

Overview

Indices Mostly Up, Volumes Remain Low

Indices mostly rose on the week as SOFIX advanced by 1.6% to 276.87 and BG40 added 0.56% to 90.10 with both recording gains in three of the sessions and losing in two of the days. For now stocks remain above rock bottom but trading volumes are far from inspiring and investors are still alert for further deterioration of corporate profits or worrying macroeconomic news. The trading volume in shares remained low, reaching BGN 10.5 for the past five sessions, below the BGN 16.2 mln for the week before.

One of the companies that seemingly disappointed with its preliminary 2008 results was paint maker Orgachim [5ORG; -8.54%], which late on Friday released its financial statement. Orgachim turned to a net loss of BGN 1.9 mln last year from a profit of BGN 6.76 mln in 2007 as sales dropped dramatically in the fourth quarter and operating expenses grew faster than revenues. The stock was under selling pressure on Monday and fell by 8.05% for the day. It ended on Friday at BGN 63.64 in a turnover of BGN 231,365. Also in focus was Investor.BG [4IN; +2.67%], which on Monday said a fund controlled by Cisco Systems has bought 16.77% of its share capital. The stock rose by 2.7% on Monday and closed higher on the week at BGN 11.4 with a weekly turnover of BGN 83,829. The fund paid BGN 12.39 per Investor.BG share.

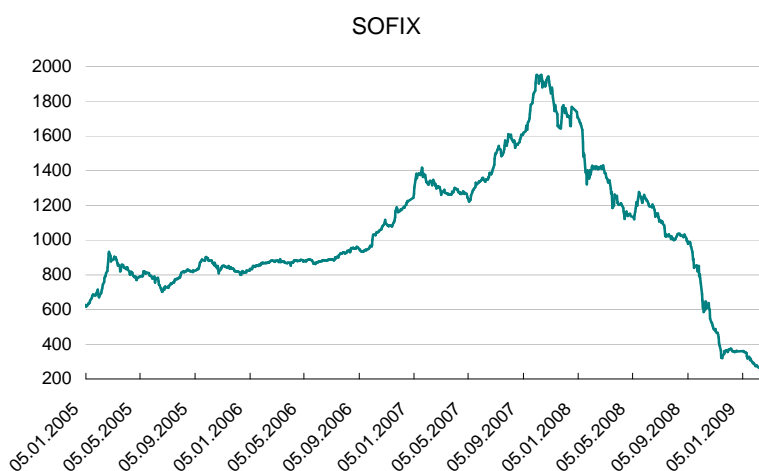
Enemona AD [E4A; +6.42%] during the week announced that it is seeking a strategic investor for its energy complex project Lomski Ligniti, which is expected to cost up to BGN 1.5 bn. Also in the past week it said it plans to seek up to BGN 30 mln through the issue of preferred shares. The stock rose by 6.42% on the week and closed at BGN 7.08. Company stocks worth a total of BGN 268,367 changed hands last week. Holding Roads [6H2; +32.45%] also performed well. The stock, which in the previous week slumped by 20.49%, ended this week 32.45% higher. The share jumped by 13.27% on Thursday alone and closed at BGN 2.04 in a turnover of BGN 137,805. Still, the top performer was a less liquid share - Holding Coop-Yug [4CG; +32.45%]. The stock surged by 37.75% on Monday and on Wednesday, the last day it traded, finished at BGN 2.0. The total turnover in the stock was BGN 168,934.

A few REITs were among the most traded in the past week and some of the biggest fallers were also among them. BenchMark Fund Estates REIT [6BMA; -24.07%] lost 24.07% to BGN 0.41 in a turnover of BGN 144,410. Agricultural Land Opportunity Fund Mel Invest REIT [6A7; -22.84%] slid by 22.84% to BGN 0.52. A total of BGN 126,001 of company's shares was traded. The week's most liquid share was Balkan and Sea Properties REIT [5H4; +0.0%], which on Monday traded in a turnover of BGN 5.37 mln. The stock wasn't traded for the rest of the week and it ended flat at BGN 38.

