

Index	Value 30.07.2010	Monthly change	12 m change
SOFIX	373.02	-0.81%	3.93%
BG 40	106.39	-0.96%	5.13%
BG TR 30	284.12	-2.54%	3.09%
BG REIT	38.53	3.27%	0.08%

## SOFIX

Company	Price 30.06.2010	Price 30.07.2010	%Change
ALB (6AB)	53.00	60.09	13.38%
EUBG (4EH)	0.98	0.83	-16.07%
ELARG (4EC)	0.56	0.58	2.84%
ENM (E4A)	7.45	6.89	-7.48%
IHLBL (4ID)	1.31	1.30	-0.91%
KAO (6K1)	4.17	3.74	-10.31%
MCH (5MH)	4.72	4.59	-2.86%
MONBAT(5MB)	6.69	6.56	-1.93%
NEOH (3NB)	24.90	23.40	-6.03%
OTZK (5OTZ)	10.96	10.16	-7.33%
ORGH (5ORG)	85.83	85.79	-0.04%
SFARM (3JR)	3.78	3.82	1.06%
ELTOS (SL9)	1.53	1.41	-7.65%
BACB (5BN)	10.33	10.15	-1.73%
CORP (6C9)	61.83	60.51	-2.12%
FIB (5F4)	1.89	1.82	-4.12%
CCB (4CF)	1.20	1.18	-1.42%
TRACE (T57)	47.67	41.97	-11.95%
CHIM (6C4)	1.97	2.11	7.43%
HDPAT (6H2)	1.59	1.40	-12.05%

## Summary

- ☞ Bulgarian stocks closed mixed in July on thin trading volume.
- ☞ The total business climate in Bulgaria improved in June, but sentiment in retail trade and construction was still low. The National Statistical Institute (NSI) reported CPI deflation of 0.9% in June.
- ☞ Only seven of the largest European banks failed the long-awaited stress tests. Bank regulators were criticized for underestimating probable losses on Greek and Spanish government bonds.

## Indices

- ☞ The official indexes of the Bulgarian Stock Exchange – Sofia (BSE), except BG REIT, were slightly lower in July, but most markets in Eastern Europe and world's top financial centers posted gains.
- ☞ SOFIX dipped by 0.81% and was 3.93% above its year-ago level. The benchmark was 42.34% above its bottom from 2009. BG 40 lost 0.96% and was 5.13% higher than in July 2009. BG TR 30 lost 2.54% and was 3.09% above last year's level. The only gainer in July was BG REIT, up by 3.27%. The real estate sector index was almost flat for the last twelve months.
- ☞ Stock markets in Serbia (-0.58%) and Macedonia (-2.93%) were the only regional losers. The Russian RTSI index posted double-digit growth: +12.02%.
- ☞ All of the world's major stock markets advanced in July. In the USA, Dow Jones Industrial Average added 7.08%. The strong yen led to modest gains in Japan, where Nikkei 225 inched 2.00% higher.

## World markets

- ☞ Just seven European banks failed the long-awaited stress test and were ordered to raise their capital by EUR 3.5bn. Five of them were small Spanish regional banks, known as cajas. They would need EUR 1.8bn. The other two banks are the state-owned German Hypo Real Estate and the Greek ATEbank. The stress tests on 91 of EU's largest banks drew criticism from analysts who said regulators are underestimating probable losses on Greek and Spanish government bonds.
- ☞ The euro recovered from its four-year lows against the US dollar and settled above 1.30 in the end of July. Prices of agricultural commodities moved higher due to the unfavorable weather conditions in Eastern Europe. On CBOT, wheat for delivery in September reached USD 6.58 per bushel. Crude oil closed at USD 78.86 per barrel.

