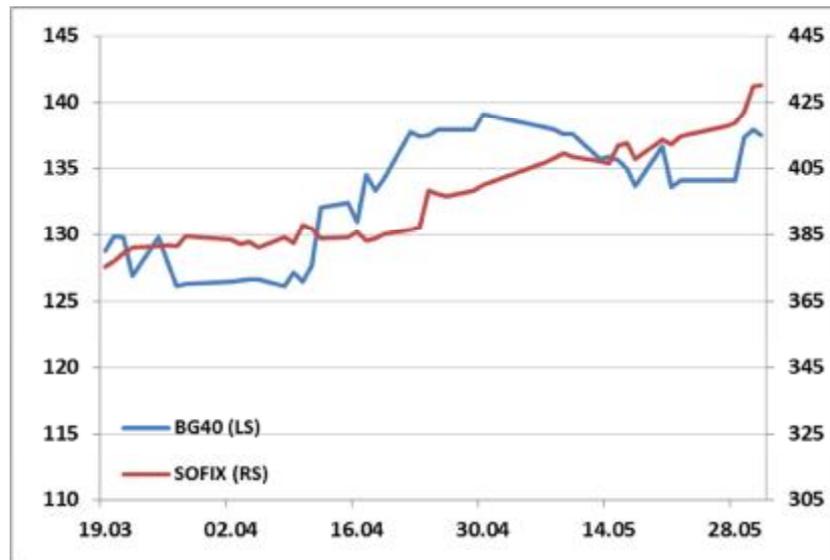
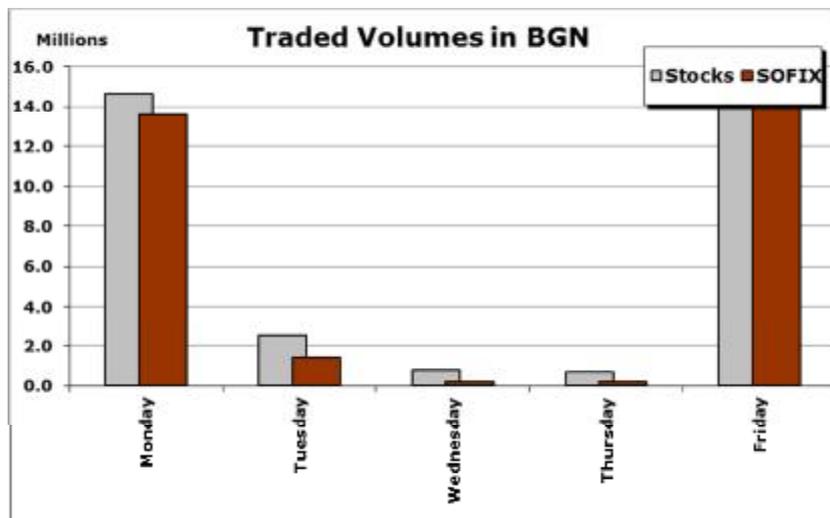


Market Trend



The stock market continued to gain despite the low volumes and the uncertainties about the economic policy of the new government. The vote in the Parliament created a stable Cabinet that will start to implement a moderate policy for supporting the economy, while maintaining the stability of the budget and restraining from large government spending. Investors expected the outcome of the vote and did not have any concerns. Most blue chips moved on the upside in thin volumes. Corporate reports for the first quarter had little impact on stock prices as several holdings released their consolidated data.

Trading Activity



The week was under the influence of the deal with Kaolin (6K1). The majority stake was transferred on Friday, along with additional stocks from minority shareholders. The new owner acquired on Friday more than 80% of the capital at BGN 4.156 per share for a total value of BGN 167 million. Also a large block for 6.6% of the capital changed hands on Monday after the announcement but investors had to wait until Friday for the majority stake. It is expected that the company will be delisted from the stock exchange. Our calculations for the value of Kaolin are not suggesting higher prices on the tender offer but there is still a small possibility for arbitrage gains in short-term.

WEEKLY BULLETIN
31 May 2013
SOFIX

Stock	Last Price	Weekly Change	Bid	Ask
Advance Terrafund REIT	2.24	-14.69%	2.23	2.24
Albena	49.00	0.00%	47.02	54.17
Bulgaria Real Estate Fund REIT	0.59	-0.84%	0.59	0.59
Bulgartabac Holding	106.00	6.00%	100.00	106.00
Central Cooperative Bank	0.97	5.79%	0.94	0.96
Chimimport	1.41	1.95%	1.41	1.43
M+S Hydraulic	7.60	-0.63%	7.60	7.84
Eurohold Bulgaria	0.97	0.52%	0.96	0.97
First Investment Bank	1.85	2.83%	1.86	1.88
Industrial Holding Bulgaria	0.78	5.84%	0.76	0.78
Kaolin	4.03	8.33%	4.03	4.06
Monbat	6.60	0.00%	6.65	6.90
Sopharma	3.00	3.77%	2.96	3.02
Stara Planina Hold	2.60	1.13%	2.60	2.65
Zarneni Hrani Bulgaria	0.40	-1.73%	0.40	0.40

Kaolin was the best performing position, although it did not finished the week at its peak values. Large gains had also Bulgartabac Holding (57B) and Sopharma (3JR). Both stocks have huge influence on the index SOFIX due to their big market capitalization and large free-float. Advance Terrafund REIT (6A6) paid dividends last week and in fact gained 6% last week. The position is supported by investors that are looking for stable income after the liquidation of the other large agricultural land fund.

News

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- **27 May 2013:** Sopharma Properties REIT-Sofia (6S6) has taken a decision to increase the capital from BGN 13 255 904 to BGN 15 710 701 by issuing new 2 454 797 shares at issuing value of BGN 2.40 per share. The amount of 5.4 rights shall entitle the right on subscription to one new share. The capital of the Company shall be only increased where at least 1,227,399 new shares are subscribed to and paid up, as in this case the capital shall be increased only with the value of the subscribed shares.
- **27 May 2013:** The Financial Supervision Commission imposed a compulsory measure on Petrol (5PET) to decrease its capital by nullification 45 719 000 shares, acquired by its subsidiary Naftex Petrol. Petrol intends to appeal the decision for imposing of the compulsory measure to the Supreme Court.

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Financial Interest: ELANA Trading may trade or own shares of the analyzed companies. The research analyst(s) is not holding shares of the analyzed companies, unless otherwise noted.

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Valuation Methods: Company valuations are based on the following methods: multiple-based (P/E, P/B, EV/EBITDA), historical valuation approaches, peer comparisons, discount models (DCF, DDM) or asset-based evaluation methods. Valuation models are dependent on macroeconomic factors, including interest rates, foreign exchange rates, prices of raw materials, and any expectations about the economy, the market sentiment. The valuation is based on expectations that might change rapidly and without notice, depending on developments specific to individual industries and countries. Recommendations and target prices derived from the models might therefore change accordingly. The application of models depends on forecasts of a range of economic variables, thus there is a range of reasonable variations within models. Any valuation is dependent upon inputs that are based on the subjective opinion of the analysts carrying out this valuation.

Recommendations: Analyst(s) recommendations are based on the specific factors for the company, sector, country and global developments, as compared to market indices. Recommendations and opinions reflect ELANA Trading's expectations over the 12-month period following publication from the perspective of long-only investment clients. ELANA Trading reserves the right to express different or contrary recommendations and opinions for different timescales or for other types of investment client. Except as otherwise noted, expected performance over next 12 months vary for different recommendations for Bulgarian stocks as follows:

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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