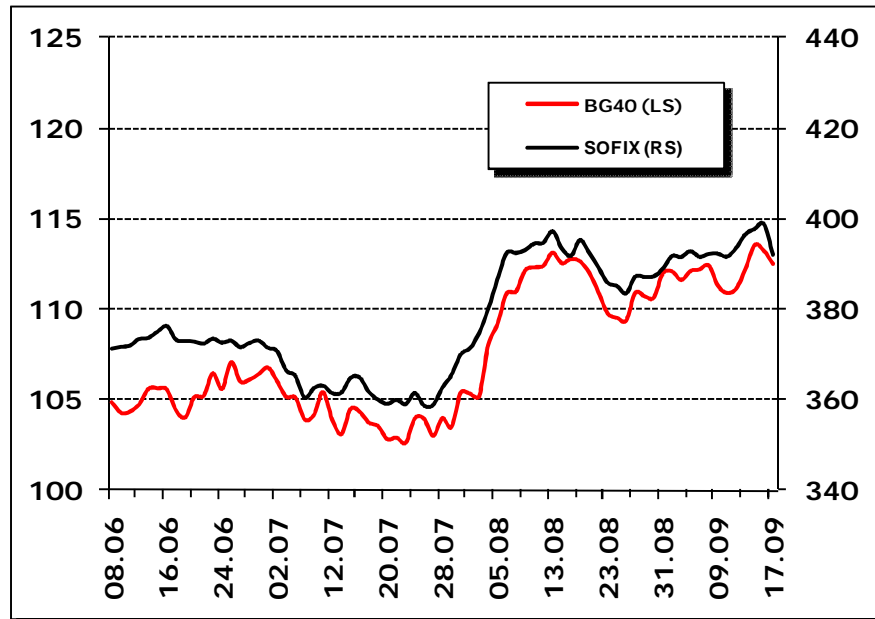
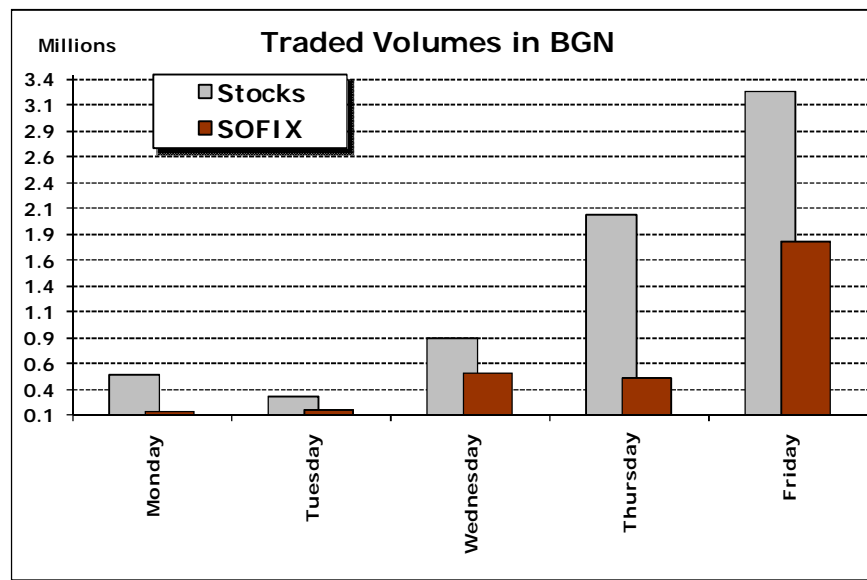


Market Trend



The market moved on last week due to the restructuring of the main index. The week begun flat but the investors' activity improved. The institutional participants played the leading part and especially those with structure products based on SOFIX. The effect probably was short-term and the next week the euphoria will calm down. Moreover, the main indices erased part of the increase and closed almost unchanged. SOFIX is 2% below the key level of 400 points.

Trading Activity



The overall volumes significantly improved at the end of the week due to the trading with SOFIX's components, which set up half of the daily volumes on Friday. If the interest toward the new components persists the next week we may see high volumes again.

