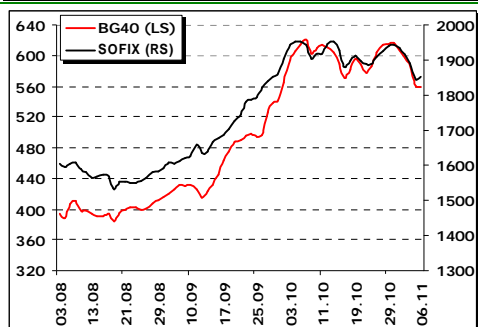


MARKET REACTION TO EARNINGS



The 3Q earnings were mainly in-line with the positive market expectations. However, all good news were already priced in and companies remained under pressure in October. All indices lost some ground but the market consolidated on this levels and wait for positive news to support the positions. BG40 outperformed and added 12.7% for October, whereas SOFIX increased by 4.5%. The higher volatility is consistent with our view of more prolonged period of consolidation or correction for many liquid shares. We expect that the market will provide support after between 10-20% decline of blue chips.

Company

Albena /ALB/ *

The non-consolidated report was one of the positive surprises this quarter. The net profit improved by 6% y-o-y. Sales grew in smaller rates as the tourist season wasn't very strong. The main reason for the financial results are changes its accounting method which resulted to understated sales during the first half as compared to previous periods but the rising prices of the services also contributed for the improved margins. The consolidated report should have positive influence on the total net profit.

Indicator Value

| | |
|--------------|-------|
| Sales Growth | 3.6% |
| P/E | 30.13 |
| P/B | 1.95 |
| EV/EBITDA | 16.64 |
| EV/Sales | 6.66 |

*non-consolidated

Graph



Company

Alcomet /ALUM/

Alcomet sales improved by 25% y-o-y. The company announced that production levels in the 3Q are on the lowest volumes for the year. The net profit dropped behind our expectations due to the increased interest rates and lower FX revenues despite the cheaper US dollar. The company retained low expenditures as compared to the last year but it is not enough to cover the market's expectations.

Indicator Value

| | |
|--------------|-------|
| Sales Growth | 23.6% |
| P/E | 24.72 |
| P/B | 5.12 |
| EV/EBITDA | 24.86 |
| EV/Sales | 1.74 |

Graph



Company

Biovet /BIOV/

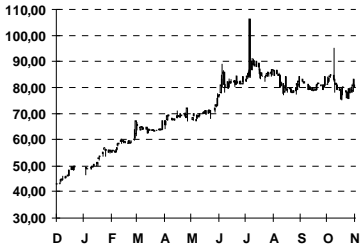
Non-consolidated sales grew solidly but the net profit remained meager. Shares are currently trading 11 times non-consolidated EBITDA and 1.25 times the estimated sales for the year. The acquisition and investment programs of Biovet result in larger depreciation costs that will limit the net profit this and maybe next year.

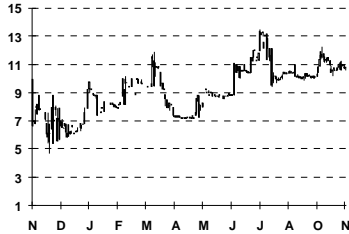
Indicator Value


| | |
|--------------|-------|
| Sales Growth | 34.5% |
| P/E | 263 |
| P/B | 2.29 |
| EV/EBITDA | 14.14 |
| EV/Sales | 1.20 |

