

# Record results of MCI in 2007. Ambitious plans of the company for 2008.

21.02.2008

According to the preliminary results in year 2007 MCI Management S.A. (â€œMCIâ€œ) achieved a unit net result ranging 78.6m zlotys and consolidated net profit at the level of PLN 78m. The Complete results will be published in the quarterly report February 29th, 2008.

The Fundâ€™s results and asset appraisal for 2007.

The consolidated net profit grew by 208% compared with year 2006 (PLN 25,5m), whereas the unit net result by 166% (in 2006: PLN 29,3m), what enabled the company to accomplish its forecasts by over 100%. MCI results comprised 6 transactions of sale of shares and stock of portfolio companies (One-2-One, S4E, ITG, Hoopla.pl, Telecom Media, Clix), the December 2007 contribution of assets to MCI Capital TFI managed subfunds MCI.TechVentures 1.0 and MCI.EuroVentures 1.0 as well as an update of appraisal of MCI assets for the end of the year. Two MCI portfolio companies, S4E and Digital Avenue, made a very successful debut at the first session of the new alternative market NewConnect in August of last year.

The managerial evaluation of MCIâ€™s assets for the end of 2007 amounted to a final 530.6m zlotys, which by almost 88% completes the forecast announced by the fund (604.1m zlotys). The formal accounting appraisal of assets used, among others, to calculate the value of net assets in the subfunds (based on EVCA guidelines) amounted to 269.6m zlotys.

Strategic development and Fund structure reorganizing

As a result of the new development strategy adopted at the beginning of 2007, based on diversifying the investment policy and geographical expansion, a dynamic organization growth of the Company has occurred. Investment teams dedicated to each asset

category have been created within the individual Funds managed by MCI concentrating on fulfilling the adopted investment strategies.

Last year brought growth and expansion to the MCI.TechVentures 1.0 fund, and two new MCI managed funds were launched: MCI.BioVentures, investing in companies in the early stage of development in the biotechnology and healthcare industries and MCI.EuroVentures 1.0, investing in mature and developed companies from TMT, financial and health services sectors. Furthermore, MCI continues its activities to create the HelixVentures fund, co-subsidized from the National Capital Fund, investing in advanced technology sectors (Internet, software, mobile, electronics, nanotechnology) in seed/start-up companies. As result of the above activities, the MCI team has grown to 27 persons, thus becoming one of the largest Venture Capital and Private Equity investment teams operating in Central-Eastern Europe.

In July 2007, MCI Capital Towarzystwo Funduszy Inwestycyjnych SA (company 100% MCI Management SA dependent) received permission from the Polish Financial Supervision Authority to begin its operations and create its first two subfunds: MCI.TechVentures 1.0 and MCI.EuroVentures 1.0. They are private equity funds, meaning at least 80% of their assets are invested in shares or stock of non-publicly listed companies. In mid-December, 2007, MCI completed the first stage of transferring assets (shares/stock of portfolio companies) to the aforementioned subfunds.

The evolution of MCI from a venture capital fund towards a company managing a diversified alternative assets portfolio is aimed at transforming the MCI capital group into a legal entity that is safer for investors and formally more transparent, operating under the governance of PFSA. Already in the second half of 2008 the financial results of MCI will have been almost completely the result of increases and decreases of value of owned investment certificates (that will be publicly announced at least once a quarter). Additionally, through the operations of MCI Capital TFI SA, the income structure of the MCI investment group will feature an additional stream of income from the management commission fee, which in the future, aside from direct income from sale/remittance of investment certificates, shall constitute a significant item on the MCI balance sheet.

Creating successive new subfunds, MCI wants to offer investors a highly profitable product alternative to investing in publicly traded stock or investments in classic open joint-stock investment funds.

Investment portfolio development, new investments and exits in 2007.

In the past year 2007, MCI begun 6 new investment projects; one in the Czech Republic (Geewa s.r.o.), one in Bulgaria (Nexcom Bulgaria), four in Poland – NetPress Digital Sp. z o.o. , Finepharm Sp. z o.o., Intymna.pl Sp. z o.o. and the first leveraged buyout of ABC Data Holding. The joint value of the new investments in 2007 exceeded 62 million zlotys, and including the subsequent investment rounds amounted to over 79 million zlotys.

Essential to the continuation of MCI's dynamic growth was the leveraged buyout of ABC Data Holding, comprising buyout of three companies from three countries, generating an annual income of over 2.5b zlotys from sales of equipment and computer software. The joint value of the transaction amounted to over 212m zlotys and was financed, among others, with convertible bonds.

The total value of generated cash income from investment exit transactions in 2007 amounted to 49.6m zlotys (including the transaction of sale of Technopolis for the amount of 17.3m zlotys). MCI continued the strategy of partial exits from portfolio investments built in the years 2000-2004, selling minority shares in One-2-One, S4E, ITG and Hoopla. Full exits were executed in the Clix Software and Comtica projects.

In 2007 preparations were made to execute subsequent stages of MCI investment portfolio exits, connected both with exits through the capital market and strategic investors.

