

Index	Value 31.05.2010	Monthly change	12 m change
SOFIX	381.68	-8.46%	0.56%
BG 40	108.66	-6.24%	4.29%
BG TR 30	295.44	-7.63%	4.52%
BG REIT	39.68	-6.44%	-1.98%

## SOFIX

Company	Price 30.04.2010	Price 31.05.2010	%Change
ALB (6AB)	46.23	49.00	5.99%
EUBG (4EH)	1.26	1.06	-15.97%
ELARG (4EC)	0.63	0.54	-14.69%
ENM (E4A)	9.08	8.38	-7.67%
IHLBL (4ID)	1.41	1.39	-1.14%
KAO (6K1)	5.35	4.55	-14.86%
MCH (5MH)	5.00	4.70	-5.98%
MONBAT(5MB)	6.60	6.40	-2.97%
NEOH (3NB)	27.09	25.52	-5.80%
OTZK (5OTZ)	12.42	11.90	-4.18%
ORGH (5ORG)	85.17	81.73	-4.04%
SFARM (3JR)	4.07	3.81	-6.25%
ELTOS (SL9)	1.78	1.74	-2.08%
BACB (5BN)	14.95	12.00	-19.73%
CORP (6C9)	65.00	60.00	-7.69%
FIB (5F4)	2.40	2.09	-12.92%
CCB (4CF)	1.27	1.19	-6.45%
TRACE (T57)	62.82	52.25	-16.83%
CHIM (6C4)	2.56	2.13	-16.79%
HDPAT (6H2)	2.05	1.71	-16.40%

## Summary

- ☞ May was the worst month for stock markets around the globe since February 2009. The persistent debt crisis in Europe, the political tension on the Korean peninsula and the oil leak in the Gulf of Mexico dragged stock markets down.
- ☞ Publicly traded companies released their consolidated financial statements for the first quarter of 2010.
- ☞ In Q1, the unemployment rate in Bulgaria broke above 10%, the National Statistical Institute (NSI) reported.

## Indices

- ☞ The official indexes of the Bulgarian Stock Exchange – Sofia (BSE) lost ground for a third straight month. All markets in Southeast Europe and world's top financial centers ended May negative.
- ☞ SOFIX plunged by 1.06% and almost erased its gain for the last twelve months. The benchmark was 46.83% above its trough reached in February 2009. BG 40 lost 6.24% and was 4.29% above its level from May 2010. BG TR 30 was down by 7.63% in May and 4.52% up since the year-ago period. BG REIT lost 6.44% in May. The sector index was almost 2% below its level from May 2009.
- ☞ The Ukrainian benchmark plummeted by 27%. Stock markets in Russia, Romania, Serbia and Montenegro also posted double-digit declines.
- ☞ All of the world's major stock markets finished the month on negative territory and most of them erased the gains since the beginning of 2010. Nikkei 225 was the main loser, down by roughly 12%.

## World markets

- ☞ The growing oil spill fed by an underwater leak in a BP Plc well in the Gulf of Mexico threatened production, shipping and refining of oil and natural gas in Mississippi, Alabama, and Louisiana. These three states account for 19% of US refining capacity. The efforts of the company to stop the leak using the so called 'top kill' approach proved to be unsuccessful. Crude oil price lost almost USD 10 and finished the month at USD 74.39 per barrel.
- ☞ The US dollar hit fresh four-year maximum against the Euro as the debt problems in the Eurozone persisted. This time Spain was in the spotlight, as the country's long-term sovereign debt rating was downgraded by Standard & Poor's from AA+ to AA. Spain has pending debt payment of roughly EUR 17bn due in the end of July. EUR/USD finished May at 1.23.

