

Index	Value 26.02.2010	Monthly change	12 m change
SOFIX	423.78	-2.69%	60.09%
BG 40	118.09	0.36%	37.41%
BG TR 30	326.51	-2.18%	69.01%
BG REIT	44.63	-3.79%	11.41%

## SOFIX

Company	Price 29.01.2010	Price 26.02.2010	%Change
ALB (6AB)	43.20	43.00	-0.46%
EUBG (4EH)	1.33	1.30	-2.26%
ELARG (4EC)	0.80	0.77	-3.75%
ENM (E4A)	9.25	9.43	1.89%
IHLBL (4ID)	1.62	1.42	-12.59%
KAO (6K1)	5.70	5.60	-1.74%
MCH (5MH)	5.48	5.39	-1.75%
MONBAT(5MB)	6.40	6.54	2.14%
NEOH (3NB)	28.32	27.00	-4.66%
OTZK (5OTZ)	14.40	13.58	-5.68%
ORGH (5ORG)	81.50	80.00	-1.84%
SFARM (3JR)	4.10	4.01	-2.12%
ELTOS (SL9)	2.20	2.09	-4.86%
BACB (5BN)	17.30	15.75	-8.95%
CORP (6C9)	61.25	60.00	-2.04%
FIB (5F4)	2.47	2.41	-2.43%
CCB (4CF)	1.31	1.27	-3.05%
TRACE (T57)	63.00	76.40	21.27%
CHIM (6C4)	2.80	2.65	-5.36%
HDPAT (6H2)	2.50	2.41	-3.60%

## Summary

- ☞ Bulgarian stocks traded mostly lower in February and turnover remained thin. Total market capitalization of the Bulgarian Stock Exchange – Sofia (BSE) declined by 2.54% to BGN 11.03bn.
- ☞ Financial and commodity markets around the globe were shaken by the unexpected decision of the Federal Reserve to raise the discount rate and the massive earthquake in Chile, but markets stabilized in the end of the month.
- ☞ The National Statistical Institute (NSI) reported inflation of 0.7% in January and 0.5% for the period January 2009 – January 2010.

## Indices

- ☞ BSE's official indices, except the broad BG 40, ended February on negative territory. World's major stock markets and the markets in the CEE region ended the second month of 2010 mixed.
- ☞ SOFIX lost 2.69% in January but was 60.09% above its year-ago value. The benchmark was 63.02% higher from its lowest level registered in February 2009. BG 40 inched higher by 0.36% and was 37.41% above February 2009 levels. BG TR 30 and the sector-based index BG REIT both closed on negative territory: BG TR 30 down by 2.18% and BG REIT by 3.79%. For the last twelve months, BG TR 30 gained 69.01% and BG REIT 11.41%.
- ☞ The stock market in Ukraine was the main regional gainer, up by 11.21%. On the other side, the Turkish benchmark was the worst performer, down by 9.05%.
- ☞ Major stock markets around the globe were mixed in February with the British benchmark FTSE 100 (+4.06%) a main gainer.

## World markets

- ☞ A massive 8.8-magnitude earthquake hit Chile, world's №1 copper producer, and led to a spike in commodity futures. The earthquake temporarily shut down several mines in the South American country. About one-fifth of Chile's copper capacity were affected, sending copper prices as high as USD 348. Crude oil futures ended the month at USD 79.69.
- ☞ On February 20 the financial markets were surprised by FED's decision to raise the rate it charges banks for emergency loans. FED's board of governors raised the discount rate from 0.50% to 0.75%.
- ☞ The US dollar advanced to nine-month highs against the Euro on persisting concerns about Greece's sovereign debt. Among the other EMU members with debt problems are Spain, Portugal, Ireland and Italy. In February EUR/USD traded in the 1.38 – 1.35 range.

