DnB NORD
Biuro Maklerskie

DnB NORD Biuro Maklerskie	Date of preparation 28.07.2010
MCI MANAGEMENT S.A.	**BUY**
	9.77 PLN

Basic data:

Current price (23 July):

6.91 PLN

Capitalization (in million PLN):

359.114 million PLN

Number of shares:

51,970,239

Free Float:

58,43%

Average six-month price:

6.40 PLN

Share in WIG index:

0.12%

Share in mWIG40:

0.62%

Share in WIG-PL:

0.13%

MCI stock price behavior compared to WIG index

Current price	7 days	1 month	3 months	6 months	1 year	2 years	5 years	7 years	Since IPO
Historical price and percentage change of the MCI stock price and the WIG index									
6.91 PLN	6.56 PLN	6.55 PLN	6.63 PLN	5.78 PLN	4.65 PLN	6.85 PLN	2.38 PLN	0.65 PLN	8.85 PLN
Change	5.34%	5.50%	4.22%	19.55%	56.48%	0.88%	190.34%	963.08%	-28.08%
WIG (Change)	3.00%	4.82%	-1.21%	4.51%	26.13%	3.91%	45.01%	144.20%	139.72%

Table 1. MCI Management S.A. stock price compared to the market (non-annualized value)
Source: Own analysis on the basis of data from the Bankier.pl portal. As on 23-07-2010

MCI Management S.A. is a company whose stock price is strongly connected with the current market situation. It is the result of the high (aggressive) beta quotient.

Information on affiliations of DnB NORD Polska S.A. Brokerage House can be found at the of this report

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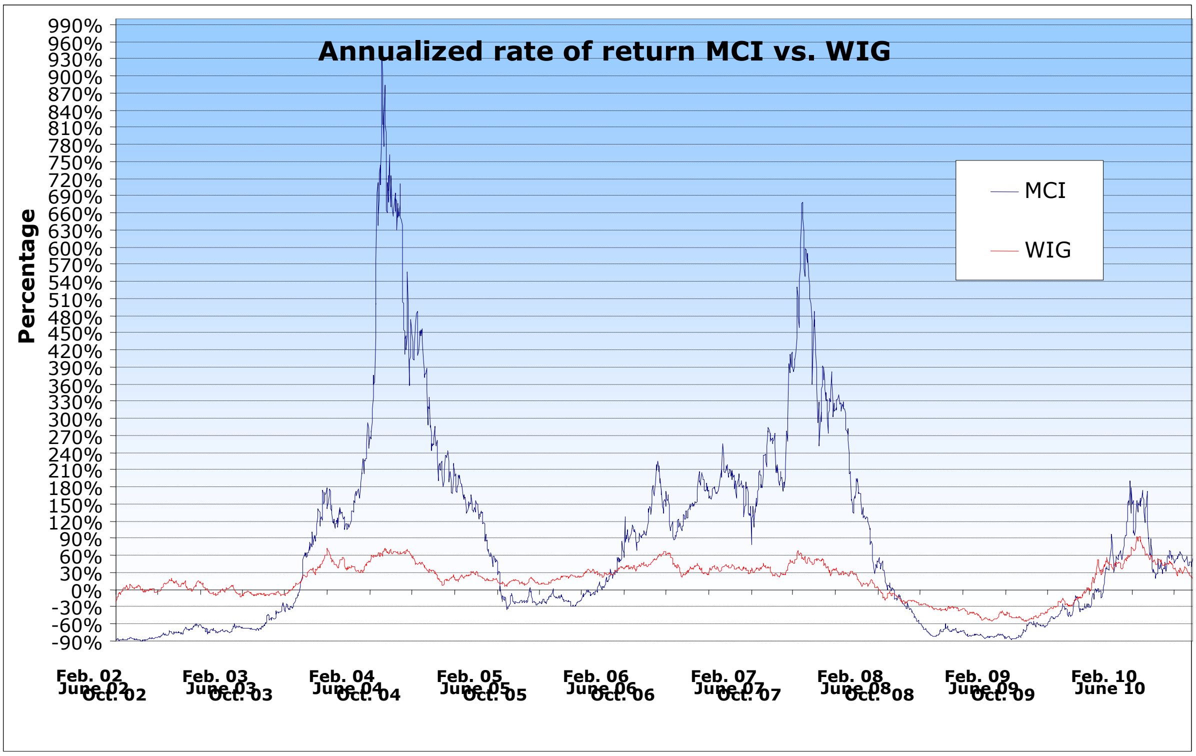
During the prosperity period, the annualized rate of return on MCI stock significantly surpasses the rate of return on the broad WIG index. While during a market downturn, the stock price of MCI significantly loses value.



Graph 2. Annualized rate of return MCI two WIG index
Source: Own analysis. As on 23-07-2010

At the beginning of the bull market in 2003, as well as at the top of another growth spike observed in the second half of 2007, percentage change of the MCI stock price calculated year to year reached several hundred percent. In the final days of the bull market, as a result of the reduction in stock prices, they lost even over -80% (e.g. 2.60 in PLN stock price on 4th of February 2009 two stock price on 4 February 2008 which was 14.23 PLN). The company's historical low of 0.31 PLN was reached on 17 March 2003. The historical high was recorded on 6th July 2007 37.64 PLN.

Private Equity Venture Capital Market

When analyzing and evaluating MCI Management S.A. (MCI, MCI S.A., The Company, the Group, the Issuer), the leader on the Polish market in the segment Venture Capital (VC) and Private Equity (PE), one should briefly describe the specifics and the character of the segment in which it operates. These deliberations should begin with an explanation concerning the VC/PE matter.

Venture Capital is own capital temporarily brought by external investors into small, newly founded companies operating in the sectors of advanced technologies. Generally, these entities hold an innovative product, means of production or service which has not yet been verified and identified as an opportunity by the market. Venture Capital Funds operate in different forms; they are closed-end and non-public funds, established for a predetermined period of time and operating to maximize capitals bestowed in them, or they operate as

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public or non-public companies which invest assets raised from the issues of shares/stock. The fundamental features of a Venture Capital fund are: providing capital, know-how, competence and networking in order to create and foster growth and restructuring of economic endeavors. The above also means that Venture Capital investments are burdened with a high risk of the investment going south. On the other hand, however, if it is successful the investment delivers a significant premium on the invested assets (exit from the investment through selling shares/stock).

Whereas Private Equity is a much broader term also covering medium and long-term investments on the non-public capital market. Private Equity Funds invest in companies in the phases of development and expansion, most often when the company already has a secure market position and proven business model. The incurred risk is lower, but so are the expected rates of return on the investment. Private Equity Funds are natural partners for Venture Capital in subsequent rounds of financing.

Companies operating on the VC/PE market and their respective funds are considered one of the many available sources of financing (in most cases the only source of financing). This financing model is more important in case of companies which intend to introduce highly sophisticated technology but have no other chance to raise financing for their projects. On the European market we can distinguish two regions; one which covers the western European countries - highly developed markets, the second is Central-Eastern European countries where MCI operates.

Venture Capital inflow to companies may support them at various stages of their business life. This implies a breakdown of Venture Capital funds according to their investment phase

Initial phase (Seed Venture Capital) companies at seed stage. This stage is characteristic for companies which are preparing initial prototypes of products. Often launching a product to market is preceded by a series of research. Due to the elevated risk and hard to estimate market prospects; Venture Capital funds are hardly ever interested in this segment of the market.

Starting phase (Start Up Venture Capital), the phase in which a company is introducing a new product. Despite the entity being in operation, it is difficult to identify its organizational structure which is being developed and perfected. A company at the stage of development is characterized by only incurring costs while not generating any revenue, because mass production has not yet begun. The main problem faced by all the companies on the market is obtaining a bank loan, which is connected with the inability to provide required collateral. Similarly to the previous stage, this one also draws little attention from the funds.

Early development phase. The stage is characteristic for companies which are fully formed, which have already developed their product. The company is generating marginal sales which are not yet on a mass scale. Companies continue to generate losses; however they need funds to further develop their activities. Due to a high risk of failure, banks are rather unwilling to grant loans to companies at such an early stage.

Expansion phase. The main objective of the company at this stage of development is financing growth and development of the company after successfully entering the market. At this stage the company has access to bank financing, however in many cases it is insufficient to expand its scope of activities and penetrate new markets. As the risk of conducting business

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activities is lower, but VC and PE funds are more likely to finance their further activities. One of the indicators describing this phase of business development is the process aimed at transforming the company into a joint stock company in order to introduce it to the stock markets or sell it to a strategic investor.

Growth financing phase - exit from the investment. This is the final phase for PE and VC investments, characterized by selling stock and shares. The funds redeem their multiplied capital and the company is sold to other investors.

The crisis on the financial markets caused the participants of the Private Equity and Venture Capital market to believe that the valuations of companies both public and non-public have reached or will reach the level which is attractive for investing. Combining the above information with the amount which the funds would like to invest in the region of Central-Eastern Europe (several billion zloty), the potential of this market is very high. The last available report of the European Private Equity & Venture Capital Association shows PE/VC investments in Poland amounted to 485 million EUR in the year 2009. As a comparison, the value of investments in the year 2008 was at the level of 725 million EUR, and in 2007 684 million EUR over two times more than the year before. Private equity fund investments taken as a percentage of the gross domestic product of Poland were at a much lower level than the average recorded both in European countries and in Central-Eastern Europe. As a comparison, in countries like Sweden, Bulgaria and Great Britain this percentage is much higher. The crisis on the financial markets contributed to the effectiveness of fund management at the end of 2009, falling compared to the year 2008. According to the analysis presented by Thomson Reuters agency and the EVCA for European countries in the short-term time horizon the situation is observed to moderately improve for Private Equity and Venture Capital funds. While on the other hand, in the long-term, in spite of the reductions, the funds are constantly characterized by strong rates of return. In the time horizon of one year the results have improved slightly. For investments of the stage of buyout and refinancing the annual rate of return reaches 3.5%, for the whole private equity market the rate of return was 3.1%, while Venture Capital funds observed a decrease in the rate of return by 1.3%.

The conducted analysis shows also that for the whole VC and PE market the five-year internal rate of return at the end of 2009 reached 6.1%, compared to 8.5% the year before. The larger drop in IRR was observed at the stage of buyout and refinancing where the internal rate of return fell from 11.1% to 7.9%, and in the case of Venture Capital funds there was a fall from 1.6% to 0.7%.

In the long term time horizon the results generated by PE and VC funds will remain attractive due to their generated rate of return. At the end of 2009, the IRR for Private Equity funds since their founding reached 8.8%, in case of buy-out and refinancing it reached 11.8% and for venture capital funds it reached 1.6%. As a comparison, at the end of 2008 in a similar research the rates of return reached respectively 9.5%, 12.7% and 1.9%.

A similar statistic performed for the MCI company looks very positively. In spite of the economic slowdown and the global turmoil on the financial markets, MCI maintains a high rate of return on its investments, which distinguishes it and places it among the top VC/PE funds in the region. At the end of the financial year 31.03.2010, the IRR showed the level of 21.32%.

Among Private Equity and Venture Capital funds on the market both in the whole of Europe and in the Central Eastern region the prevailing investments are investments in companies at later stages of development. For Poland, the share of this type of investments reached 80% of all investments executed on this market. Investments consisting in restructuring activities of companies do not go beyond 0.5% and investments in companies at the stage of market expansion are at the level of about 19%. Analyzing the Polish market against tendencies occurring in Europe one can come to the conclusion that the greatest difference in the levels of individual shares of investments on the Polish market against the European market is visible in the case of financing businesses at early stages of development. In terms of value only a small amount of capital is allotted to finance early stage companies. Percentage-wise, investments in startups and companies at seed stage together have not exceed 0.7% of all assets spent by the funds. As a comparison, the share of this type of investments in Europe is about 3.5%. The above information shows that in Poland the interest of funds in companies with a short or nonexistent history is much lower.

Nonetheless, in the region of Central-Eastern Europe Poland is the leader in terms of value of investments executed by the funds. Last year as a result of the crisis on the global financial markets, the value investments shrank by 33% to 485 million EUR. Even considering the fall compared to the record the years 2007 and 2008, the total value of investments significantly exceeds the results recorded in the years 2005 and 2006.

It is also worth mentioning the share of investments on the local market exceeds those executed in other Central-Eastern European countries. The total value of investments on the Polish PE/EC market comprises 11% of the total amount of assets invested in the region. The local market of PE/EC funds is characterized by predominance of investments in highly developed or dynamically growing companies. The share of this type of investments at the end of 2009 was 23%, compared to 11.6% the year before. Growth in this segment was at the expense of investments at the buyout stage, the share of which in the year 2009 fell to 76.4% from 80.4% the year before. Last year Poland saw a substantial fall in Venture Capital investments the share of which in the year 2009 fell to 0.6% from 8.0%. The above division of investments into individual segments is in line with the tendency observed in Central-Eastern Europe.

Turmoil on the global markets and a significant reduction of economic growth of the largest global economies have taken their toll on the condition of Central-Eastern European markets. The observed volatility of the financial markets and the restrictions in obtaining financing for investments determined the fact that the funds had limited access to loans which were so far readily used to finance new investment projects. It is necessary to emphasize here that debt financing of investment projects reached 80% of the value of transactions. Now the situation has changed, which in turn may cause those funds which so far focused mainly on companies at expansion stage to become more interested in troubled companies, forced to restructure, at the same time more willing to accept a lower price for the control share package in the company. Medium sized companies with a good market position which may benefit from restructuring their business model will be highly sought after. In addition, lower valuations of acquisition targets create opportunities for buyouts and acquisitions the appropriately adjusted strategy and time horizon of the investments will remain key factors in the management of PE/VC funds.

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Also some discrepancies started occurring between the valuations made by the parties to a transaction which in addition to the problems connected with finding a strategic investor interested in the businesses as a whole could hamper the dynamic growth of value of the PE/VC funds market observed in recent years. The present situation has a beneficial side, however. From a historical perspective, periods of economic downturn would always create opportunities for those participants of the market who have free funds (assets) at the disposal to execute profitable investments at lower costs than during other phases of the economic cycle. It is expected that in the near future we will see growth of investment portfolios, which will have a special focus on building value through improving operating activities of its components.

In the coming years, economic revival will be of key significance to this segment. Starting from the year 2010, the Polish economy should pick up pace. According to the estimates of OECD Poland's economic growth will increase from 1.8% last year to 3.1% in the year 2010 and 23.9 percent in the year 2011, being mainly the result of infrastructure investments connected with funding from the European Union and the Euro 2012 football tournament.

