

Index	Value 31.01.2011	Monthly change	12 m change
SOFIX	398.15	9.88%	-8.58%
BG 40	122.74	7.01%	4.31%
BG TR 30	330.74	8.97%	-0.91%
BG REIT	46.12	6.39%	-0.58%

SOFIX

Company	Price 31.12.2010	Price 31.01.2011	%Change
ATERA (6A6)	1.18	1.23	3.81%
ALB (6AB)	48.97	54.80	11.91%
DOVHL (5DOV)	3.89	3.53	-9.35%
EUBG (4EH)	0.90	0.89	-0.45%
ENM (E4A)	7.10	6.97	-1.90%
ZHBG (T43)	0.56	0.64	15.21%
IHLBL (4ID)	1.00	1.07	6.91%
KAO (6K1)	4.85	5.23	7.80%
MONBAT (5MB)	6.30	6.18	-1.98%
SFARM (3JR)	3.91	3.90	-0.31%
CENHL (5SR)	2.84	3.63	28.11%
BACB (5BN)	10.06	8.84	-12.16%
FIB (5F4)	2.16	2.75	27.56%
CCB (4CF)	0.99	1.37	38.10%
CHIM (6C4)	2.34	2.83	20.81%

Summary

- ↪ The official indexes of the Bulgarian Stock Exchange – Sofia posted a strong start of 2011 and trimmed last year's losses. Trading volumes and the number of transactions were significantly higher than in the previous months.
- ↪ World's major stock markets continued on the upside, approaching their highest levels since 2008.
- ↪ HICP inflation in the end of December hit 4.4%, reported the Ministry of Finance.

Indices

- ↪ Bulgarian stocks started the New Year with a rally and affirmed the positive trend that started in November. Most markets in the region and world's top financial centers also finished January with solid gains.
- ↪ The blue-chip index SOFIX added 9.99% for the month and pared its annual decline to 8.58%. The broad BG 40 gained 7.01% in January and turned positive for the last twelve months. BG TR 30 rose by 8.97% but was slightly below the year-ago level. The index representing real estate companies BG REIT added 6.39% in January and reached its levels from January 2010.
- ↪ Stocks markets in Macedonia and Serbia posted double-digit growth. In the SEE region, only the Turkish benchmark ISE 100 moved lower.
- ↪ FTSE 100 in the UK dipped in January, while all other major markets moved on the upside. CAC 40 in France added 5.28%.

World markets

- ↪ Soaring food prices along with high unemployment and widespread poverty triggered a wave of remonstrations in the Middle East and North Africa. Protests were extremely violent in Egypt, where the number of casualties exceeded 100. The UN grains index, measuring the prices of basic agricultural commodities such as wheat, maize and rice, reached 244.8, a level last seen in July 2008. Cocoa prices rose to a 30-year peak as exports from Cote d'Ivoire, the largest producer of the commodity, were halted due to political tensions in the country.
- ↪ Gold price moved lower from the record USD 1421 per ounce hit in December as investors showed appetite for investments in riskier assets. Crude oil prices resumed their upward trend and WTI crude closed at USD 92.18 per barrel. EUR/USD traded in the 1.28 – 1.37 range. The European Central Bank and the Federal Reserve kept interest rates unchanged.

Eastern European Markets

Index	Value 31.01.2011	Monthly change	12 months Change
Croatia CROBEX	2 292.58	8.61%	4.05%
Macedonia MIB-10	2 632.53	15.52%	-6.94%
Romania BET	5 672.66	7.67%	11.99%
Serbia BELEX 15	735.14	12.79%	8.34%
Montenegro MONEX20	15 093.28	3.93%	4.70%
Ukraine PFTS	1 051.18	7.80%	65.82%
Turkey ISE 100	63 825.80	-3.30%	16.79%
Russia RTSI	1 885.45	6.37%	27.93%
Morgan Stanley MSCI EM	247.04	3.90%	16.29%

World Markets

Index	Value 31.01.2011	Monthly change	12 months Change
USA DJIA	11 891.93	2.71%	18.12%
USA S&P 500	1 286.12	2.26%	18.72%
USA NASDAQ	2 700.08	1.78%	24.76%
Japan Nikkei 225	10 274.50	0.45%	0.75%
Germany DAX	7 077.48	2.36%	26.19%
UK FTSE 100	5 862.94	-0.63%	13.94%
France CAC 40	4 005.50	5.28%	7.11%

Banking Sector

Bank	Price 31.01.2011	P/E	P/B
FIB (5F4)	2.75	11.59	0.72
CORP(6C9)	72.17	5.65	1.41
BACB(5BN)	8.84	-	0.56
CCB (4CF)	1.37	3.91	0.43

