

The MCI group publishes results for H1 2010

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After the first half of the year 2010, MCI Management SA generated the net unit result higher by 121% to the respective period of last year, and the consolidated net result grew by almost 93% compared to the first half of 2009. The financial report for the first half of 2010 was published on 24 August 2010.

FINANCIAL SITUATION

The consolidated net result generated by the MCI group in the first half of the year 2010 was 21.2 million PLN. The value of consolidated assets under management grew to 554.3 million PLN, and the consolidated net assets grew to 311.1 million PLN.

“Successful fundraising activities have caused us to have a substantial cash supply at our disposal, which we intend to allocate for new investments. The market offers many possibilities, which we are thoroughly researching when building pipelines for individual funds. By the end of the year we are planning to invest in a few new projects. We are also planning to finish preparations for launching new funds.” – said Tomasz Czechowicz, President of MCI Management SA.

“The positive development of companies from the portfolio of MCI.TechVentures and MCI.BioVentures and the increase in revenues from managing assets enable us to uphold the forecast net result, which we published in February this year. The valuation of companies listed on the WSE at the end of 2010 will have a significant influence on its realization. We believe both new and previous investments of MCI will help us to build value for our Shareholders and Investors.” – added Tomasz Czechowicz.

NEW FUNDS

On 30 June 2010, MCI and IIF Group signed a support agreement with the NCF, which will be the basis to create the fund Internet Ventures. The new fund will be the largest Venture Capital technology fund in Poland, having investment assets in the amount of 100 million PLN and co-managed by the teams of MCI and IIF, uniquely combining the best-in-Poland experience and competence in the scope of investments in technology

companies. The Fund's strategy assumes investments in projects at early stages of development and at growth stage – companies with a potential for success on the Polish, CEE, European and global market in the areas of electronic media, e-commerce, online technologies and services and mobile. The fund plans to invest in about 18-20 projects, diversifying its portfolio sector-wise.

Intensive work is also underway to launch a fund operating in the area of real estate, MCI.ImmoVentures. The fund plans investments from 5 to 50 million PLN at a time, for a period of 2-5 years. The planned initial capital of the fund will reach 40 million PLN at the end of 2010.

NEW INVESTMENTS

Helix Ventures Partners signed two investment agreements. The first project (January of this year) is mSejf, a service enabling to create secure online backup copies of data and quickly and easily restore it in case of loss. The application is automated; the data is sent Lat over the Internet and stored on secure virtual servers.

The second project is eBroker.pl – the financial comparison website. eBroker is already a profitable project, despite having operated on the market for only one and a half years, with a strong position on the Polish market, with a broad array of developed services and the right tools to operate the business. Financial comparison websites are a relatively young, but dynamically growing trend of online services. The service enables the client to select from the whole offer of loans and insurance available on the market the one which is the most appropriate for him.

MOST IMPORTANT EVENTS IN PORTFOLIO COMPANIES

- ABC Data: debut on the WSE; fifth largest IT Company in Poland ("Teleinfo report 500");
- Digital Avenue: acquisition of Styl.Media Sp. z o.o. (publisher of the lifestyle Internet portal for women, Styl.fm) – the company which in the year 2009 generated over two million PLN in revenues and 376k EBITDA;
- Telecom Media: preparations to begin the IPO process;
- Genomed: generated net profit in the amount 140k PLN; signed cooperation agreement with the Nationwide chain of diagnostic laboratories Diagnostyka; preparations to begin the IPO process on NewConnect;
- Navi Expert: Golden Antenna of the Telecommunications World in the category Service of the Year 2010; beginning of cooperation with Polkomtel (delivery of phones with NE navigation preinstalled); 500,000 registered users;

- Nexto: the launch of Plusoczytelnia together with Polkomtel – the service enabling the users of Plus to purchase e-press and e- and audiobooks;
- One-2-One: exit of MCI from the investment on behalf of an industry investor; partial exit of MCI from the investment on behalf of Financial Investors;
- S4E: full exit of MCI from the investment through MBO;
- mSejf: launch of the beta version of the online data backup service; full commercial version of the application to be launched by the end of August.

EXIT TRANSACTIONS

In the first half of 2010, MCI executed exit transactions from two investments: One-2-One and S4E.

The exit from S4E ended the investment of MCI in the company through the sale of all S4E shares held by MCI, comprising 40.09% of the share capital of the Company. It was the realization of the strategy declared last year to exit from S4E, as one of the oldest MCI investments. MCI, over more than nine years in the investment, realized the average annual internal rate of return (IRR) at the level of almost 17%. Price of the transaction was 6.25 PLN per share, which was significantly higher than the average stock price of S4E during the last six months.

Whereas, the exit from One-2-One in the first step (January of this year) it was insecure it on behalf of an investor from the mobile services industry, which enabled the Board of O2O to be even more effective in realizing the strategy to build value for its shareholders. Second step (April this year) was almost a full exit of MCI from One-2-One on behalf of financial investors. During the whole period of engagement in the Company (from 2002 to 2010) MCI realized an exceptionally satisfying average annual internal rate of return (IRR) at the level of over 103%.

FUNDRAISING

As part of raising funds for new investments, MCI Management S.A. issued ordinary bearer bonds, series E, with face value of 1,000 PLN. They were assigned on 1 July of this year, and the company raised 27.5 million PLN on their issue. The bonds were offered through and non-public subscription.

At present, including the financing potential at the level of individual funds, the MCI Group has almost 80 million PLN at its disposal to be allocated for investments.

ANALYTICAL REPORTS

MCI's development strategy, adopted by the board, has met with the acclaim of analysts from two brokerage houses that resulted in the recently published analytical reports concerning MCI. In the report of AmerBrokers (June of this year), the shares of MCI were valued in the range from 9.37 to 10.90 PLN. While DnB NORD (July of this year), valued the shares of MCI at 9.77 PLN, additionally giving the recommendation "buy."

CHANGES IN THE MCI TEAM

Sylwester Janik involved with MCI since the year 2008 became a member of the board and a partner of MCI. At MCI Sylwester Janik is responsible for managing the MCI.TechVentures 1.0 fund and supervision over the activities of the funds Helix Ventures Partners and Internet Ventures. At the beginning of the year, Jacek Murawski also joined the team as an Investment Partner responsible for new investments (acquisitions of companies from the sectors of Internet, telecommunications, media and new technologies) and development of new funds in the MCI portfolio.

Changes were also made at the back-office level; since 2 September Wojciech Marcińczyk will be the new financial director. Previously he pursued his career in, among others, Exatel SA (financial director / member of board), Billbird SA/Gtech/Lottomatica (financial director / member of board) and Deloitte Business Consulting SA.