

.Index	Value 31.08.2010	Monthly change	12 m change
SOFIX	388.95	5.12%	-14.33%
BG 40	111.95	6.24%	-10.91%
BG TR 30	293.38	5.96%	-13.38%
BG REIT	40.70	2.29%	-8.40%

SOFIX

Company	Price 30.07.2010	Price 31.08.2010	%Change
ALB (6AB)	60.09	68.57	14.11%
EUBG (4EH)	0.83	0.85	3.27%
ELARG (4EC)	0.58	0.58	0.17%
ENM (E4A)	6.89	6.82	-1.07%
IHLBL (4ID)	1.30	1.33	2.38%
KAO (6K1)	3.74	4.17	11.50%
MCH (5MH)	4.59	4.78	4.10%
MONBAT(5MB)	6.56	6.51	-0.72%
NEOH (3NB)	23.40	22.02	-5.91%
OTZK (5OTZ)	10.16	11.47	12.90%
ORGH (5ORG)	85.79	85.90	0.13%
SFARM (3JR)	3.82	3.95	3.30%
ELTOS (SL9)	1.41	1.48	4.74%
BACB (5BN)	10.15	10.71	5.50%
CORP (6C9)	60.51	61.15	1.05%
FIB (5F4)	1.82	1.93	6.17%
CCB (4CF)	1.18	1.19	0.76%
TRACE (T57)	41.97	49.95	19.01%
CHIM (6C4)	2.11	2.40	13.74%
HDPAT (6H2)	1.40	1.43	2.07%

Summary

- ☞ Bulgarian stocks advanced in August, while most markets in the region and world's top financial centers posted significant declines.
- ☞ US stock markets ended their worst August since 2001 as a flood of weak data slashed investor's optimism for quick economic recovery.
- ☞ Preliminary data of The National Statistical Institute (NSI) showed that GDP fell by 1.5% in Q2 compared to the year-ago period. CPI inflation for July reached 0.4%.

Indices

- ☞ August was negative for most stock markets around the globe, but the official indexes of the Bulgarian Stock Exchange – Sofia (BSE) made solid gains.
- ☞ SOFIX advanced by 5.12% but was 14.33% below its year-ago level. The benchmark was 49.62% above its bottom from 2009. BG 40 added 6.24% and was 10.91% down since August 2009. BG TR 30 was 5.96% higher but 13.38% below last year's level. BG REIT gained 2.29%. The real estate sector index lost 8.40% for the last twelve months.
- ☞ The Romanian stock market was the only gainer in the region. The local benchmark BET added 0.23%. The Russian index RTSI was the main loser, down by 5.32%. In July RTSI soared by 12.02%.
- ☞ World's major stock markets were negative for the month. In the USA, Dow Jones Industrial Average lost 4.31%. The rising yen pressured markets in Japan, where Nikkei 225 plunged by 6.72%.

World markets

- ☞ US stock markets ended their worst August since 2001 as investors lowered their expectations for economic growth in response to a flood of weak data. Sales of new homes fell 12.4% to an annualized 276,000, the lowest number since records began in 1963. Existing home sales dropped a record 27.2% to a 15-year low of 3.83 million units. The unemployment rate held steady at 9.5%, but the number of employed fell by 131 000, exceeding the expectations for 59 000 laid off persons.
- ☞ The US dollar strengthened against the euro and the currency pair settled below 1.30 in the end of the month. Prices of agricultural commodities stepped back from their July highs and in Paris milling wheat for delivery in November hovered around 227 euro per tone. Crude oil fell from its 3-month peak at USD 82.35 per barrel and closed at USD 71.84.

Eastern European Markets

Index	Value 31.08.2010	Monthly change	12 months Change
Croatia CROBEX	1 848.06	-0.46%	-7.96%
Macedonia MIB-10	2 321.59	-1.36%	-10.97%
Romania BET	5 085.79	0.23%	19.69%
Serbia BELEX 15	623.08	-1.22%	-12.34%
Montenegro MOSTE	487.33	-2.62%	-45.30%
Ukraine PFTS	792.82	-2.27%	69.01%
Turkey ISE 100	59 972.59	-0.27%	29.80%
Russia RTSI	1 421.21	-5.32%	31.40%
Morgan Stanley MSCI EM	195.93	-3.88%	13.70%

