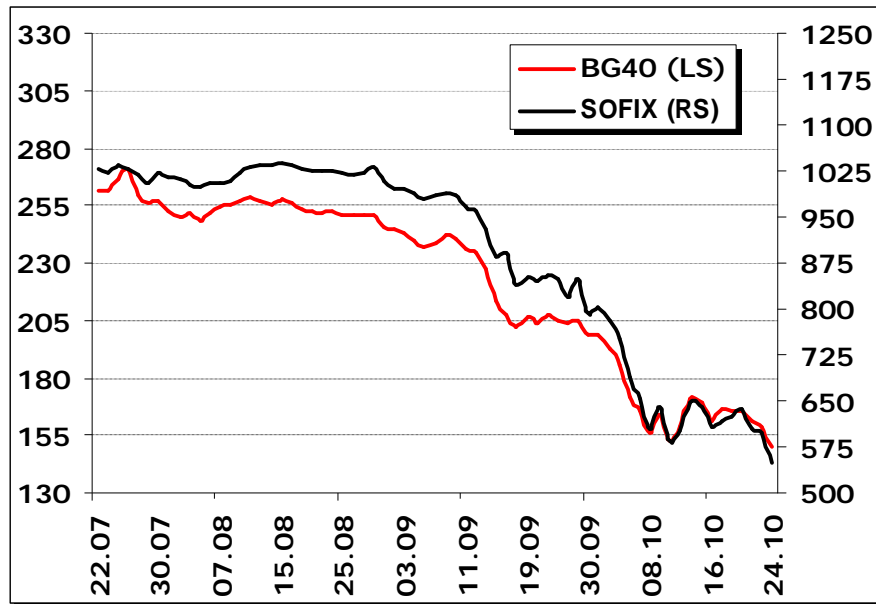
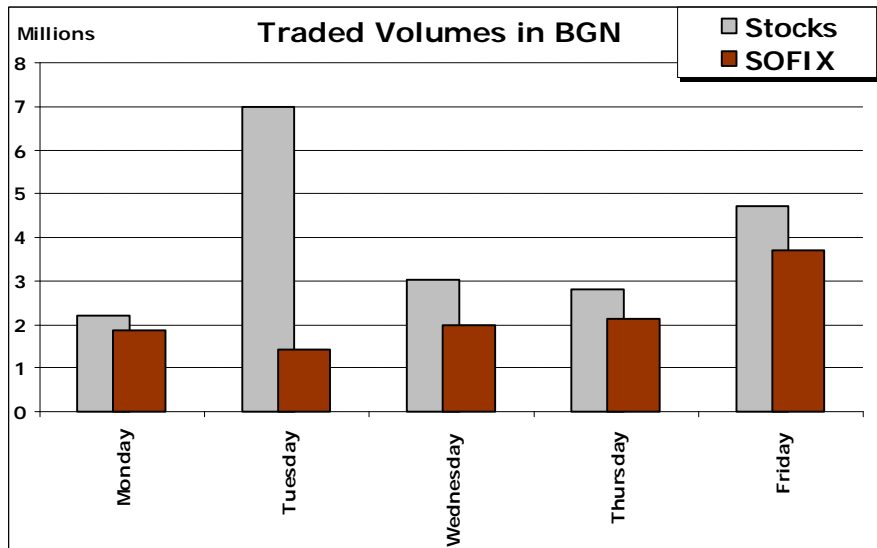


Market Trend



The Bulgarian market made another black week and closed in the red on weekly basis. The weakness of international markets continued to pressure BSE as well as the lack of bid offers. The buyers were shying away from the equities and didn't support the market. Placed buy orders were with discount as compared to the recent market price. SOFIX closed slightly above the key level of 600 points. The market average P/E improved to 7.25. Until the international markets calm down we don't expect the picture on BSE to be changed. The low volumes are sign for predominating panic of the small investors and the lack of bids accelerated the decline.

Trading Activity



Overall volumes remained moderate and banks again were among the most traded positions. Large package transactions with Capital Management SPV (5CQ) set up 69% from Tuesday's volumes. Speculators predominated on the market but the earning wave could move the institutional investors too.