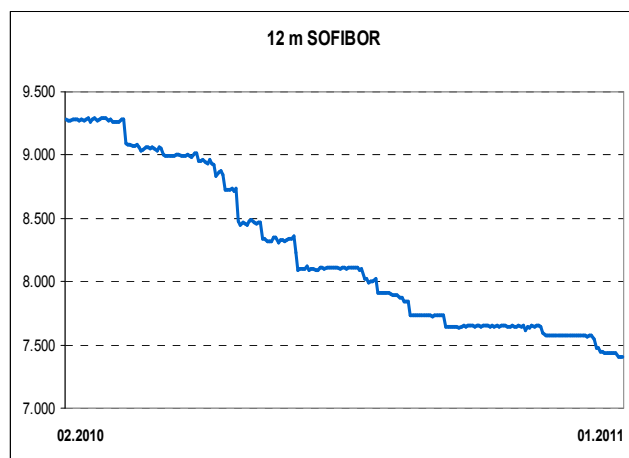
Corporate news

- ↪ Unconsolidated profit of the silica producer Kaolin AD reached BGN 7.93mn in the end of 2010, or 8.89% higher than a year ago. Earnings per share were estimated at BGN 0.32. Sales rose by 23.63% to BGN 130.22mn. Operating expenses increased from BGN 98.64mn to BGN 118.74mn, or by 20.38%. Shareholder's equity expanded from BGN 118.87mn to 123.02mn. Net cash flows were negative at BGN 6.82mn due to cash outflows from financing for 18.41mn. Almost BGN 100mn were cash outflows from loans paid off, which were higher than the new borrowings for BGN 86.69mn. The Debt-to-Equity ratio of the company stood at 0.78, down from 0.84 in the end of 2009. In the fourth quarter of 2010 sales of Kaolin rose by 20% to BGN 34.7mn, but net profit fell by 19% to BGN 0.77mn.
- ↪ FairPlay Properties sold 20 apartments in the holiday complex 'Santa Marina' near Sozopol for the period 1.10.2010 – 31.12.2010. For the full year the company sold 163 apartments, 159 of them in 'Santa marina' and 4 in 'St. Ivan Rilski', Bansko. Sales for 2010 declined by 7.4% to BGN 27.11mn, but this number accounts for apartments sold mainly in 2009. Operating revenues declined from BGN 25.22mn to BGN 23.88mn. Net income dropped from BGN 1.63mn in 2009 to BGN 0.14mn in the current period. Total liabilities decreased by BGN 5.92mn to BGN 52.7mn. Debt-to-equity ratio stood at 0.72 compared to 0.79 in the previous period.
- ↪ The producer of car batteries Monbat posted unconsolidated sales of BGN 203.52mn in 2010, up by 62% for the last twelve months. Operating expenses rose by 76% to BGN 188.72mn. Interest expenses grew slightly from BGN 1.39mn to BGN 1.94mn. Net income declined by 11% to BGN 14.58mn. Shareholder's equity rose by 8.8% to BGN 130.11mn on higher reserves. Bank loans were BGN 3.06mn higher at 39.92mn. Debt-to-equity ratio improved from 0.52 to 0.48. Net cash flows were negative at BGN 4.7mn due to cash outflows from investing (BGN -17.44mn) and financing (BGN-3.44mn) activities. In January the company announced that its Romanian plant for lead recycling has been launched. In 2010 Monbat opened a similar plant in Serbia.
- ↪ First Investment Bank (FIB) reported 4% decline of net earnings for 2010 to BGN 30.8mn, but in the last quarter net earnings increased by 66% to BGN 7.4mn. Total assets rose by 20.7% in 2010 to BGN 4.94bn. Shareholder's equity reached BGN 440mn, or 7.6% higher than in the end of 2009. FIB posted negative revaluations for BGN 25.7mn, a significant increase since the end of last year, when negative revaluations totaled BGN 8.6mn. Net interest income rose by 7.09% to BGN 133.75mn.
- ↪ Unconsolidated profit of Corporate Commercial Bank rose by 23.2% in 2010 to BGN 74.4mn. Net interest income increased by 17% to BGN 76.8mn. The bank posted higher total assets: BGN 2.699bn, or 32.65% higher than in the end of 2009. Negative revaluations declined by 27% to BGN 3.1mn.