## Eastern European Markets

Index	Value 30.07.2010	Monthly change	12 months Change
Croatia CROBEX	1 856.55	0.07%	-1.19%
Macedonia MIB-10	2 353.67	-2.93%	-3.35%
Romania BET	5 074.07	6.96%	29.43%
Serbia BELEX 15	630.77	-0.58%	10.61%
Montenegro MOSTE	500.45	4.29%	-37.65%
Ukraine PFTS	811.21	6.92%	91.72%
Turkey ISE 100	60 132.29	9.65%	50.01%
Russia RTSI	1 500.99	12.02%	43.75%
Morgan Stanley MSCI EM	203.83	12.69%	22.56%

## World Markets

Index	Value 30.07.2010	Monthly change	12 months Change
USA DJIA	10 465.94	7.08%	14.11%
USA S&P 500	1 101.60	6.88%	11.56%
USA NASDAQ	2 254.70	6.90%	13.96%
Japan Nikkei 225	9 570.31	2.00%	-7.59%
Germany DAX	6 147.97	3.06%	15.30%
UK FTSE 100	5 258.02	6.94%	14.10%
France CAC 40	3 643.14	5.82%	6.33%

## Banking Sector

Bank	Price 30.07.2010	P/E	P/B
FIB (5F4)	1.81	8.24	0.49
CORP(6C9)	60.51	5.36	1.22
BACB(5BN)	10.15	8.97	0.60
CCB (4CF)	1.18	4.85	0.38

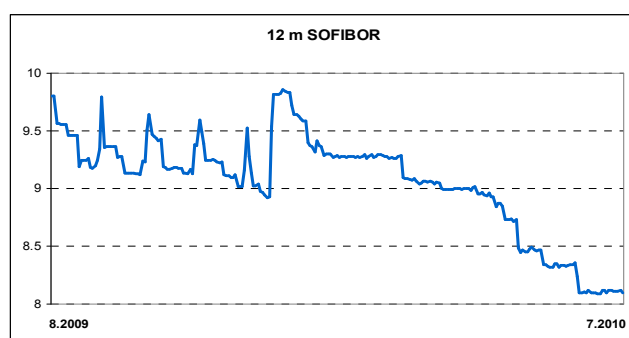
## Corporate news

- ↔ Public companies released their unconsolidated financial statement for the first half of 2010 in the end of July.
- ↔ The road construction company Trace posted net earnings of BGN 4.3mn, or more than five times higher compared to the year-ago period. Sales jumped from BGN 12mn to BGN 29.52mn. Operating expenses doubled to BGN 25.7mn. Total assets fell from BGN 122.9mn to BGN 101.5mn. Shareholder's equity rose by 9.7% or from BGN 38.6mn to BGN 42.3mn. Net cash flows for the period were negative: BGN -0.748mn due to large cash outflows from financing.
- ↔ FairPlay Properties REIT reported net profit of BGN 0.127mn, down from BGN 1.4mn in the comparable period of 2009. Despite the decrease, sales rose from BGN 11.67mn to BGN 12.89mn. Operating expenses increased from BGN 8.75mn to BGN 11.16mn. Financial expenses were 6% higher at BGN 1.6mn. In the first half of 2010, the company sold 70 apartments in the complexes "Santa Marina", Sozopol and "St. Ivan Rilski", Bansko.
- ↔ Sales of the silica producer Kaolin jumped from BGN 45.9mn to BGN 60mn. Operating expenses rose by 31% to BGN 54.8mn. Financial expenses were flat at BGN 2.4mn. Net earnings increased by 21%, or from BGN 3.69mn to BGN 4.48mn. Net cash flows were positive at BGN 0.5mn, despite investing and financing cash outflows. In July Kaolin distributed dividend of BGN 0.15 per share.
- ↔ Monbat, the producer of car batteries, posted 41% growth of net profit to BGN 10.7mn. Sales rose by 75% to BGN 81.79mn and operating expenses by 83% to BGN 70.9mn. Shareholder's equity rose from BGN 120mn to BGN 128mn on higher retained earnings. Operating cash flows reached BGN 14.27mn; investing and financing outflows were BGN 10.7mn and BGN 4.48mn respectively. In July, Monbat redeemed 89 695 shares. Monbat will capitalize its entire profit for 2009, estimated at BGN 17.09mn.
- ↔ Net profit of First Investment Bank fell by 22% to BGN 14.79mn in the first half of 2010 compared to the year-ago period. Total assets reached BGN 4.5bn, or 10.6% higher compared to the first six months of 2009. Shareholder's equity rose from BGN 408mn to BGN 423mn.
- ↔ Corporate Commercial Bank reported 30% growth of net earnings for the first half of 2010 to BGN 37.9mn. Net interest income reached BGN 37.9mn, up from BGN 30.4mn in the end of Q2, 2009. Total assets increased by 8.31% to BGN 2.2bn. The credit portfolio of the bank rose by 8% for the last six months to BGN 1.5bn.
- ↔ Total assets of Bulgarian – American Credit Bank fell by 8.6mn to BGN 798.6mn. Net profit shrank from BGN 23.7mn in Q2 2009 to BGN 3.7mn in the current period.