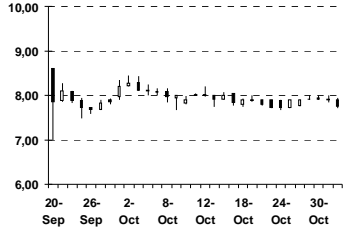
Graph

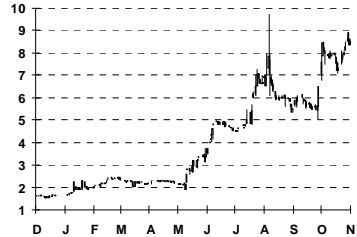



| Company | Indicator | Value | Graph |
|---|--------------|-------|---|
| <u>Bulgarian American Credit Bank /BACB/</u> | | | |
| <p>The bank's net profit increased 58% y-o-y to BGN 38m. The credit portfolio growth is 53% y-o-y and its quality is still high. BACB made additional costs for provisions amounted to BGN 3.6m. The trailing P/E is below the average for the banking sector, whereas P/B of 7.3 is the highest in the sector. The recent acquisition in the sector suggests that the P/B ratio above 4-5 is a risky factor.</p> | Asset Growth | 46% |  |
| | P/E | 21.92 | |
| | P/B | 7.37 | |
| | RoA | 7.15% | |
| | RoE | 33.6% | |
| | | | |

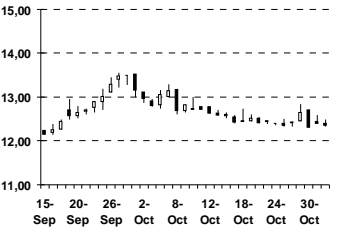
| Company | Indicator | Value | Graph |
|--|--------------|-------|---|
| <u>Bulgarian River Shipping /BRP/</u> | | | |
| <p>The third quarter was a negative surprise due to the pressure on margins from the lower grain export this year and the difficulties in the Russian coal export through Ukraine. Moreover, the company expects further difficulties this year due to the falling US dollar and rising energy prices. The price of BRP is too high when comparing to recent multiples and the dimmed perspectives for the whole 2007.</p> | Sales Growth | 19.8% |  |
| | P/E | 58.64 | |
| | P/B | 8.07 | |
| | EV/EBITDA | 45.46 | |
| | EV/Sales | 7.99 | |
| | | | |

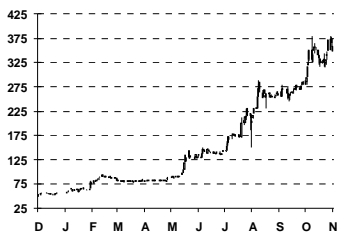
| Company | Indicator | Value | Graph |
|---|--------------|--------|---|
| <u>Central Cooperative Bank /CCB/</u> | | | |
| <p>Central Cooperative Bank also attracted the market attention with the 3Q financial report but the results were due to securities revaluation. The core banking operations are not profitable due to the shrinking net interest margins and the severe competition. P/E remains among the highest in the sector. Provisions amounts BGN 9m.</p> | Asset Growth | 30.22% |  |
| | P/E | 39.54 | |
| | P/B | 6.42 | |
| | RoA | 1.55% | |
| | RoE | 16.23% | |
| | | | |

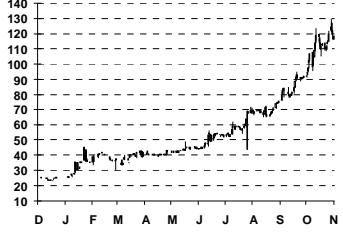
| Company | Indicator | Value | Graph |
|--|--------------|-------|---|
| <u>Devin /DEVIN/</u> | | | |
| <p>The net profit doubled as compared to 1H 2007. Summer is the usually strong quarter and sales rose by 80% y-o-y to BGN 44 m. The trailing P/E is still too high for the market but net profit will exceed the previous expectations. The shares settled in the recent price range as the market weakened and investors wait for additional proofs of solid revenues growth.</p> | Sales Growth | 79.5% |  |
| | P/E | - | |
| | P/B | 4.54 | |
| | EV/EBITDA | 31.86 | |
| | EV/Sales | 4.32 | |
| | | | |

