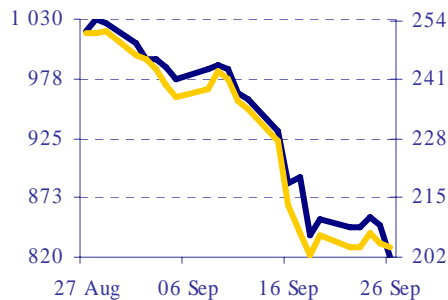
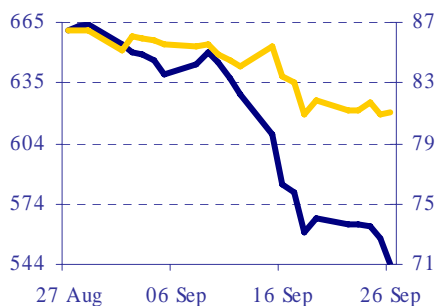




23 – 26 SEPTEMBER 2008



— SOFIX (left) — BG40 (right)



— BGTR30 (left) — BG REIT (right)

Change	SOFIX	BG40	BGTR30	BGREIT
<b>1-wk</b>	-3.9%	-1.3%	-4.1%	-0.9%
<b>3-mo</b>	-28.8%	-34.0%	-30.0%	-13.5%
<b>YtD</b>	-52.8%	-60.5%	-49.9%	-22.6%
<b>12-mo</b>	-55.4%	-61.2%	-53.4%	-22.2%

**Top Gainers\***

M+S Hydraulic [5MH]	17.7%
Holding Roads [6H2]	5.1%
Shiprepair Yard Odessos [5ODE]	5.0%

**Top Losers \***

Agria Group Holding [A72]	-15.4%
Bulgarian American Credit Bank [5BN]	-14.0%
EuroIns Insurance AD [5IC]	-9.4%

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

**Turnover statistics** **Week 39**

Weekly volume (shares)	6 097 567
Avg. weekly volume YtD	11 956 670
Weekly turnover (BGN)	24 505 466
Avg. weekly turnover YtD	53 648 982

Source: Bulgarian Stock Exchange

**MARKET WRAP-UP**

The announcement of the US bailout program did not significantly influence the Bulgarian equity market. The price fluctuations continued with a recurring sell pressure that did not find any adequate buy demand. Liquidity remained low during the week reflecting the absence of local corporate news. SOFIX lost 3.9% to 820.36 points, BG40 closed at 204.13 points (-1.3%) while BGTR30 decreased the most as the index finished on Friday at 543.61 points (-4.1%). Despite positive Bulgarian macro data (a slightly decreasing inflation rate to 11.8% YoY and a GDP real growth of 7.1%), we do not expect market sentiment to change over the next few weeks, at least not until the release of the Q3 2008 financial reports, due by the end of October.

**NEWS HIGHLIGHTS**

- **Moody's** decreased the outlook on the Bulgarian sovereign rating from positive to stable on concerns of growing external imbalances and funding costs. The Baa3 rating, an investment grade, was confirmed.
- **Unemployment** was 5.89% in August, down 0.07% MoM, according to the Bulgarian Employment Agency.
- **Government debt** was €5.2bn by end-2007, down 8.4% YoY in absolute terms. The debt was 17.9% of 2007 GDP.
- **Gross external debt** amounted to €2.7bn, or 99.5% of 2008 GDPe, up 13.2% YTD. **Net external debt** of the country was €14.6bn, at 44.4% of GDPe and up 23.1% YTD.
- Bulgaria attracted US\$8.4bn of **FDI** in 2007, according to the 2008 World Investment Report of the UNCTAD. According to the Bulgarian National Bank, 2007 FDI was €6.5bn.
- In Aug 08, **broad money (M3)** rose 21% YoY to BGN 45.7bn, reaching 71.2% of 2008 GDPe.
- **Raiffeisen Bulgaria** increased its shareholders' capital by BGN 136.9m from BGN 407.9m to BGN 544.77m by issuing of 136.9m new shares at BGN 1 par value each.
- **Ziraat Bankasi**, a state-controlled Turkish bank, plans to open five more offices in Bulgaria, its General Director announced.
- City Center Sofia, a 22k sq. m. shopping mall, was sold by **Equest Balkan Properties** for €101.5m. In 2006, Equest acquired the property still under construction for €4m.
- All Telecoms, an associate of **Bianor Holding Group [5BI]**, has a new owner, Noto Investments, which plans to invest €m in the company. Bianor's stake is 4.5% vs. 15% before.
- **Bulgarian Telecommunication Company [5BT]** will merge with BTC Mobile after the shareholders approval on an extraordinary shareholders meeting.
- **Sparky [SPV]**, a machine-builder, plans to invest BGN 50m in capacity increase in the next 3 years.
- **KRS Saedinie AD [5T3]** plans to list its tourist subsidiary Orfey Club Wellness AD.
- **Advance Terrafund [6A6]** capital increase attracted BGN 76m. A total of 41m new shares were subscribed.