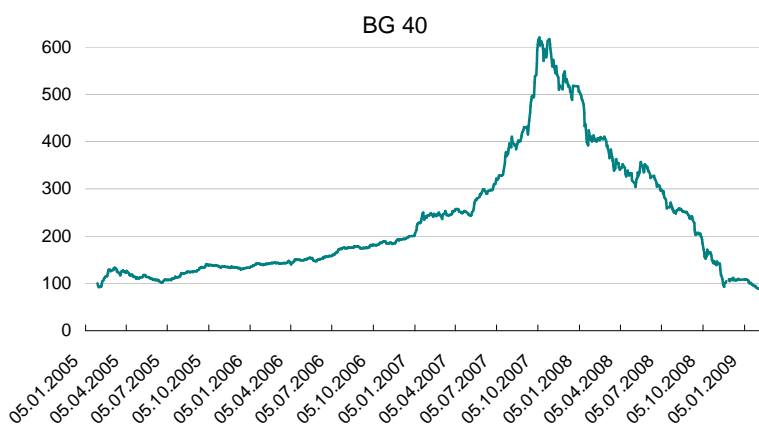
	Value	Weekly Chng	YTD Chng
SOFIX	276.87	1.60%	-22.80%
BG 40	90.10	0.56%	-16.43%
BG REIT	41.11	-0.80%	-15.29%
BGTR 30	198.48	1.18%	-27.25%

Shares Turnover (BGN th)	10 476.98
Bonds Turnover (BGN th)	273.59
OTC Market Turnover (BGN th)	2 613.48
Total Turnover (BGN th)	13 470.12
Market Capitalisation (BGN mln)	10 117.98
Market Capitalisation/GDP	16%

Trends



P/E, ttm	Value	Weekly Chng	YTD Chng	Turnover(BGN th)
5.08	276.87	1.60%	-22.80%	2 391



Value	Weekly Chng	YTD Chng	Turnover(BGN th)
90.10	0.56%	-16.43%	3 235

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	7.0
Inflation, avg. (%)	5.0	7.3	8.4	7.8
Unemployment (%)	10.7	9.1	6.9	6.31
Fiscal Balance, %GDP	3.1	3.5	3.5	7.16
Gross Public Debt, %GDP	31.3	24.6	19.8	16.5
Gross External debt, %GDP	70.9	81.7	99.8	107.1
Current Account, %GDP	-12.4	-17.8	-21.8	-21.9
FDI, %GDP	14.4	23.8	22.6	15.5
Prime interest rate (%)	2.04	2.69	3.93	3.92

* For 2008 latest available official data is used. GDP data is for 9M. Current account, fiscal balance and gross public debt is for November. Data for gross external debt, inflation and unemployment is for December. Data for the prime interest rate is for February 2009.

News of the Week

Corporate

- Orgachim [5ORG] turned to a net loss of BGN 1.9 mln from a profit of BGN 6.76 mln in 2007, the annual non-consolidated financial statement of the paints and varnish producer showed. Sales increased by almost 4% on the year, to BGN 129.9, but dropped dramatically in the fourth quarter, by 32.5% as compared to the same period of 2007. Operating expenses grew faster than revenues in 2008, by 11.9%, thus EBIT sank to BGN 8 th, vs. BGN 9.9 mln a year earlier. The company booked inventory impairment at the amount of BGN 2.5 mln for 2008. Orgachim's Supervisory Board decided to close its subsidiaries Deco Casa – Serbia and Policolor – Orgachim – Ukraine in an attempt to minimize future losses.
- Private equity 3TS Cisco Growth Fund is the buyer of the stake of 17% of Bulgaria's internet company Investor.BG [4IN], the company announced on Monday. Last week more than 2 million shares of Investor.BG changed hands at an average price of BGN 12.39 per share. 3TS Cisco Growth Fund is a joint-venture between CISCO and 3TS Capital Partners. It was established in 2007 and is currently managed by 3TS Capital Partners. The fund is focused on investments in small and mid caps from the technology, media and communication sectors, based in Central and Eastern Europe
- Monbat [5MB] announced the end of its fourth share buyback procedure on Friday. The company has bought back 223 thousand of its shares, or 0.57% of the shareholders' equity, at an average price of BGN 4.289 between November 19, 2008 and February 12, 2009. Monbat has bought back a total of 596.76 of its shares in the period August 1, 2008 – February 12, 2009, at an average price of BGN 7.06 per share, it added.
- Digital wide format printing company Billboard [5BP] plans to take full control over its peer Tipo Print after buying a 30% stake in the company last year, Billboard's board chair Kalin Genchev was quoted by Dnevnik daily as saying. The remaining 70% of Tipo Print are held by one of Billboard's main shareholders – businessman Vasil Genchev. The deal will help raise Billboard's market share to 45% from 40% currently, the company said earlier. So far there are no plans for the two companies to be merged.