World Markets

Index	Value 31.08.2010	Monthly change	12 months Change
USA DJIA	10 014.72	-4.31%	5.46%
USA S&P 500	1 049.33	-4.74%	2.81%
USA NASDAQ	2 114.03	-6.24%	5.22%
Japan Nikkei 225	8 927.02	-6.72%	-15.22%
Germany DAX	5 925.22	-3.62%	9.60%
UK FTSE 100	5 225.22	-0.62%	7.60%
France CAC 40	3 490.79	-4.18%	-3.87%

Banking Sector

Bank	Price 31.08.2010	P/E	P/B
FIB (5F4)	1.95	8.79	0.52
CORP(6C9)	61.15	4.99	1.25
BACB(5BN)	10.88	114.57	0.64
CCB (4CF)	1.20	5.04	0.39

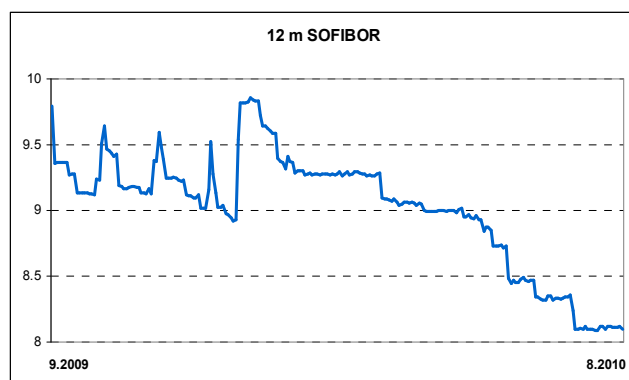
Corporate news

- ↪ Public companies released their consolidated financial statement for the first half of 2010 in the end of August.
- ↪ Trace Group Hold, the road construction company, posted net profit of BGN 3.6mn for the first half of 2010. For the first six months of 2009 the company reported net loss of BGN 0.924mn. Sales for the period doubled to BGN 93.41mn. Operating expenses were 88.5% higher at BGN 88.5mn. Operating cash flows reached BGN 8.19mn compared to cash outflows of BGN 9.8mn in H1 2009. Net cash flows amounted to BGN 1.9mn. In the end of the first quarter Trace posted total sales for 39.3mn and net profit of BGN 1.1mn. The company signed contracts for reconstruction of roads for the total value of BGN 21.6mn.
- ↪ Sales of the diversified holding Chimimport fell by 8.38% for the first six months to BGN 279.6mn. Operating expenses declined by 10% to BGN 300.2mn. Financial revenues fell by 20.5% to BGN 2.5bn and financial expenses by 21% to BGN 2.49bn. Net profit amounted to BGN 69.6mn, up from 67.5mn a year ago. Shareholder's equity rose by 4% to BGN 1.01bn. Operating cash flows rose from BGN 71mn to BGN 113mn. Cash flows from investing reached BGN 16.19mn compared to cash outflows of BGN 12.8mn in the same period of 2009. Chimimport posted financing cash outflows of BGN 73.3mn due to paid up loans. Net cash flows stood at BGN 56.1mn compared to BGN 116.7 in H1 2009.
- ↪ The silica producer Kaolin reported almost 26% increase of sales to BGN 69.6mn. Financial revenues were 50% higher at BGN 3.2mn and financial expenses grew by BGN 1mn to BGN 3.9mn. Operating expenses rose by 28.4% to BGN 64.7mn. Net earnings increased slightly from BGN 4mn to BGN 4.3mn. Net cash flows reached BGN 9.8mn compared to BGN 15.4mn a year ago. Bank loans amounted to BGN 109.6mn; BGN 61.5 of them were long-term and BGN 48.1 short-term. The company posted bond obligation of BGN 12mn. In the end of H1, Kaolin's debt-to-equity ratio was 1.45 and long-term-debt-to equity 0.73.
- ↪ Monbat, Bulgaria's largest producer of car batteries posted 37% increase of net profit to BGN 8.5mn. Sales jumped from BGN 43.5mn to BGN 71mn and operating expenses from BGN 35.7mn to BGN 60.2mn. Monbat exports 89% of its production. The main foreign market is Germany, where the company sells 20.35 of its export. Net cash flow declined from BGN 8.6mn to BGN 1.9mn due to higher cash outflows from investing and financing activities. Shareholder's equity increased by 5.3% to BGN 124.5mn. Debt-to equity ratio stood at 0.43.
- ↪ Moody's confirmed Corporate Commercial Bank's Ba3 rating for deposits and D- for financial stability. For the first half of 2010 the bank posted 30% growth of net earnings to BGN 38mn.

