interest rates, the local market sentiment improved. However, investors remained cautious, ahead of 3Q-2008 results, which are due to start trickling in from next week till the end of November.

**NEWS HIGHLIGHTS**

- **Inflation** (HCPI) continued to slow down in Sept, easing to 11.4% YoY.
- Bulgaria's **current account deficit** for the Jan-Aug 2008 period widened to €4.8bn, or 14% of expected GDP (vs €3.4bn, or 11.6% of GDP in end-August 2007).
- **Foreign direct investment (FDI)** during Jan-Aug 2008 fell to €3bn (8.8% of GDPe), from €4.2bn (14.4% of GDP) during the same period last year.
- The **average gross income of Bulgarian households** increased to BGN 686 in August 2008 from BGN 597 a year ago.
- The **unemployment rate** dropped to 5.8% in Sept 2008, 0.09% lower than Aug 2008 and 0.98% lower than Sept 2007.
- Over 4.3m **foreign tourists** visited Bulgaria in Jan-Aug 2008, up by 15% YoY. The foreigners spent over €1.5bn in Bulgaria for the specified period, which is a 12% YoY growth.
- The Austrian company Voestalpine postponed its **decision on where to build a €5bn steel plant** that it planned to locate in the Black Sea region, a company press service announced.
- Bulgaria may try to thaw its frozen **interbank market** by guaranteeing all loans interbank lenders give to each other. The guarantee should run for a year after changes to the deposit insurance act, passed at first reading, take effect.
- **EuroIns [5IC]** plans a BGN 10m capital increase, offering 2.5m shares at BGN 4, and bringing the number of shares to 12.5m. The proposal will be voted on 28 Nov. The capital raise should be considered successful if 50% of the new shares are subscribed. Majority owner Euroins Insurance Group said it would sustain its ownership of at least 70% of the company.
- The permit of **Monbat [5MB]**'s lead recycling plant in Serbia was revoked by the local eco ministry, on "technical and procedural omissions of the authorities", states Monbat.
- **Eurohold Bulgaria [4EH]** plans to group its leasing subsidiaries in a subholding registered in the Netherlands.
- **Energoremont Holding [6EG]** voted on a dividend payout of BGN 0.05 per share, making a payout of c.11%.
- Secondary trade with shares of **Railway Infrastructure** will start on 28 Nov. The company performed an IPO in June. Investors subscribed 2.5m news shares for BGN 12.6m. IPO proceeds should be used in company investment programme.

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**FIXED INCOME AND MACRO DATA**

Most recent macro data	
BGN/EUR Exchange rate	1.95583
Inflation (HICP, YoY Sept)	11.4%
Inflation (HICP, cumulative 2008)	8.0%
GDP Growth (YoY H1 2008)	7.1%
Unemployment (Sept 2008)	5.8%
Public External Debt/GDP (Aug '08)	10.2%
FDI Jan-Aug '08 (EUR)	3.0bn
C/A Deficit/GDP (Jan-Aug '08)	-14.4%

Source: BNB; NSI; National Employment Agency

Type	Coupon	Maturity	Currency	Yield (%)
Treasuries	3.75%	16-Feb-10	BGN	6.06
Treasuries	4.75%	11-Feb-11	BGN	6.01
Treasuries	5.20%	04-Feb-14	BGN	6.12
Eurobonds	8.25%	15-Jan-15	USD	7.26
Sofibor		Overnight (ON)	BGN	6.39
Sofibor		3-month	BGN	7.83
Sofibor		12-month	BGN	9.06
Base Interest Rate			BGN	4.96

Source: BNB; UBB

**NEWS IN THE SPOTLIGHT**

**Energy Sector**

**Bulgarian-Portuguese JV plans to build six biomass plants**

Bulgarian-Portuguese joint venture Mape Development plans to invest €150m into the construction of 6 biomass-fuelled power plants with a combined installed capacity of 30 MW in Bulgaria over the next 4 years, the firm said. The first facility should be built in Panagyurishte, central Bulgaria, and will have a capacity of 5 to 10 MW. Mape Development is part of Portuguese consortium MAPA SGPS Group.

