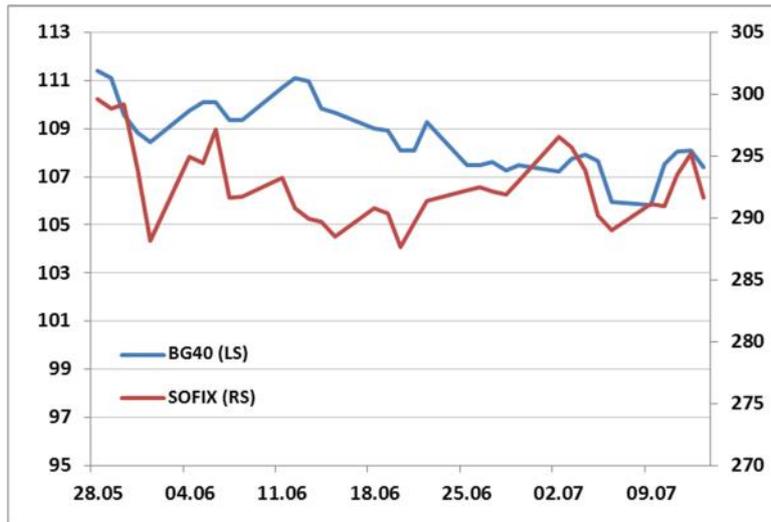
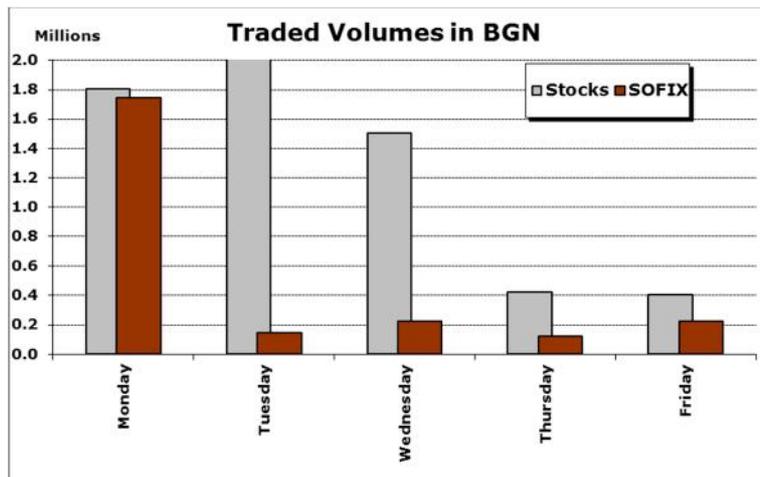


Market Trend



Indices continued to move sideways as investors looked for news that could change the bias. The recent stabilization is a sign for a bottom before the seasonal gains in August. Long-term investors are waiting for the second quarter reports, although it is unlikely that news will have impact on prices. Expectations are negative due to the impact on sales from the crisis in Europe and the stagnation of the domestic economy. However, largest Bulgarian companies will not be affected severely and preliminary reports indicated only modest impact on revenues. We are more optimistic on fundamental data than the market's ability to price in any positive news.

Trading Activity



Large package transaction of Agro Finance REIT (6AG) boosted BSE's volumes on Tuesday. 25% of the company's capital changed hands at BGN 1.20 per share at the beginning of the session for the total amount of BGN 9.9 million. Sellers were Bulgarian pension funds, whereas the buyer was the majority owner of Corporate Commercial Bank (6C9).

The overall volumes of blue chips were very low. Large block deal with Advance Terrafund REIT (6A6) again boosted the turnover on Monday. We don't expect the picture to change in short term as local investors turned their attention to the sharp decline of Mekom (MKX) that attracted speculative demand.