East European Markets

Index	Value	Weekly Chng	YTD Chng
Bulgaria SOFIX	276.87	1.60%	-22.80%
Croatia CROBEX	1 566.79	-7.40%	-9.03%
Macedonia MBI-10	2 150.57	-2.92%	2.60%
Montenegro NEX20	10 957.88	-1.00%	9.55%
Romania BET	2 164.79	-5.20%	-25.38%
Russia MICEX	724.50	10.43%	16.94%
Serbia BELEX15	513.36	-0.74%	-9.17%
Turkey ISE-100	25 199.53	-5.74%	-6.20%
Ukraine PFTS	255.90	2.05%	-15.10%
Morgan Stanley MSCI EE (€)	227.49	10.23%	-2.02%

News of the Week

Economy and Politics

- Bulgaria needs to show further progress in the areas of judiciary and the fight against corruption, the European Commission said in its interim report on Bulgaria, released on Thursday. The Commission noted that the country is committed to judicial reform and to fighting corruption and organised crime and it has taken the necessary steps in that direction but still there were no tangible results.
- Global rating agency Standard & Poor's revised its Banking Industry Country Risk Assessment (BICRA) on Bulgaria (foreign and local currency BBB/Negative/A-3) to Group 7 from Group 6 on increased economic risks prevalent in the country. "We are concerned about Bulgaria's heightened external vulnerabilities, due to a large current-account deficit, which, amid the continued tightening of credit markets, could lead to an abrupt decline in external financing. (...) We consider banks' credit risk to be high, after several successive years of rapid loan growth that has not been tested in a sustained economic slowdown and due to the high real estate price inflation in Bulgaria over the past few years," S&P said.
- Bulgaria's 2008 current account deficit stood at EUR 8.3 bn, vs. EUR 6.3 bn in 2007, expanding to a preliminary 24.3% of the projected gross domestic product (GDP), vs. 21.8% of GDP in 2007, the Bulgarian National Bank (BNB) announced. Meanwhile, foreign direct investments (FDI) dropped by EUR 1.1 bn to EUR 5.3 bn in 2008, equivalent to 65.6% of the C/A deficit. Earlier last week the National Statistics Institute announced that Bulgaria's trade deficit widened to a preliminary 26% of the projected GDP for 2008, or BGN 17.3 bn. In 2007, the country's trade deficit accounted for 25.2% of GDP.
- Bulgaria's December industrial output rose by 1.7% month-on-month, while December industrial sales fell by a 0.4% on the month, according to preliminary data from the National Statistics Institute (NSI).
- New vehicles sales in Bulgaria tumbled by 45.4% y-o-y to 2 204 in January, from 4 309 in the same month of 2007, the country's car importers union, UIAB, said. In 2008, almost 58 000 new vehicles were sold in Bulgaria, up by 8.02% as compared to the previous year. The car market shrank sharply in the last three months of the year, with December being marked by a dramatic drop of 25.20% y-o-y.

