

# The MCI Group publishes results for Q1 2011

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After the first quarter of 2011, MCI Management SA recorded the unit net result 27% higher compared to the respective period of previous year, with consolidated net profit growing by 25% compared to the first quarter of 2010. The financial report for the first quarter of 2011 was published on May 16, 2011.

## FINANCIAL SITUATION

The consolidated net result generated by the MCI Group in the first quarter of 2011 was 28.1 million PLN. The value of consolidated assets under management rose to 660 million PLN and consolidated net assets to 532 million PLN. The results presented by the Group in the first quarter of 2011 were grounded by diversification of assets and investment projects.

“The results for the first quarter are an excellent example confirming the propriety of the business model adopted by the MCI Group, the high level of diversification both in class and stage of the portfolio of private equity funds facilitates their stable and balanced growth.” said Tomasz Czechowicz, President of MCI Management SA.

The key factors influencing the results of the MCI Capital Group in Q1 2011 were the increase of value of BioVentures certificates (the successful offering of Genomed in connection with its debut on the NewConnect market) and TechVentures (new investments of the fund from the year 2010). While in the EuroVentures division, the reduced value of the subfund’s certificates caused by a temporary correction of ABC Data share price was compensated by the recognition of receivables and revenues from damages awarded by final court order in the JTT case.” said Magda Piasecka, Financial Director and member of the board of MCI Management SA.

A significant part of the results of MCI for Q1 2011 was generated thanks to the continuing upward trend of MCI.TechVentures certificates; their value grew by 19% compared to the valuation for the end of the year 2010. This growth was mainly caused by updating the value of investments executed in the previous year.

The growth in the value of MCI.BioVentures certificates is connected with the transaction executed on the funds first historical investment, Genomed SA, concerned

with research, DNA sequencing and synthesis. In the first quarter of 2011, Genomed successfully performed an issue aimed at private investors, raising 3 million PLN, and plans to go public on the new connect market in the first half of this year.

MCI.EuroVentures did not record a significant growth of results in the first quarter of this year. The temporary correction of the share price of ABC Data SA, being in the portfolio of MCI.EuroVentures (the share price on the WSE, on 31 December 2010, was for PLN, on 31 of March it temporarily fell to 3.33 PLN, only to rise to the level of 3.79 PLN on 29 April of this year), was compensated by the recognition of receivables and revenues from damages awarded by final court order in the JTT case.

#### JTT CASE

On 12 April 2011, the Court of Appeals in Wroclaw issued the final order awarding damages to MCI in connection with the depreciation of the value of shares in JTT Computer SA owned by MCI, led to bankruptcy as a result of faulty and unlawful decisions of the tax authorities. The amount of damages awarded, with due interest, exceeded 46 million PLN. MCI Management SA filed for payment of the awarded damages with the tax office and expects to receive the whole amount soon.

#### NEW INVESTMENTS

In March 2011, Helix Ventures Partners fund announced the investment in the company Air Ventures Polska. The amount of the investment was 3.5 million PLN. AVP is the first and only company in Poland to offer a time-sharing program for aircraft, called Sky Share, aimed mainly at business clients (it is a regional copycat of NetJet adjusted to the specifics of the Polish and CEE markets). One of the main purposes, to which the funds raised from HVP will be allotted, is creating a European-range training center for pilots, based on a technologically advanced flight simulator. For HVP this investment means expanding its portfolio with an innovative project operating in the fast-growing sector of business services, which is at the same time based on the use of advanced technologies.

#### EXITS

In February of this year, MCI.EuroVentures sold a small package of shares in ABC Data, recording over 11 million PLN in revenues and the return on the investment of 48% IRR.

#### FUNDRAISING

The MCI Group successfully executed two fundraising projects on the Polish market. The issue of the series F regular bearer bonds raised over 55 million PLN. The issued securities have a three-year maturity with the coupon rate based on WIBOR 6M plus

margin of 400 base points.

The second fundraising project was the successful issue of investment certificates of MCI.TechVentures conducted in cooperation with BRE Wealth Management – another partner in the development of the private banking strategy of the MCI Group.

#### INTERNET VENTURES FUND

On 17 March 2011, MCI Capital TFI SA received the decision of the District Court of Warsaw, VII Civil Registry Division on entering Internet Ventures FIZ to the Register of Investment Funds. The Fund was created on the basis of the contract on cooperation concluded between the MCI Group, the NCF and IIF Group. It is the largest venture capital technology fund in Poland, with investment assets of 100 million PLN at its disposal. The Internet Ventures fund is co-managed by the teams of MCI and IIF, uniquely combining the best experience and competence in Poland concerning investments in technology companies.

#### ANALYTICAL REPORTS

Further evidence showing the acclaim of analysts for the development strategy of the MCI Capital Group, adopted by the board, comes from BZ WBK Brokerage which upgraded its recommendation for MCI from "hold" to "buy" and changed its valuation of MCI share price from 9.10 PLN to 10.30 PLN.

#### CHANGES IN THE TEAM

The team of MCI was strengthened by: Michał Chyczewski, previously a director in BGK Bank responsible for the area connected with capital financing instruments and financial engineering instruments, and an undersecretary of state in the Ministry of Treasury; and Jan Schwarz, who previously held the position of, among others, managing director in Raiffeisen Real Estate Fund Management. Michał Chyczewski (Investment Partner and Board Member of MCI Partners) is responsible for fundraising, supervision of corporate communications, M&A transactions (growth and buyout projects for MCI.EuroVentures) and the development of new investment products and funds connected with the infrastructure and real estate market. While Jan Schwarz (Chief Investment Officer of MCI.ImmoVentures) will be responsible for developing the activities of managing real estate funds.

The new financial director and board member of MCI Management SA is Magdalena Pasecka (previously a financial controller at Innova Capital), who joined the team of MCI in September 2010.

#### PLANS FOR THE REST OF 2011

“MCI.EuroVentures is working on three buyout/LBO investments. The due diligence of those companies is already at an advanced stage. Furthermore, MCI.TechVentures is working on two attractive investments. Also Helix Ventures Partners, MCI.BioVentures and Internet Ventures are expected to deliver new investments.

In the third quarter of this year, we should expect the first development mezzanine investments executed by MCI.ImmoVentures.

I also believe the affluent pipeline of exits lets us hope to exceed the 10% NAV benchmark.” said Tomasz Czechowicz.

## RESULTS FORECAST FOR THE YEAR 2011

At the beginning of January, the board of MCI announced the forecast of results for the year 2011. The forecast is based on the assumption that the MCI Capital Group, prior to publication of results for 2011, will have managed assets worth over 1.2 bn PLN (including full investment commitment of managed funds); the value of new investments of the MCI Group will exceed 240 million PLN, and the growth of GDP and WIG20 will not be lower than 4.1% and 10% respectively. The forecast does not include the settlement concerning the JTT lawsuit.

The board forecasts that in the year 2011, the value of consolidated net assets per share will grow from 8.44 PLN to 10.76 PLN, which means growth of 27.44%, and the value of the net consolidated result to the level of 171 million PLN. The main components in the growth of the consolidated net assets per share and the net profit in the year 2011 will be the increasing value of held investment assets and revenues generated from fund management.