

Overview

Any Good Surprises?

The BG40 was a good surprise this week as it added 1.08% on a weekly basis to 142.77. The rest of the indices, however, ended the week in an unsurprising slump as the SOFIX lost 4.95% to 467.83 and the BG TR30 index slid by 1.22% to 354.72. The SOFIX index recorded four losses in the week, while the BG40 index rose in three of the days.

Investors' attention during the past five sessions was caught by the start of trading of shares from the capital increase of Holding Roads AD [6H2]. On Tuesday 30.24 mln new shares of the company started trading on the Sofia stock exchange and the price of the holding company plummeted as a result of the boosted liquidity, as it was expected. Holding Roads lost as much as 50% at a certain point of Tuesday's session but partially recovered and limited losses to 30% during that day. The share kept losing ground for the rest of the week and closed at BGN 4.05, down 49.39% on a weekly basis. The company on Thursday said it expects its consolidated gross profit to exceed BGN 200 mln in 2010, but the news didn't quite help the stock price. The holding company also said it has submitted a notice to the Bulgarian Stock Exchange for its shares to start trading on the bourse's segment B of the official market.

Some of the companies' nine-month financial results were a bad surprise but despite the worsened financial performance their stocks gained. During the week, Orgachim [5ORG] said its nine-month net profit dwindled by 57.4% on the year to BGN 4.5 mln but the stock rose 4.99% on the week to BGN 97.65 on Friday. Euroins Insurance [5IC] announced it turned to a nine-month net loss of BGN 2.3 mln from a net profit of BGN 5.2 mln a year earlier and despite that fact, the stock closed 0.26% higher on the week at BGN 3.06 on Friday.

Investors kept on selling and trading volumes remained uninspiring, but still some of the stocks shined. Petrol AD [5PET] kept climbing and jumped by 20.84% in a week, reaching BGN 9.45 on Friday, while Corporate Commercial Bank [6C9], which unlike some of the banks showed high growth in its nine-month net profit, rose by 7.95% for a week to end at BGN 70.71 on Friday. Its nine-month net profit surged by 64% to BGN 30.69 mln, the bank announced earlier.

See last page for a disclaimer.

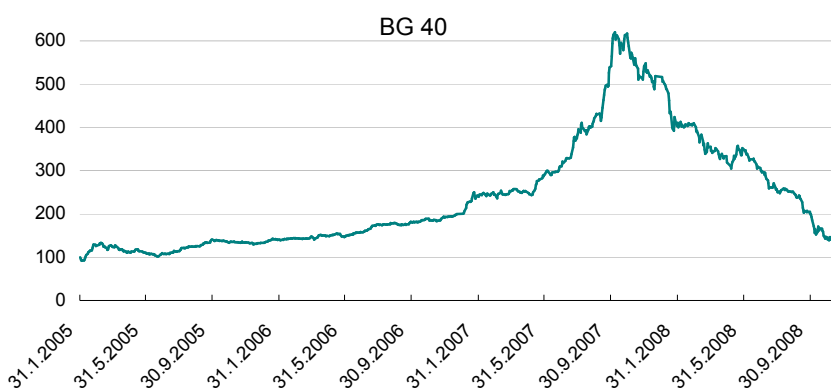
	Value	Weekly Chng	YTD Chng
SOFIX	467.83	-4.95%	-73.54%
BG 40	142.77	1.08%	-72.44%
BG REIT	53.45	-2.69%	-48.23%
BGTR 30	354.72	-1.22%	-67.68%

Shares Turnover (BGN th)	11 076.86
Bonds Turnover (BGN th)	1 184.89
Market Capitalisation (BGN mln)	13 203.88
Market Capitalisation/GDP	21%

Trends



P/E, ttm	Value	Weekly Chng	YTD Chng	Turnover(BGN th)
6.41	467.83	-4.95%	-73.54%	9 381