SOFIX

Stock	Last Price	Weekly Change	Bid	Ask
Albena	39.484	-3.00%	38.50	40.00
Bulgarian-American Credit Bank	19.976	-9.28%	19.02	20.00
Central Cooperative Bank	1.861	-15.33%	1.74	1.78
Chimimport	3.493	-16.50%	3.38	3.40
Corporate Commercial Bank	70	-1.52%	66.00	70.00
Elana Opportunity Land Fund	1.058	-8.40%	1.07	1.10
Enemona	8.054	-11.81%	7.63	7.99
Euro Ins	3.472	-10.52%	3.38	3.40
First Investment Bank	3.666	-3.40%	3.57	3.75
Holding Roads	12.131	-6.94%	12.00	12.20
Industrial Holding Bulgaria	3.872	-13.80%	3.68	3.70
Kaolin	4.514	-8.16%	4.15	4.29
Lead and Zink Complex	14.233	-18.51%	11.60	12.00
M+S Hydraulic	5.708	-11.94%	5.70	6.20
Monbat	6.41	-6.04%	6.16	6.30
Neochim	64.381	-7.37%	63.11	67.10
Orgachim	101.501	-7.04%	98.50	102.99
Sopharma	2.191	-7.04%	2.18	2.23
Sparky Eltos	3.957	-7.46%	3.64	3.90
Toplivo	9.111	-12.75%	8.71	9.80

All of SOFIX's components closed in the red after a series of sold off. Large bids at BGN 70.00 supported the price of Corporate Commercial Bank (6C9). The bank announced improved quarterly results during the last week. The capital adequacy of the bank as of September 30 was 14.35%, and the adequacy of the capital from first tier is 12.48% and is vastly above the required minimum of 6%. The credit portfolio increased by 54.7% on yearly basis and set up slightly above half of the assets. At the same time, the non-performing loans are only 0.13% of the total. On Friday after the market close Monbat (5MB) announced new buying back procedure of up to 0.366% of the capital. The initial term for the reverse buying out will be October 27, 2008. Previous procedures couldn't protect the price against the sharp sell off.

News

- **20 October 2008:** Gramercy Emerging Markets Fund – USA acquired 159 072 shares of Bulgarian American Credit Bank (5BN) and increased its stake.
- **20 October 2008:** Corporate Commercial Bank (6C9) has submitted 3Q 2008 report.
- **23 October 2008:** The Metro Mladost consortium won the competition for enlargement of the Sofia metro network in the part Mladost - Tsarigradsko Shose. The consortium includes two daughter companies of Trace Group Hold, namely PSI JSC-Stara Zagora and Trace-Sofia EAD-Sofia, as well as the companies Advald AD, Stroyinject AD plus three subcontractors. The offer amounts to BGN 185 (excluding of VAT).
- **24 October 2008:** Chimimport (6C4) plans to increase its capital through issuance of up to 50 m new shares. The Management Board of the company will determine the issuing value and the exact number of the new shares to be offered. According to preliminary calculations the issue will amount BGN 200 m. The funds of the capital increase will be used for financing of the investments and activities of the group of Chimimport.
- **24 October 2008:** Blagoevgrad-BT (55B) has submitted 3Q 2008 report.
- **24 October 2008:** Monbat (5MB) announced new buying back procedure.
- **24 October 2008:** Plovdiv-Yuri Gagarin BT (4PX) has submitted 3Q 2008 report.
- **24 October 2008:** Sofia-BT AD (3JU) has submitted 3Q 2008 report.

