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The Date of This Circular Offering Is May 10th, 2007



Venture FINAM-IT Unit Fund

“FINAM Information Technologies” (the Fund) is a closed unit investment fund of venture Investments. The Fund's investment objective is to seek long-term capital appreciation through investment primarily in the equity securities of Russian companies. The Fund involves speculative investments, special risks, such as political, economic and legal uncertainties, currency fluctuations, delays in settling portfolio transactions and risks of loss arising out of Russia's system of share registration. The Fund may not be appropriate for all investors. The Fund invests in securities of the IT-companies, engaged in development of software, development, support and management of various Internet-projects, and also in development of other innovative projects. The Fund's units are not deposits or obligations of (or endorsed or guaranteed by) any bank, nor are they federally insured or otherwise protected by any agency. Investing in mutual funds involves investment risks, including the possible loss of principal, and their value and return will fluctuate.

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This Offering Circular is intended to provide important information to help you evaluate whether “FINAM Information Technologies” may be right for you. Please read it carefully before investing and keep it for future reference.

Venture FINAM-IT Unit Fund

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Venture FINAM-IT Unit Fund

RESUMÉ

Venture FINAM - Information Technologies Unit Fund

Venture FINAM - Information Technologies Unit Fund ("The Fund") invests in securities of the IT-companies, engaged in development of software, development, commencement, support and management of various Internet-projects, and also in development of other innovative projects in high-tech sector.

- The basic criteria of IT-companies selection for their inclusion in assets of the Fund is completion of legal and financial due diligence by experts of FINAM MANAGEMENT LLC. and acknowledgement of their assets as perspective and high-yield ones.
- The guarantee of effective growth of the Fund is the consecutive development of highly effective projects and formation of an investment-attractive portfolio of actives.
- The primary objective of the Fund is a long-term investment of assets in securities and shares in authorized capital of the Russian companies to maintain an increase in value of the Fund's assets.
- Unit holders' funds are invested in the shares, bonds, bills and ownership shares of the small and medium sized hi-tech companies, as well as in the government and municipal securities.
- The fee to the management company is no more than 1.5% (VAT included) from average annualized NAV of the Fund. The maximum size of other charges compensated from the assets of the Fund is 0.5% (VAT included) from the average annualized NAV.
- Net Asset Value (NAV) as of April 30th, 2007 is 1.1 billion RUR (\$42,824,000).
- Since the date of closing of the Fund's portfolio (February 26, 2006) till April 30, 2007 Net Asset Value of the Fund increased by 530%.
- In May - June 2007 Net Asset Value shall be increased to 1.6 billion RUR (\$62,824,000) by means of sale of additional units with subsequent sales of these units on the Moscow Interbank Stock Exchange (MICEX).
- IT Sector - an Alternative to Investing in Telecommunications. The IT sector is set to grow much faster in the nearest years than the telecommunications sector (20-25% a year versus 15-17% for telecoms).
- Companies that occupy the leading positions in the sector and those that are operating in new expanding niches (which are most likely those either coming to the capital markets as IPO candidates, or seeking private equity financing) should outstrip their industry peers.
- Increase of revenues in IT-sector in many respects is caused by attraction of domestic and foreign investments. Volume of foreign investments in 2006 has exceeded \$1 billion.

Venture FINAM-IT Unit Fund

Table 1. Key Information on the Fund

Title	"FINAM Information Technologies" Closed Unit Investment Fund of Venture Investments
Denomination	Russian rubles
NAV (as of April 30, 2007)	1,099,949,736.33 RUR (\$42,824,428.81*)
Domicile	Russian Federation
Inception Date	December 25, 2005
Portfolio Closure Date	February 22, 2006
Investment Manager	FINAM MANAGEMENT LLC.
Administrator	FINAM INVESTMENT COMPANY JSC
Custodian	FINAM INVESTMENT COMPANY JSC
Auditor	NEXIA PACIOLI LLC.
Listing	MICEX, Over the counter board
Ticker	ЗПИФФИНИТ
Status	Closed
Life of the Fund	15 years
NAV Reporting	Monthly
Target IRR	20%
Min/Max Investments	N/A
Redemption	None
Leverage	None
Fee Structure	1.5% management
Independent Valuation Company	FT-Group LLC.
Total number of units	116,000
Price of investment unit as of April 30, 2007	9,482.33 RUR (\$369.18*)
Net Assets as of April 30, 2007	1,101,961,141.01 RUR (\$42,902,738.98*)
ISIN	RU000A0JNUN9

* at the CBR exchange rate of 1USD=25.6851 RUR as of April 30, 2007

1. FUND'S ASSETS MARKET VALUE

Description of the Fund's assets market value is based on the basic regulations and rules set forth for calculations of the values for the Mutual Funds by the Federal Financial Market Service (FFMS) of Russia.

Establishing of the NAV of the Fund and of its market value is based in the following assumptions:

- **The Basic** parameters reflecting results of activity of the Fund are NAV and the price of one investment unit.
- **During formation** of Fund the units are issued under the identical price specified in the Fund's Trust Management Rules, and then cost of the unit is determined depending on market value of net assets of the Fund.
- **Market value of the net assets of the Fund** is calculated by the Management Company as total value of assets of the Fund; i.e. market value of the Fund's portfolio (including cash assets), minus Fund's liabilities (expenditures and duties).
- **Assets of the Fund** are subject to periodic reassessment. Periodicity and the order of reassessment are set forth by federal enforcement authority on securities market.
- **The Price of one investment unit** is determined as result of division of the Fund's NAV by the total number of investment units.
- **Information on current price of investment units** is published by the Management Company in mass media. By this parameter it is possible to judge the Fund's operations.