Value	Weekly Chng	YTD Chng	Turnover(BGN th)
142.77	1.08%	-72.44%	10 878

Top Gainers	Ticker	Chng	Top Losers	Ticker	Chng
Balkan & Sea Properties	5H4	+ 365.96%	Holding Roads	6H2	-50.11%
Petrol AD	5PET	+ 14.88%	Industrial Holding Bulgaria	4ID	-12.11%
Bioiasis AD	4OE	+ 12.31%	Prime Property BG REIT	4PY	-6.50%

° Gainers: Among shares with turnover above BGN th 50; Losers: Among shares with turnover above BGN th 20; Percentage changes are based on average weighted prices

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Main Economic Indicators

	2005	2006	2007	2008*
GDP, in bln EUR	21.88	25.24	28.9	15.05
GDP, real growth (%)	6.2	6.3	6.2	7.1
Inflation, avg. (%)	5.0	7.3	8.4	7.4
Unemployment (%)	10.7	9.1	6.9	5.8
Fiscal Balance, %GDP	3.1	3.5	3.5	7.2
Gross Public Debt, %GDP	31.3	24.6	19.8	15.7
Gross External debt, %GDP	70.9	81.7	99.8	96.0
Current Account, %GDP	-12.4	-17.8	-21.8	-14.0
FDI, %GDP	14.4	23.8	22.6	8.8
Prime interest rate (%)	2.04	2.69	3.93	5.38

* For 2008 latest available official data is used. GDP data is for H1. Data for inflation and unemployment is for September. Data for fiscal balance, gross public debt and current account is at end-August. Data for gross external debt is at end-July. Data for the prime interest rate is for October.

East European Markets

Index	Value	Weekly Chng	YTD Chng
Bulgaria SOFIX	467.83	-4.95%	-73.54%
Croatia CROBEX	2 190.72	-0.05%	-58.18%
Macedonia MBI-10	3 018.85	0.55%	-61.00%
Montenegro NEX20	11 660.43	5.09%	-65.87%
Romania BET	3 170.93	10.63%	-67.73%
Russia MICEX	725.93	-0.82%	-61.57%
Serbia BELEX15	684.62	3.75%	-70.47%
Turkey ISE-100	26 648.17	-4.26%	-52.02%
Ukraine PFTS	286.96	13.73%	-75.56%
Morgan Stanley MSCI EE (€)	307.91	-2.10%	-57.56%

News of the Week

- The European Commission expects Bulgaria's robust GDP growth to slow down to 4.5% in 2009 from an expected 6.5% in 2008, it said in its autumn economic review. However, the Commission warned that growing risk aversion among foreign investors could result in a more significant deceleration in capital inflows and investment than assumed, while rising interest rates and persistently high inflation may additionally dampen real disposable income and private consumption.
- Bulgaria's government on Monday said it anticipates the country's economy to expand by more than 5.0% in real terms in 2010 and 2011 after an expected slowdown to 4.7% in 2009 from an expected 6.5% for 2008. The government also expects that FDI will pick up in 2010 to reach 15.1% of GDP after falling to 14.3% of GDP in 2009. FDI is expected to reach EUR 6.14 bn this year, or 18.1% of GDP, according to the government.
- September industrial sales rose by 10.1% month-on-month and by 2.5% y-o-y, data of the National Statistical Institute (NSI) showed on Thursday. Industrial sales in the manufacturing sector increased by 10.9% month-on-month and in the mining sector, industrial sales jumped by 10.1%. Industrial sales in the utilities sector registered growth of 3.4%. September industrial output rose by 7.1% month-on-month and was 1.2% higher y-o-y. Industrial output in the manufacturing sector increased by 8.1% month-on-month, output in the mining sector rose by 4.0% and output in the utilities sector added 4.3%.
- Bulgaria's consolidated budget surplus expanded to BGN 4.976 bn for the first nine months of 2008, up from BGN 3.354 bn a year earlier, data from the Finance Ministry showed.
- Bulgaria has extended the deadline for RWE until next spring to decide whether it will become a strategic investor in the country's planned second nuclear power plant, deputy energy minister Yavor Kuyumdzhiev said. The deal with RWE was expected to be signed by the end of October, when the German company was picked as a strategic investor for 49% of the Belene N-plant but RWE has not said yet whether it will take part in the project.