## Mutual Funds

Top 10 mutual funds – yield (high and balanced risk)	Change last 12 months	Change YTD
Advance Eastern Europe	30.11%	9.27%
Status Finance	16.87%	2.68%
Expat New Europe Stocks	13.12%	2.07%
KTB Shares	12.68%	-0.70%
KTB Balanced	10.83%	0.72%
BenchMark Fund 5	10.78%	3.97%
Standard Invest Int. Fund	8.58%	0.62%
UBB Premium Shares	7.04%	-11.00%
Status New Shares	5.92%	2.26%
Advance IPO Fund	5.43%	7.89%
TBI Dynamic	5.22%	-4.97%

Top 10 Mutual funds -yield (low risk)	Change last 12 months	Change YTD
CCB Garant	10.09%	5.72%
Raiffeisen Bonds	9.00%	4.21%
BenchMark Fund 6	8.90%	4.97%
Raiffeisen Money Market	8.02%	3.51%
Astra Cash	6.96%	4.04%
Elana Money Market	6.95%	5.17%
TBI Comfort	6.64%	1.33%
UBB Platinum	6.61%	3.12%
DSK Standard	6.39%	3.76%
FIB Garant	6.13%	2.43%



## Mutual funds

☞ DSK's Growth and Balanced funds were the largest in terms of assets in the end of July, reported investor.bg. Net assets of the five largest mutual funds decreased by BGN 1.3mn since the beginning of 2010.

☞ Advance Eastern Europe (30.11%) kept the first place among aggressive mutual funds in terms of yield for the last twelve months. Status Finance (16.87%) ranked second, followed by Expat New Europe Stocks (13.12%). CCB Garant (10.09%) was the leader among conservative funds, followed by Raiffeisen Bonds (9.00%) and BenchMark Fund 6 (8.90%).

## Macroeconomics

☞ The National Statistical Institute (NSI) reported CPI deflation of 0.9% in June. Year-to-date inflation reached 1.5%. Annual inflation for June 2010 compared to June 2009 stood at 1.4%. Average inflation for the period July 2009 – June 2010 compared to July 2008 – June 2009 was 0.9%. In May consumer prices fell by 0.2%.

☞ Producer Price Index (PPI) was flat in June and rose by 5.6% compared to June 2009. NSI reported lower prices in mining industry (-2.6%) and electricity production and distribution (-0.2%). Prices increased in manufacturing (+0.3%). In May the PPI index increased by 0.5% on monthly basis and was 5.8% above its year-ago value.

☞ The negative tendency in construction output persisted in May. Lower construction activity in recent months resulted in 16.6% decline of construction output in May. May's production was 3.7% below the previous month.

☞ Total business climate rose by 1.4 basis points in June due to the improved conditions in services and manufacturing. Sentiment deteriorated in construction and retail trade. In June the indicator lost 1.2 basis points.

☞ Industrial production increased by 0.4% in May compared to the same month of 2009. There is an increase of 2.4% in manufacturing, but electricity production and distribution fell by 4.7%.

☞ Bulgaria's Gross External Debt (GED) posted a decline for a sixth straight month in May to EUR 36.518bn, or EUR 341mn less than in April. GED accounted for 104.9% of the projected GDP for 2010 (EUR 34.5bn), the Bulgarian National Bank (BNB) reported.

☞ Foreign Direct Investments (FDI) for May reached BGN 9.5mn compared to a revised growth of BGN 1mn in April. FDI compensated 35.7% of the current account deficit.

☞ The FOB trade deficit rose to EUR 1.2bn in May (-3.5% of the projected GDP for 2010). In April the trade gap was revised to EUR 937.5mn.

☞ The 12-month SOFIBOR fell to 8.099, 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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