Mutual Funds

Top 10 mutual funds – yield (high and balanced risk)	Change last 12 months	Change YTD
Advance Eastern Europe	26.17%	10.55%
BenchMark Fund 5	9.07%	5.69%
Standard Invest Int. Fund	7.36%	2.45%
KTB Shares	7.22%	-0.27%
KTB Balanced	6.64%	1.20%
Advance IPO Fund	6.27%	10.86%
Expat New Europe Stocks	3.72%	-0.92%
Sentinel Principal	3.06%	0.21%
TBI Treasury	2.38%	1.27%
BenchMark Fund 1	2.05%	-0.45%
TBI Harmony	1.75%	-0.08%

Top 10 Mutual funds -yield (low risk)	Change last 12 months	Change YTD
CCB Garant	10.54%	6.75%
BenchMark Fund 6	8.84%	5.70%
Raiffeizen Bonds Fund	8.27%	4.75%
Elana Money Market	7.25%	5.92%
Astra Cash	7.05%	4.62%
Raiffeizen Money Market	6.75%	4.05%
DSK Standard	6.74%	4.57%
UBB Platinum	6.05%	3.60%
KD Bonds Fund	5.41%	3.13%
Elana Eurofund	4.99%	3.52%



Mutual funds

☞ In the end of August, DSK's Balanced and Growth funds were the largest with assets of BGN 18.6mn and BGN 16.9mn respectively, reported investor.bg. Net assets of the five largest mutual funds decreased by BGN 1.34mn since the beginning of 2010.

☞ Advance Eastern Europe (26.17%) kept the first place among aggressive mutual funds in terms of yield for the last twelve months. BenchMark Fund 5 (9.07%) ranked second, followed by Standard Invest (7.36%).

☞ CCB Garant (10.54%) was the leader among conservative funds, followed by BenchMark Fund 6 (8.84%) and Raiffeizen Bonds Fund (8.27%).

Macroeconomics

☞ The National Statistical Institute (NSI) reported CPI inflation of 0.4% in July. Year-to-date inflation reached 1.9%. Annual inflation for July 2010 compared to July 2009 stood at 2.4%. Average inflation for the period August 2009 – July 2010 compared to August 2008 – July 2009 was 1.0%. In June consumer prices fell by 0.9%.

☞ Producer Price Index (PPI) rose by 2.3% in July and was 9.0% above the year-ago level. NSI reported lower prices in the mining industry (-0.7%) and manufacturing (-0.9%). Prices increased in electricity production and distribution (+10.8%). In June the PPI index was flat on monthly basis and 5.6% above its year-ago value.

☞ NSI's preliminary data showed decline of Gross Domestic Product (GDP) by 1.5% in the second quarter of 2010 compared to the year-ago period. GDP, measured in current prices, reached BGN 16.379bn. For the first half of 2010 GDP was 2.5% down compared to the same period of 2009 and amounted to BGN 30.429bn measured in current prices.

☞ Total business climate rose by 2.0 basis points in August due to the improved conditions in construction, retail trade and the service sector. Sentiment deteriorated in manufacturing. In July the indicator added 1.4 basis points.

☞ Bulgaria's Gross External Debt (GED) rose to EUR 37.095bn in June, or EUR 155mn higher than in May. GED accounted for 106.5% of the projected GDP for 2010 (EUR 34.5bn), the Bulgarian National Bank (BNB) reported.

☞ Foreign Direct Investments (FDI) for June reached EUR 118.5mn compared to a revised growth of EUR 54.7mn in May. FDI compensated 57.5% of the current account deficit.

☞ The FOB trade deficit rose to EUR 1.398bn in June (-4.0% of the projected GDP for 2010). In May the trade gap was revised to EUR 1.246bn.

☞ The 12-month SOFIBOR fell to 7.913, 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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