Corporate Sector

News of the Week

- Holding Roads [6H2] expects its revenue to jump to over BGN 1 bn in 2010 and consolidated gross profit to exceed BGN 200 mln, it said in a filing. The holding company has said it expects to have revenue of BGN 210-220 mln and net profit of BGN 42 mln this year. It hopes that EU allocations will help it boost its results, the company's board chairman Orlin Hadjiyankov told SeeNews. Bulgaria, which stands to receive almost BGN 7.0 bn in EU funding to 2013, has adopted an ambitious plan to pour billions of euro in its infrastructure to 2015 to increase its competitiveness.
- Orgachim [5ORG] on Wednesday reported a 57.4% yearly slump in its nine-month net profit to BGN 4.5 mln. The company's sales revenue through September increased by 15.3% to BGN 109.8 mln, while operating costs rose at a faster pace – by 21.9% to BGN 104.1 mln. Costs for raw material surged by 25.5% y-o-y to BGN 80.3 mln and labour costs advanced by 37.8% to BGN 6.9 mln, bringing Orgachim's net income margin down to 4.0% for the first nine months of the year from 11% a year earlier.
- Sopharma's [3JR] sales revenue for the first 10 months of the year grew by 9% as revenue generated from exports increased by 22%, the company said on Wednesday but quoted no figures. Sales on the domestic market didn't register growth because of the ongoing reconstruction of the company's ampoule plant and some specifics of the market, Sopharma said.
- Euroins Insurance [5IC] turned to a nine-month net loss of BGN 2.3 mln from a net profit of BGN 5.2 mln a year earlier, the company's financial statements showed. The negative financial result is due to the combined effects of various factors that influenced negatively both the technical result and the result from investment activity, Euroins said in a statement. Its gross written premium rose by 44.8% y-o-y to BGN 57.5 million levs through September on the back of solid growth in car insurance policies. Car insurance accounted for 48.3% of the premiums over the period. Euroins reported a negative net investment income of BGN 1.8 mln for the first nine months of 2008 versus a net investment income of BGN 2.5 mln a year earlier.
- Bulgarian metals group Intertrust Holding has filed a letter of intent to operate Kremikovtzi [4KW] with the Economy Ministry and the receivers, Intertrust's majority owner Valentin Zahariev said. The plant started closing its two operating blast furnaces two weeks ago due to lack of raw materials. Valentin Zahariev is a former CEO of Kremikovtzi.