## Eastern European Markets

Index	Value 31.05.2010	Monthly change	12 months Change
Croatia CROBEX	1 986.40	-8.09%	-7.36%
Macedonia MIB-10	2 462.21	-7.34%	-1.47%
Romania BET	4 935.05	-13.84%	47.69%
Serbia BELEX 15	664.03	-11.44%	15.82%
Montenegro MOSTE	489.32	-13.13%	-35.79%
Ukraine PFTS	739.15	-26.98%	68.75%
Turkey ISE 100	54 384.94	-7.54%	55.37%
Russia RTSI	1 384.59	-11.97%	27.31%
Morgan Stanley MSCI EM	190.97	-13.45%	14.45%

## World Markets

Index	Value 31.05.2010	Monthly change	12 months Change
USA DJIA	10 136.43	-7.92%	19.25%
USA S&P 500	1 089.41	-8.20%	18.52%
USA NASDAQ	2 257.04	-8.29%	27.21%
Japan Nikkei 225	9 768.70	-11.65%	2.59%
Germany DAX	5 964.33	-2.79%	20.72%
UK FTSE 100	5 188.40	-6.57%	17.44%
France CAC 40	3 507.56	-8.11%	7.01%

## Banking Sector

Bank	Price 31.05.2010	P/E	P/B
FIB (5F4)	2.09	8.04	0.59
CORP(6C9)	60.00	5.66	1.29
BACB(5BN)	12.00	10.60	0.72
CCB (4CF)	1.19	4.46	0.39

## Corporate news

Public companies released their consolidated financial statement for Q1 2010 in the end of May.

The road builder Trace Group Hold posted net profit of BGN 1.1mn compared to net loss of BGN 2.38mn in the first quarter of 2009. Sales soared from BGN 16.86mn to BGN 39.26mn. Operating costs increased from BGN 20.15mn to BGN 37.19mn. Financial costs reached BGN 1.04mn from BGN 0.6mn in Q1 2009. Shareholder's equity was stable at BGN 58.76mn.

Holding Roads, another construction company, posted 25.63% increase of net loss to BGN 5.63mn. Operating expenses rose from BGN 18.00mn to BGN 23.22mn. Sales grew from BGN 15.12mn to BGN 18.34mn. Shareholder's equity fell from BGN 31.32mn to BGN 25.20mn.

In Q1, Sales of the diversified holding Chimimport decreased by 6.635 to BGN 141.04mn. Despite the decline, sales of finished goods rose from BGN 8.14mn to BGN 40.84mn. Operating expenses fell by 9.62% to BGN 43.88mn. Financial revenue plunged by 43.57% to BGN 1.16bn. Financial expenses also plummeted by almost 45% to BGN 1.12bn. Net profit reached BGN 35.20mn compared to profit of BGN 33.45mn in Q1 2009. Net cash flows were positive: BGN 70.95mn.

The pharmaceutical company Sopharma reported 22% increase of total revenues to BGN 139.95mn. Sales rose by the same amount to BGN 138.59mn. Operating expenses rose from BGN 100.68mn to BGN 122.87mn. Net earnings stood at BGN 12.72mn, or BGN 0.09 per share. Operating cash flows reached BGN 7.12mn, compared to BGN 3.48 in the same period of 2009. Investing cash outflows stood at BGN 3.74mn (BGN 8.44 in Q1 2009) and financing cash inflows reached BGN 2.01mn (BGN 4.75mn in the year-ago period).

Sales of Monbat, the producer of car batteries, soared by almost 68% to BGN 40.3mn. Operating expenses rose by 69% to BGN 34.39mn. Net earnings rose from BGN 3.33mn to BGN 5.55mn. Shareholder's equity was stable at BGN 37.82mn. Net cash flows declined from BGN 4.18mn to BGN 2.54mn due to higher financing outflows. Monbat announced that it will invest BGN 4.7mn in the acquisition of Okta Light Bulgaria, manufacturer of illuminants.

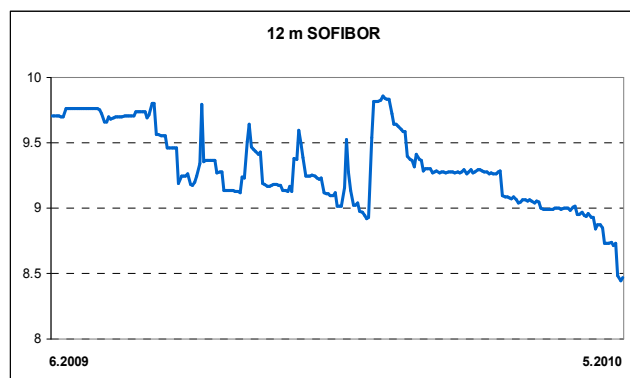
FairPlay Properties REIT paid the dividends for 2009 due to common shareholders. The total sum allocated for this purpose amounted to BGN 976 944, or BGN 0.0175 gross dividend per share. The decision for distribution of dividends was taken by the General Meeting of shareholders held on March 24, 2010.