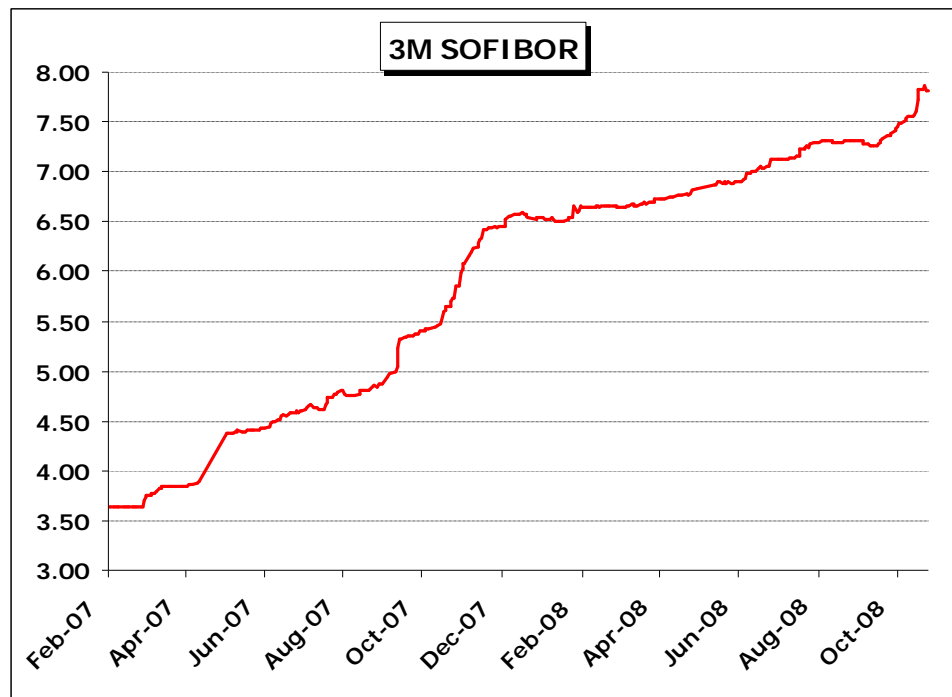
Upcoming Events

- **27 October 2008:** Eurohold Bulgaria (4EH) will lead a GMS on Monday. The shareholders will vote a proposal for the establishment of a subsidiary. The shareholders will also authorize the management board of the company to transfer the ownership of Eurohold Bulgaria's shares in Eurolease Auto Sofia, Eurolease Auto Bucharest and Eurolease Auto Skopje to the new subsidiary.
- **27 October 2008:** On Monday begin the trading with the rights for the capital increase of Holding Varna (5V2). The company plans to raise its capital from BGN 2.1 m to BGN 5.2 m.

Macro-economy

- On October, 21 at its regular meeting, the BNB Governing Council adopted an Ordinance on amendments to the BNB Ordinance No.21 on the **Minimum Required Reserves Maintained with the Bulgarian National Bank by Banks**. According to the amendments, now 50% of commercial banks' cash on hand will be recognized as reserve assets. The new ordinance also eases commercial banks' access to the reserves they keep with the BNB.

Bonds



Source: Bloomberg

The overnight rate fell last week. The news of eased access to the banks' required reserves pushed down the overnight interest rate but had only limited effect on the 3-month rates. The Bulgarian money market will remain tight as long as interest rates in European money markets are high and banks are reluctant to lend.

WEEKLY HIGHLIGHTS

ALCOMET /6AM/



DEVIN /6D3/



SPARKY ELTOS /SL9/



HOLDING ROADS /6H2/



KAOLIN /6K1/



FINANCIAL SECTOR		Daily Average Price	Previous Close	Volume	Market Capitalization	Valuation Ratios (ttm)	
Company	Ticker	Price	Close			P/E	P/B
First Investment Bank	5F4	3.666	3.839	50258	403 260 000	7.36	1.15
Bulgarian American Credit Bank	5BN	19.976	22	4280	252 191 507	4.30	1.40
CB Economic & Investment Bank	5EC	110.34	110.34	0	769 296 659	21.34	3.77
Central Cooperative Bank	4CF	1.861	2.109	84582	154 751 626	8.67	0.51
Corporate Commercial Bank	6C9	70	70	31959	420 000 000	11.96	2.00
DZI Insurance & Reinsurance	6D5	188	188	0.00	725 680 000	n/a	2.49
Bulstrad Insurance & Reinsurance	4BI	62.056	66	213	122 498 544	124.49	2.71
Insurance Company Euro Ins	5IC	3.472	3.526	4442	34 719 972	11.18	1.64
Chimimport	6C4	3.493	3.69	93220	523 949 944	4.19	0.76
Eurohold Bulgaria	4EH	2.441	2.54	20876	152 556 729	1.30	0.75