Company	Ticker	Sector	Market Cap (BGN '000)	Close (BGN)	Volume (Shares)	Turnover (BGN)	Weekly Chng	YTD Chng	P/E	P/B
Advance Terrafund REIT	6A6	real estate	87 238	1.03	41 120	41 891	▼ -2.19%	▼ -7.66%	neg.	1.1
Albena - Invest AD	5ALB	conglomerates	17 325	3.15	3 706	12 338	▼ -4.55%	▼ -19.23%	1.7	0.1
Aroma AD	6AR	cosmetics	31 603	2.04	0	0	- 0.00%	- 0.00%	10.2	0.9
Balgarska roza-Sevtopolis AD	4BJ	pharmaceuticals	6 516	0.54	35 775	19 402	▼ -3.57%	▼ -14.29%	10.8	0.4
Billboard AD	5BP	printing	19 500	1.30	13 386	17 368	▼ -8.45%	▼ -56.67%	3.4	0.8
Bulgarian American Credit Bank	5BN	banking	109 835	8.70	24 514	199 863	▲ 2.35%	▼ -27.50%	2.0	0.6
Bulgarian Holding Company AD	5BA	conglomerates	14 814	2.25	55	125	▼ -2.17%	▼ -21.05%	11.6	0.4
CB Central Cooperative Bank AD	4CF	banking	73 176	0.88	76 246	62 177	▲ 8.51%	▼ -21.29%	3.4	0.3
CB Corporate Commercial Bank	6C9	banking	459 066	76.51	578	43 974	▲ 4.81%	▲ 17.71%	11.4	2.1
Chimimport AD	6C4	conglomerates	193 500	1.29	211 117	260 731	▲ 0.86%	▼ -37.98%	1.6	0.3
Doverie United Holding AD	5DOV	conglomerates	49 021	3.50	6 320	22 577	▲ 1.45%	▼ -39.63%	13.7	0.4
Elana Agric. Land Opport. REIT	4EC	real estate	37 024	0.62	95 416	49 798	▼ -1.43%	▼ -30.57%	0.8	0.3
Elhim Iskra AD	52E	machinery	14 563	1.16	16 107	18 937	▼ -3.33%	▼ -35.52%	3.4	0.6
Enemona AD	E4A	energy	85 328	7.15	39 933	268 367	▲ 7.36%	▲ 2.07%	8.0	1.0
Eurohold Bulgaria	4EH	conglomerates	51 498	0.82	73 968	58 694	▲ 1.10%	▼ -53.42%	0.5	0.3
Favorit Hold AD	6A9	conglomerates	11 078	4.70	35	166	▼ -2.08%	▼ -6.00%	9.9	0.6
Fazerles AD	4F6	wood industry	13 389	26.00	176	4 553	▲ 6.12%	▼ -32.47%	2.2	0.6
First Investment Bank AD	5F4	banking	134 200	1.22	90 391	103 906	▲ 7.02%	▼ -51.28%	2.6	0.4
Holding Roads AD	6H2	construction	63 246	2.06	77 337	137 805	▲ 33.03%	▼ -36.55%	147.8	1.1
Industrial Capital Holding AD	4I8	conglomerates	13 997	1.80	2 318	3 991	▲ 20.48%	▼ -18.63%	3.9	0.4
Industrial Holding Bulgaria AD	4ID	conglomerates	46 732	1.07	127 335	131 217	▼ -7.13%	▼ -32.36%	3.3	0.2
Euroins Insurance AD	5IC	insurance	16 900	1.69	2 598	4 220	▼ -8.65%	▼ -42.69%	neg.	1.2
Kaolin	6K1	minerals	58 750	2.35	36 288	81 704	▲ 5.38%	▼ -31.88%	5.4	0.5
Lead & Zinc Complex	5OTZ	metallurgy	46 515	5.53	14 957	83 293	▼ -6.26%	▼ -16.38%	neg.	0.9
Monbat AD	5MB	machinery	153 075	3.93	77 264	308 406	▼ -6.55%	▼ -17.37%	5.5	1.5
Moststroy AD	5MY	construction	11 094	1.99	20 836	34 738	▲ 29.64%	▼ -40.06%	1.5	0.9
Neochim AD	3NB	chemical	71 791	27.05	2 538	71 455	▼ -4.15%	▼ -33.86%	1.6	0.6
Odessos Shiprepair Yard AD	5ODE	machinery	60 917	103.84	28	2 851	▲ 0.84%	▼ -6.50%	3.9	0.9
Oil & Gas Exploration & Production A	4O1	oil & gas	37 295	3.05	1 451	4 371	▲ 0.33%	▼ -17.55%	5.7	0.7
Orgachim AD	5ORG	chemical	32 175	63.99	3 669	231 365	▼ -8.06%	▼ -23.36%	neg.	0.5
Petrol AD	5PET	oil trading	981 065	8.98	435	3 855	▼ -0.22%	▼ -18.36%	3.7	3.3
Polimeri AD	51P	chemical	6 390	1.20	1 836	2 372	▼ -5.14%	▼ -29.82%	6.6	0.0
Sopharma AD	3JR	pharmaceuticals	256 608	1.94	119 936	214 061	▲ 2.26%	▼ -13.02%	11.8	1.2
Sparky Eltos AD	SL9	machinery	22 174	1.33	12 426	15 691	▼ -4.33%	▼ -26.39%	2.3	0.2
Stara planina hold AD	5SR	conglomerates	26 040	1.24	363 488	489 704	▼ -4.62%	▼ -35.42%	3.8	0.5
Synergon Holding AD	6S7	conglomerates	26 620	1.45	8 387	12 230	▼ -1.36%	▼ -28.57%	1.1	0.1
TK - Hold AD	T24	conglomerates	11 192	2.62	160	339	▼ -2.93%	▼ -18.09%	17.7	0.3
Toplivo AD	3TV	trading	21 668	4.00	2 450	9 917	▲ 3.63%	▼ -33.33%	6.7	0.2
Trace Group Hold AD	T57	construction	60 390	27.45	3 074	75 197	▲ 9.80%	▼ -27.76%	28.8	1.3
Zarneni Hrani Bulgaria AD	T43	agriculture	85 564	0.50	169 480	84 028	▼ -4.39%	▼ -28.43%	6.5	0.4

* Percent changes are based on closing prices

Top Gainers			Top Losers		
	Ticker	Chng		Ticker	Chng
Holding Coop-Yug	4CG	+ 32.45%	BenchMark Fund Estates REIT	6BMA	-24.07%
Holding Roads AD	6H2	+ 30.85%	Agricult. Land Oppt. Fund Mel Invest	6A7	-22.84%
Hydraulic Elements & Systems AD	4HE	+ 17.99%	Orgachim AD	5ORG	-8.54%

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

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