In this period, MCI will continue its activities connected with Private Equity and Venture Capital. The area of operation will remain the sector of innovative technologies with a special focus on **Cloud Computing, E-Storage, Software as Service, E-commerce, Mobile Media and TMT (Technology, Media, Telecommunications), renewable technologies and medical technologies.**

Cloud computing - a digital processing model based on the utilization of services delivered by external organizations. The term "cloud computing" is connected with the concept of virtualization. The "cloud-computing" model is historically connected with processing in a grid network where multiple systems share services using their mutual resources, with this difference that in "cloud computing" those resources follow the needs of the client.
We distinguish these clouds:

- Private, being the part of an organization,
- Public, being in external generally available supplier (e.g. Amazon, Google and Microsoft, etc.).

Cloud computing means a virtual cloud of services available to the client, in which all the details are hidden as their awareness is unnecessary to be able to use the service.
Cloud computing covers three models:

- IAAS - Infrastructure as a Service - in this case the service provider is obliged to deliver the IT infrastructure,
- PAAS - Platform as a Service - the service provider delivers the whole work environment,
- SAAS - Software as a service - the service provider delivers software, the applications are only licensed to use.

E-Storage – IT technology consisting in the electronic gathering, storage, sharing and providing access to data. And the present state of development, the segment facilitates the creation of social networks and development of technologies connected with digital storage media. This direction of development was chosen by Apple, among others, which after the successful launch of the iPhone introduced a new product, the iPad. This will contribute to an increased

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interest in audiobooks (MCI's portfolio includes a company operating in this segment - NetPress).

Software as a Service, or SaaS, is one of the models of cloud computing. It illustrates a software distribution model in which an application is stored and made available by the manufacturer to its users over the Internet. This eliminates the need to install and run the program on the client's machine. The SaaS model shifts the needed for application management, updating and technical support from the client to the software provider. As a result, the user hands over the control of the software to the software provider. The SaaS model usually assumes a cyclical fee (subscription) for access to the program, which becomes a fixed cost to the user, not a one-time payment at the moment of purchase. From the SaaS software provider's perspective, it provides better protection of his intellectual property; the software provider may either distribute his application himself or delegate this task to specialized company.

E-Commerce is various procedures employing electronic means and devices (landlines and mobile phones, fax, Internet and television) in order to conclude a financial transaction. The most popular means of e-commerce is online shopping, where the buyers and sellers conclude trade transactions online. The most ubiquitous form of online shopping is internet stores. E-commerce includes sale of goods and services, taking and confirming orders as well as electronic payments. One of the subdivisions of e-commerce is m-commerce, which utilizes mobile electronic devices.

TMT – (Technology, Media and Telecommunications) – the broadly understood segment of new technologies, media and telecommunications with a focus on special opportunities.

History and activities of the Company

MCI dates back to the year 1999. It is a Private Equity group in Central Europe managing the subfunds MCI.TechVentures 1.0 (MCI TechVentures, MCI.TV, TV), MCI.EuroVentures 1.0 (MCI EuroVentures, MCI.EV, EV) and the funds MCI.BioVentures FIZ (MCI BioVentures, MCI.BioV, MCI.BV, BV) and Helix Ventures Partners FIZ (HelixVP, HVP, Helix), Internet Ventures FIZ (InternetVentures, InternetV) (in organization) and MCI Gandalf Aktywnej Alokacji SFIO (Gandalf). MCI specializes in investments in innovative companies operating in the sectors TMT, financial services, medical services and lifescience/biotechnology. MCI is listed on the Warsaw Stock Exchange since 1 February 2001.

Since the year 1999, MCI Management S.A. and its managed funds executed 37 investment projects and executed 17 full exits as well as partial exit transactions from six investments.

At the end of 2009, for the period of the last 10 years the annual net internal rate of return on the whole portfolio managed by MCI was 19.56%. After the first quarter, as a result of the increase in value of current investments (among others due to the successful full and partial exits from One-2-One and S4E), the average annual IRR on the whole portfolio of MCI since the beginning

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of 1999 until 31.03.2010 rose to 21.32%. This value is calculated as the average net rate of return on the whole portfolio of MCI Management S.A. in the period 01.01.1999 - 31.03.2010 (the sum of full and partial exits and the book valuation of the portfolio as of 31.03.2010).

Value of assets under MCI Management amounted to 436.3 million PLN (book valuation as of 31.03.2010 based on the consolidated report of MCI Management SA).

The basic objective of the funds managed by MCI is to execute investments following an investment strategy determined for each fund, in newly created or existing entities, operating in prospective industries in the region of Central-Eastern Europe. This investment policy includes: diversified activities in the way of ownership supervision, strategic support and support in the way of financing activities. The above activities are to lead to constantly increasing the value of investments in the long run, and as a final result they focus on the disinvestment (the sale of the whole or a part of the portfolio company).

Structure of the MCI Capital Group

The structure of the MCI Management S.A. Group is not uniform, because it can be divided into two separate segments generating financial revenues.

The first one is the management company, which charges fees and commission for the management of investment funds.

The second segment is the typical investment activity, the basic objective of which is the increase of value of assets held in portfolios (companies, fund certificates).

The following entities are consolidated within the Group:

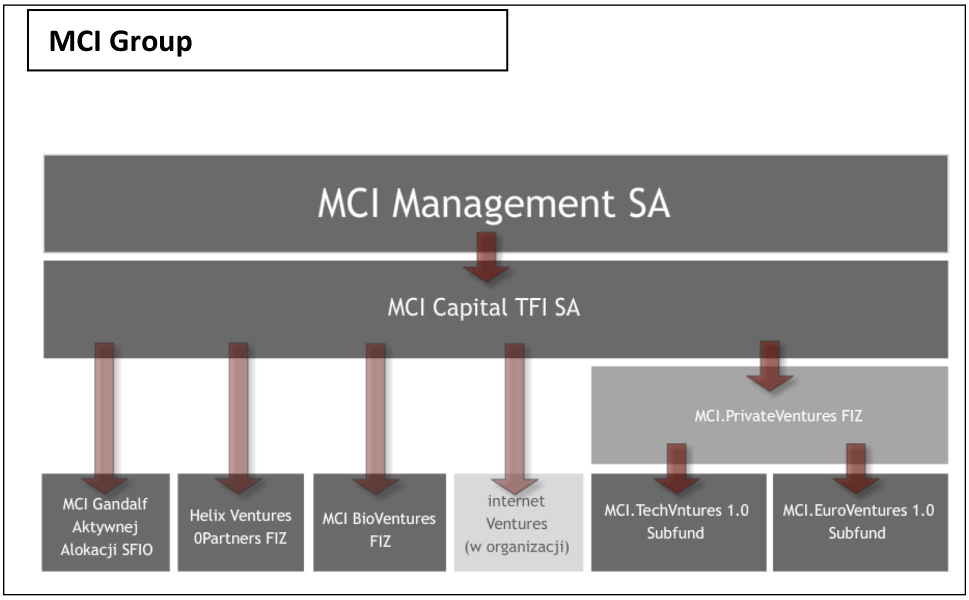
- MCI Capital TFI S.A.,
- MCI Fund Management Spółka z ograniczoną odpowiedzialnością MCI.PrivateVentures FIZ Spółka komandytowo-akcyjna (the entity which holds the certificates of the investment funds managed by MCI Capital TFI SA),
- Technopolis Sp. z o.o. in liquidation (repurchased and sold the assets of JTT Computer S.A. in the years 2007-2007).

The first segment focuses around MCI Capital TFI SA, which provides management services to three investment funds and two subfunds, owned or partially owned by the MCI Group; these are:

- MCI.PrivateVentures Fundusz Inwestycyjny Zamknięty with the subfunds MCI.EuroVentures 1.0, MCI.TechVentures 1.0,
- MCI.BioVentures Fundusz Inwestycyjny Zamknięty,
- Helix Ventures Partners Fundusz Inwestycyjny Zamknięty,
- Internet Ventures Fundusz Inwestycyjny Zamknięty (in organization)
- MCI Gandalf Aktywnej Alokacji Specjalistyczny Fundusz Inwestycyjny Otwarty (managed by Robert Nejman, Dorota Nejman and Dariusz Kowalski).

The second segment is the Private Equity/Venture Capital investment activities conducted through the abovementioned investment funds. Within the segment there are no clients that can be considered the leading. A significant portion of the components of the MCI Group was sold to MCI.PrivateVentures FIZ during the implementation of a new organizational structure.

Structure of the funds



Pic. 1. Structure of MCI Management S.A.
Source: Based on the data published by the Company

MCI Management holds 100% of the capital of MCI Capital TFI S.A. In turn, TFI manages the closed-end investment funds, where the owners of certificates are their customers, including the MCI Management S.A. Group, which is the dominating entity in three of the funds. It is worth to mention that a 50% investor in Helix Ventures Partners FIZ is the National Capital Fund (NCF) (the remaining 30% is owned by MCI and 20% held by a private investor). A similar situation is in the case of Internet Ventures FIZ (in organization). The target share of individual investors in the latter fund will be as follows: NCF 50%, MCI Management S.A. 25% and IIF S.A. 25%. 100% of units of MCI Gandalf Aktywnej Alokacji SFIO belong to external investors.

The 100% shareholder of NCF is the Bank Gospodarstwa Krajowego. The fund was created 1 July 2005 by virtue of the Act on the National Capital Fund. The NCF functions as a fund of PE/VC funds, i.e. as a specialized investment vehicle whose core activity is investing in PE/VC funds. This may take place through supporting the share capitals of the funds or through providing long-term debt financing. The NCF does not invest directly in individual businesses. Investments in PE/VC funds are realized with a preference on the side of private investors. Funds allocated to statutory activities of the NCF come from the state budget, European Union structural funds and from other sources, such as from foreign institutions. The aim of NCF is to increase the absorption of funds from the Structural Funds and their effective utilization for the development of Polish entrepreneurship.

Fees and commission	Value of assets as on 31.03.10 (PLN)	Level of MCI engagement	Management fee	Carry interest
MCI EuroVentures subfund	154,989,267	94.26%***	3%	25% above 10%; HWM
MCI TechVentures subfund	125,916,351	97.4%	3.25%	40% above 10%; HWM
MCI BioVentures FIZ	8,220,661	99.53%	3.25% *	40% above 10%; HWM
Helix Ventures Partners FIZ	1,227,128 (total *commitment:* 40 M)	30%	Flat fee 1,800,000 PLN paid upfront in two semiannual installments (over the first four years; then 4% of Net Asset Value)**	20% above 7.5% HMW
Internet Ventures FIZ	0 (total *commitment:* 100 M)	25%	3%	20% above 6.33% p.a. / 30% when over 200 mil. PLN including hurdle rate 6.33% p.a.
MCI GANDALF SFIO	19,195,528	0%	Is a separate cost and revenue center, which at present is neutral to MCI; according to the business plan the situation will continue for the next two years	See explanation below

Table 2. Fees and commission
Source: Data received from the company
** - Collection to start from July 2010.*
*** - collected twice so far: in June 2009 (for H2 2009) and in December 2009 (for H1 2010); where 38,800 PLN monthly is transferred by invoice to HelixVentures (the Partner managing the Fund), the rest remains in MCI.*
**** - the remaining 5.74% is held by Technopolis, which is exempt from consolidation.*

Structure of assets

Selection of assets to portfolios of the funds is diversified according to risk and the anticipated the rate of return. MCI Management S.A. differentiates the investments into three lines of business for Private Equity/Venture Capital:

- Buyouts - MCI.EuroVentures 1.0 (subfund of MCI.PrivateVentures FIZ) with the expected returns on the portfolio (IRR) of 20%,
- Growth Capital - MCI.TechVentures 1.0 (subfund of PrivateVentures FIZ) with the expected returns on the portfolio (IRR) of 20% - 25%,
- Early Stage - MCI.BioVentures 1.0 FIZ, Helix Ventures Partners FIZ, Internet Ventures FIZ; with the expected returns on the portfolio (IRR) of 20% - 30%.

The portfolio structure of MCI in the long-term will be changed and modified. Until now, companies from the information technology sector enjoyed the biggest interest and we believe they will continue to be the main focus of the funds.

The net asset valuation (NAV) of the funds is done by MCI Capital TFI S.A. at the end of every quarter. Assets of the funds are evaluated according to the methodology and principles indicated in the Accounting Policy of the funds, which bases on the valuation guidelines of the EVCA (European Venture Capital

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Association) and the commonly used methods of valuating public and non-public assets and options. Public companies within the portfolios of MCI funds are evaluated at their stock price on the day of valuation, with the consideration of their liquidity. Valuations of companies not listed on the stock exchange are done mostly using the comparative method and DCF.

Verification of the NAV valuation of the funds is done by an auditor – Ernst & Young Audit Sp. z o.o., who also makes the semiannual and annual audit of the financial statements of the funds, which are finally published on the company's web site, www.mci.pl. Additionally, the depositary of each fund participates in the process of verifying the valuation that makes an independent valuation of the assets of the funds and confirms the correctness of the valuation made by MCI capital TFI S.A. and confirms the balance of assets on valuation day complies with actual state.

After the valuation processes is completed the valuations are published on www.mci.pl.

Division of the funds

The present state of conducted operations is connected with obtaining in December 2007 permission from the PFSA to create and manage investment funds and introduction of a new operating structure of MCI, as an entity managing investment funds of non-public assets. The process of transferring shares and stock of portfolio companies to the created investment subfunds: MCI.TechVentures and MCI.EuroVentures within MCI.PrivateVentures began at the end of the year 2007. The company completed this process in December 2008, and in January 2009 MCI Capital TFI obtained permission from the PFSA to create a closed-end investment fund, Helix Venture Partners FIZ. In March 2009, assets of MCI.BioVentures Sp. z o.o. were transferred to MCI.BioVentures FIZ, and in May 2009, the funds Helix Ventures Partners FIZ and MCI Gandalf Aktywnej Alokacji SFIO began their operations. On 30 June 2010, an investment agreement was signed concerning a new investment fund, Internet Ventures FIZ.

1. MCI.TechVentures (within MCI.PrivateVentures FIZ)

The subfund MCI.TechVentures 1.0 was created with the intention to continue present investment activities of MCI Management SA, i.e. Venture Capital investments in the sector of new technologies in Poland and the markets of Central Europe. The fund focuses itself on medium-sized investments (1.5-5 million EUR) in online and telecommunications services, mobile services and technologies (B2C), digital media and e-commerce. The strategy of MCI.TechVentures assumes financing growth and expansion of the company.