Net profit of First Investment Bank (FIB) fell by 36.5% to BGN 8.03mn. Total assets rose by 1.9% to BGN 4.3bn. FIB's credit portfolio reached BGN 3.17bn in the end of Q1.

## Mutual Funds

Top 10 mutual funds – yield (high and balanced risk)	Change last 12 months	Change YTD
Advance Eastern Europe	26.24%	9.54%
Status Finance	15.56%	-4.04%
KTB Shares	12.94%	-1.30%
KTB Balanced	10.53%	-
BenchMark Fund 1	8.40%	0.99%
Expat New Europe Stocks	7.74%	-0.05%
UBB Premium Shares	6.38%	-8.36%
Advance Invest	5.81%	-8.42%
CCB Active	5.79%	-4.22%
TBI Treasury	5.75%	-0.46%

Top 10 Mutual funds -yield (low risk)	Change last 12 months	Change YTD
CCB Garant	9.23%	3.53%
BenchMark Fund 6	9.02%	3.73%
Astra Cash	6.84%	3.02%
DSK Standard	6.49%	2.98%
Elana Money Market	6.17%	3.80%
FIB Garant	6.02%	2.20%
TBI Comfort	5.72%	0.14%
KD Bonds	5.59%	2.79%
UBB Platinum	4.78%	2.13%
TBI Eurobond	4.73%	1.78%



## Mutual funds

Two mutual funds managed by DSK – Growth and Balanced - were the largest in terms of assets in the end of May, reported investor.bg. Net assets of the five largest mutual funds fell by BGN 530 000 since the beginning of 2010.

Advance Eastern Europe (26.24%) kept the first place among aggressive mutual funds in terms of yield for the last twelve months. Status Finance (15.56%) ranked second, followed by KTB Shares (12.94%).

CCB Garant (9.23%) was the top performer among conservative funds, followed by BenchMark Fund 6 (9.02%) and Astra Cash (6.84%).

## Macroeconomics

The National Statistical Institute (NSI) reported CPI inflation of 1.1% in April. Year-to-date inflation reached 2.6%. Annual inflation for April 2010 compared to April 2009 stood at 1.8%. Average inflation for the period May 2009 – April 2010 compared to May 2008 – April 2009 was 1.3%. In March consumer prices went up by 0.2%.

Producer Price Index (PPI) rose by 1.9% m/m in April and was 5.6% higher compared to April 2009. Prices increased in mining industry (6.3%), manufacturing (2.0%) and electricity production and distribution (0.7%). In March the PPI index increased by 1.3% on monthly basis and was 2.8% above its year-ago value.

The number of newly constructed residential buildings reached 512 in Q1, or 19% lower than in the comparable period of 2009. Most buildings were constructed in the towns of Burgas (94) and Varna (86).

Total business climate fell by 0.4 basis points in May due to deteriorated conditions in retail trading. Sentiment improved slightly in manufacturing, construction, and services. In March the indicator gained 4.4 basis points.

The unemployment rate reached 10.25% in the first quarter of 2010. The number of unemployed persons reached 341 000.

Bulgaria's gross external debt (GED) posted a decline for a fourth straight month in March to EUR 37.146bn, or EUR 93mn less than in February. GED accounted for 107.7% of the projected GDP for 2010 (EUR 34.5bn), the Bulgarian National Bank (BNB) reported.

Foreign Direct Investments (FDI) for March were negative: BGN -28.1mn. FDI for February were revised to EUR 146.9mn.

The FOB trade deficit rose to EUR 624mn in March (-1.8% of the projected GDP for 2010). In February the trade deficit was EUR 310mn.

The 12-month SOFIBOR fell to 8.468, its lowest level in more than a year. SOFIBOR reference rate is an index of the quotes for unsecured BGN deposits offered on the Bulgarian interbank market.

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