

Index	Value 29.01.2010	Monthly change	12 m change
SOFIX	435.50	1.93%	51.85%
BG 40	117.67	0.44%	29.18%
BG TR 30	333.79	-0.31%	65.09%
BG REIT	46.39	-3.37%	14.43%

## SOFIX

Company	Price 28.12.2009	Price 29.01.2010	%Change
ALB (6AB)	41.00	43.20	5.37%
EUBG (4EH)	1.41	1.33	-5.67%
ELARG (4EC)	0.80	0.80	0.00%
ENM (E4A)	9.13	9.25	1.31%
IHLBL (4ID)	1.75	1.62	-7.43%
KAO (6K1)	5.70	5.70	-0.02%
MCH (5MH)	5.36	5.48	2.31%
MONBAT(5MB)	6.50	6.40	-1.57%
NEOH (3NB)	26.54	28.32	6.71%
OTZK (5OTZ)	14.43	14.40	-0.22%
ORGH (5ORG)	85.41	81.50	-4.58%
SFARM (3JR)	3.91	4.10	4.78%
ELTOS (SL9)	2.33	2.20	-5.58%
BACB (5BN)	17.09	17.30	1.23%
CORP (6C9)	57.50	61.25	6.52%
FIB (5F4)	2.27	2.47	8.81%
CCB (4CF)	1.30	1.31	0.77%
TRACE (T57)	62.32	63.00	1.09%
CHIM (6C4)	2.70	2.80	3.70%
HDPAT (6H2)	2.30	2.50	8.70%

## Summary

- ☞ Bulgarian stocks ended mixed the first month of 2010 on thin turnover. Total market capitalization of the Bulgarian Stock Exchange – Sofia (BSE) declined by 2.41% to BGN 11.318bn.
- ☞ Investors around the globe were worried by the proposal of US president Barack Obama to limit the size and trading activity of US banks. His suggestion initiated the most intense sell-off since February 2009.
- ☞ The National Statistical Institute (NSI) reported inflation of 0.5% in December and inflation of 0.6% for the period December 2008 – December 2009.

## Indices

- ☞ BSE's official indices ended the first month of 2010 mixed. January was the worst month for world's major stock markets since February 2009, but positive for most markets in the CEE region.
- ☞ SOFIX was up by 5.42% in January and gained 51.85% for the last twelve months. The benchmark was 67.53% above its lowest level from February 2009, when the stock market decline reached its culmination. BG 40 inched higher by 0.44% in January and rose by 29.18% since January 2009. BG TR 30 and the sector-based index BG REIT closed on negative territory: BG TR 30 down by 0.31% and BG REIT by 3.37%. For the last twelve months, BG TR 30 gained 65.09% and BG REIT 14.43%.
- ☞ Stock market indices in Ukraine and Croatia were the main regional gainers, up by 10.65% and 9.95% respectively.
- ☞ Major stock markets around the globe lost ground in January with main loser the German benchmark DAX, down by 5.85%.

## World markets

- ☞ The proposal of US president Barack Obama to limit the size and trading activity of the nation's biggest banks shook the financial world and led to sell-offs across the board. In addition, the American president called for measures aiming to create more jobs in the country.
- ☞ The European Central Bank, the Bank of England, the Reserve Bank of New Zealand and the Federal Reserve kept key interest rates steady on their regular meetings.
- ☞ The US dollar advanced to six-month highs against the Euro on continuing concerns about sovereign debt in Greece, Spain, Portugal, Ireland and Italy, all of which are EMU members. In the end of January EUR/USD traded at 1.38. Meanwhile, crude oil prices hit USD 83.89 per barrel, but then fell to USD 72.77 on concerns for declining demand in China.