No.	COMPANY	Number of shares/stock MCI.TechVentures 1.0	Total number of shares/stock	Percent of capital owned	Percent of votes held
1	Travelplanet.pl S.A.	933 785	2 367 850	39.44%	39.44%
2	One-2-One S.A.	100 000	6 612 741	1.51%	1.51%
3	Digital Avenue SA	4 588 620	10 742 134	42.72%	42.72%
4	NaviExpert Sp. z o.o.	1 655	2 939	56.31%	56.31%

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5	Telecom Media sp. z o.o.	568	724	78.45%	78.45%
6	NetPress Digital Sp. z o.o.	56 360	80 400	70.10%	70.10%
7	Domzdrowia.pl SA	2 656 700	4 547 332	58.42%	58.42%
8	Belysio Sp. z o.o.	652	1 667	39.11%	39.11%
9	INVIA.CZ a.s.	566 130	1 130 000	50.10%	50.10%
10	Biznes.net Sp. z o.o.	13 687	20 529	66.67%	66.67%
11	Intymna.pl Sp. z o.o.	960	1 960	48.98%	48.98%
12	Retail Info s.r.o.	47	300	47.00%	47.00%
13	Geewa s.r.o.	80	200	51.00%	51.00%
14	Złote Myśli Sp. z o.o.	12 566	23 000	54.63%	54.63%

Table 3. Portfolio of MCI.TechVentures 1.0
Source: MCI Capital TFI S.A.

The portfolio of MCI.TechVentures 1.0 includes the following public listed companies:

- Travelplanet (WSE),
- One-2-One (WSE),
- Dom Zdrowia (New Connect),
- Digital Avenue (New Connect).

In the annual financial statement at the end of the year 2009 the fund showed outstanding PUT options for the shares of S4E and Złote Myśli as well as acquired the CALL options for the shares in Intymna.pl and Biznes.net. Depending on the company the time brackets were different and the maturity of the derivative instrument spans from the current date to the end of the year 2011. It is worthy of mentioning that these instruments do not have a speculative character, but their purpose is to secure the interests of MCI.

The fund plans 3-5 new investments in the year 2010.

2. MCI.EuroVentures (within MCI.PrivateVentures FIZ)

The subfund MCI.EuroVentures 1.0 is a buy-out type subfund investing in companies from Poland and Central Europe, mainly from the industries TMT and financial services. We assume the scope of investments from 5 to 25 million EUR. The assets of the fund are allocated to investments in medium-sized companies in the phase of growth or restructuring. The investment strategy assumes financing of growth and expansion. The executed investments usually take the form of buyouts or managerial buyouts, leveraged buyouts, pre-IPO and public to private transactions.

No.	COMPANY	Number of shares/stock MCI.EuroVentures	Total number of shares/stock	Percent of capital owned	Percent of votes held
1	ABC Data Holding S.A.*	81 062 600	121 472 000	66.73%	66.73%
2	Grupa Lew Sp. z o.o.	369	1 590	23.21%	23.21%

Table 4. Portfolio of MCI.EuroVentures 1.0
Source: MCI Capital TFI S.A.
**- together with the shares held by companies from the MCI Group, which will be ultimately transferred to the fund.*

The fund plans at least one investment in the year 2010 and from 3 to 5 investments to the end of the year 2010.

3. MCI.BioVentures FIZ

MCI.BioVentures FIZ is a technology fund operating on the principles of Venture Capital. The core of the funds activities is making investments in the most attractive companies from the industries: healthcare, biotechnology and medicine in Poland. Growth of value of the portfolio is realized by providing financial means necessary for further development of the project as well as business and networking support. The capital engagement of MCI.BioVentures FIZ in new investment projects varies at the level between 200k and one million EUR. The investment strategy assumes financing growth (healthcare) and providing seed capital (medical technology and biotechnology).

That value of assets of the fund, at the end of the reporting period on 31 December 2009, was 8,144k PLN, and was 15.49% lower than the year before on 31 December 2008. The negative value and downward trend result from the character of investments executed on the Venture Capital market. The situation is due to the combination of the initial phase of the fund's existence, building the portfolio, conducted due diligence processes and costs connected with the initial rounds of financing. The decrease in assets is connected with the so-called J-curve phenomenon. First, the returns on the investment are generated only after some time, while the expenses connected with managing the fund are incurred from the very beginning; hence, the net asset value of the fund for the first few years of its operation is lower than their initial value. The funds investing in companies at different stages of development reach breakeven-point after a different time (it depends on organizational growth, as a rule the later the stage the company is at, the lower decrease of the value of assets). Research shows the funds reached breakeven-point on average in the fifth year of their activities. In the period from 1 January 2009 to 31 March 2009, the fund did not conduct any active investment activities. Events which were important to the fund were the issue of investment certificates series B conducted on March 25 and the transfer of assets of MCI.BioVentures Sp. z o.o. In the amount 8,220k PLN, this was connected with changing the articles of association of the fund. Investment activities undertaken by the fund began in the second quarter. Its area of interest was companies connected with biotechnology and medical services. The fund's portfolio is based on three companies: Genomed Sp. z o.o., with the participation of MCI at the level of 40.03%, 24med Sp. z o.o., with the participation of MCI at the level of 80.00% and 4Med Centra Medyczne Sp. z o.o., with the participation of MCI at the level of 22.54%.

The last valuation of the fund as of 30 June 2010 indicated that net value of assets gathered within the fund was 7,589,695.24 thousand PLN. The number of certificates was 213,000. Value of a single investment certificate on the day of valuation was 35.63 PLN, the previous value of one investment certificate was 35.75 PLN

The fund plans to execute two investments in the year 2010.

No.	COMPANY	Number of shares/stock MCI.BioVentures	Total number of shares/stock	Percent of capital owned	Percent of votes held
1	Genomed Sp. z o.o.	976	2 438	40.03%	40.03%
2	24med Sp. z o.o.	2 000	2 500	80.00%	80.00%
3	4Med Centra Medyczne Sp. z o.o.	582	2 582	22.54%	22.54%

Table 5. Portfolio structure of MCI.BioVentures
Source: Own analysis on the basis of data delivered by the Company

4. Helix Ventures Partners FIZ

The strategy of the fund assumes investments in early stage projects in the areas of Internet, software (services, implementation, integration) and mobile technologies (B2B). The sum declared by the investors to operate the fund is 40 million PLN. The Fund is assumed to operate for a period of 10 years. Expected value of a single transaction will be up to 1.5 million EUR. From the private investors' point of view the formula of Helix Ventures Partners FIZ fund is an optimum means to engage assets in technological venture capital endeavors.

No.	COMPANY	Number of shares/stock Helix Ventures Partners	Total number of shares/stock	Percent of capital owned	Percent of votes held
1	mSejf Sp. z o.o.	20 000	40 816	49.00%	49.00%

Table 6. Portfolio of Helix Ventures Partners
Source: MCI Capital TFI S.A.

Net value of the assets of the fund in the period from 21 May 2009 to 31 December 2009 was 1,716k PLN. The net asset value turned out to be 84.69% lower, which mainly resulted from the fund's short period of operation and building its investment portfolio. A significant decrease in assets is also connected with the J-curve phenomenon. In that period between May 2009 and 31 December 2009, the management team of the fund conducted an analysis of potential investment projects (more than 50 investment proposals were analyzed). As a result of conducted activities, at the beginning of 2010, an investment was executed consisting in acquiring shares in the company mSejf Sp. z o.o., which specializes in providing online backup services. On 22 February 2010, the fund acquired 8,000 shares comprising a 27.75% share in the company with a total value of 400,000 PLN.

Valuation of assets within the fund (especially shares and stock) and determination of liabilities is done on valuation day of the Fund, while maintaining a cautious valuation with the reliably estimated fair value. The valuation day is the last day of each calendar quarter when a trading session took place on the Warsaw Stock Exchange.

The most recent valuation of the fund dated 30 January 2010, indicated that the value of net assets gathered within the fund was 2,256,251.18 thousand PLN. Number of certificates was 31,716,340. Value of a single investments certificate on valuation day was 0.08 PLN, compared to the previous valuation of 0.09 PLN.

The fund intends to make up to four new investments in 2010.

5. Specjalistyczny Fundusz Inwestycyjny Otwarty MCI Gandalf Aktywnej Alokacji (absolute return hedge fund)

The fund charges a management fee which is a maximum 2.5% annually and the variable management fee which comprises 20% of generated profits according to the "high-watermark" principle.

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As was mentioned earlier, 100% units of Gandalf Aktywnej Alokacji SFIO belong to external investors and are not included in the assets owned by MCI Management S.A.

Currently the fund does not collect a fee for the purchase of fund units; however the articles of association state that this fee may be a maximum 5%. Net asset value of the fund as on 29 June 2010 was 20,929,857.35 PLN. The dominating entity of the hedge fund is MCI Management S.A. holding 100% total number of votes at the Annual General Meeting.

The investment strategy of MCI Gandalf Aktywnej Alokacji SFIO aims to generate returns significantly exceeding the interest available on bank deposits, regardless of the situation on the capital market. The second assumption is to minimize the risk of incurring a loss. The specialized open-ended investment fund with a minimum investment threshold at the equivalent of €40,000 can apply a broad investment policy just as a closed-ended investment fund.

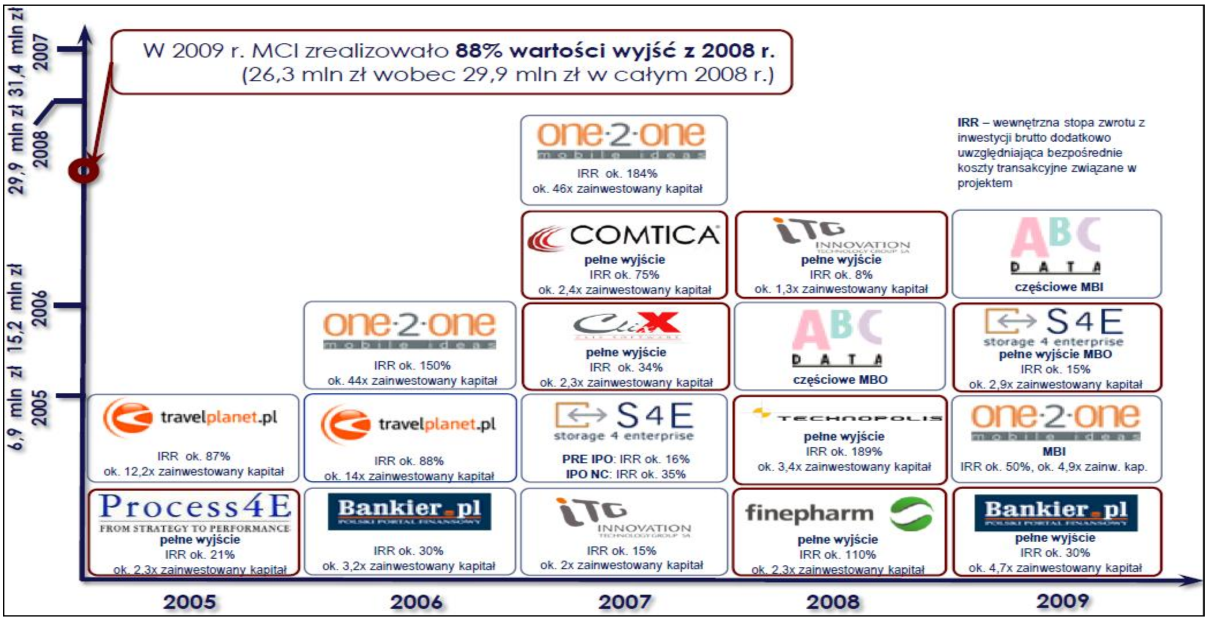
The fund invests on the most important stock exchange markets around the world, the top commodities markets, foreign exchange markets and debentures markets (bonds). Investments may be executed on both sides of the market, i.e. the fund can take both long positions - purchase of instruments, as well as short - sale of borrowed shares. The fund does not operate on the real estate market and in Private Equity investments.

6. Internet Ventures FIZ (in organization)

On 30 June 2010, an agreement was signed among MCI Capital TFI, MCI Management, IIF Group and the National Capital Fund, which is the basis to create the Internet Ventures fund. The new fund will be the largest VC technology fund in Poland, with investment assets of 100 million PLN at its disposal. Internet Ventures will be co-managed by the teams of MCI and IIF. The target capital engagement in the Fund will be as follows: MCI (25 million PLN), IIF (25 million PLN) and NCF (50 million PLN). The strategy of the Fund assumes investments in projects at early stages of development and in growth stage - potentially successful companies on the Polish market, CEE, European and global. The Fund's interests will focus on projects in the areas of e-commerce and m-commerce (B2C), Internet portals and Web 2.0 services (social networks), mobile/wireless and online applications and technologies, solutions for telecommunications and electronic media, digital content, online gaming and entertainment services, e-payment and m-payment, e-advertising and m-advertising as well as cloud computing. The Fund plans to invest in about 18-20 projects, diversifying its portfolio by sector. The value of investments in individual projects will shape at around the level of 1.5 million EUR in investment projects at early stage of growth stage.

Theoretically, the fund could be launched on 1 January 2011 (the motion to the Polish Financial Supervision Authority has already been filed). However individual investment projects are already being sought and reviewed.

Previous investment exits



Pic. 2. Investment exits in the years 2005-2009
Source: Materials published by MCI Management S.A.

<u>In H1 2010, the MCI Group executed investment exits valued 8.4 million PLN.</u>

So far, the MCI Group has executed a total 37 investment projects and executed 17 full exits and partial exit transactions from six investments.

Following the history of capital investments, MCI Management S.A. has a very high IRR (at the end of March 2010 it was 21.32%). This term stands for net internal rate of return on investment, which includes direct transactional costs connected with the project.

For example, as shown in Picture 2 provided by the Company, one of the most popular investments turned out to be the Bankier.pl portal, which brought returns almost 4.7 times higher than the amount of assets invested by MCI. Rate of return on the completed investment was on average 30% year to year.

In January this year (which is not shown in Picture 2), MCI Management S.A. made a partial exit from the company One-2-One on behalf of an industry investor. The new shareholder contributed to fulfilling the strategy, due to the application of his experience and competence gained in the mobile services industry. In turn in April 2010, MCI executed an almost full exit from One-2-One on behalf of financial investors. Changes which were taking place in the shareholding of One-2-One reflect the changing position of the company on the market. Crystallization of the segment in which the company operates, as well as growing turnover of the whole One-2-One group indicate entering the next stage of development of the company itself as well as the whole industry. In the whole period of engagement in the Company (2002 to 2010), MCI realized an exceptionally satisfying average annual internal rate of return (IRR) at the level of above 103%.

In the year 2010, MCI also completed its investment in the Company S4E through a full exit and the sale of all held shares comprising 40.09% of the share capital of the company. It was the fulfillment of the strategy to exit from S4E, as one of MCI's oldest investments, which was declared last year. The shares were

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purchased by Roman Pudełko (shareholder and President of the Supervisory Board of the Company) and Ingalil Holdings Limited. During nine years of the investment MCI realized the average internal rate of return (IRR) at the level of almost 17%. Price of the transaction was 6.25 PLN per share, which significantly exceeded the average price of S4E shares over the last six months.