Mutual Funds

Top 10 mutual funds – yield (high and balanced risk)	Change last 12 months	Change YTD
Advance IPO Fund	20.73%	0.77%
Advance Eastern Europe	20.11%	3.43%
Avrora Global Commodity Fund	12.63%	0.09%
FIB Avanguard	11.26%	4.06%
UBB Premium Shares	9.86%	6.99%
Standard Invest Int. Fund	9.57%	1.99%
UBB Balanced	8.20%	4.00%
DSK Standard	6.37%	0.85%
KTB Balanced	6.22%	1.94%
TBI Treasury	5.96%	2.66%

Top 10 Mutual funds -yield (low risk)	Change last 12 months	Change YTD
Expat Bonds	8.98%	0.95%
CCB Garant	8.82%	0.22%
Elana Money Market	8.31%	0.71%
BenchMark Fund 6	7.86%	0.47%
Astra Cash	6.74%	0.51%
Raiffeizen Bonds Fund	6.67%	5.84%
DSK Standard	6.37%	0.85%
Raiffeizen Bonds Fund	6.06%	0.32%
Raiffeizen Money Market	6.04%	0.51%
UBB Platinum Bonds	5.87%	0.57%



Mutual funds

- ↪ In the first month of 2011 DSK Balanced Fund was the largest mutual fund with assets of BGN 19.35mn, reported investor.bg. DSK Growth Fund kept the second position with assets of BGN 18.90mn, followed by CCB Leader (BGN 15.88mn).
- ↪ Advance IPO Fund (20.73%) was the most profitable mutual fund in January on annual basis. Advance Eastern Europe (20.11%) was second, followed by Avrora Global Commodity Fund (12.63%).
- ↪ Expat Bonds (8.98%) was the leader among the conservative funds, followed by CCB Garant (8.82%) and Elana Money Market (8.31%).

Macroeconomics

- ↪ Consumer prices increased by 0.8% m/m in December, reported the Ministry of Finance (MoF). The annual HICP reached 4.4%, while the annual average inflation rate stood at 3%, both being close to the MoF official forecast.
- ↪ Retail sales growth slowed to 5.2%, while the overall trade rose by 2.3% y/y due to the increase in wholesale and retail trade and repair of motor vehicles and motorcycles for the first time since October 2008.
- ↪ Industrial turnover posted a 22.6% increase y/y in November, underpinned by well performing foreign market sales (31.6% y/y) and increasing domestic turnover by 17.9%, reported the Ministry of Finance. Consumer non-durable goods had the largest stake among industrial output components. Industrial production index continued growing and stood at 5.6%, with the major contribution coming from the intermediate goods.
- ↪ The construction output index turned positive for a first time since September 2008 (+0.8% y/y), influenced by the strong growth of civil engineering (+15.1%) and the decelerating decrease in building construction.
- ↪ The unemployment rate rose to 9.2% in the end of December, up from 9.1% in the previous month and 0.1% higher than in the same month a year earlier. The number of unemployed persons totaled 342 400.
- ↪ A deficit of BGN 1.87bn was accumulated on the consolidated budget on a cash basis during the period January–November, which is BGN 36.5mn lower compared to its value at end-October.
- ↪ Bulgaria's Gross External Debt (GED) rose to EUR 36.164bn in November or EUR 134mn higher than in October. GED accounted for 101.2% of the projected GDP for 2010 (EUR 34.5bn), the Bulgarian National Bank (BNB) reported.
- ↪ Foreign Direct Investments (FDI) increased by EUR 49.2mn in November and reached EUR 894.7mn for the first eleven months of 2010. FDI accounted for 2.5% of the projected GDP for 2010.
- ↪ The FOB trade deficit rose by EUR 412.8mn to EUR 2.07bn in November (-5.8% of the projected GDP for 2010). In October the trade gap reached EUR 1.65bn.
- ↪ The 12-month SOFIBOR fell to its lowest level for the last twelve months. SOFIBOR reference rate is an index of the quotes for unsecured BGN deposits offered on the Bulgarian interbank market.

DISCLAIMER:

This report is prepared by Focal Point Investments under an agreement with FairPlay Properties REIT and is property of FairPlay Properties REIT. Unauthorized distribution is prohibited.

This report is for informational purposes only and does not represent a recommendation to buy or sell securities. The material is based on publicly available information.

This report has no regard to the individual investment objectives, financial situation or particular needs of any specific recipient and should not be relied upon as authoritative, or taken in substitution for the exercise of judgment by any receiver. Each recipient should consider the appropriateness of any investment decision having regard to their own circumstances, the full range of information available and appropriate professional advice, and should consult their advisors to make sure all involved risks are fully understood.

The information and opinions in this report constitute judgment as of the date that this report was compiled from sources believed to be reliable, but no representation or warranty, expressed or implied, is made as to their accuracy, completeness or correctness. Opinions expressed herein are subject to change without notice. This report is not intended to be a complete statement or summary of the securities, markets or developments mentioned in this report.