SOFIX

Stock	Last Price	Weekly Change	Bid	Ask
Albena	69.50	-0.71%	70.00	72.49
Bulgarian-American Credit Bank	11.00	5.67%	10.61	11.00
Central Cooperative Bank	1.19	1.37%	1.19	1.20
Chimimport	2.62	0.81%	2.62	2.68
Corporate Commercial Bank	59.00	-3.28%	57.25	59.00
ELARG	0.58	5.84%	0.56	0.58
Enemona	7.17	0.96%	7.30	7.42
Eurohold Bulgaria	0.92	2.10%	0.92	0.92
First Investment Bank	1.97	3.52%	1.93	1.99
Holding Roads	1.33	-5.82%	1.33	1.36
Industrial Holding Bulgaria	1.39	-0.64%	1.34	1.37
Kaolin	4.46	-2.30%	4.46	4.59
Lead and Zink Complex	11.05	-6.36%	11.03	11.05
M+S Hydraulic	5.06	10.04%	5.02	5.35
Monbat	6.45	-1.48%	6.47	6.55
Neochim	22.10	0.45%	22.01	22.90
Orgachim	85.35	-0.74%	85.36	86.00
Sopharma	3.90	0.03%	3.92	3.95
Sparky Eltos	1.31	-9.53%	1.31	1.31
Trace Group Hold	49.14	1.54%	49.12	51.40

As we expected the main index stayed almost flat as the components, which are getting out were under pressure. The new companies will be include in the calculation of SOFIX as of September 20. Stara Planina Hold (5SR), Advance Terrafund REIT (6A6), Zarneni Hrani Bulgaria (T43) and Doverie United Holding (5DOV) are replacing nine of the old components – Corporate Commercial Bank (6C9), ELARG REIT (4EC), M+C Hydraulic (5MH), Neochim (3NB), Lead and Zinc Compolex (5OTZ), Orgachim (5ORG), Sparly Eltos (SL9), Trace Group Hold (T57) and Holding Roads (6H2).

The new structure has to be more adequate to the current market situation.

News

- **13 September 2010:** The shareholders took a decision to increase the capital of the Exchange through the issuance of new 715 000 shares at BGN 1.00 nominal value each. The issuing value of each share of the increase shall be BGN 1.00. All shares of the capital increase of BSE-Sofia shall be subscribed to in exchange of a cash contribution by the shareholder of the company - the Ministry of Finance of Republic of Bulgaria. The shareholders also decided the Exchange to acquire a public company statute.
- **14 September 2010:** On September 13 2010 the Privatisation and Post-privatisation Control Agency (PPCA) has announced that the Supervisory Board of PPCA has approved the contract for assignment of activities related to the preparation of the privatisation of Bulgartabac Holding (57B) with Citigroup Global Markets Limited.
- **15 September 2010:** A preliminary agreement for the acquisition of 100% of Spectrum Net AD, part of Alfa finance holding AD, by Mobilitel has been signed. The deal shall be finalized once it is approved by the Commission on Protection of Competition. Spectrum Net shall continue its independent operation for at least 18 months as the management team of the company shall not be replaced.
- **17 September 2010:** Eurohold Bulgaria (4EH) has concluded a deal for sale of 51% of its participation in Formoplast -Kardzhali. The volume of 1 937 442 shares at BGN 1.17 unit price, i.e. the total value of BGN 2 266 807, has been transacted on BSE-Sofia. The stake has been purchased by Plasthim-T AD as the investment is a step of its strategy for establishment of a new manufacturing base at the territory of the enterprise in Kardzhali.

Upcoming Events

There are no major corporate news announced.

**Macro-
economy**

- Preliminary data for the second quarter of 2010 indicated that the total hourly labour cost rose by 8.2% compared to the second quarter of 2009. The total hourly labour cost grew by 5.6% in industry, by 10.3% in services and by 7.9% in construction.
- The consumer price index (CPI) in August 2010 compared to July 2010 was 100.1%, i.e. the monthly inflation was 0.1%. The harmonized index of consumer prices (HICP) in August 2010 compared to July 2010 was 100.2%, i.e. the monthly inflation was 0.2%.

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Valuation Methods: Company valuations are based on the following methods: multiple-based (P/E, P/B, EV/EBITDA), historical valuation approaches, peer comparisons, discount models (DCF, DDM) or asset-based evaluation methods. Valuation models are dependent on macroeconomic factors, including interest rates, foreign exchange rates, prices of raw materials, and any expectations about the economy, the market sentiment. The valuation is based on expectations that might change rapidly and without notice, depending on developments specific to individual industries and countries. Recommendations and target prices derived from the models might therefore change accordingly. The application of models depends on forecasts of a range of economic variables, thus there is a range of reasonable variations within models. Any valuation is dependent upon inputs that are based on the subjective opinion of the analysts carrying out this valuation.

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Outperform	More than 5% higher as compared to SOFIX and BG40 performance
Market Perform	Market performance, +/-5% as compared to SOFIX and BG40
Underperform	More than 5% lower as compared to SOFIX and BG40 performance

Frequency of Recommendations: No schedule of recommendations is available. The frequency of recommendations depends on specific factors to individual companies and the opinion of the analyst(s) for the necessity of minor or major changes.

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