## Eastern European Markets

Index	Value 29.01.2010	Monthly change	12 months Change
Croatia CROBEX	2 203.40	9.95%	31.02%
Macedonia MIB-10	2 828.80	2.80%	26.41%
Romania BET	5 065.43	7.99%	124.83%
Serbia BELEX 15	678.58	2.23%	26.37%
Montenegro MOSTE	611.06	-4.37%	15.36%
Ukraine PFTS	633.91	10.65%	130.86%
Turkey ISE 100	54 650.50	3.46%	110.73%
Russia RTSI	1 473.81	2.02%	175.46%
Morgan Stanley MSCI EM	212.44	1.75%	116.44%

## World Markets

Index	Value 29.01.2010	Monthly change	12 months Change
USA DJIA	10 067.33	-3.46%	25.83%
USA S&P 500	1 083.32	-2.85%	31.17%
USA NASDAQ	2 164.24	-4.62%	46.59%
Japan Nikkei 225	10 198.04	-3.30%	27.57%
Germany DAX	5 608.79	-5.85%	29.29%
UK FTSE 100	5 145.74	-4.94%	24.01%
France CAC 40	3 739.46	-4.99%	25.74%

## Banking Sector

Bank	Price 29.01.2010	P/E	P/B
FIB (5F4)	2.48	6.86	0.69
CORP(6C9)	60.11	6.86	1.40
BACB(5BN)	17.30	6.40	1.30
CCB (4CF)	1.31	5.01	0.45

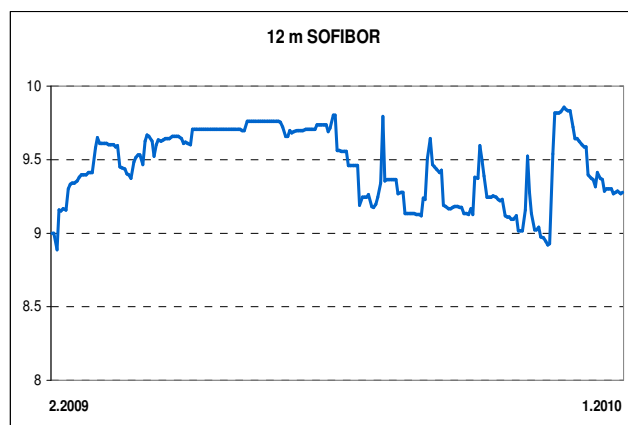
## Corporate news

- ↪ Public companies released their non-consolidated financial statement for Q4 2009 in the end of January.
- ↪ Fazerles, the producer of wood-based panels (hardboard), posted 46% decline of Q4 sales to BGN 14.5mn and 94% drop in net profit to BGN 0.2mn. Total assets rose by almost 4% to BGN 26.29mn. Long-term bank loans rose from BGN 1.7mn to BGN 2.7mn. Net cash flow was positive: BGN 1.2mn. The company exports almost 80% of its output in the EU and lower demand from member countries is the main reason for declining sales.
- ↪ Sales of the brewery Lomsko Pivo declined by almost 11% to BGN 6.45mn. Interest expenses rose from BGN 0.19mn to BGN 0.21mn. Net profit plunged from BGN 0.48mn to BGN 0.06mn, or by 87%. Total assets reached BGN 13.2mn, or 5.5% higher than in the comparable period of 2008.
- ↪ The producer of car batteries Monbat posted net profit of BGN 17.10mn, or 35% lower compared to the same period of 2008. Sales fell by 30.45% to BGN 125.8mn. Interest expenses were steady at BGN 1.38mn. Operating expenses fell from BGN 152.6mn to BGN 108.4mn, or by 28.93%. Total assets rose from BGN 152.2mn to BGN 182.5mn. Operating cash flows were positive at BGN 13.6mn. Net cash flows totaled BGN 1.64mn compared to BGN -0.9mn in the same quarter of 2008.
- ↪ The holiday complex Albena reported decline of sales by 14.36% to BGN 82.45mn. Net earnings jumped from BGN 13.8mn to BGN 34.3mn on higher financial revenues. Last quarter the company reported revenues from operations with financial assets of BGN 17mn compared to BGN 0.02mn in the same quarter of 2008. Total assets grew by 2.73% to BGN 468mn. Operating and net cash flows were positive: BGN 31.4mn and BGN 2.7mn respectively.
- ↪ In Q4 FairPlay Properties REIT sold 35 apartments in the residential complex Santa Marina near the town of Sozopol. For the full 2009 the REIT sold 166 apartments, of which 161 in Santa Marina and 5 in the complex St. Ivan Rilski, the town of Bansko. Net profit stood at BGN 1.6mn, down from BGN 13.7mn in the same period of 2008. Sales fell to BGN 29.2mn from BGN 36.9mn in 2008, when 183 apartments were sold. Total assets remained steady at BGN 133.4mn. Cash flows from operations were BGN 10.3mn, from investing BGN 1.68mn and from financing BGN -11.1. Net cash flows for the period stood at BGN 0.8mn.
- ↪ Net profit of First Investment Bank shrank by 37.1% to BGN 32.019mn in the last quarter of 2009 compared to the year-ago period. Negative revaluations for 2009 totaled BGN 8.6mn and in 2008 the bank reported positive revaluations of BGN 2.7mn. Total assets reached BGN 4.095bn, or 3.8% lower compared to Q4 2008.