## Eastern European Markets

Index	Value 26.02.2010	Monthly change	12 months Change
Croatia CROBEX	2 138.12	-2.96%	55.02%
Macedonia MIB-10	2 872.12	1.53%	48.67%
Romania BET	5 328.45	5.19%	180.57%
Serbia BELEX 15	706.14	4.06%	67.84%
Montenegro MOSTE	615.70	0.76%	37.78%
Ukraine PFTS	705.00	11.21%	233.38%
Turkey ISE 100	49 705.40	-9.05%	106.88%
Russia RTSI	1 390.25	-5.67%	155.29%
Morgan Stanley MSCI EM	201.47	-5.16%	119.06%

## World Markets

Index	Value 26.02.2010	Monthly change	12 months Change
USA DJIA	10 325.26	2.56%	46.19%
USA S&P 500	1 104.49	1.95%	50.25%
USA NASDAQ	2 238.26	3.42%	62.45%
Japan Nikkei 225	10 126.03	-0.71%	33.79%
Germany DAX	5 598.46	-0.18%	45.65%
UK FTSE 100	5 354.52	4.06%	39.80%
France CAC 40	3 708.80	-0.82%	37.24%

## Banking Sector

Bank	Price 26.02.2010	P/E	P/B
FIB (5F4)	2.41	6.67	0.67
CORP(6C9)	59.61	6.07	1.42
BACB(5BN)	15.76	5.93	0.95
CCB (4CF)	1.28	4.91	0.94

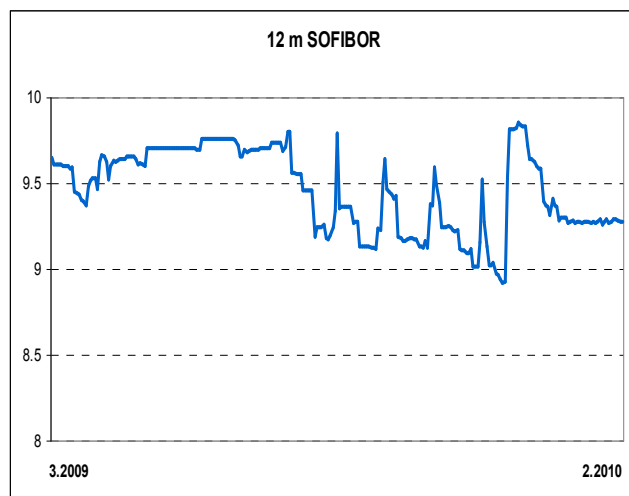
## Corporate news

- ↪ Public companies released their consolidated financial statement for Q4 2009 in the end of February.
- ↪ Trace Group Hold won a tender for construction of 32 kilometers of the Bulgarian highway "Trakia", part of the trans-European transport corridor number 8. Trace Group Hold offered the lowest construction price of all eight participants – EUR 2.2mn per kilometer. In the end of 2009 the company posted 78.52% increase of sales to BGN 207.14mn. BGN 198.6mn of them are formed by sales of services. Expenses for external services stood at BGN 14.18mn. Net income rose from BGN 0.74mn to BGN 9.68mn. Net cash flows were negative: BGN - 7.21mn, of which cash flows from operations BGN - 6.85mn, cash flows from investing BGN 7.6mn and cash flows from financing BGN -7.96mn.
- ↪ Orgachim, the producer of paints and chemicals, posted net loss of BGN 0.32mn for the period, or more than 90% less than in the same period of 2008. Despite the improvement in net results, sales shrank by 18.65% to BGN 106.41mn. Total expenses declined by 20.37% to BGN 107.65mn. Net cash flows were positive: BGN 0.42mn, including positive operating cash flows of BGN 1.05mn.
- ↪ Net profit of Eurohold Bulgaria missed management's expectations and was almost five times below the target of BGN 8.4mn set in October. For 2009 net earnings totaled BGN 1.61mn, or 81% below the year-ago value. Total sales grew by 8.17%. Total revenues increased by 3.83% to BGN 428.15mn and total expenses by 5% to BGN 428.44mn. Shareholder's equity shrank from BGN 175.67mn to BGN 168.38mn due to lower reserves. Net cash flows were negative: BGN -4.2mn, but cash flows from operations were positive at BGN 31.44mn.
- ↪ Annual sales of the diversified holding Chimimport declined by 12.27% to BGN 646.31mn. Financial revenues reached BGN 5.107bn, or 21.11% higher than in the same period of 2008. Total expenses rose by 16.5% to BGN 5.605bn. Interest expenses were 41% higher than in the year-ago period and stood at BGN 92.55mn. Net profit was BGN 128.90mn, almost unchanged compared to the last quarter of 2008. Shareholder's equity rose from BGN 700.43mn to BGN 981.59mn. Operating cash flows totaled BGN 37.14mn but net cash flows were negative: BGN -58.23mn.
- ↪ Monbat, Bulgaria's largest producer of car batteries, posted 29.87% decline of sales to BGN 114.99mn. Operating expenses shrank by 28.35% to BGN 95.61mn. Net earnings were 41.09% less than in the end of 2008: BGN 15.45mn. Shareholder's equity rose from BGN 105.99mn to BGN 118.24mn. Operating cash flows reached BGN 13.64mn, investing BGN -17.13mn and financing BGN 4.69mn. In February Monbat retired 32 364 shares at an average price BGN 6.5.