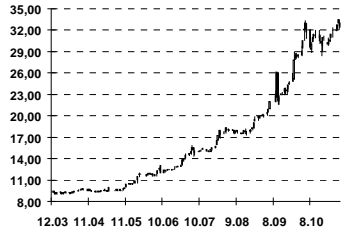
| Company | Indicator | Value | Graph |
|---|--------------|-------|---|
| <u>Elhim /ELHIM/</u> | | | |
| <p>The net profit solidly jumped as compared to the same period last year. The sales grew by 70% y-o-y. The trailing P/E of 53 is firmly above the market average. Board of directors changed its expectations about the profit of ELHIM as of 2007 to BGN 2.4m mainly due to the sales growth. The rising price of the lead could have negative influence over this prognosis.</p> | Sales Growth | 70.9% |  |
| | P/E | 53.12 | |
| | P/B | 5.49 | |
| | EV/EBITDA | 25.19 | |
| | EV/Sales | 1.53 | |
| | | | |

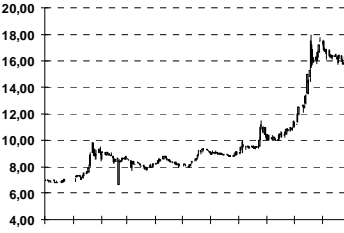
| Company | Indicator | Value | Graph |
|--|--------------|--------|---|
| Euro Ins /EURINS/ | | | |
| <p>Net profit solidly grew to BGN 4.6 m. The premiums improved by almost 34%. At recent levels P/E is below the market average, whereas P/B is above 9. The 4Q is stronger for EURINS as the main part of revenues is due to car insurances. This is the reason to expect BGN 8m profit for 2008 with the possibility of better surprises.</p> | Sales Growth | 33.53% |  |
| | P/E | 24.90 | |
| | P/B | 9.24 | |
| | P/Premium | 3.96 | |
| | | | |

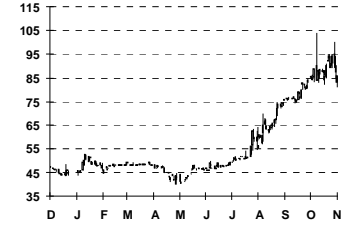
| Company | Indicator | Value | Graph |
|--|--------------|--------|---|
| First Investment Bank /FIB/ | | | |
| <p>The net profit increased by 63% y-o-y mainly due to the higher credit portfolio and non-interest income. FIB's credit portfolio rose to BGN 2 686 m as compared to BGN 1 709 m at the end of 2006. The bank retained constant level of provisions. Trailing P/E of 32 is below average for the sector as well as P/B of 4.42.</p> | Asset Growth | 41.19% |  |
| | P/E | 32.55 | |
| | P/B | 4.42 | |
| | RoA | 1.13% | |
| | RoE | 13.57% | |


| Company | Indicator | Value | Graph |
|--|--------------|-------|--|
| Fazerles /FZLES/ | | | |
| <p>The 3Q financial statement is better than expectations. Net profit improved substantially as compared to the 3Q 2006. Sales grew by 50% y-o-y. Trailing P/E of 31 is near the market average, whereas P/B remained higher. For the first nine months of the year the company executed 80% from the production program for 2007.</p> | Sales Growth | 48.5% |  |
| | P/E | 30.23 | |
| | P/B | 10.21 | |
| | EV/EBITDA | 22.21 | |
| | EV/Sales | 5.29 | |

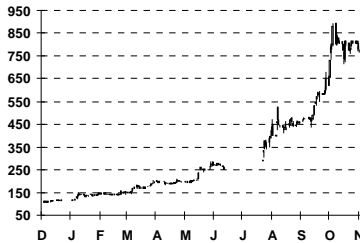
| Company | Indicator | Value | Graph |
|---|--------------|-------|---|
| Lead & Zinc Complex /OTZK/ | | | |
| <p>The net profit solidly jumped as compared to 3Q 2006. Sales rose by 82% to BGN 186m as compared to BGN 102m a year ago. The main reason for growth is the rising price of metals and the increased capacity. Trailing ratios are above the market average but the investors usually support positions with improved profit margins. The weakness of metal prices represents the short-term danger for OTZK as well as the falling US dollar.</p> | Sales Growth | 82.3% |  |
| | P/E | 34.95 | |
| | P/B | 12.59 | |
| | EV/EBITDA | 27.20 | |
| | EV/Sales | 3.98 | |