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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-July '08 (EUR)	2.8bn
C/A Deficit/GDP (Jan-July '08)	-13.9%

Source: BNB; NSI; National Employment Agency

Type	Coupon	Maturity	Currency	Yield (%)
Treasuries	3.75%	16-Feb-10	BGN	5.49
Treasuries	4.75%	11-Feb-11	BGN	5.33
Treasuries	5.20%	04-Feb-14	BGN	5.23
Eurobonds	8.25%	15-Jan-15	USD	6.21
Sofibor		Overnight (ON)	BGN	5.67
Sofibor		3-month	BGN	7.38
Sofibor		12-month	BGN	8.67
Base Interest Rate			BGN	5.23

Source: BNB; UBB

**FINANCIAL RESULTS**

**Monbat [5MB]**

**Monbat 8-month unconsolidated net profit doubles YoY to BGN 15m**

Monbat, a car battery producer, reported that its unconsolidated sales revenue grew 40% YoY to BGN 15m in August 2008. Unconsolidated sales revenue in the eight months of the year were reported at BGN 120m, up 67% YoY. The January-August unconsolidated EBT was BGN 20.7m, up 105% YoY. In August alone, EBT rose 44.8% YoY reaching BGN 2.9m. Source: Dnevnik

**Blagoevgrad BT [55B]**

**Bulgaria's largest cigarette factory expects a 50% decrease in profits in 2008**

Blagoevgrad BT expects a net profit of c.BGN 15m in 2008, only 50% of its profit in 2007. So far in 2008 the plant has produced c. 650m packs of cigarettes for the local market and 400m packs for exports. Although the factory's 2008 output so far is about the same as in 2007, the decrease in profits is caused by higher excise tax imposed by the EU accession, the Deputy Director of Blagoevgrad BT Lili Ivanova explained. Similar shocks are expected at the beginning of 2009 and 2010, when Bulgaria should continue to gradually increase the excise tax in line with EU requirements. Source: Novinte.com

**Corporate Commercial Bank [6C9]**

**Recurring net profit up 5% MoM in August**

As of Aug'08, total assets of Corporate Commercial Bank increased by BGN 25m YtD to BGN 1.8bn. Total loans decreased by 6% YtD to BGN 1.3bn, which we link mainly to lower claims of financial institutions. Net profit for the Jan-Aug 08 period came in at BGN 27m. Recurring net profit for August reached BGN 3m (up 5% MoM), which is virtually in line with the monthly average level for H1. We remind that in April the bank reported BGN 3m income from the sale of loan. Source: CORP, FFBH