Shareholders

The shareholders' structure is dominated by leading shareholder, who is the company Immoventures Sp. z o.o., which owns 20,918,073 shares, comprising 40.25% of the share capital and grants the right to 40.25% of votes at the Annual General Meeting.

Shareholders	Number of votes	Percent of share capital	Percent of votes
Immoventures Sp. z o.o.	20,918,073	40.25%	40.25%
Tomasz Czechowicz	366,777	0.71%	0.71%
Konrad Sitnik	97,000	0.19%	0.19%
Roman Cisek	101,137	0.19%	0.19%
Beata Stelmach	66,261	0.13%	0.13%
Dariusz Adamiuk	4,398	0.01%	0.01%
Hubert Janiszewski	9,897	0.02%	0.02%
Waldemar Sielski	29,320	0.06%	0.06%
Wojciech Siewierski	9,895	0.02%	0.02%
Others	30,367,481	58.43%	58.43%
Total	**51,970,239**	**100.00%**	**100.00%**

Table 7. Shareholders of MCI Management S.A. after the issue of series S shares
Source: Own analysis on the basis of data published by the Company

A serious change in the shareholding structure took place in March 2010 and resulted from an agreement realized by MCI Management S.A. obliging it to sell shares, concluded between the Company and Immoventures Sp. z o.o. on 7 December 2009. On 29 March 2010, it purchased from Immoventures Sp. z o.o. 10,000,000 shares of ABC Data S.A. for the total price of 23.4 million PLN. The Company paid Immoventures Sp. z o.o. for the abovementioned shares by offering to take up bearer shares of MCI from the new issue at the fixed price of 5.09 PLN per share.

As part of the settlement of the abovementioned acquisition transaction, on 7 April 2010, Immoventures Sp. z o.o. took up 4,597,250 shares of MCI Management S.A. from the new issue (series S). As a result of taking up the abovementioned shares, the engagement of Immoventures Sp. z o.o. increased to 20,918,073 shares in MCI.

The president of MCI Management S.A. has a capital link to the main shareholder - the company Immoventures Sp. z o.o., where he also takes the chair of the president. The total engagement of both Mr. Tomasz Czechowicz and

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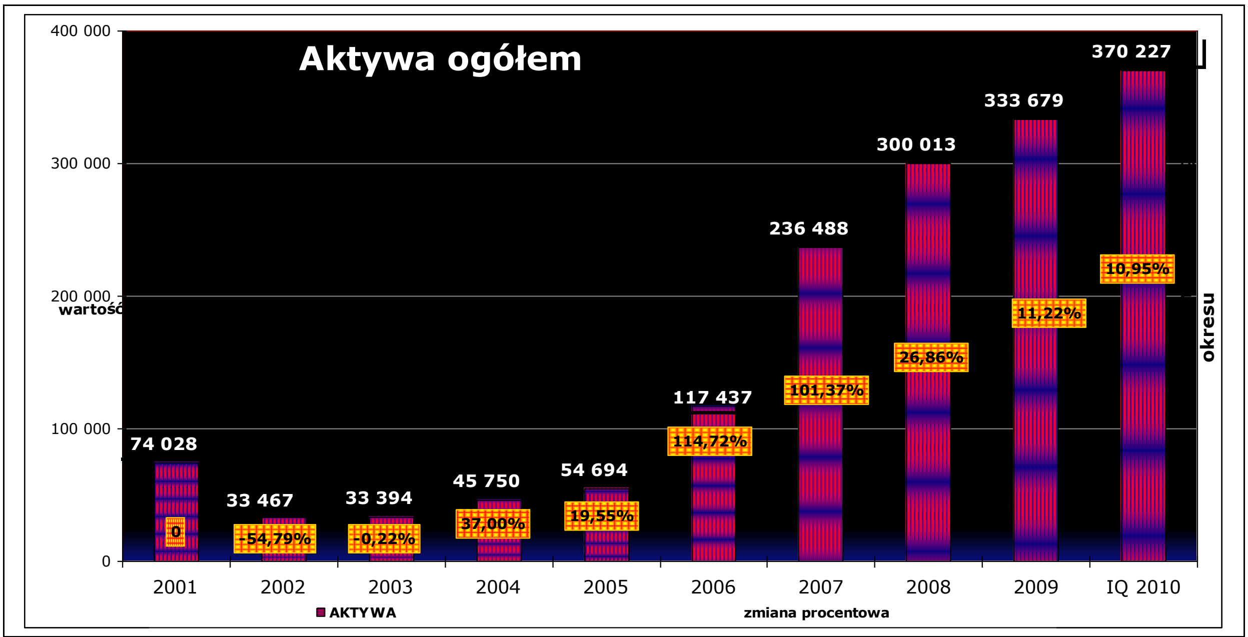
Immoventures Sp. z o.o. is 40.96% votes at the Annual General Meeting of the Company.

On 29 March this year, BZ WBK AIB Asset Management S.A. reduced its engagement in the company below 5%.

Financial - economic analysis

Total assets



Graph 3. Assets structure of MCI Management S.A.
Source: Own analysis based on the data published by the Company

The change in total assets of the MCI Group is exhibiting an upward trend since the year 2003. An exceptional three-digit percentage growth could be observed in the years 2006 - 2007. At the end of first quarter 2010, total assets were 370.2 million PLN and gained almost 11% during just one quarter.

Growth of this balance item is most important and the result of changes in value of the investment portfolios and raising capital from investors to make further investments.

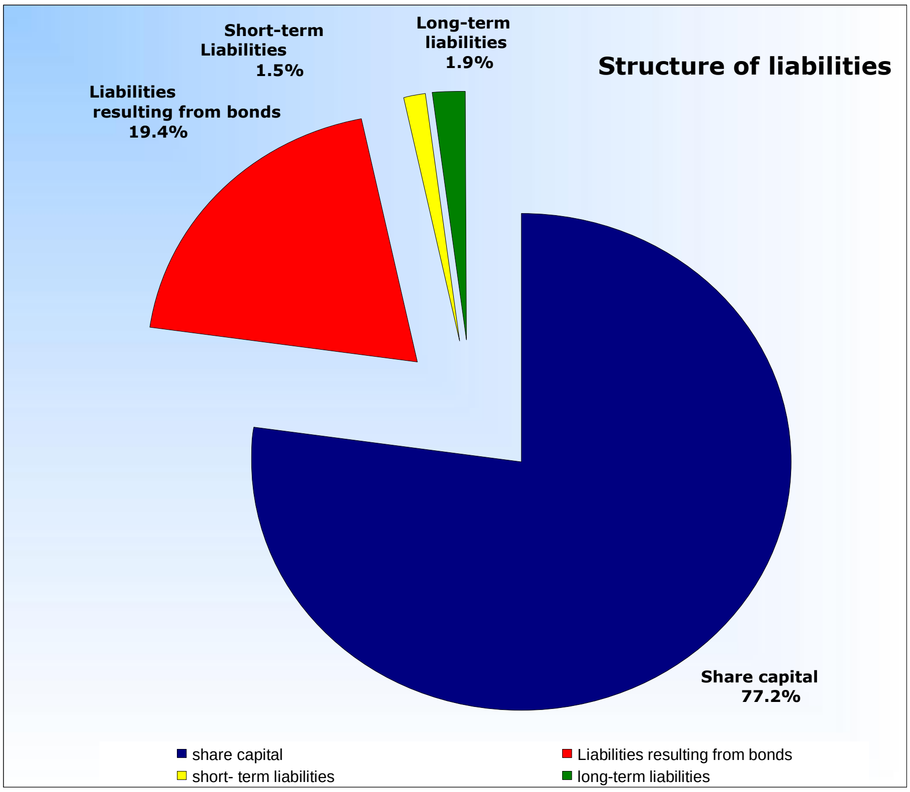
The structure of assets of the MCI Capital Group divided into individual funds at the end of the first quarter this year is as follows:

- 60.1% MCI.EuroVentures,
- 33.3% MCI.TechVentures,
- 2.2% MCI.BioVentures,
- 0.1% Helix Ventures Partners,
- 3.8% other assets.

Due to the specificity of the company, the operating assets included fixed assets for sale. At the end of Q1 2010 they were 9,091k PLN. However, the main component of operating assets was short-term investments, which amounted to 15,344k PLN.

Fixed assets comprise primarily of the item "other assets," which amounted to 278,871k PLN as on 31 March 2010.

Structure of liabilities



Pic. 3. Structure of liabilities - estimated as on 26 July 2010, including the new issue of bonds series E
Source: Own calculations

The company is characterized by a safe structure of liabilities. Share capital comprises 77.2% of all liabilities after the issue of bonds series E conducted at the break of June and July. The share of liabilities resulting from issued bonds is 19.4% of total liabilities which grew from 11.89% at the end of Q1 2010. Long-term and short term liabilities play a less important role in the structure of total liabilities; their total share is less than 4%. The present shape of the structure of liabilities after Q1 2010 was influenced by the noncash purchase of 10 million shares in ABC Data S.A. As a result of this transaction, the liabilities of MCI Management were reduced by the amount of short term liabilities, concerning payment for those shares in the amount of 23.4 million PLN.

In case of bonds, the Company intends to raise funds for their redemption most of all by executing investment exit transactions.

In the year 2009, the company raised funds for investments from:

- 52 million PLN from the issue of debentures,
- 49.5 million PLN from the issue of shares,
- 29.0 million PLN from FIZ investment certificates,
- 20.0 million PLN from NCF/EU funds.

Currently MCI Management is the issuer of three series of bonds: B, D and E.

In September 2009, MCI Management issued series B bonds convertible to shares of MCI Management SA:

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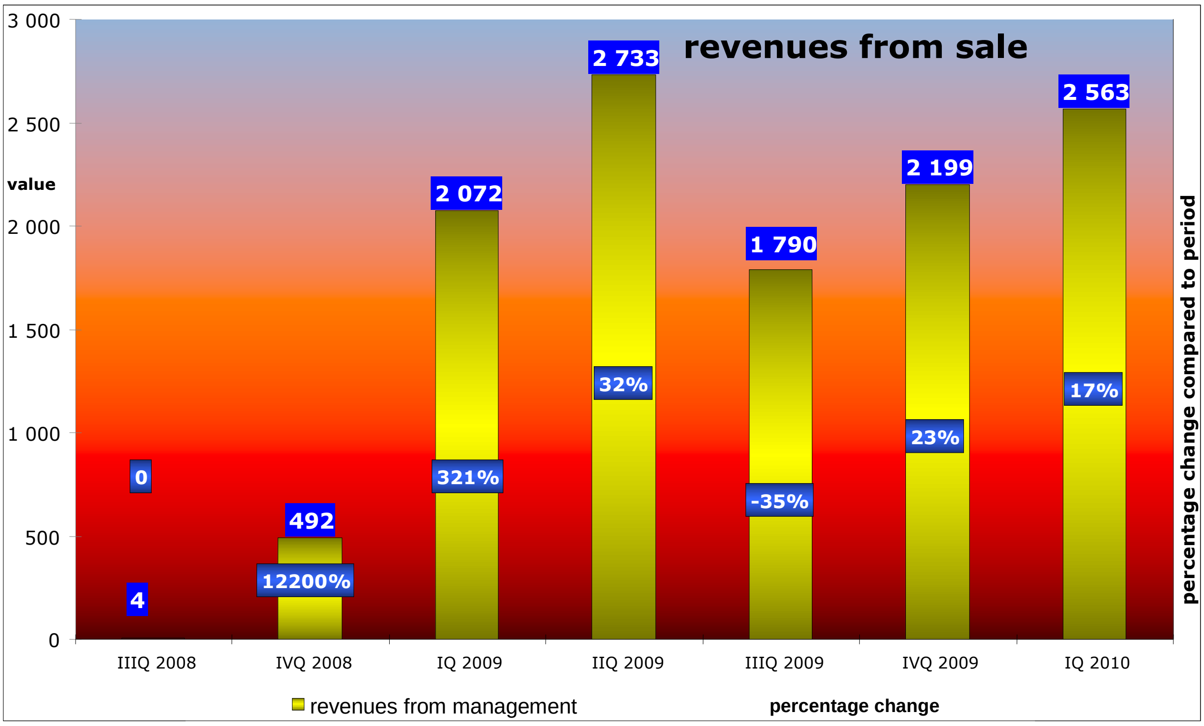
- Bearer bonds,
- Three-year,
- Convertible to shares of MCI Management S.A. series J,
- Maturity was set on 10 September 2012 (if the right to convert the bonds to shares is not used),
- Conversion price was set to 6.25 PLN,
- MCI Management S.A. has the right to early redemption however not before 11 September 2011 and provided that stock price of MCI Management S.A. listed on the Warsaw Stock Exchange exceeds the conversion price by 50% at least once,
- Interest to be paid semiannually on: 12 March 2010, 10 September 2010, 11 March 2011, 9 September 2011, 9 March 2012 and 10 September 2012.

These bonds are listed on the Catalyst market. The interest in this interest period is 8.23%.

In April 2010, MCI Management issued 57,000 bonds series D, registered, unsecured, with a nominal value of 1,000.00 PLN and issue price of 1006.24 PLN. The issue was intended for the acquisition, together with a national financial investor, of investment certificates issued by IPOPEMA 34 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych (IPOPEMA). The total value of subscriptions for the certificates placed by MCI Management will be equal to the nominal value of all the issued bonds. The specifics of the issue of these bonds lies in the issuing them and the simultaneous acquisition of investment certificates, which will enable one of the financial investors to allocate assets from his portfolio. Bonds will be redeemed before 22 March 2013, for the amount resulting from the net asset value corresponding to one certificate, or if the fund is liquidated, the amount due for the redeemed certificates. In both cases the redemption amount will be reduced by the remuneration of MCI Management. That is why it is assumed the issue of said bonds is neutral to the balance situation of the MCI Group.

On 1 July, regular bearer bonds series E were assigned raising 27,450k PLN for the Company. The bonds were offered through and non-public subscription. The face value of a single bond is 1,000.00 PLN. The bonds are unsecured. The maturity date is on 28 July 2013. The bonds are also listed on the Catalyst market. Interest in the current interest period was 8.74%.

Revenues from sale



Graph 4. Revenues from sale
Source: Own analysis based on data published by the Company.

Revenues from management fees are considered the revenue from sales.

This item gained in significance since the first quarter of the year 2009, when the Company started taking full advantage of the work completed in 2008 concerning the creation and management of investment funds and introduction of a new operating structure of MCI. In the first quarter of the year 2009, revenue from management fees was 2,072k PLN and significantly exceeded previously recorded values.

While in the first quarter of the year 2010, the revenues from management were 2,563k PLN and grew 1Q09/1Q10 by +23.7%. At the end of the year 2009, the revenues reached the level of 8,794k PLN. They will have an even greater influence and results of the Group in the coming years.