## Mutual Funds

Top 10 mutual funds – yield (high and balanced risk)	Change last 12 months	Change YTD
Status Finance	75.62%	-0.27%
Advance Eastern Europe	63.29%	8.13%
UBB Premium	37.78%	-1.42%
Standard Invest	36.09%	-1.86%
Alpha Index 20	33.11%	0.15%
KTB Shares	32.02%	1.42%
Aktiva High Yield	27.08%	-0.48%
DSK Growth	26.80%	-0.69%
KTB Balanced	26.12%	1.78%
TBI Dynamic	25.98%	-2.47%

Top 10 Mutual funds -yield (low risk)	Change last 12 months	Change YTD
BKM Balanced	12.02%	-0.52%
TBI Comfort	10.43%	0.10%
BenchMark Fund 6	9.01%	1.42%
CCB Garant	8.81%	0.76%
Raiffeisen Money Market	7.20%	0.98%
Astra Cash	6.44%	1.09%
Elana Money Market	6.26%	1.5%
FIB Garant	6.15%	0.55%
DSK Standard	5.72%	0.81%
UBB Platinum	5.06%	1.22%



## Mutual funds

Net assets of mutual funds rose by 0.4% for the period January 15- February 15 and reached BGN 377mn, reported Investor.bg. In the previous period net assets grew by 8.4% to BGN 376mn. Raiffeisen Money Market Fund was the largest mutual fund with assets of BGN 40.27mn., followed by DSK's Balance (BGN 19.3mn) and Growth (BGN 18.7mn).

KTB Balanced Fund was the only moderate risk fund among the top 10 aggressive funds in terms of yield for the last twelve months. Status Finance Fund (75.62%) was the best performer for the period February 2009 – February 2010, followed by Advance Eastern Europe (63.29%) and UBB Premium (37.78%).

Among conservative funds, BKM Balanced (12.02%) held the leading position, followed by TBI Comfort (10.43%) which replaced BehnchMark Fund 6 (9.02%) from the second position.

## Macroeconomics

Consumer prices rose by 0.7% in January, showed the preliminary data of the National Statistical Institute (NSI). Annual inflation reached 0.5%. Average inflation for the period February 2009 – January 2010 compared to the period February 2008 – January 2009 reached 2.2%.

Producer Price Index (PPI) rose by 1.2% m/m in January and was 1.8% higher compared to January 2009. Prices went up in manufacturing (1.1%), mining industry (2.2%) and electricity production and distribution (1.2%). In December the PPI index rose by 0.9% on monthly basis but was 0.7% below its year-ago value.

Total business climate inched higher by 0.4 basis points in February after increasing by 3.1 in the previous month. The indicator moved up due to the slightly improved conditions in manufacturing and retail trade. In December the total business climate advanced by 1.3 percentage points.

In the fourth quarter of 2009 the number of unemployed persons in Bulgaria reached 272 800. This is 95 100 higher compared to the year-ago period. The unemployment rate reached 7.9%.

Bulgaria's gross external debt (GED) reached EUR 37.600bn in the end of 2009, or EUR 465mn higher than in November. GED accounted for 111.1% of the projected GDP for 2009 (EUR 34.904bn), the Bulgarian National Bank (BNB) reported.

Foreign Direct Investments (FDI) reached EUR 2.844bn in the end of December, up by EUR 218mn for the month. The ratio FDI/current account deficit was estimated at 97.7%, down from 101.6% in October.

In the end of 2009 the FOB trade deficit reached EUR 4.083bn (-12.1% of the projected GDP), up from EUR 3.731bn in November.

The 12-month SOFIBOR fluctuated between 9.263 and 9.294 percentage points. SOFIBOR reference rate is an index of the quotes for unsecured BGN deposits offered on the Bulgarian interbank market. In February the reference rate closed at 9.276.

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