| Company | Indicator | Value | Graph |
|--|--------------|-------|---|
| <u>Monbat /MONBAT/</u> | | | |
| <p>Monbat posted impressive 3Q statement but didn't surprise the market as the company announced its results every month. The quarterly net profit doubled as compared to the same period last year, whereas sales grew by 52%. The 3Q results are the reason to expect even better sales and profits than the last management's prognoses. Trailing ratios are above the market average but they will improve as the 4Q is seasonally stronger.</p> | Sales Growth | 52% |  |
| | P/E | 42.37 | |
| | P/B | 7.33 | |
| | EV/EBITDA | 29.81 | |
| | EV/Sales | 5.84 | |

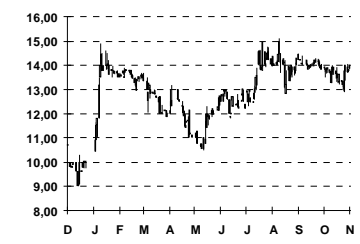
| Company | Indicator | Value | Graph |
|--|--------------|-------|---|
| <u>M+S Hydraulic /MCH/</u> | | | |
| <p>The sales growth accelerated but the EBITDA margin continued to lag behind the values for the previous quarters. All cost for operations posted lower increase than revenues but the profit margins were lower due to one-time effect of assets sale. Cash flows from operations improved. MCH will likely to continue to trade at higher than average multiples this year, which is representative for the positive market expectations.</p> | Sales Growth | 30% |  |
| | P/E | 49 | |
| | P/B | 6.11 | |
| | EV/EBITDA | 20.67 | |
| | EV/Sales | 2.86 | |

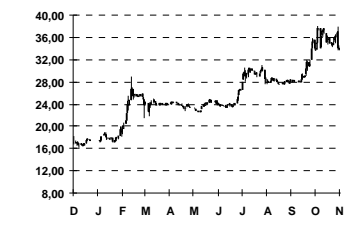
| Company | Indicator | Value | Graph |
|--|--------------|-------|---|
| <u>Neochim /NEOH/</u> | | | |
| <p>Neochim disappointed the market with weak 3Q financial results. The non-consolidated report posted 24% lower net profit y-o-y, whereas sales improved by 6% y-o-y. Rising price of the natural gas had negative effect over the production of NEOH and could damper the profitability. The revenues from export decreased by 9% as compared to the same period last year but domestic sales jumped. The company retained constant long-term payables. The position could find support from the P/S of 1.07 and the P/B.</p> | Sales Growth | 11% |  |
| | P/E | 79 | |
| | P/B | 2.58 | |
| | EV/EBITDA | 27.24 | |
| | EV/Sales | 1.19 | |

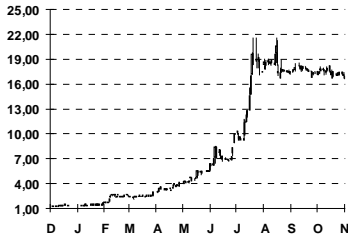
| Company | Indicator | Value | Graph |
|---|--------------|-------|---|
| <u>Odessos /ODES/</u> | | | |
| <p>Odessos net profit slightly decreased as compared to the same period last year. If we exclude the one-off items in the 3Q 2006, the net profit grew by 125% y-o-y. Trailing ratios are close to the market average and could provide support in short term. The profit-taking was due to the meager growth during the third quarter and the positive expectations already priced in. Odessos is among the largest decliners during the recent market correction.</p> | Sales Growth | 7.2% |  |
| | P/E | 30.43 | |
| | P/B | 4.03 | |
| | EV/EBITDA | 13.61 | |
| | EV/Sales | 4.40 | |

