

MCI Group has published its results for the first half-year of 2011

31.08.2011

After the first half-year of 2011, the net profit of MCI Management SA, as compared with the same period in the past year, was 98% higher, and the consolidated net profit went up by almost 94%, as compared with the I half-year of 2010. The financial report for the I half-year of 2011 was published on 31 August 2011.

FINANCIAL SITUATION

The consolidated net result, which the MCI Group generated in the first half-year of 2011 amounted to PLN 41.2 million. The value of consolidated assets under management rose to PLN 691.1 million and consolidated net assets to PLN 557 million. In the period from 01/01/99 to 30/06/11, the MCI Group achieved the net return on the investment (net IRR) of 23,5% (the average net IRR of the entire MCI portfolio during a period from 01/01/99 to 30/06/11 – computed as the sum of full and partial exits and of the portfolio book valuations as of 31/03/11).

“A successful half-year is behind us. We recorded the unit net result being almost 100% higher as compared to the respective result after the first half-year of 2010. In addition, our assets under management also rose – from PLN 777 million in the first quarter of this year to PLN 823 million at the end of the first quarter,” said Tomasz Czechowicz, President of the Management Board of MCI Management SA.

The value of certificates of MCI.TechVentures went up 24%, as compared with the end of the year 2010. The express increase in the value was registered in the investment in iMall, the leader on the e-commerce market in the Czech Republic and the Central and Eastern Europe. The value of certificates of MCI.BioVentures went up, as compared with the end of the year 2010, by 37%, mainly thanks to the successfully implemented IPO process of Genomed SA on New Connect. MCI.EuroVentures Division however, has recorded a reduced value of the certificate, which was caused by the drop in the stock

value of ABC Data, but it was partially compensated by the recognition of receivables and revenues from damages awarded by the final court order in the JTT case, which court order was received in May 2011.

INVESTMENTS

Helix Ventures Partners signed yet another investment agreement with AVP. The amount of investment was PLN 3.5 million. The AVP program is the first and only time-sharing program for aircraft, called Sky Share. This investment will be used mainly for the establishment of the European-range training centre for pilots based on the technologically advanced flight simulator.

Internet Ventures fund made its first investment of PLN 6 million in Kompan.pl, one of the largest distributors of search engine and context advertisements in Poland. Invested funds will support the further dynamic growth of the number of customers through the expansion of its regional offices and the creation of a corporate sales division. In addition, the company intends to develop sales of advanced interactive marketing services.

Besides, in June of this year, MCI increased its share in Invia – the leader on the Czech e-travel market – to 73% by buying an additional 22% of shares for an amount of PLN 13.6 million.

MOST IMPORTANT EVENTS IN PORTFOLIO COMPANIES

- ABC Data: the introduction of its own "Colorovo" brand (consumption materials) in Poland, the Czech Republic, Lithuania and Slovakia; the signing of an agreement with Huawei Polska for distribution of devices produced by the global leader and supplier of new-generation solutions for telecoms - Huawei Technologies; for the third year in a row the Company was recognized the best IT distributor in Central and Eastern Europe and received the EMEA Channel Academy award; the implementation of the operational integration with Scoop Computer Rumunia (the acquisition in December 2010); results after the I quarter of 2011: PLN 14.70 million in net profit (a 191.7% year-over-year increase), the group's operating profit was PLN 12.97 million compared with PLN 8.93 million a year earlier; forecast for 2011 financial results (25/01/11): sales revenues – PLN 3.4 billion; operating profit increased by the value of depreciation – PLN 72 million; the net profit – PLN 46 million;
- Invia.cz – after the first half-year of 2011, the company recorded income in amount

of EUR 3.3. million, which means a 25% year-over-year increase and EBITDA in an amount of EUR 0,2 million (a 220% year-over-year increase);

- Mall.cz: the leader of the e-commerce market in the Central and Eastern Europe; the company demonstrates a high dynamics of revenue growth implementing highly ambitious forecasts of financial results; the goodwill of the Company exceeds EUR 100 million (computed on the basis of the evaluation of comparable companies from the public market); it is expected that the Company will maintain its dynamic growth in the years 2011/2012 through the organic development and planned mergers and acquisitions in Poland and Central and Eastern Europe;
- Travelplanet: forecast of results (09/08/11): PLN 20 million in revenues (approximately 18% more as compared with financial results in the year 2010), EBITDA in an amount of PLN 2 million; net profit in an amount of PLN 500.000; net profitability standing at 2,5%; Jerzy Krawczyk (before, i.a. the CEO of Teta, is in charge of: restructuring, IPO, M&A and attracting a strategic partner) was appointed a new Managing Director;
- Telecom Media: a new President – Jacek Czynajtis, who earlier worked for, i.a.: AGORA S.A., Polskapresse, Mediatak, Murator S.A., and TIME S.A.; for 11 years Jacek Czynajtis has been performing the duties of management board members while being directly in charge of the sales management; the company is planning the IPO process in the year 2012 on the NewConnect market, from which it wishes to obtain from PLN 5 million to PLN 10 million for its mergers and acquisitions; the company assumes that this year the EBITDA result will amount to PLN 2 million; the Company has acquired 31% of shares in Optizen Labs, which specializes in solutions related to mobile marketing and digital publishing;
- Navi Expert: in the plebiscite performed by Android.com.pl – the Poland’s largest service for the users of mobile devices with the Android operating system – was named the best navigation operating on this platform, NaviExpert won almost 40% of votes; the number of registered users of NaviExpert navigation exceeded one million; NaviExpert received additional financing under POIG, 2007-2013, Operation 1.4-4.1 to prepare the open online navigation platform (PLN 815.000);
- Geewa: Pool Live Tour of Geewa is the most popular pool game on Facebook, with the participants from 190 countries; Pool Live Tour is among the first one hundred most popular games is available on Facebook and Geewa is among 10 producers of synchronic games on Facebook; from May to July the number of active per-day users of Geewa games increased more than two-fold (to approximately 0.5 million persons);
- Genomed: On 30 May, the company celebrated its debut on NewConnect – during the first listing the price of its shares went up 10% - to PLN 31.50; during the private