At the end of the first quarter of the year 2010, as in earlier periods, rendition of the service of managing investment funds of MCI Management S.A. lay to the discretion of MCI Capital TFI S.A. That trust provides management services on behalf of four investment funds (five if you include the new fund) belonging to the MCI Group, but consisting separate kinds of clients. They are:

- MCI.PrivateVentures Fundusz Inwestycyjny Zamknięty,
- MCI.BioVentures Fundusz Inwestycyjny Zamknięty,
- Helix Ventures Partners Fundusz Inwestycyjny Zamknięty,
- MCI Gandalf Aktywnej Alokacji Specjalistyczny Fundusz Inwestycyjny Otwarty.
- From 30-06-2010 Internet Ventures Fundusz Inwestycyjny Zamknięty (in organization)

The philosophy behind operations in the segment consists in this that over time subsequent issues of investment certificates are taken up by external

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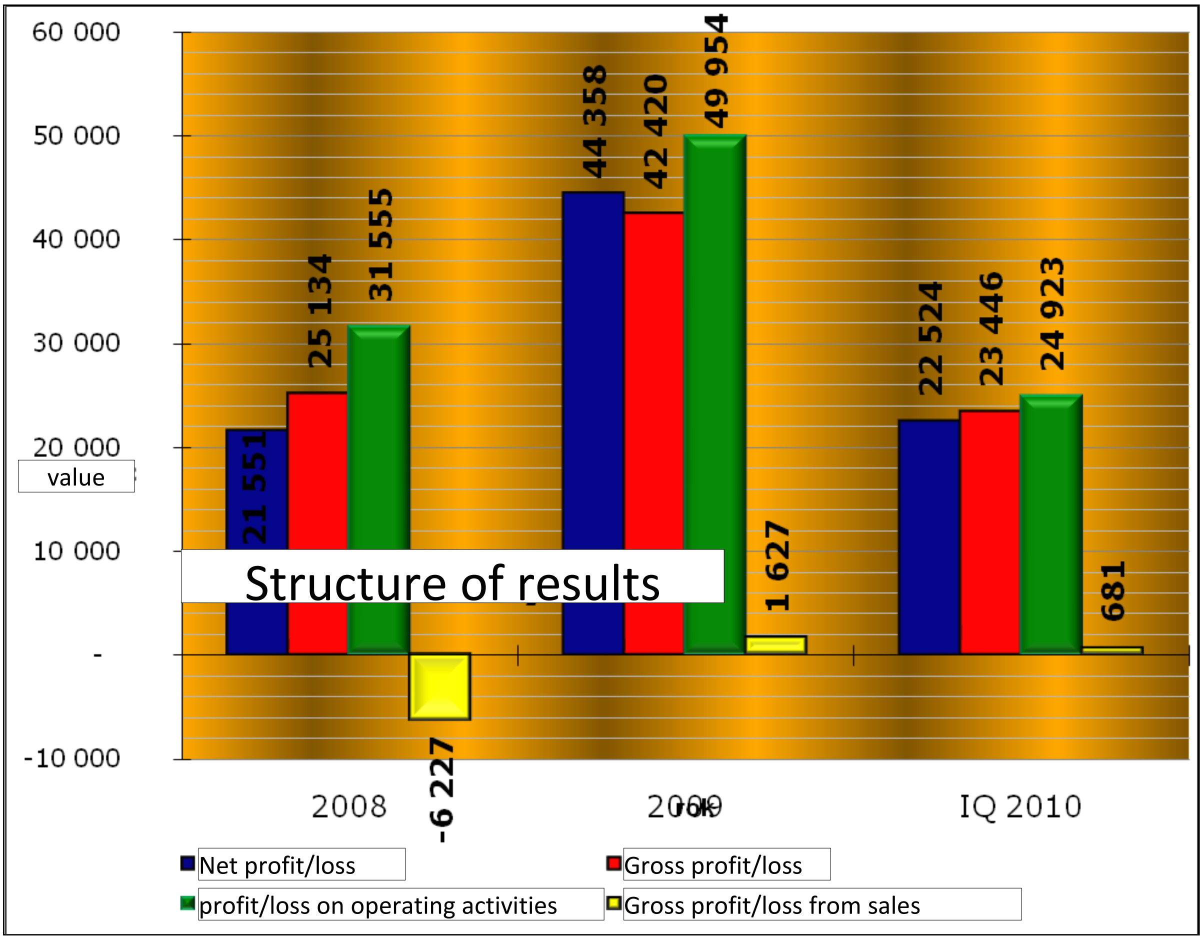
investors, thus reducing the capital engagement of the MCI Group in the managed funds.

Structure of results



Graph 5. Structure of results
Source: Own analysis based on data published by the Company

Activities of the company to not display seasonality; the results of MCI Management S.A. strongly depend on the stock market situation. In addition to stock price fluctuations resulting from revaluation of assets, the executed exit transactions also play a significant role. In 1Q 2010, the MCI Management S.A. Group generated the revenues from managing funds which ultimately came to generate gross profit on sales in the amount 1,854k PLN. To compare, the results for the first quarter of the year 2009, were significantly influenced by the transfer of MCI.BioVentures Sp. z o.o. to the MCI.BioVentures FIZ fund done at that time, and the first significant revenues from managing funds resulting in generating a gross profit on sales in the amount 1,700k PLN.

Extraordinary profits of the Company may be largely influenced by the ongoing litigation concerning payment of damages for the losses incurred on the investment in JTT. At the present moment, it is difficult to include them in the forecast profit and loss account, because both the sentence of the court, the closing date and interest payable after winning the case in the court of second instance are subject to change. The three and a half year lawsuit filed by MCI against the National Treasury - Director of the Tax Control Office in Wroclaw was

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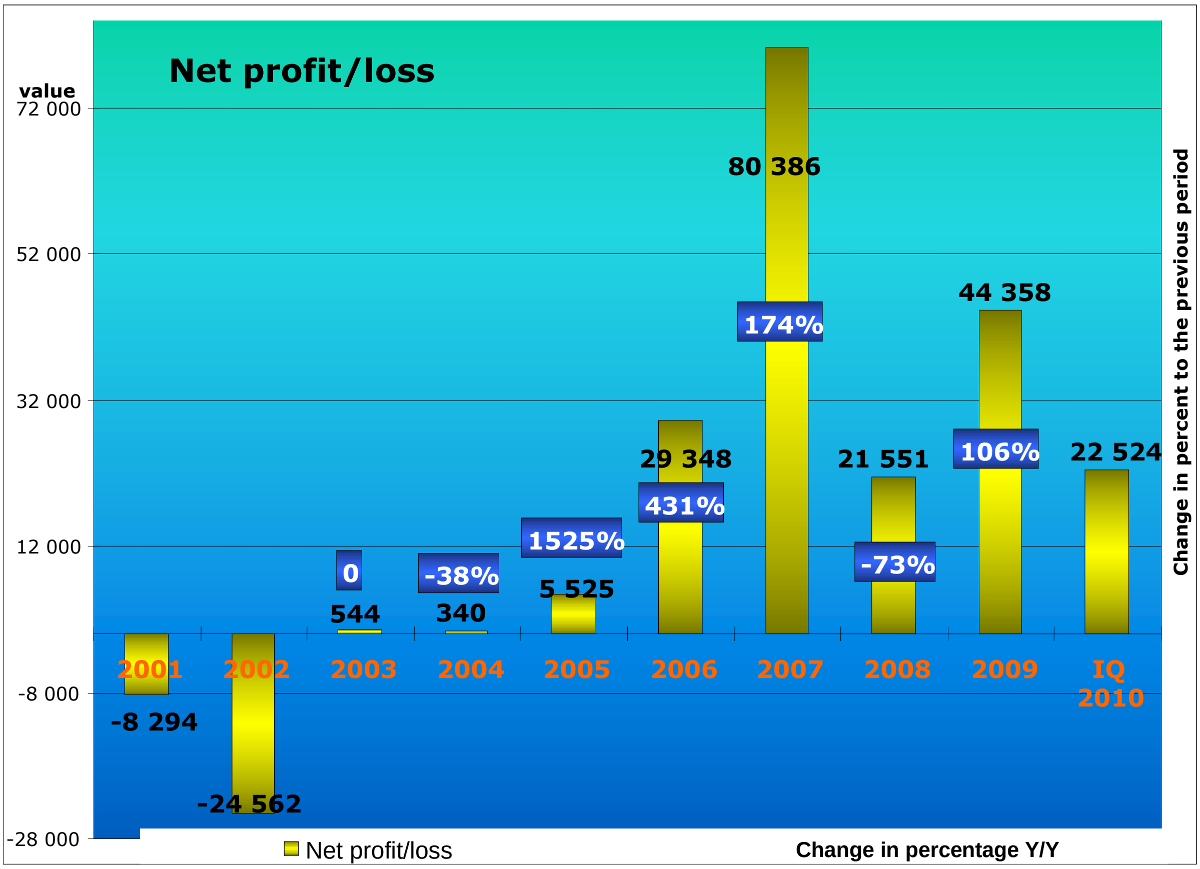
won by MCI in February 2010. The court sentenced the National Treasury to pay on behalf of the Company 38,512,000 PLN in damages plus statutory interest payable from 8 June 2006 to date of payment (on the day the sentence was announced - 15 March 2010 - the interest was 17,429,000 PLN), which amounted to a total 55,941,000 PLN. The amount due was adjudged by way of compensation for the damage suffered due to the loss in value of shares held by MCI Management S.A. in the company JTT Computer S.A. which was forced to bankruptcy as a result of faulty and decisions taken by tax authorities in violation of the law. Thus, the court ruled in favor of the company confirming the charges set forth in the lawsuit and presented during the trial both as to the principle of the claim and the amount claimed.

The board of MCI Management SA, however, noticed the fact that the sentence taken the first instance is not lawfully binding. But everything indicates that as a result of faulty decisions taken in violation of the law by tax authorities the company was forced into bankruptcy.

Net profit



Graph 6. Net profit of MCI Management S.A.
Source: Own analysis on the basis of data published by the Company

For the year 2009, the Board of MCI Management assumed generating a net profit of 28.7 million PLN (+33% compared to the result for the year 2008). As the situation on the capital market and in the economy improved, the previous forecast was increased to 42.5 million PLN after the results for 4Q 2009. At the end of 2009, net profit reached 44.4 million PLN which mostly resulted from the increase in value of MCI assets and higher revenues from fund

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management. The better estimated results for the year 2009 were the result of the successful fulfillment of the company's priorities in the second half of 2009 and the more dynamic than anticipated growth of value of held assets. The continuing improvement in the situation of portfolio companies of the investment funds managed by the MCI Group significantly contributed to the improvement of estimates of the results for last year. The company's realization of the increased estimate caused the net result for the year 2009 to be more than 100% higher than in the year 2008 (21.5 million PLN). In the opinion of the Board of MCI Management S.A., it is a very good result considering such difficult market conditions as those of the year 2009. In the years 2001 and 2002 the Company recorded the worst results, when the Company suffered significant losses in the period following the burst of the "dot com bubble." In subsequent years the results gradually improved; the rapid dynamic growth of net profits began in the year 2005 and the recorded final value was 5,525k PLN. The improving results were favored by the beginning of a new bull market and the growing interest in the capital markets. Historically, the best result of MCI was recorded in the year 2007 one the company generated the net profit of 80,386k PLN. This result overlapped with, among others, a good situation on the capital markets -the peak of the last bull market.

Factors influencing the nearest future

On 22 February 2010, the Board of MCI Management S.A. announced the forecast of the consolidated net financial result of the Company for the year 2010 in the amount 67.0 million PLN.

The above forecast assumes the growth of the consolidated net result by over 57% compared to the estimate the net result for the year 2009 (42.5 million PLN). The basic components of the results in the year 2010 will be an increase in value of held investment assets and the revenues generated from managing funds. The above forecast is based on the assumption that the MCI Management S.A. Group at the end of the year 2010 will be managing the assets worth 545 million PLN (including the full investment commitment of the funds managed at the beginning of this year).

The Board of MCI Management S.A. will be assessing the possibility to fulfill the above forecast on a regular basis, at least once per quarter, presenting its position in this respect in the published financial reports or current reports of the Company.

In the nearest future the results of the MCI Group in the second quarter of 2010 will depend on:

- Change in value of investment funds certificates held by the MCI Group,
- Operating results generated by key portfolio companies of the funds,
- The amount of revenues generated from fund management,
- Value of shares / (rights to shares) of ABC Data S.A.

In the year 2010, the MCI Group will conduct investment activities within all the funds.

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MCI.TechVentures 1.0 intends to execute investments for the total amount up to 25 million PLN in the areas of mobile, e-commerce and digital entertainment.

MCI.EuroVentures is working on investments worth a total 50 million PLN in the areas of TMT, BPO, distribution/e-commerce in Poland.

MCI.BioVentures will be analyzing investments for the amount up to 10 million PLN in the sectors of biotechnology, pharmacy and medical services.

At present, Helix Ventures Partners is planning new investment projects for a total of about five million PLN executed within the sectors of mobile technologies and cloud-computing.

Additionally, other plans assume the creation of new funds (digital media, clean technologies, real estate). By the end of the year 2010, the MCI Capital Group plans to launch one more new fund. Recently the company informed about the creation of the new Internet Ventures fund.

In the year 2010, the following factors should have a decisive influence on the results of MCI:

- Valuation of ABC Data shares from the LBO transaction sector,
- Invia.cz and Intymna.pl from the e-commerce sector,
- Genomed from the biotechnology sector,
- Telecom media and NaviExpert from the mobile Internet and VAS sectors,
- Geewa from the digital entertainment sector.

Noteworthy in the investment plans for the coming years, which are to commence in the year 2010, is the interest of MCI within the MCI.PrivateVentures FIZ fund in the assets included in the Internet Group. On 19 July 2010, the Term Sheet was concluded between Internet Group, the main shareholder of Internet Group, Jan Ryszard Wojciechowski and MCI Private Ventures FIZ, MCI and EuroVentures 1.0 (the subfund formed within MCI Private Ventures FIZ). The Term Sheet sets forth the conditions and main assumptions concerning the indirect engagement of MCI in the subsidiary companies of the Internet Group: Call Center Poland SA, Call Connect Sp. z o.o., Contact Point Sp. z o.o., Webtel Sp. z o.o. and Communication One Consulting Sp. z o.o. Investment will be conducted through a target vehicle company which will be created by MCI Private Ventures FIZ, MCI.EuroVentures 1.0 and Internet Group S.A. The target company will acquire from Internet Group 100% shares in all abovementioned subsidiary companies and a significant part of Internet Group's liabilities on behalf of BRE Bank S.A. The consent of BRE Bank S.A. for the comprehensive financial restructuring Internet Group S.A. is required to fulfill the transaction. Until the decision is taken by BRE Bank SA, MCI will retain negotiation exclusivity.