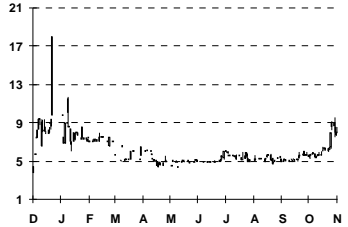
| Company | Indicator | Value | Graph |
|--|--------------|-------|---|
| <u>Orgachim /ORGH/</u> | | | |
| <p>Orgachim posted solid net profit growth in the non-consolidated 3Q financial statement. The sales improved by 35% y-o-y. The export sales rose by 32% as well as the domestic sales improved by 36%. Short term payables are higher as compared to the same period last year. Trailing P/E is below the market average, whereas P/B of 14 is among the highest. The market reacted positively on the report but selling pressure pushed down the price. The consolidated report will change a little this picture but investors could provide the needed support for shares, although in more moderate way.</p> | Sales Growth | 35% |  |
| | P/E | 25.39 | |
| | P/B | 14.43 | |
| | EV/EBITDA | 18.46 | |
| | EV/Sales | 3.18 | |

| Company | Indicator | Value | Graph |
|---|--------------|-------|---|
| <u>Petrol /PET/</u> | | | |
| <p>The net profit rose to almost BGN 29m from BGN 8 m a year ago supported also by the positive results from operations with securities. Sales improved by 40% y-o-y. The rising petrol price on the international markets will push down the consolidated profits due to the hedging activities of the group. The news had positive influence on the price of PET but growth was short-lived. The consolidated report will increase all multiples.</p> | Sales Growth | 41% |  |
| | P/E | 41.17 | |
| | P/B | 2.54 | |
| | EV/EBITDA | 6.98 | |
| | EV/Sales | 0.35 | |
| *non-consolidated | | | |

| Company | Indicator | Value | Graph |
|---|--------------|-------|---|
| <u>Polimeri /POLIM/</u> | | | |
| <p>The company's net profit decreased solidly due to the rising cost for production. Polimeri is under pressure from the higher electricity prices. However, the main threats remain the same – rising costs for productions, receivables from related entities and the tax liabilities. The company looks cheap in terms of P/B and P/S but even without the tax bills the lower EBITDA margin is the major concern.</p> | Sales Growth | 10.7% |  |
| | P/E | neg. | |
| | P/B | 0.68 | |
| | EV/EBITDA | 26.21 | |
| | EV/Sales | 1.39 | |

| Company | Indicator | Value | Graph |
|--|--------------|-------|---|
| <u>Toplivo /TOPL/</u> | | | |
| <p>The weak results as compared to the same period last year pushed down the price of Toplivo at the same way as after 2Q report. The net profit slips almost 38% y-o-y and sales posted meager gains. The inventories increased by 46% since the beginning of the year and the company has problems with larger inventories. Trailing P/E is higher than average for the market, whereas P/B of 2 is still attractive due to the value of real estates.</p> | Sales Growth | 1.05% |  |
| | P/E | 50.09 | |
| | P/B | 1.98 | |
| | EV/EBITDA | 18.18 | |
| | EV/Sales | 0.82 | |

| Company | Indicator | Value | Graph |
|--|--------------|-------|---|
| <u>Sparky Eltos /ELTOS/</u> | | | |
| <p>Sales jumped 50% y-o-y. The net profit grows solidly. The cash flow from operations is on the red due to the increased payments for deliveries. Financial results improved the trailing ratios of ELTOS and P/E is near the average for the market. However, the investors' reaction was meager as the company was announced the results preliminary and they were priced in.</p> | Sales Growth | 11.5% |  |
| | P/E | 36.30 | |
| | P/B | 4.40 | |
| | EV/EBITDA | 18.72 | |
| | EV/Sales | 3.89 | |
| | | | |

| Company | Indicator | Value | Graph |
|---|--------------|-------|---|
| <u>Svilosa /SVIL/</u> | | | |
| <p>The market gives credit to Svilosa before the ongoing modernization of production facility come to its end. Sales decreased as compared to the same period of 2006 but the increased production capacity will boost revenues next year and particularly in 2009. Until the normal production is underway the position will trade on the market's expectations.</p> | Sales Growth | -4% |  |
| | P/E | 134 | |
| | P/B | 4.24 | |
| | EV/EBITDA | 34.98 | |
| | EV/Sales | 4.09 | |
| | | | |

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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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