Separately, the Association of Bio Fuel Producers criticized the Ministry of Finance for a delay in requesting the approval for zero excise tax on bio fuels, which might be expected no sooner than in 18 months. The distributors now have no economic motivation to offer bio mixtures and the result will be the ruin of this branch of the industry, they claim. Source: *Dnevnik*

**Financial Sector**

**Bulgarian Development Bank expected to start in mid-2009**

Bulgarian Development Bank, which should guarantee loans to SMEs and provide risk financing, is expected to start operations in mid-2009, economy and energy minister Petar Dimitrov said. The operations of Bulgarian Development Bank should be financed by the EU's Competitiveness Operational Programme and the European Investment Fund. The negotiations with EIF were at a later stage and Bulgaria has asked to receive the whole €200m in the competitiveness programme at a time, the minister said. Source: *Dnevnik*

**Financial sector**

**EIBank: banks' lending policy to get more prudent**

Bulgarian banks will be more conservative about their lending policy, especially in terms of collateral, EIBank commercial representative Hristina Filipova told at a seminar organized by the bank. The cost of funding will continue to grow raising further the interest rates on retail loans, said EIBank retail banking head Teodor Mladenov. EIBank will continue to give 80% of the cost of mortgage properties and will not cut down on lending in response to the crisis. Deposit rates will also keep the uptrend. The bank rolled out a new six-month deposit with promotional annual rates of 8.2% for BGN and 6.2% for EUR. Source: *Dnevnik*

**Orgachim**

**Orgachim appoints new CEO**

[5ORG]

The Supervisory Board of Orgachim announced the appointment of Achille Angelo Bardelli as company's CEO and member of the Management Board. Mr Bardelli previously worked for Max Mayer, Glidden-Salchi, BASF, Degussa-Inxel, DuPont Powder Coatings and Akzo Nobel. Mr Bardelli replaced Boyko Shoylevkov, who acted as temporary CEO. Mr Shoylevkov was appointed as deputy CEO, responsible for the financial management of Orgachim. Source: *Orgachim*

**Stara Planina Hold**

**Stara Planina Hold to repurchase 105k shares, 0.5% of its capital**

[5SR]

Stara Planina Hold will buy back 105k shares making 0.5% of its current capital. The share price will be in the range BGN 2.15 – 2.80. The buyback period will be until Dec 14 but may be extended until the share target is hit. Source: *Dnevnik*