The factor analysis

In order to better evaluate the financial - economic condition, the MCI Management S.A. Company was analyzed using factor analysis. It will enable to evaluate the operations of the company in terms of the dynamics of change in individual balance sheet and profit and loss items and industry the financial situation of the company using a set of appropriately constructed measures showing various degrees of relations. They will reflect the phenomena taking

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place within the company in terms of financial liquidity, indebtment and profitability. The valuation and analysis of MCI Management S.A. was conducted on an annual basis and covered the years 2007 through 2009. The conducted analysis also includes the first quarter of the year 2010; the data for this period is annualized and shows the situation at the end of 1Q 2010 as after last four quarters. When evaluating the economic - financial situation of the MCI Company and the changes that occurred in this period within the Company, we can observe the significant influence of the recent crisis on the global financial markets that is later visible in the weaker results recorded for the year 2008.

MCI	2007	2008	2009	IQ 2010* (values annualized for the last four quarters)
Liquidity indicators				
Cash liquidity indicator of the MCI Management group (not including cache in the funds)	1.26	0.10	0.66	**0.25**
Total indebtment indicator	0.34	0.29	0.18	**0.20**
Indebtment indicators				
Long-term indebtment indicator	0.28	0.08	0.16	**0.12**
Debt to share capital indicator	0.53	0.44	0.25	**0.28**
The long-term indebtment to share capital indicator	0.43	0.11	0.20	**0.15**
Short term indebtment to long-term indebtment	4.41	0.33	4.01	**1.21**
Total debt in PLN thousand	81 888	92 055	67 658	81 504
Net debt in PLN thousand	58 344	65 185	56 718	47 141
Profitability indicators				
ROA	33.99%	7.18%	13.29%	**15.79%**
ROA_{OBRT}	143.49%	49.14%	96.54%	**126.85%**
ROE	52.00%	10.36%	16.67%	**20.24%**

Table 8. Financial indicators – MCI
Source: own analysis
** annualized data for the last four quarters.*

The factor analysis at the end of the first quarter of the year 2010 is positive for the MCI Company. Both long-term and short term debt and the ability to regulate it are showing safe levels. It is visible through, among others, the total indebtment indicator at the level of 0.22. It is noteworthy that at the end of the year 2009, the company was characterized by high liquidity. In the analyzed period, the cash liquidity indicator remained high, and never fell below 0.10, and at the end of the first quarter of 2010 it remained at around 0.25.

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The company enforces a very stable policy connected with regulating short term and long-term indebtment. The total indebtment indicator in the analyzed period never exceeded 0.34, and at the end of the first quarter 2010 it was 0.20. It's also worth mentioning that during the difficult year 2008, this indicator remained at a safe level of 0.29. The reasonable indebtment policy is also confirmed by the levels of total indebtment and long-term indebtment to share capital indicators. In the whole analyzed period, the company remained able to "cover its total debt with share capital," as seen through the total indebtment to share capital indicator. This indicator has been falling since the year 2007 (a positive tendency). In the debt structure at the end of the first quarter 2010 long-term liabilities prevailed over short term liabilities. The amount of total debt is 81,504k PLN, while net debt shaped at the level of 47,141k PLN.

The profitability analysis indicators ROA and ROE look interesting. The values of the above indicators fell in the year 2008 27.18% and 10.36% respectively, however in 2009 and the first quarter of 2010, MCI was successively improving these results. At the end of last year, ROA was 13.29%, and ROE group to 16.67%. This result was improved in the first quarter of 2010, when the annualized data showed 15.79% and 20.24% respectively, mainly due to good quarterly results.

Z-Score Model (Altman model)

The Z-Score model can help determine the financial condition of the company. It is used to predict bankruptcy and is based on a multi-factor model designed by Edward Altman. This model is an effective diagnostic tool that can predict the probability of the company's bankruptcy within a period of about two years. The research measuring the effectiveness of Z-Score on the American market indicates that it is successful in predicting bankruptcies with the probability of 72% - 80%. The Z-Score indicator includes five commonly used financial indicators, appropriately weighed in this way to be able to tell with a high probability whether the company may be in the group of companies facing bankruptcy or not.

Methodology:

$$Z - Score = 1{,}2X_1 + 1{,}4X_2 + 3{,}3X_3 + 0{,}6X_4 + 1{,}0X_5$$

X1 – working capital to total assets,
X2 – retained earnings to total assets,
X3 – earnings before interest and taxes to total assets,
X4 – market value of equity to book value of total liabilities,
X5 – sales to total assets,

The synthetic measure calculated on base of this model and the above financial data form the basis to verify the economic - financial condition of the company. The final analysis includes only a few specified ranges:

- Z-Score > 3.0 informes about the very good economic - financial condition of the company,

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- Z-Score in the range <1.8; 3.0> indicates a moderate economic - financial situation and elevated investment risk,
- Z-Score < 1.8 informs about the poor economic - financial situation and the high investment risk. It is also believed the company is characterized by higher risk of bankruptcy.

This type of analysis and values received are believed to be a good measure illustrating the economic - financial condition and is often interpreted as an early warning system allowing to identify risks concerning business efficiency and the resulting loss of liquidity, which in consequence causes problems connected with regulating liabilities and, as a final result, putting the company in a state of bankruptcy.

The above procedure was performed for the MCI Company (filing for bankruptcy in the coming years was excluded) in the period from the year 2007 to the first quarter of the year 2010 (data for the last four quarters). In the analyzed period the situation was as follows.

Calculation algorithm	Weight	2007	2008	2009	I Q 2010*
Working capital/ total assets	1.2	0.67729	0.70106	0.92840	0.90859
Net profit / total assets (ROA)	1.4	0.47588	0.10057	0.18611	0.22100
(Gross profit + interest) / total assets	3.3	1.06300	0.32907	0.46502	0.57330
Share capital / total liabilities	0.6	1.13277	1.35544	2.35911	2.12546
Sales / total assets	1.0	0.05005	0.00367	0.02635	0.02508
Total	-	**3.39899**	**2.48981**	**3.96499**	**3.85344**
Z-Score indicator Altman indicator Economic - financial condition of the company		**Very good financial condition**	**Moderate financial condition**	**Very good financial condition**	**Very good financial condition**

Table 9. Z-Score model
Source: Own analysis based on the data published by the Company
** annualized data for the last four quarters.*

The conducted analysis indicates a very good financial situation of the Company at the end of the first quarter of the year 2010, with the Z-Score indicator calculated at the level of 3.85344. This result was largely determined by the measurement concerning the coverage of total liabilities by share capital, which significantly improved in the year 2009 and maintained a high level in the first quarter of the year 2010.

The above analysis also indicates the crisis on the global financial markets took its toll on the MCI Company, which can be seen, among others, from the Z-Score indicator calculated at the end of the year 2008. This value was lower than the one achieved in the year 2007 and that was 2.48981. Following the lower value, the economic - financial condition deteriorated from very good to moderate. Analyzing the individual components of the Altman model for the MCI Company, it is worth mentioning that the final score is largely contributed by the return on assets (ROA) indicator, which may bode well for the future. It is also necessary to remind here that the company's forecast for the year 2010 assumes generating net profits at the level of about 67.0 million PLN. The significance of ROA in the model is connected with an improvement in the return on assets, which grew from 7.18% (as at the end of the year 2008) to 15.79% (at the end of the first quarter of the year 2010, including the last four quarters).

Stock exchange indicators

Stock exchange indicators are usually measurements depicting "productivity" of a single share in individual areas of conducted operations. The basic indicator in this group of measurements is earnings per share (EPS), calculated as the quotient of net profit and the number of shares. This indicator informs about the amount of earned profit attributable to a single share. The high value also indicates a possible increase in share price, resulting from the generated earnings. The market - stock exchange evaluation of the company based on earnings per share may be extended by indicators which determine the distribution of a single share on other levels of conducted operations. Certain factors may prove helpful in this matter, like earnings before interest and tax per one share and book value per share. In case of MCI, the stock exchange indicators analysis was conducted from the year 2006 to the first quarter of the year 2010. The first quarter of 2010 was annualized and includes the last four quarters, starting from the second quarter of the year 2009.

MCI Values in PLN	2007	2008	2009	IQ 2010* (annualized amounts for the last four quarters)
Number of shares	42,075,167	45,294,496	47,349,989	47,349,989
Revenues from sales per share **	-	0.02	0.19	0.20
EBIT per share	1.78	0.70	1.05	1.54
Book value per share	3.67	4.59	5.62	6.10
Earnings per share (EPS)	1.91	0.48	0.94	1.23

Table 10. Stock exchange indicators recorded at the ends of individual periods
Source: Own analysis
** - Annualized data for the last four quarters,*
*** - due to the changes in structure initiated at the end of 2008, the results concerning the revenues from sales (revenues from management fee) are compatible starting from the year 2009.*

In the year 2009, one share generated 0.19 PLN of the revenues from sales. In the first quarter of the year 2010, this indicator slightly improved and after annualizing it shapes at the level of 0.20 PLN. In the present situation these values are influenced by the revenues from management fee, which will gain in significance over time. For an entity such as MCI, a measure with more cognitive value is the analysis of earnings before interest and tax per share. Due to the specific character of conducted operations (Private Equity, Venture Capital) only in this respect the shareholders may evaluate the effectiveness of how the business is operated.

In the year 2009, one share of MCI generated 0.94 PLN of net profit. This result was improved in the first quarter of the year 2010, when after annualizing the data EPS grew to 1.23 PLN per one share, which was mostly the effect of very good results for the first quarter of 2010 (the Company recorded a net result of 22,524k PLN). This result is significantly better from the values recorded

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in the year 2008 (results of the crisis on the financial markets influenced recording of the EPS of 0.48 PLN for one share). A similar situation can be observed for the EBIT per share, which at the end of the first quarter of the year 2010 after annualizing was 1.54 PLN and was higher from the result for the year 2009 recorded at the level of 1.05 PLN. The amount of equity per share is also increasing. At the end of the year 2009, the book value per share was 5.62 PLN, which grew to 6.10 PLN and the end of first quarter of 2010.

VALUATION

The total value of the valuation of the MCI Group includes: the equity of the investment portfolio and the value of the management company (MCI Management SA). We used four methods to valuate the MCI Group. Three of them were increased by the DCF value of the management company - MCI Management S.A.

Valuation	**I**	**II**		**III**		**IV**	
Model	Comparative	Wilcox-Gambler	+ DCF of management company	Adjusted net assets	+ DCF of management company	DCF of investment portfolio	+ DCF of management company
Weight	30%	10%		30%		30%	
Valuation	**<u>Final total value</u>**						

Table *11. Components of final valuation*
Source: Own analysis.

I. Valuation of MCI – comparative model

To valuate the shares of MCI S.A. we used the comparative method and data concerning companies that conduct a similar range of activities. MCI was compared against companies, whose activities are connected with the capital market. However it is worth mentioning that MCI as a company listed on the Warsaw Stock Exchange does not have a direct competitor - a counterpart that would operate on the innovative technologies market with a focus on the broadly understood IT sector. Nonetheless, the WSE in Warsaw lists several entities which operate as Venture Capital and Private Equity entities, however in different market sectors (weaker focus on the IT sector). The benchmark group against which we compare MCI consists of: BMP AG, Capital Partners, BBI Capital, NFI Krezus, NFI Progress, Rubicon Partners, DM IDM, Ipopema Securities, Copernicus, Quercus, WDM, ECM and Sky Line Investment. The valuation model uses the following multipliers: P/E (price to earnings per share), P/BV (price to book value per share), P/EBIT (price to earnings before interest and taxes per share), EV/EBIT (enterprise value do earnings before interest and taxes per share). Valuation using the comparative method bases on the data for the end of the first quarter of the year 2010 after annualizing (data include values after four quarters ending first quarter 2010). The final result is a consensus including the median of indicators (lower bias from extreme values) at the end of the first quarter of the year 2010, and comprises an average of individual partial valuations.

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Company	IQ 2010* P/E	IQ 2010* P/BV	IQ 2010* P/EBIT	IQ 2010* EV/EBIT
BMP AG	-	0,96	-	-
CAPITAL PARTNERS	-	0,84	-	-
BBI CAPITAL	-	0,48	-	-
KREZUS	4,39	1,17	4,45	4,42
PROGRESS	6,57	0,91	4,94	6,28
RUBICON	6,42	0,94	7,06	7,14
DM IDM	11,24	0,88	8,31	4,60
IPOPEMA	21,68	7,23	16,46	12,05
COPERNICUS	46,13	5,76	32,11	32,11
QUERCUS	-	24,88	-	-
WDM	8,80	1,85	8,16	6,76
ECM	11,15	7,73	-	-
SKY LINE	4,97	0,88	3,05	3,06
Median	**8,80**	**0,96**	**7,61**	**6,52**
Indicator weight	**25,0%**	**25,0%**	**25,0%**	**25,0%**
MCI (indicators)	**6,14**	**1,24**	**4,93**	**5,57**
Partial valuation of MCI [PLN]	**9,89**	**5,31**	**10,68**	**8,09**
Equity per share [PLN]	**8,49**			

Table 12. Valuation comparative model
Source: own analysis. As on 23-07-2010
** - annualized data for the last four quarters.*

Ultimately, the shares in the comparative model were valuated at **8.49 PLN**.

Valuation of the management company MCI Management S.A. using the DCF model

The DCF model is based on discounting free cash flows to the firm, i.e. the cash flows generated by the company which can be transferred to creditors and shareholders in subsequent periods. The model is based on:

1. Determining the free cash flows to the firm in subsequent years of the forecast,
2. Determining the discount rate - weighted average cost of capital (WACC), the average cost of financing the company including all sources of financing.

$$r_{WACC} = w_{kw} \times r_{kw} + w_d \times r_{dp}$$

Where:
r_{WACC} – weighted average cost of capital,
w_d – percentage of debt in the financing structure,
r_{dp} – cost of foreign capital after tax,
w_{kw} – percentage of equity in the financing structure,
r_{kw} – cost of equity,
$r_{dp} = (1-T_d)r_d$
r_d – cost of foreign capital before tax,
T_d – corporate income tax.

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The determined weighted average cost of capital is used as the discount rate, which is used to calculate the adjusted value of cash flows in the forecast period.

3. Calculating residual value - value of free cash flows after the forecast period.
4. Calculating enterprise value - sum of discounted cash flows in the forecast period and the residual value after the forecast period.
5. Calculating the equity and individual share value.

The weighted average of the fee collected for the management of the funds MCI.EuroVentures 1.0 and MCI.TechVentures 1.0 in the first quarter of the year 2010 was at the level of 3.12%. The management fee in MCI helix Ventures Partners FIZ (HVP) for the first four years is 1.8 million PLN, and in later years will be 4% of net asset value. HVP FIZ is to hold assets worth 40 million PLN.