Even with the drops in prices on the stock markets at the end of 2007, MCI recorded an increase of the managerial evaluation of its assets by 152% to the amount of PLN 530.6m. This increase followed both the growth of the current portfolio as well as new investments, including ABC Data.

Forecast for 2008

The Board of MCI Management SA hereby presents its forecast for the year 2008:

Year 2008 Forecast

Net unit financial result 79.6m zlotys

Consolidated net financial result 78.6m zlotys\*

Managerial evaluation of MCI assets 707.5m zlotys

\* assuming unconsolidated results of ABC Data Sp. z o.o. group.

Due to the uncertainty of capital markets all over the world and its impact on the appraisals of public and private companies, MCI conservatively forecasts the net unit result for the year 2008 at the level similar to last year's. By the end of the first half of 2008, the Company plans to complete the process of transferring all assets to proprietary investment subfunds, causing the consolidated result in 2008 to be similar to the unit result of the company.

By the end of 2008, the Board of MCI Management SA plans an increase in value of assets by 33.3% in connection to the growth of the portfolio of managed companies.

#### Actions planned in 2008

The MCI investment strategy for 2008 assumes conducting 8 - 12 new investments, within the managed Funds, with the total target value of employed assets around 100m zlotys. New investments are to be carried out in Central-Eastern Europe, with the Polish market remaining dominant both in structure and size of investments. In the opinion of the Board of Company, in 2008, MCI will operate in a more favorable market environment for conducting new attractive investments, connected with making project appraisals more actual.

In the exits area, MCI considers 5 -10 transactions worth between 60 to 90 million zlotys. Execution of the transactions will be correlated with fulfillment of adopted operational and strategic plans of portfolio companies as well as with the general investment climate on the capital markets.

In the scope of portfolio growth management, a multi-variant plan was prepared assuming the following:

- growth of value of the current investment portfolio based on organic development, optimization of operations and increasing the competitiveness of the projects,
- a leaping increment of value of key portfolio projects enhanced with mergers and buyouts,
- preparing chosen projects to enter the regulated and NewConnect stock exchanges and carry out the offerings,
- introducing plans for investment exits within chosen projects with mature Fund exposure,
- acquiring new highly attractive projects within TechVentures, BioVentures and

EuroVentures in Poland and the region of Central-Eastern Europe.

The above actions should deliver growth of investment portfolio worth to the level exceeding 700 million zlotys.

MCI will continue its strategic growth assuming work on new Funds managed by MCI:

- Building local funds investing in seed/start-up assets based on local capital sources (like the National Capital Fund) in Poland, Czech, Romania and Ukraine. Including launch of Helix Ventures with investment strategy concentrated on investment in innovative technology at seed/start-up level in Poland.

- Development of TechVentures 08 fund, based on the classic structure of acquiring capital, as the leader of venture capital in the region of Central-Eastern Europe, building local and regional leaders and projects with global competitiveness.

- Development of the EuroVentures fund as the leader of expansion capital investments in the region of Central-Eastern Europe based on local sources of capital through TFI and TMT sector focus / Finances / Healthcare / Medicine / Media.

- Development of BioVentures fund as the leader in seed/venture capital in the areas of biotechnology / lifescience / medical services in Poland and Central Europe based on National Capital Fund and European Investment Fund.

- Development of EcoVentures fund as the leader in seed/venture capital in the areas of environmental protection, technological innovation, energy and chemistry in Poland and Central Europe.

Due to the planned high value of new investments in 2008 and plans of launching successive Funds, MCI foresees issuing new stock convertible bonds (50 million zlotys) and public issuance of MCI stock (50 million zlotys) by the end of year 2008. Performing the issuance of bonds and subsequent issuance of stock will be closely correlated with MCI's demand connected with the fulfillment of new endeavors, while the issuance of stock convertible bonds will be carried out first.

According to the principles, the value of the convertibles issuance shall be 50 million zlotys. The bonds will have a 3-year maturity with right to convert to stock at 25 zlotys per share. The offer to take up bonds will be aimed at national and international investors via a private offering.

In the second half of 2008, MCI may perform an additional issue of shares worth up to 50 million zlotys at a price similar to the market price as part of a public offering with priority rights to take up shares by current stockholders of the company in a proportion

not exceeding the stake in the share capital.

“The Private equity industry in Central Europe remains a highly lucrative market in connection to the dynamics of Eastern-European development, the perspectives of private equity market growth and competition intensity. MCI plans further dynamic growth in its most attractive segments – venture capital, biotechnology, buyouts, expansion capital and clean technologies. The advantages of MCI are a unique proposal at WSE in terms of the combination of growth perspectives with the correlation to offered risks” – said Tomasz Czechowicz – MCI Managing Partner.

“Since MCI decided to publish its financial result forecasts, it has always fulfilled them. The Board of Company is convinced that the year 2008 will be another year when MCI shall not disappoint its investors” – said Konrad Sitnik – MCI Senior Partner.