**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	4.618	-13.5%	-7.5%	-49%	66 672	31 402 400	7.4	0.5	0.8	0.0%
6AB	Albena AD	40.705	2.3%	8.0%	-66%	250 138	173 937 594	8.2	1.5	0.6	1.2%
6AM	Alcomet	3.788	14.8%	14.8%	-78%	90 840	68 005 809	31.9	0.3	1.0	0.0%
6A6	Advance Terrafund	1.398	-7.4%	-7.3%	-31%	221 900	61 590 369	2.7	2.3	0.8	0.0%
5BN	Bulgarian American Credit Bank	22.019	7.4%	12.2%	-72%	4 852 325	277 983 820	4.7	3.3	1.5	6.8%
53B	Biovet	6.72	-4.0%	0.7%	-60%	22 307	45 584 300	230.2	0.4	0.8	0.0%
55B	Blagoevgrad BT	45	35.1%	35.1%	-50%	10 502	121 618 170	13.4	0.6	0.6	11.1%
5BP	Billboard	4.064	12.5%	12.2%	11%	104 813	60 960 000	9.3	1.8	2.6	0.0%
5BU	Real Estate Fund Bulgaria	1.099	9.9%	9.9%	-47%	213 864	66 434 550	1.8	1.5	0.6	2.3%
57B	Bulgartabac Holding	24	-2.0%	-2.0%	-23%	240	176 813 328	n.m.	0.5	0.6	3.3%
4CF	Central Cooperative Bank	2.198	-3.1%	-8.3%	-79%	395 587	182 774 892	9.8	1.7	0.8	0.0%
6C4	Chimimport	4.183	10.1%	7.1%	-73%	1 674 629	627 449 933	4.9	0.5	0.9	0.0%
6C9	Corporate Commercial Bank	71.081	1.5%	5.7%	-26%	929 744	426 486 000	13.1	6.3	2.4	0.0%
5DOV	Doverie-Obedinen Holding	6.091	16.9%	15.2%	-57%	218 264	85 311 112	7.5	0.4	0.6	0.0%
4EC	Elana Agricultural Land Opportunity Fund	1.155	6.0%	5.5%	-48%	481 034	68 971 847	1.5	1.2	0.5	0.0%
SL9	Sparky Eltos	4.276	-10.7%	-12.1%	-74%	105 066	71 560 228	5.6	0.8	0.7	0.0%
E4A	Enemona	9.133	5.1%	2.5%	-46%	261 288	108 989 569	6.4	1.0	1.3	0.0%
4EH	Eurohold Bulgaria	2.68	10.7%	7.6%	-61%	414 604	167 493 664	1.4	0.5	0.8	0.0%
5IC	EuroIns Insurance AD	3.88	-0.5%	-0.5%	-77%	19 148	38 799 969	11.4	0.5	1.8	0.0%
5F4	First Investment Bank	3.795	16.8%	19.4%	-67%	2 634 853	417 450 000	7.5	1.9	1.2	0.0%
4F6	Fazerles	73.444	13.0%	9.5%	-76%	41 641	37 823 660	6.8	1.2	1.8	1.4%
6H2	Holding Roads	13.036	8.6%	0.6%	-36%	17 433	399 840 192	32.0	2.5	7.1	0.0%
4ID	Industrial Holding Bulgaria	4.492	2.7%	2.9%	-60%	284 498	196 555 245	11.5	1.0	1.0	0.0%
6K1	Kaolin	4.915	14.3%	16.3%	-72%	249 788	122 875 000	11.0	0.9	1.1	6.1%
3KN	Kapitan Diado Nikola	25.85	43.6%	43.6%	-87%	20 346	9 539 451	92.6	0.2	0.3	0.0%
5MH	M+S Hydraulic	6.482	1.5%	1.8%	-53%	19 311	84 385 269	18.0	1.0	2.4	1.4%
5MB	Monbat	6.822	13.2%	11.1%	-55%	789 986	266 058 000	10.5	1.4	2.7	2.6%
3NB	Neochim	69.5	4.5%	4.5%	-10%	235 653	184 477 881	5.4	0.8	1.6	0.7%
5ODE	Shiprepair Yard Odessos	195.89	16.0%	16.0%	-37%	52 486	114 917 301	13.4	2.5	2.1	1.0%
5ORG	Orgachim	109.186	9.2%	8.5%	-83%	267 396	54 900 359	15.9	0.4	0.8	0.0%
5OTZ	Lead and Zinc Complex	17.467	-6.9%	-6.5%	-81%	157 118	146 949 871	102.5	0.7	2.1	0.0%
5PET	Petrol	7.843	13.7%	15.9%	49%	24 427	856 844 613	3.8	0.4	3.3	0.0%
6S7	Synergon Holding	3.596	-1.5%	-1.8%	-75%	58 407	66 018 421	5.8	0.2	0.2	2.2%
3JR	Sopharma	2.357	16.0%	12.5%	-74%	870 316	311 124 000	13.9	0.7	1.3	2.1%
3TV	Toplivo AD	10.442	8.2%	3.8%	-64%	106 881	56 562 528	6.4	0.2	0.4	0.0%

*Note: Figures based on H1 2008 TTM consolidated results; PS ratio for banks (5BN, 4CF, 6C9, 5F4) based on total operating income, PS on EuroIns Insurance (5IC) based on gross premium income, PS of Chimimport [6C4] includes both financial and non-financial revenues*



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