Considering the forecast AUM at the level of 545 million PLN, less the value of HVP assets together with the investment of five million PLN, the model used the assumption that the margin on management will be 3.41%. This value will change in the following years, and for the years 2013-2014 a margin of 3.3% was used, and after the year 2015, 3.2% was assumed. Furthermore, these values were added to the future fixed revenue from management fee generated from the Internet Ventures FIZ.

	IQ2010		2010	
	Assets under management	Fee [PLN]	Assets under management	Fee [PLN]
MCI EV FIZ	154,989	4,650	538,773	16,788
MCI TV and BV FIZ	134,137	4,359		
HVP FIZ	1,227	1,800	6,227	1,800
Total	290,353	10,809	545,000	18,588
Total margin on management		**3.72%**		**3.41%**

Table 13. Margin on management - estimates
Source: Own calculations

After the talks conducted with the Board we have taken our own following assumptions:

- AUM (Asset Under Management) in the year 2010 according to the Board's forecast will amount to 545 million PLN and will then grow by: 20% in the years 2011-2012, 18% in the years 2013-2014, 15% in the years 2015-2019,
- The model also includes the fact that the company has 4,048k PLN of unused tax loss, which may be written off until the year 2013 (it would increase the result by the uncollected tax for the year 2010 and by 572,000 for the year 2011),
- The amount of 18 million PLN for carry interest was added one time to the revenues from management for the year 2010. At the end of the year 2009, that due and uncollected fee was about nine million PLN. In subsequent years of the forecast, the model does not include additional revenue from performance premiums for generating higher-than-anticipated rates of return for individual

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funds (carry interest calculated according to the High-Water-Mark principle),

- Starting from the year 2011, after the registration of Internet Ventures FIZ, MCI will collect an annual management fee at the level of 1.5 million PLN (50% for management fee - 3% - collected by MCI and 50% of that fee collected by IIF),
- Revenues from management fee will shape as follows: 2010-2012 3.41% + abovementioned 1.5 million PLN, 2013-2014 3.3% +1.5 million PLN, 2015-2019 3.2% +1.5 million PLN,
- The amount for investments within the Internet Ventures FIZ in the amount of 75 million PLN (after deduction of the 10-year 3% management fee, i.e. 30 million PLN deducted in advance from the 100 million PLN in assets and five million PLN for the so-called non-returnable benefit on behalf of the NCF) will be invested as follows: in 2011, 9.5 million PLN, 2012 – 20.5 million PLN, 2013 – 18.5 million PLN, 2014 – 15.5 million PLN, 2015 – 11.0 million PLN.
- The EBITDA margin in the whole period will be 50% of revenues from management.

MCI Management S.A. [000 PLN]	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019+
Assets under management	*436 300*	545 000	654 000	784 800	926 064	1 092 756	1 256 669	1 445 169	1 661 945	1 911 236	2 197 922
Change		*24.9%*	*20.0%*	*20.0%*	*18.0%*	*18.0%*	*15.0%*	*15.0%*	*15.0%*	*15.0%*	*15.0%*
+ Internet Ventures			+9 500	+20 500	+18 500	+15 500	+11 000				
Revenues from management	*8 511*	36 588	23 806	28 267	33 085	38 770	44 361	50 790	58 183	66 686	76 464
Change		329.9%	-34.9%	18.7%	17.0%	17.2%	14.4%	14.5%	14.6%	14.6%	14.7%
EBITDA	*50 230*	18 294	11 903	14 133	16 542	19 385	22 180	25 395	29 092	33 343	38 232
Change		136.4%	-34.9%	18.7%	17.0%	17.2%	14.4%	14.5%	14.6%	14.6%	14.7%
Tax (19%)	*2 261*	0	1 690	2 685	3 143	3 683	4 214	4 825	5 527	6 335	7 264
FCFF		18 294	10 213	11 448	13 399	15 702	17 966	20 570	23 564	27 008	30 968
PV FCFF		**17 468**	**8 237**	**8 292**	**8 717**	**9 173**	**9 426**	**9 692**	**9 972**	**10 264**	

WACC calculation	
Beta	1.33
Risk free rate	5.79%
Risk premium	*5.00%*
Required rate of return	12.39%
WACC	11.35%

Net debt (thousand PLN)	74 591
Net debt + equity (thousand PLN)	363 314
Net debt / (Net debt + equity)	20,53%
Cost of debt after tax	7.12%
Premium for debt risk	3%

Enterprise value [000 PLN]	
PV (FCFF)	91 242
PV (residual discounted value)	102 134
EV	193 376
Value of share capital	118 785
Number of shares	51,970,239
DCF stock valuation	**2.29 PLN**

Sensitivity analysis		**FCF increase in infinity**		
		0.5%	**1.0%**	**1.5%**
WACC	**10.35%**	2.66	2.78	2.91
	10.85%	2.41	2.52	2.63
	11.35%	2.19	2.29	2.38
	11.85%	2.00	2.08	2.16
	12.35%	1.82	1.89	1.96

Table *14. Valuation of management company MCI Management S.A.* – DCF model
Source: Own analysis.

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It has to be emphasized, that from the year 2011 the valuation model does not include the additional possible carry interest fee. If the managers generate rates of return higher than the minimum (detailed information is included in the last column of Table 2.), the additional fee for individual funds may significantly influence the value of the company.

Net debt of the company was increased by the value of the issued series E bonds assigned on 1 July 2010, in the amount 27.45 million PLN. The assumption was made that this amount was included in the forecast published by the board of MCI Management S.A. concerning the amount of assets under management.

This model includes the assumptions that the risk free rate is equal to the profitability of 10-year treasury bonds, 5.791% (last bid on 16.06.2010). The two-year beta value assumed for the Company is 1.33. In order to discount cash flows we used the weighted average cost of capital (WACC) at the level of 11.35%. Residual value after the forecast period was assumed as growth in infinity by +1.0%.

<u>The value of the management company MCI Management S.A. was valuated using the DCF model at **2.29 PLN**.</u>

II. Valuation using Wilcox – Gambler model

This is a technique for valuating companies combining the assumptions of the book method and the liquidation method. The balance sheet of the company prepared for the day of valuation forms the basis for the analysis, and then the hypothetical liquidation value of balance assets is determined, assuming specified conversion factors. Determining the liquidation value is especially important, because the valuation using this method determines the lower bracket of the company's valuation. The Wilcox - Gambler model is based on the assumption that the liquidation value of the company includes: value of cash and stock, incomplete value of the amount of total liabilities - usually it is 70.0% and incomplete value of other assets - usually this equity component is valuated at 50.0%. The value of assets calculated this way, less total liabilities, gives the liquidation value of the company. When computing this value, one should notice that the values of some equity components are not valuated at the level of 100% and it is dependent on the ability to liquefy these equity components.

The liquidation value may be used in two ways, assuming that:

- The sale of assets is carried out without the pressure to sell them immediately (so-called orderly liquidation),
- The sale of assets is carried out immediately (so-called fire sale).

The below analysis was conducted for the company MCI and covers the period from the year 2007 to the first quarter of the year 2010. The following were used to calculate liquidation value: cash – (G), short-term financial assets and fixed assets for sale as well as short-term and long-term investments understood as securities – (PW), short-term and long-term liabilities understood as total liabilities – (N), provisions – (ZP), advance payments – (ZAL) and other assets, mainly fixed assets – (AK). This way the calculated value of liquidated equity is reduced by short term liabilities (ZK) and long-term liabilities (ZD).

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$$Wilcox - Gambler\ Indicator = (G*100\% + PW*100\% + N*70\% + ZP*70\% + ZAL*70\% + AK*50\%) - (ZK*100\% + ZD*100\%)$$

The result of the analysis is shown in the table below.

Specifications (values in thousand PLN)	Weight	31.12.2007	31.12.2008	31.12.2009	I Q 2010*
Cash (G)	100%	7,304.00	8,113.00	1,080.00	2,340.00
Securities and other short-term financial assets (PW)	100%	215,364.00	267,328.00	325,813.00	361,824.00
Liabilities (N)	70%	7,130.20	13,293.70	1,770.30	1,862.00
Provisions (ZP)	70%	0.70	92.40	0.00	0.00
Advance payments (ZL)	70%	0.00	0.00	0.00	0.00
Other assets (IA)	50%	1,816.50	2,724.50	2,128.50	1,701.50
Short-term liabilities (ZK)	100%	15,133.00	69,387.00	13,514.00	36,863.00
Long-term liabilities (ZD)	100%	66,755.00	22,668.00	54,144.00	44,641.00
Number of shares		39,891,000	42,075,167	45,294,496	47,349,989
Enterprise value after satisfying creditors		**149,727.40**	**199,496.60**	**263,133.80**	**286,223.50**
Change dynamics		**-**	**+33.24%**	**+31.90%**	**+8.77%**
Enterprise value after satisfying creditors per share		**3.75**	**4.74**	**5.81**	**6.04**
Change dynamics per share		-	+26.40%	+22.57%	+3.96%

Table 15. Wilcox – Gambler model
Source: own analysis
** annualized data for the last four quarters.*

After liquidating assets and satisfying creditors the liquidation value at the end of first quarter was 286,223.5k PLN which turned out to be +8.77% more than at the end of December 2009, when the liquidation value was 263,133.8k PLN. This result was decisively influenced by the valuation of securities and financial assets including long- and short-term investments, the total value of which at the end of first quarter of 2010 was 361,824.0k PLN. They were valuated higher compared to the state at the end of December of the year 2009 by 36,011.0k PLN. In the applied model other assets had comparably lower influence on the final result, valuated in the first quarter of 2010 at 1,701.5k PLN. As you can see, this level is rather stable, because at the end of the year 2009 this component of equity was valuated at 2,128k PLN.

On the other hand, the result was significantly reduced by short-term liabilities which at the end of first quarter 2010 were 36,863.0k PLN. As a comparison, at the end of 2009 this value was lower by 23,349.0k and amounted to 13,514.0k PLN. The opposite happened in case of long-term liabilities, which at the end of the first quarter of 2010 fell from 54,144.0k PLN to 44,641.0k PLN.

<u>Calculation of the liquidation value per share at the end of first quarter 2010 is **6.04 PLN**</u>, and at the end of December 2009 it is 5.81 PLN. Analyzing MCI from this angle, it is worth mentioning that the valuation using the Wilcox - Gambler method does not include knowledge and know how as well as intellectual property, which in this type of business (Venture Capital and Private Equity markets) create added value not included in the Company's equity. Hence, the inclination to increase the value of 6.04 PLN by the DCF value of the

managing company, i.e. 2.29 PLN, which as a result gives the valuation of **8.33 PLN**.

The calculated level of 6.04 PLN per share is the valuation below which the balance value of the company should not go (even in the extremely hypothetical negative bankruptcy scenario). Considering only an attempt to estimate the minimum value, we assume that in the final valuation, this number increased by the DCF of the managing company will weigh only 10% of the final average cumulated value of the MCI Group.

III. Valuation method – adjusted net assets model

We can check in the last available financial statements of the funds (as on 31.12.2009) that publicly listed companies are valuated according to their market value (closing stock price on 31 December 2009). The adjusted net assets valuation model assumes that the percentage of holdings of public listed companies, available in the last financial reports of individual funds (annual reports for the year 2009), have not changed (including the transactions on One-2-One, ABC Data and the full exit from the investment in S4E).

Value of assets of the five funds (based on the valuations from 31 March 2010) was multiplied by the percentage share of MCI Management S.A. After the adjustment, we commenced with the valuation of all five funds:

- MCI EuroVentures 1.0,
- MCI TechVentures 1.0,
- MCI.BioVentures FIZ,
- Helix Ventures Partners FIZ,
- MCI Gandalf SFIO.

In case of MCI.EuroVentures 1.0, we assumed the number of shares of ABC Data S.A. held at the end of the quarter according to the state on 31.12.2009. Until present day (26-07-2010), the number of shares of ABC Data in the portfolio the fund increased by 3,420,000 shares to the level of 55,377,600.

Due to the partial exit of MCI on 28th April 2010, from the majority share package in One-2-One, the valuation computation has to be adjusted for the holding of MCI.TechVentures 1.0. Before their sale, the fund held 910,845 shares in One-2-One SA, comprising 13.77% of the share capital of the company. After execution of four package transactions it now holds 100,000 shares comprising 1.51% of the share capital of the company. The transactions were executed at 8.90 PLN and at the closing of the day's trading investors paid for One-2-One shares 9.78 PLN.

In our calculations, to the value of assets resulting from the valuation of the MCI.TechVentures 1.0 certificate we added the 7,216,521 PLN generated on the abovementioned transaction, thus reducing the holding of the fund to 100,000 shares inOne-2-One.

In order to obtain valuations of the funds, without the companies listed on the primary market of the WSE and the NewConnect market, we subtracted the public assets at their closing prices on 31 March 2010. The Gandalf fund in 100%

belongs to external clients and is not included in the asset portfolio of MCI Management S.A. After the adjustment, we came to the value of assets held by the MCI Group at the end of 1Q 2010 at the level of 282,818,149 PLN.

	Value of assets on 31.03.10 (PLN)	Level of MCI engagement / number of shares belonging to FIZ funds	Value of assets held by the MCI Group on 31.03.10 <u>After adjustment</u>
MCI.EuroVentures 1.0	154,989,267	100%*	154,989,267
- ABC Data	Before IPO	51,957,600 shares	140,151,000
MCI.EuroVentures 1.0 after adjustment			14,838,267
MCI.TechVentures 1.0	125,916,351	97.40%	122,642,526
- TravelPlanet	21,56 PLN/share	905,297 shares	19,010,730
- One2One	8,97 PLN/share	910,845 shares	7,957,852
- Dom Zdrowia	2,00 PLN/share	2,656,700 shares	5,175,252
- Digital Avenue	0,78 PLN/share	4,588,620 shares	3,486,066
MCI.TechVentures 1.0 after adjustment			83,823,920
MCI.BioVentures FIZ	8,220,661	99.53%	8,006,923
Helix Ventures Partners FIZ	1,227,128	30%	368,138
MCI GANDALF SFIO	19,195,528	0%	0
TOTAL [PLN]	**309,548,935**		**282,818,149**

Table 16. Valuation using adjusted net assets method
* - including the share of Technopolis
Source: Own analysis

After obtaining the value of the funds' assets, excluding the companies listed on the stock exchange, we commenced to revaluate the assets held by MCI Management S.A. To the value of assets held by the MCI Group on 31.03.2010 **<u>after adjustment</u>**, we added the values of packages of public listed companies according to their closing stock price on 23 July 2010. The value of these packages was multiplied by the percentage share of MCI in each given fund. The accumulated data gave us the sum of the portfolio of assets held by the MCI Group. According to the state on 23 July 2010 and following the adopted principles the amount was 277,627k PLN.