## Mutual Funds

Top 10 mutual funds – yield (high and balanced risk)	Change last 12 months	Change YTD
Status Finance	53.51%	2.04%
Advance Eastern Europe	50.91%	3.75%
Standard Invest	33.95%	0.83%
Standard Invest Balanced	26.95%	1.59%
KTB Shares	26.58%	0.98%
Expat New Europe Stocks	25.98%	-0.79%
UBB Premium	25.51%	-0.65%
Alpha Index 20	25.33%	1.12%
KTB Balanced	21.71%	0.79%
DSK Growth	21.12%	0.33%

Top 10 Mutual funds -yield (low risk)	Change last 12 months	Change YTD
BKM Balanced	11.21%	-0.13%
BenchMark Fund 6	8.97%	0.74%
TBI Comfort	8.11%	-0.04%
CCB Garant	7.82%	0.42%
Raiffeisen Money Market	7.02%	0.51%
Elana Money Market	6.35%	0.94%
Astra Cash	6.34%	0.56%
FIB Garant	6.15%	0.55%
Sentinel Rapid	3.84%	0.34%
Standard Conservative	3.73%	-0.01%



## Mutual funds

Net assets of mutual funds rose by 8.4% for the period December 15- January 15 and reached BGN 376mn, reported Investor.bg. In the previous period net assets plunged by 12% to BGN 345mn. Raiffeisen Money Market Fund was the largest mutual fund with assets of BGN 39.7mn., followed by DSK's Balance (BGN 19.4mn) and Growth (BGN 18.8mn).

Mutual funds with high or balanced risk profile performed better than the conservative ones in the first month of 2010. Many of them posted double-digit yield for the last twelve month. Status Finance Fund (53.51%) was the top performer for the period January 2009 – January 2010, followed by Advance Eastern Europe (50.91%) and Standard Invest (33.95%).

Among conservative funds, BKM Balanced (11.21%) held the leading position, followed by BehnchMark Fund 6 (8.97%) and TBI Comfort (8.11%).

## Macroeconomics

Consumer prices rose by 0.5% in December, reported the National Statistical Institute (NSI). Annual inflation reached 0.6%. Inflation for the period January 2009 – December 2009 reached 2.8%.

Producer Price Index (PPI) rose by 0.9% m/m in November and was 0.7% down since November 2008. Prices went up in manufacturing (0.9%), mining industry (4.6%) and electricity production and distribution (0.2%). In November the PPI index rose by 0.3% on monthly basis but plunged by 5.3% y/y.

Total business climate rose by 3.1 basis points in January after plunging by 1.3 in the previous month. The indicator moved up due to the improved conditions in construction and services. In December the total business climate advanced by 1.3 percentage points.

Average house prices declined by 1.9% in the fourth quarter of 2009 compared to the previous period and by 26.3% compared to the same period of 2008.

Bulgaria's gross external debt (GED) stood at EUR 36.991bn in November, or EUR 93.8mn higher than in October, due to increased long-term debt. GED accounted for 110.4% of the projected GDP for 2009 (EUR 33.889bn), the Bulgarian National Bank (BNB) reported.

Foreign Direct Investments (FDI) reached EUR 2.630bn in the end of November, up by EUR 194mn for the month. The ratio FDI/current account deficit was estimated at 102.9%, up from revised 102.5% in October.

In the end of October the FOB trade deficit reached EUR 3.727bn (-11.1% of the projected GDP), up from EUR 3.497bn in September.

The 12-month SOFIBOR fluctuated between 9.269 and 9.646 percentage points. SOFIBOR reference rate is an index of the quotes for unsecured BGN deposits offered on the Bulgarian interbank market. In January the reference rate closed at 9.279.

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