INDUSTRIAL SECTOR		Daily Average Price	Previous Close	Volume	Market Capitalization	Valuation Ratios (ttm)	
Company	Ticker	Price	Close			P/E	P/B
Monbat	5MB	6.41	6.8	18197	249 990 000	9.86	2.52
Bulgarian River Shipping	5BR	2.401	2.401	170	69 529 779	13.6	1.63
Synergon Holding	6S7	3.417	3.42	4169	62 732 187	6.68	0.20
Industrial Holding Bulgaria	4ID	3.872	3.965	3131	169 426 070	12.68	0.86
Stara Planina Hold	5SR	2.195	2.24	70590	46 095 000	5.73	0.84
Odessos	5ODE	164.572	179.85	303	96 544 847	10.77	1.80
M+S Hydraulic	5MH	5.708	5.92	2670	74 309 027	15.45	2.11
Albena Holding	5ALB	6.019	6.12	863	33 104 500	3.28	0.21
Moststroy	5MY	8.178	8.92	897	9 117 979	1.22	0.71
Doverie United Holding	5DOV	6.642	6.65	15225	87 341 290	7.17	0.64
Emka	57E	2.9	2.63	79	31 183 375	13.55	1.72
Hydraulic Elements & Systems	4HE	5.619	5.886	940	17 038 449	6.06	0.75

BASIC MATERIALS SECTOR		Daily Average Price	Previous Close	Volume	Market Capitalization	Valuation Ratios (ttm)	
Company	Ticker	Price	Close			P/E	P/B
Druzha Staklarski Zavodi	4DR	4.621	5	572	30 912 466	1.1	0.18
Lead and Zink Complex	5OTZ	14.233	16.5	5733	119 747 353	83.56	1.72
Kaolin	6K1	4.514	5	33806	112 850 000	10.07	1.00
Kremikovtzi	4KW	1.597	1.698	7435	29 572 519	n/a	n/a
Alcomet	6AM	3.499	3.25	6	62 817 404	35.31	0.91
Svilosa	3MZ	1.499	1.175	10	47 600 661	n/a	0.97
Orgachim	5ORG	101.501	105.2	1109	51 036 225	28.04	0.71
Neochim	3NB	64.381	69.7	1483	170 890 222	4.8	1.46
Biovet	53B	5.516	6.49	4305	37 417 113	170.08	0.65
Fazerles	4F6	69.03	70	79	35 550 450	6.01	1.72
Polimeri	51P	2.039	2.159	505	10 856 682	n/a	0.05
Kauchuk	4KU	n/a	29.5	0	27 791 685	40.28	1.20

CYCLICAL CONSUMER SECTOR		Daily Average Price	Previous Close	Volume	Market Capitalization	Valuation Ratios (ttm)	
Company	Ticker	Price	Close			P/E	P/B
Albena	6AB	39.484	39.5	25	168 720 107	8	0.59
T oplivo	3TV	9.111	9.6	860	49 352 729	5.59	0.37
Zlatni Pyasatsi	3ZL	4.014	4.13	620	26 065 218	n/a	0.27
Katex	5KTE	3.601	3.79	140	8 799 548	0.6	0.11
Slanchev Bryag	3JL	n/a	10.888	0	21 316 614	n/a	0.23
Pamporovo	4PN	n/a	2.61	0	7 102 260	n/a	0.31
SS Konstantine And Elena Holding	3NJ	18.44	17.5	10	42 588 305	21	2.12

ENERGY SECTOR		Daily Average Price	Previous Close	Volume	Market Capitalization	Valuation Ratios (ttm)	
Company	Ticker	Price	Close			P/E	P/B
Petrol	5PET	7.62	7.98	48	832 482 043	3.7	3.24
Oil & Gas Exploration & Production	4O1	4.996	5.39	115	61 091 398	9.68	1.25

OTHER		Daily Average Price	Previous Close	Volume	Market Capitalization	Valuation Ratios (ttm)	
Company	Ticker	Price	Close			P/E	P/B
Bulgarian Telecommunication Company	5BT	n/a	5	0.00	3 392 986 870	26.11	2.84
Sopharma	3JR	7.13	7.12	12700	941 160 000	33.2	4.81
Blagoevgrad BT	55B	n/a	40	0.00	154 076 708	10.43	0.80

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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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