SOFIX

Stock	Last Price	Weekly Change	Bid	Ask
Advance Terrafund REIT	1.81	7.61%	1.81	1.83
Bulgartabac Holding	49.50	4.21%	46.01	50.00
ELARG Opportunity Fund REIT	1.91	0.53%	1.90	1.93
Central Cooperative Bank	0.62	5.43%	0.62	0.65
Chimimport	0.88	-2.44%	0.86	0.90
Neochim	26.00	-6.80%	26.50	28.40
M+S Hydraulic	6.10	-1.61%	6.10	6.29
Eurohold Bulgaria	0.96	7.87%	0.89	0.97
First Investment Bank	1.45	-3.20%	1.45	1.50
Industrial Holding Bulgaria	0.63	3.28%	0.63	0.66
Kaolin	2.02	1.00%	2.02	2.11
Monbat	4.30	2.41%	4.35	4.52
Sopharma	2.15	-3.93%	2.15	2.23
Stara Planina Hold	2.03	-2.50%	2.03	2.13
Bulgaria Real Estate Fund REIT	0.45	-6.03%	0.46	0.48

Outflows from speculators drove down the prices of Chimimport (6C4) and First Investment Bank (5F4), although the other two volatile shares - Central Cooperative Bank (4CF) and Eurohold Bulgaria (4EH) posted weekly gains. Speculators were looking for short-term gains in the case of Mekom and made some portfolio changes. The largest positions traded in their recent ranges.

News

- 9 July 2012:** The General Meeting of Shareholders of Sopharma AD - Sofia (3JR) dated June 19, 2012 adopted a decision to distribute dividend to shareholders for 2011 as follows:
 - Gross dividend per share BGN 0.07;
 - The right on dividend is entitled to all shareholders, registered with the Central Depository up to 14 days following the GMS date i.e. by July 03, 2012
 - The final date for transacting shares of this company on the floor of BSE-Sofia, as a result of which the owner will be entitled to obtain dividend, is June 29, 2012;
- 10 July 2012:** The Board of Directors of BSE– Sofia admitted to trading on the BSE Main Market, Standard Equities Segment, the following issue:
 - Issuer: Bulgarian Private Equity Fund AD-Sofia;
 - ISIN Code: BG1100001129;
 - Issue's amount: BGN 50,000;
 - Par value per share: BGN 1 /one Bulgarian lev/;
 - Exchange Code allocated: BPT;
 - Date of entry into trade: July 16, 2012 /Monday/;
- 10 July 2012:** Biovet (53B) has signed a EUR 4.705 million contract for credit with Cibank. The term of the credit is 6 years and is secure by tangible assets. The company posted 26% sales growth for 1Q 2012 on yearly basis to BGN 38.1 million. The current liquidity ratio is 0.64. The bank loans as of March 31 were BGN 49 million. The profit amounted BGN 1 million as compared to BGN 2.2 million the same period last year.

Disclaimer

Analyst Certification: The research analyst(s) certifies that: (1) all of the views expressed in this document accurately reflect his or her personal views about any and all of the subject securities or issuers; (2) no part of any of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this document.

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.

Regulatory Authority: Financial Supervisory Commission, *Shar Planina* Street 33, 1303 Sofia, Bulgaria

Information Disclosure: All reasonable care has been taken to ensure the facts stated are accurate and opinions given are fair and reasonable. Our recommendations are based on information available to the public that we consider to be reliable but for the completeness and accuracy of which we assume no liability. Neither ELANA Trading, nor its directors, officers or employees shall in any way be responsible for its contents. The views expressed may differ from the views of other firm departments or representatives. Additional information is available upon request. Unless otherwise noted, sources for all information in charts and tables are ELANA Trading's calculations.

Risks for Investors: Information in this document should not be regarded as an offer to buy or sell any financial instruments. The investment possibilities discussed in this document may not be suitable for certain investors depending on their specific investment objectives and time horizon or in the context of their overall financial situation. In particular, the risks associated with an investment in the securities or the financial instruments under discussion are not explained in its entirety.

The prices or values of the securities may go down as well as up and can fluctuate and fall against the investor. The securities or investments may cause the investor to lose the amount invested. Past performance is not a guide to future performance. Changes in exchange rates may have an adverse effect on the value, price or income of the securities or investments.

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.

For more information, please contact:

Research analyst
Tsvetoslav Tsachev
Tamara Becheva

Phone:
+359 2 810 00 23
+359 2 810 00 27

E-mail:
tsachev@elana.net
becheva@elana.net

Internet:
www.elana.net
www.elana.net