Economy and Politics

Company	Ticker	Sector	Market Cap. (BGN '000)	Close (BGN)	Weekly Chng	YTD Chng	P/E	P/B
Advance Terrafund REIT	6A6	real estate	48 462	1.10	▼ -4.35%	▼ -45.81%	2.1	0.6
Albena - Invest AD	5ALB	conglomerates	29 150	5.30	▲ 2.42%	▼ -73.35%	2.8	0.2
Aroma AD	6AR	cosmetics	31 604	2.04	- 0.00%	▼ -70.65%	10.2	0.9
Balgarska roza-Sevtopolis AD	4BJ	pharmaceuticals	9 653	0.80	- 0.00%	▼ -73.77%	12.3	0.5
Billboard AD	5BP	printing	58 335	3.89	▼ -1.52%	▼ -9.14%	9.8	2.5
Bulgarian American Credit Bank	5BN	banking	227 250	18.00	▼ -1.64%	▼ -77.54%	3.8	1.4
Bulgarian Holding Company AD	5BA	conglomerates	19 423	2.95	▼ -1.67%	▼ -53.92%	78.6	0.5
CB Central Cooperative Bank AD	4CF	banking	102 447	1.23	▼ -5.95%	▼ -87.84%	5.8	0.5
CB Corporate Commercial Bank	6C9	banking	424 242	70.71	▲ 7.95%	▼ -24.87%	13.1	2.4
Chimimport AD	6C4	conglomerates	446 400	2.98	▲ 7.83%	▼ -80.69%	3.6	0.6
Doverie Obedinen Holding AD	5DOV	conglomerates	103 644	7.40	▲ 5.11%	▼ -48.25%	7.9	0.7
Elana Agric. Land Opport. REIT	4EC	real estate	66 883	1.12	▲ 2.75%	▼ -49.25%	1.4	0.5
Elhim Iskra AD	52E	machinery	28 714	2.29	▲ 2.97%	▼ -66.10%	6.9	1.4
Enemona AD	E4A	energy	88 538	7.42	▼ -4.87%	▼ -56.36%	6.8	1.1
Eurohold Bulgaria	4EH	conglomerates	137 808	2.21	▲ 0.96%	▼ -67.48%	1.2	0.7
Favorit Hold AD	6A9	conglomerates	14 637	6.21	▲ 3.50%	▼ -58.87%	20.5	0.8
Fazerles	4F6	wood industry	33 063	64.20	▲ 3.05%	▼ -79.49%	6.0	1.6
First Investment Bank	5F4	banking	412 500	3.75	▼ -2.32%	▼ -67.67%	7.4	1.2
Holding Roads AD	6H2	construction	124 191	4.05	▼ -49.39%	▼ -81.09%	8.3	2.2
Industrial Capital Holding AD	4I8	conglomerates	24 883	3.20	▼ -13.51%	▼ -68.22%	4.9	0.3
Industrial Holding Bulgaria AD	4ID	conglomerates	111 096	2.54	▼ -13.64%	▼ -78.66%	5.0	0.3
Insurance Company Euro Ins AD	5IC	insurance	30 600	3.06	▲ 0.26%	▼ -81.25%	9.0	1.4
Kaolin	6K1	minerals	98 600	3.94	▼ -1.40%	▼ -76.76%	8.8	0.9
Lead & Zinc Complex	5OTZ	metallurgy	96 573	11.48	▲ 2.85%	▼ -87.19%	67.4	1.4
Monbat AD	5MB	machinery	239 070	6.13	▲ 2.17%	▼ -60.83%	9.4	2.4
Moststroy	5MY	construction	34 559	6.20	▼ -12.07%	▼ -88.52%	4.6	2.8
Neochim AD	3NB	chemical	172 510	65.00	▼ -2.84%	▼ -14.94%	5.0	1.5
Odessos Shiprepair Yard AD	5ODE	machinery	93 071	158.55	▲ 1.64%	▼ -47.57%	10.8	1.7
Oil & Gas Exploration & Production	4O1	oil & gas	50 379	4.12	▼ -4.63%	▼ -69.71%	15.0	2.0
Orgachim AD	5ORG	chemical	49 117	97.65	▲ 4.99%	▼ -85.43%	19.8	0.7
Petrol AD	5PET	oil trading	1 032 413	9.45	▲ 20.84%	▲ 76.31%	4.2	4.0
Polimeri AD	51P	chemical	11 609	2.18	▲ 8.84%	▼ -80.88%	neg.	0.1
Sopharma AD	3JR	pharmaceuticals	285 384	2.16	▼ -3.05%	▼ -75.74%	12.3	1.2
Sparky Eltos AD	SL9	machinery	61 920	3.70	▲ 5.71%	▼ -77.44%	5.2	0.6
Stara planina hold AD	5SR	conglomerates	45 150	2.15	▲ 7.50%	▼ -71.26%	5.8	0.8
Synergon Holding AD	6S7	conglomerates	52 599	2.87	▲ 1.67%	▼ -79.62%	5.6	0.2
TK - Hold AD	T24	conglomerates	16 226	3.80	▼ -0.29%	▼ -47.37%	3.8	0.5
Toplivo AD	3TV	trading	42 794	7.90	▼ -2.98%	▼ -71.59%	7.0	0.3
Trace group Hold AD	T57	construction	105 820	48.10	▼ -3.58%	▼ -82.80%	neg.	2.4
Zarneni Hrani Bulgaria AD	T43	agriculture	152 853	0.90	▼ -0.44%	▼ -80.11%	13.2	0.8

* Percentage changes are calculated based on closing prices.

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