placement the company acquired approximately PLN 3 million – this money will be designated for the implementation and development of technology in the sector of personalized medicine and the increase in the sales network of existing and new services;

- Digital Avenue: the company recorded a more than 56% increase in revenues and a 20% increase in operating profit in the first half-year of 2011; portals owned by Digital Avenue generated in the first half-year of 2011 almost PLN 3 million in net revenues from sales and more than PLN 354.000 in operating profit (PLN 1.9 million and PLN 295.000, respectively); the MCI Groups portfolio was thematically expanded.

– The development of our Czech companies – Invia, Geewa and Mall.cz. – is extremely dynamic. They are the true candidates for becoming global champions in our portfolio and we believe that this will come true, in particular because the evaluations and achievements of global leaders in their sectors, e.g. Zynga, prove their potential – said Tomasz Czechowicz.

EXIT TRANSACTIONS

In the first half-year of 2011, MCI effected the exits with the total value of approximately PLN 70 million, which is a seven-fold amount of the value of exits effected in the first half-year of 2010. Currently the Company has reserves to make new investments in an amount of PLN 222 million, of which about PLN 80 million can be earmarked by commitment funds and approximately PLN 142 million can be provided by traditional funds and the MCI Group.

SHARE REPURCHASE PROGRAM

The stock price / market value of MCI is below its per share market value (NAV). Since the investment in MCI shares is currently highly beneficial, the MCI Management Board decided to launch the share repurchase program. The share repurchase program will be implemented until 30 June 2012 and will cover up to 5% of MCI shares, however, no more than 2% can be repurchased on a monthly basis. The maximum unit price for shares repurchased in the program cannot exceed the level of PLN 7.98; the minimum price was planned to be at the level of the nominal price of the share. The draft resolution regarding the amendment of the General Assembly of the Shareholders – resolution was proposed for the upcoming Extraordinary General Assembly of the Shareholders, which will be held on 06 September 2011. In July of 2011, MCI concentrated about 1% of its own shares under the share repurchase

program, which was suspended until 31 August 2011 because the company entered its closed period.

The Management Board believes that the implementation of this program in terms of medium-term and long-term investments will ensure that the stock value of MCI shares held by MCI shareholders will go up.

JTT CASE

On 12 April 2011, the Court of Appeals in Wrocław awarded damages to MCI for the losses incurred by the company following the devaluation of held shares of JTT Computer SA., which was forced to bankruptcy as a result of faulty decisions taken by tax authorities in violation of the law. An amount of PLN 28.904.888, plus statutory interest from 08 June 2006 until the day when the compensation is paid, was adjudged in favor of the company. In May 2011, the Court of Appeals in Wrocław paid to the bank account of the company an amount of PLN 46.607.467,94 (the amount of damages and statutory interest). The awarded amount was less than the amount which was sued for by MCI. The parties could file a cassation complaint to the Supreme Court and the parties took advantage of the said possibility.

F SERIES BONDS

In April 2011, MCI held a successful issue of F-series bonds with a total value exceeding PLN 35 million. The capital raised from the bonds is intended for new investments. The group of bondholders, who took up the bonds, included a big group of investment funds and pension funds. Selected parameters of bonds: bearer bonds, variable coupon rate, three-year, maturity on 31 March 2014; variable coupon rate, based on 6M WIBOR plus 400 point margin; interest paid semi-annually; the bonds are deposited in the National Securities Depository. The bonds were placed on the secondary markets, Catalyst and BondSpot. The issue was executed via a public offering, targeted at primarily institutional investors and wealthy individual investors, who are seeking stable debentures.

FORECAST OF THE FINANCIAL RESULTS

The forecast of the financial results of the Company for the year 2011 published on 17 March 2011 assumed an increase in the net value of consolidated assets per one share from PLN 8.44 in 2010 to PLN 10.76 at the end of 2011 and the forecast of the net

consolidated profit for 2011 in the amount of PLN 171 million. This forecast was made on the assumption that the GDP in Poland will grow by 4.1% and the WIG20 index will grow by 10%.

In connection with the negative changes in the ratios whose estimates were the basis for the development of the Forecast of the financial results of the Company in 2011, and whose values correlate with the financial results of the Company, the Management Board introduces additional variants of the realization of the forecast of the financial results:

- a) If the change in the WIG20 index at the end of 2011 compared to its value at the end of 2010 reaches the level of -10%, then the net value of consolidated assets of MCI Management S.A. per one share shall be estimated at PLN 9.50 at the end of 2011, and the value of assets under management can grow up to PLN 1 billion ;
- b) If the WIG20 index does not change markedly at the end of 2011 compared to its level at the end of 2010, then the net value of consolidated assets of MCI Management S.A. per one share should reach the estimated value of PLN 10.40, and the value of assets under management should reach the PLN 1.2 billion.