**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	6.3	-15.4%	-15.4%	-30%	189 163	42 840 000	10.1	0.7	1.1	0.0%
6AB	Albena AD	55.001	-4.8%	-4.8%	-54%	4 294	235 026 203	11.1	2.0	0.8	0.9%
6AM	Alcomet	5.25	5.0%	5.0%	-69%	197 481	94 253 035	44.3	0.4	1.4	0.0%
6A6	Advance Terrafund	1.8	-0.6%	-0.6%	-11%	70 531	79 300 904	3.5	3.0	1.0	0.0%
5BN	Bulgarian American Credit Bank	40.425	-14.0%	-14.9%	-49%	511 370	510 354 508	8.6	6.0	3.0	3.7%
53B	Biovet	7.5	0.0%	0.0%	-56%	3 000	50 875 335	256.9	0.5	0.9	0.0%
55B	Blagoevgrad BT	55.342	-7.8%	-8.3%	-39%	3 757	149 568 728	16.4	0.8	0.8	9.0%
5BP	Billboard	5.099	4.1%	4.1%	40%	69 548	76 485 000	11.7	2.3	3.3	0.0%
5BU	Real Estate Fund Bulgaria	1.399	-0.1%	-0.1%	-33%	39 504	84 569 550	2.4	1.9	0.8	1.8%
57B	Bulgartabac Holding	25.795	0.0%	0.0%	-17%	-	190 037 491	n.m.	0.6	0.6	3.1%
4CF	Central Cooperative Bank	2.931	-2.3%	-3.3%	-72%	1 002 682	243 727 575	13.1	2.3	1.1	0.0%
6C4	Chimimport	5.83	-4.4%	-5.7%	-62%	1 539 984	874 499 907	6.8	0.7	1.3	0.0%
6C9	Corporate Commercial Bank	87.5	-2.7%	-2.7%	-9%	557 192	525 000 000	16.2	7.8	3.0	0.0%
5DOV	Doverie-Obedinen Holding	5.646	2.3%	2.2%	-60%	337 424	79 078 401	7.0	0.4	0.6	0.0%
4EC	Elana Agricultural Land Opportunity Fund	1.6	-5.9%	-5.9%	-27%	236 156	95 545 416	2.1	1.7	0.7	0.0%
SL9	Sparky Eltos	6.102	1.7%	0.2%	-63%	47 483	102 118 923	8.0	1.1	1.0	0.0%
E4A	Enemona	14.202	-7.8%	-8.8%	-15%	68 883	169 480 987	9.9	1.6	2.0	0.0%
4EH	Eurohold Bulgaria	3.475	-6.1%	-7.3%	-49%	249 872	217 179 285	1.9	0.7	1.1	0.0%
5IC	EuroIns Insurance AD	4.541	-9.4%	-18.0%	-73%	251 066	45 409 964	13.3	0.6	2.1	0.0%
5F4	First Investment Bank	5.345	-0.3%	-0.6%	-54%	315 476	587 950 000	10.5	2.7	1.7	0.0%
4F6	Fazerles	93.604	-3.7%	-2.3%	-70%	13 208	48 206 060	8.7	1.5	2.3	1.1%
6H2	Holding Roads	14.996	5.1%	4.4%	-26%	31 349	459 957 312	36.8	2.8	8.2	0.0%
4ID	Industrial Holding Bulgaria	5.301	-3.1%	-3.1%	-53%	463 449	231 954 442	13.6	1.2	1.2	0.0%
6K1	Kaolin	5.571	-1.6%	-1.9%	-68%	670 190	139 275 000	12.4	1.1	1.2	5.4%
3KN	Kapitan Diado Nikola	34	0.0%	0.0%	-82%	-	12 547 054	121.8	0.2	0.4	0.0%
5MH	M+S Hydraulic	7.65	17.7%	20.0%	-45%	60 199	99 590 760	21.3	1.2	2.8	1.2%
5MB	Monbat	9.672	-2.8%	-4.3%	-37%	1 541 703	377 208 000	14.8	2.1	3.8	1.9%
3NB	Neochim	77.6	-1.8%	-1.8%	1%	402 720	205 978 181	6.0	0.9	1.8	0.6%
5ODE	Shiprepair Yard Odessos	216.056	5.0%	6.9%	-30%	229 465	126 747 524	14.8	2.8	2.4	0.9%
5ORG	Orgachim	129.459	-4.7%	-2.9%	-80%	130 940	65 093 927	18.8	0.5	0.9	0.0%
5OTZ	Lead and Zinc Complex	22.239	-1.3%	-0.2%	-76%	173 976	187 096 707	130.6	0.9	2.7	0.0%
5PET	Petrol	8.21	2.6%	2.5%	55%	829	896 939 216	4.0	0.5	3.5	0.0%
6S7	Synergon Holding	4.629	-1.9%	-2.5%	-68%	91 496	84 983 112	7.5	0.2	0.3	1.7%
3JR	Sopharma	2.976	-4.7%	-4.1%	-67%	1 509 402	392 832 000	17.5	0.9	1.6	1.7%
3TV	Toplivo AD	14.124	1.5%	-0.8%	-51%	42 047	76 507 293	8.7	0.2	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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