	Value of assets held by MCI Group on 31.03.10 after adjustment / value of one share on 23.07.2010	Level of the fund's engagement / Number of shares in the fund	The value of assets held by the MCI Group on 23.07.2010	Differences resulting from adjustment of valuations of stock exchange companies from 31.03.2010 to 23.07.2010
MCI.EuroVentures 1.0	154,989,267	100.00%	14,838,267	0

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+ABC Data	2.46 PLN	55,377,600 shares	136,228,896	-3,922,104
Total MCI.EuroVentures 1.0			151,067,163	-3,922,104
MCI.TechVentures 1.0	125,916,351	97.40%	83,823,920	0
+ TravelPlanet	18.50 PLN/share	905,297 shares	16,312,547	-2,698,183
+ One2One	9.29 PLN/share	100,00 shares	904,846	32,000
+ One2One (package sale)	8.90 PLN/share	0 (810,845 shares sold)	7,028,891	259,470
+ Dom Zdrowia	2.72 PLN/share	2,656,700 shares	7,038,342	1,863,091
+Digital Avenue	0.70 PLN/share	4,588,620 shares	3,128,521	-357,545
Total MCI.TechVentures 1.0 after adjustment			118,237,067	-4,405,459
MCI.BioVentures FIZ *	8,006,923	99.53%	7,554,024	-452,900
Helix Ventures Partners FIZ *	368,138	30%	768,675	400,537
MCI GANDALF SFIO	0	0%	-	--
TOTAL	**282,818,149**		**277,626,929**	**-8,379,926**

Table 17. Investment portfolio of MCI Group after adjustment
Source: Own analysis
**- valuation on 30 June.*

Part of the investments relating to portfolio companies is outside the FIZ funds structure, but it is included in the total value of the MCI Group. This especially concerns:

- Travelplanet.pl (outside MCI.TechVentures 1.0 there are 28,488 shares of the company which gave at the end of Q1 614,201 PLN),
- ABC Data (outside MCI.EuroVentures 1.0 there are 25,685,000 shares in the company valuated at the end of Q1 at 66,760,455 PLN).

In connection to that, to the sum of assets of FIZ funds held by the MCI Group we added the updated values of the above packages (as on 23-07-2010). The resulting value was adjusted by the individual items from the balance sheet of MCI Management S.A. and arriving at the value of the portfolio per one share.

	Value of assets held by MCI Group on 31.03.10 after adjustment / value of one share on 23.07.2010	Number of shares held by MCI outside FIZ	Value of assets held by MCI Group on 23.07.2010
TOTAL [PLN]	**282,818149**		**277,626,929**
+TravelPlanet outside MCI.TechVentures 1.0	18.50 PLN/share	28,488 shares	527,028

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+ABC Data outside MCI.EuroVentures 1.0	2.46 PLN	25,685,000	63,185,100
SUMA [PLN]			**341,339,057**
	+ cash and equivalents		2,340,000
	+ liabilities		2,432,000
	+ other operating financial assets		3,913,000
	+ bonds of MCI.TechVentures 1.0		3,528,000
	+ series E bonds		27,450,000
	+ fixed assets for sale		9,091,000
	- total liabilities		-85,554,000
Portfolio value of MCI Group [PLN]			**302,107,057**
Number of MCI shares			51,970,239
Portfolio value per one share [PLN]			**5.86**

Table 18. Valuation of MCI Management S.A. portfolio using the adjusted net assets method
Source: Own calculations

The company ABC Data has extensive influence on shaping the value of the portfolio of MCI Management S.A. The hypothetical growth of ABC Data stock price by 1.00 PLN (to 3.46 PLN) would cause the value of the portfolio to jump to 422.4 million PLN (valuation using adjusted net assets method grows to 7.37 PLN per share). This causes the valuation of the portfolio using the method of adjusted net assets to be very sensitive to fluctuations of the stock price of ABC Data.

With these assumptions, according to the valuations of companies listed on the WSE and NewConnect, the portfolio of MCI Management S.A. valuated using the adjusted net assets method is 302.11 million PLN, which gives **5.86 PLN** per one share of the Company.

The value of the MCI Management S.A. portfolio does not include the value of the managing company itself (which should be added), which generates profits (in addition to investment activities) among others from this title. In the coming years, this share will have an even greater influence on the financial results of MCI Management S.A.

Value of the managing company was valuated at **2.29 PLN** in the DCF model. Finally after adding it to the portfolio of MCI Management S.A. valuated using the adjusted net assets method, which was **5.86 PLN,** we arrived at the total valuation of **8.15 PLN**.

IV. Valuation of the portfolio of MCI Group using the DCF model

The valuation of the MCI Group is based on discounting as of today the growth of the estimated net portfolio to the end of the year 2019. Values such as: beta, risk free rate, net debt, net debt plus equity, risk premium, premium for debt risk for the required rate of return were taken from the DCF valuation model of the managing company MCI Management S.A.

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After the talks conducted with the Board we assumed our own following assumptions:

- Value of the portfolio in the year 2010 will grow by 21.36%, which corresponds to the IRR rate generated since the beginning of operations of the MCI Group and will be increased by the amount raised from series E bonds discounted to the end of December of this year. In consequence, we assume the 27.34 million PLN raised from the issue will bring in five months the rate of return at the level of 8.90% (21.36% p.a.),
- In subsequent years, the portfolio of MCI Group will grow as follows: in the year 2011 by 21%, in 2012 by 20.50%, in 2013 by 20%, in 2014 by 19.50%, in 2015 by 19%, in 2016 by 18.5%, in 2017 by 18%, in 2018 by 17.5% and in 2019 by 17%. However, these values will be increased by 25% share of MCI in the portfolio of the newly created Internet Ventures fund (in organization),
- The amount for investments within the Internet ventures FIZ fund in the amount of 75 million PLN (after deducting the 10 year 3% management fee, i.e. 30 million PLN calculated in advance, from the 100 million PLN in assets and five million PLN for the so-called non-returnable benefit on behalf of the NCF) will be invested as follows: in 2011 9.5 million PLN, 2012 – 20.5 million PLN, 2013 – 18.5 million PLN, 2014 – 15.5 million PLN, 2015 – 11.0 million PLN. Due to the fact that the share of MCI in the fund is 25% (the remaining shares belong in 50% to the NCF and 25% two IIF SA), the portfolio of MCI Group will grow by 2,375k PLN in the year 2011 (which will give total growth in the year 2011 by 21.62% instead of 21%), 5,125k PLN in the year 2012, 4,625k PLN in the year 2013, 3,875k PLN in the year 2014 and 2,750k PLN in the year 2015. Each of these values will grow in the next year and the rate according to the model adopted in the portfolio growth, e.g. the 2,375k PLN will grow in the year 2012 by 20.5%.

MCI Management S.A. [000 PLN]	*2009*	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019+
Value of portfolio	*288 643*	380 190	462 405	562 323	679 413	815 773	973 520	1 153 622	1 361 273	1 599 496	1 871 411
Change		21.36%	21.00%	20.50%	20.00%	19.50%	19.00%	18.50%	18.00%	17.50%	17.00%
+ plus MCI portfolio within Internet Ventures FIZ			+2 375	+5 125	+4 625	+3 875	+ 2 750				
Change		31.72%	21.62%	21.61%	20.82%	20.07%	19.34%	18.50%	18.00%	17.50%	17.00%
PV FCFF		**363 024**	**372 951**	**407 315**	**441 970**	**476 589**	**510 780**	**543 585**	**576 055**	**607 878**	**638 730**

WACC calculation	
Beta	*1.33*
Risk free rate	5.79%
Risk premium	*5.00%*
Required rate of return	12.39%
WACC	11.65%

Net debt (000 PLN)	*74 591*
Net debt + equity (000 PLN)	*363 314*
Net debt / (Net debt + equity)	20,53%
Cost of debt after tax	7.12%
Premium for debt risk	*3%*

Net portfolio value [w 000 PLN]	
PV (FCFF)	638 730
Portfolio value less net debt	564 139
Number of shares	51.970.239
DCF portfolio valuation	**10.86 PLN**

Table *19. Valuation of the portfolio of the MCI Management S.A. Group - DCF model*
Source: Own analysis

The value of the discounted portfolio of the MCI Group estimated using the discounted cash flow model is estimated at 10.86 PLN. After adding to the estimated net portfolio, the value of the managing company, 2.29 PLN, we arrive at the discounted value of the whole MCI Management S.A. Group at the level of **13.15 PLN**.

Valuation - summary

When formulating the final estimation of the value of shares of the Company we used the weighted average of the four valuations obtained using: I the comparative method (30%), II the Wilcox-Gambler model increased by the DCF value of the managing company MCI Management S.A. (10%), III the adjusted net assets method increased by the DCF value of the managing company MCI Management S.A. and IV the DCF portfolio method for the MCI Group increased by the DCF value of the managing company MCI Management S.A.

Valuation	**I**	**II**		**III**		**IV**	
Model	Comparative	Wilcox-Gambler	+ DCF of managing company	Adjusted net assets	+ DCF of managing company	DCF of investment portfolio	+ DCF of managing company
Price	**8.49 PLN**	6.04 PLN	+2.29 PLN	5.86 PLN	+2.29 PLN	10.86 PLN	+2.29PLN
		8.33 PLN		**8.15 PLN**		**13.15 PLN**	
Weigh	30%	10%		30%		30%	
Valuation	**9.77 PLN**						

Table *20. Final valuation of the MCI Management group - collective summary*
Source: Own analysis.

Our final valuation of one share of the MCI Management S.A. Group is 9.77 PLN.

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Glossary of terms used:

EPS = earnings per share
DPS = dividend per share
CF = net profit + depreciation
CFPS = cash flow per share
ROE = return on equity
ROA = return on assets
ROCE = return on capital employed
Capital employed = own capital + foreign capital for which company pays interest
MC = number of shares * market price
Net debt = interest-bearing debt adjusted for cash and cash equivalents
EV = MC + Net debt
P/E = market price / EPS
P/CF = market cap / (depreciation + net profit)
P/BV = market cap / book value
P/S = market cap / net sales
WD = DPS / EPS * 100%
WI = retained earnings / EPS *100%
Dividend rate = DPS/ market price *100%
IRR = internal rate of return measuring the economic effectiveness of an investment
HWM (High – Water Mark) a variable remuneration calculated only from the increase in value of the units of the fund over the current and historical maximum value of the units
NAV - net asset value
Management fee – a fee for management
Carry interest – motivational bonus paid to the managing entity for results above the benchmark.

The following recommendations used by the Brokerage House mean:
1) "buy" - in the opinion of the Brokerage House the financial instrument has a growth potential of at least 20%,
2) "accumulate" - in the opinion of the Brokerage House the financial instrument has a growth potential of at least 10%,
3) "neutral" - in the opinion of the Brokerage House the financial instrument will remain stable in the range +/- 10%,
4) "reduce" - in the opinion of the Brokerage House the financial instrument has a loss potential of at least 10%,
5) "sell" - in the opinion of the Brokerage House the financial instrument has a loss potential of at least 20%.

This report was prepared on 28 July 2010.

The above report is addressed to the customers of the Bank DnB NORD Polska S.A. Brokerage House, non-customers of the Brokerage House, other interested persons, and after publishing this report, to the general public.

The recommendation is valid for 12 months, unless it is changed earlier.
Earlier recommendations concerning MCI Management S.A. issued by the Bank DnB NORD Polska S.A. Brokerage House within the last 12 months: none. The Bank DnB NORD Polska S.A. Brokerage House does not plan at present any updates to this report or publishing another report concerning the business entity in question.

The Bank DnB NORD Polska S.A. Brokerage House is a separate organizational and financial unit of Bank DnB NORD Polska S.A. The Polish Financial Supervision Authority is the entity supervising the activities of Bank DnB NORD Polska S.A. Brokerage House.

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According to our best knowledge, there are no links between the Bank DnB NORD Polska S.A. Brokerage House and the persons preparing this report, or their close relatives, which are referred to in §9 and §10 of the Resolution of the Minister of Finance of 19 October 2005 on information consisting recommendations concerning financial instruments, its issuers or drawers.

The recommendation drawn up by Bank DnB NORD Polska S.A. Brokerage House is the result of, among others, the agreement concluded between the company Immoventures Sp. z o.o. (the dominating entity in the shareholding structure of MCI Management) and the Bank DnB NORD Polska S.A. Brokerage House, in which the Brokerage House committed to preparing by 30 June 2010 an analytical report with the valuation concerning MCI Management. The above agreement was annexed and the deadline of submitting the report is 28 July 2010. The condition warranting preparation of the recommendation was obtaining a brokerage commission stipulated in the agreement concerning stock exchange transactions executed by ImmoVentures Sp. z o.o. on behalf of the Brokerage House. The Brokerage House did not collect any additional remuneration for drawing up this recommendation.

Remuneration of the persons participating in preparation of this report is not in any way dependent on the financial results of the transaction in the scope of investment banking of Bank DnB NORD Polska S.A. Brokerage House concerning financial instruments described herein. Persons participating in preparation of this report have no information as to the occurrence of the situation mentioned in §10, pt. 1, items 8 and 9 of the Resolution of the Minister of Finance of 19 October 2005 on information consisting recommendations concerning financial instruments, its issuers or drawers.

Investment in shares and stock is subject to multiple risk factors, for example the international and national macroeconomic situation, a certain legal state and its possibility to change as well as tendencies occurring in other segments of the financial market (among others foreign exchange market, interest rates) or the commodities market. In practice, an accurate forecast of the influence of said risks on the development of stock prices and its elimination is impossible, which must be considered when taking any investment decision.

Valuation methods applied in this report are based on models that are described in economic literature and are commonly used. It must be noticed that in order to make an accurate valuation it is necessary to estimate a large number of parameters like interest rates, future profits, cash flows and others. These parameters vary over time and may differ from those adopted in the valuation model. The valuation depends on the values of input parameters and is sensitive to their changes.

During the preparation of this report the Bank DnB NORD Polska S.A. Brokerage House used the following sources of information: materials received from MCI Management SA, current and periodic reports of MCI Management SA, materials published on the issuer's website, news from the Polish Press Agency, news from the Thomson Reuters Service, www.bankier.pl, www.wikipedia.pl, www.kfk.org.pl and the reports prepared by the European Private Equity & Venture Capital Association (EVCA). There is no guarantee that any and all information is complete and accurate.

Considering the change of provisions of the Act of 29 July 2005 on trading financial instruments, the Bank DnB NORD Polska S.A. Brokerage House filed a motion to the Polish Financial Supervision Authority to issue permission for the preparation of investment analyses, financial analyses and other recommendations of general character concerning transactions in the way of financial instruments. Until this permission is granted, these activities are performed on a conditional basis.

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