The assets of the Fund that are under supervision of the Management Company are represented in the Tables 2 and 3.

Venture FINAM-IT Unit Fund

1.1. Assets of the Fund

(Ownership of Controlling and Blocking Packages)

Table 2. Assets of the Fund

Assets	Equity/Share
Ordinary Registered Shares of MAMBA JSC	68.5%
Ordinary Registered Shares of BUKA Ltd.	26.5%
Ordinary Registered Shares of ASHMANOV & PARTNERS JSC	30%
Ordinary Registered Shares of POISKOVYJE TEKHNOLOGII JSC (SEARCH ENGINES)	50%
Ordinary Registered Shares of MONEYMAIL JSC	25%+1 share
Share in MEGA STYLES LLC	55%

According to the rules and regulations of FFMS the Appraiser (FT-Group LLC.) appraised the market value for the Fund's assets.

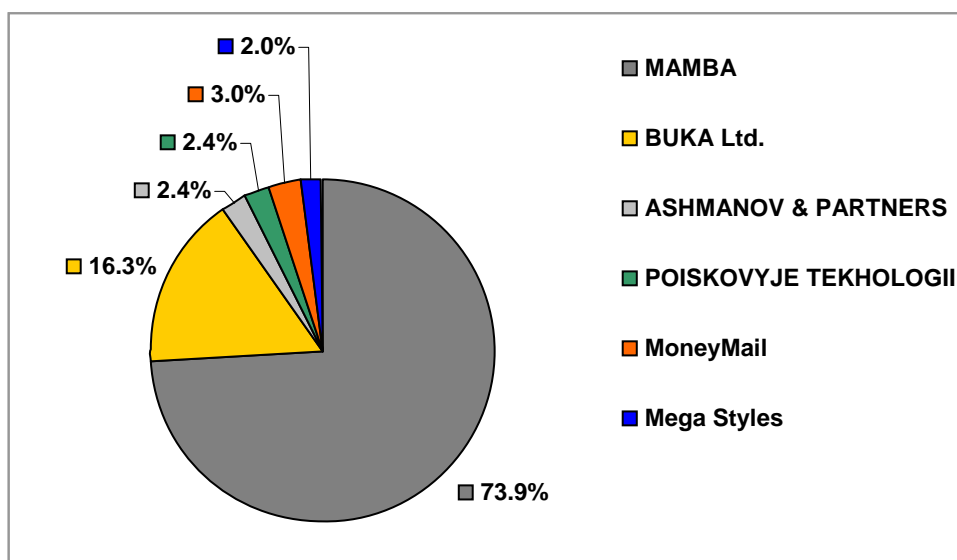
Table 3. Market Value of the Fund's Assets

Assets	Equity/Share	Appraisal Date	Assets' Market Value, USD mln*
MAMBA JSC	68.5%	05.02.2007	31.42
Buka Ltd.	26.5%	22.12.2006	6.94
ASHMANOV & PARTNERS JSC	30%	22.12.2006	1.03
POISKOVYJE TEKHNOLOGII JSC	50%	22.12.2006	1.02
MONEYMAIL JSC	25%+1 share	14.03.2007	1.27
MEGA STYLES LLC	55%	03.04.2007	0.84
Total:			42.51

* at the CBR exchange rate of 1USD=25.6851 RUR as of April 30, 2007

Source: FINAM MANAGEMENT

Diagram 1. FINAM-IT Fund's Assets Structure



Venture FINAM-IT Unit Fund

1.2. Net Asset Value

The Fund calculates Net Asset Value at 12:00 Moscow time of the last business day of the calendar month, unless weather, equipment failure or other factors contribute to an earlier time.

The Fund's market value correlates with its NAV. Table 4 represents calculations of NAV.

In March 2007 the NAV increase was the result of the growth of market value of the assets and of acquisition of new assets.

Table 4. Calculations of the Fund's NAV

Asset	Value as of April 30, 2007, USD*	Value as of March 30, 2007, USD*	Value as of March 14, 2007, USD*
Assets:			
Cash on accounts - total	0	46.72	22,199,467.95
Cash on deposits - total	384,387.21	1,250,000.95	45,878.79
Equity of Russian joint stock companies	38,200,794.73	38,200,794.73	17,206,341.67
Shares in Russian limited liability companies	3,472,134.67	3,472,134.67	3,472,134.67
Accounts receivable - total:	845,422.37	6,496.99	294.39
TOTAL ASSETS:	42,902,738.98	42,929,474.06	42,924,117.47
Liabilities:			
Accounts payable	53,613.33	25,899.38	22,199,561.39
Future expenditure reserve for fees payments	24,696.84	12,906.05	5,052.58
TOTAL LIABILITIES	78,310.18	38,806.43	22,204,613.97
Number of issued units of the Fund	116,000	1,160	560
Price of investment unit	369.18	36,974.71	36,999.11

* at the CBR exchange rate of 1USD=25.6851 RUR as of April 30, 2007

Source: FINAM MANAGEMENT

- In April 2007 the changes were incorporated into Trust Management Rules; the number of issued units was increased.
- During the additional placement process 53,000 units shall be issued to the existing owners at the amount of 500,000,000 RUR (\$20,000,000.00).
- In the public circulation process of the units on MICEX the units of the owners totaled in 53,000 units shall be sold at the amount of 500,000,000 RUR (\$20,000,000.00).

Thus at the moment of units placement the market NAV of the Fund shall be 1,599,949,736.33 RUR (\$62,290,967.77).

Venture FINAM - Information Technologies Unit Fund at the date of placement of the units on MICEX shall have Net Asset Value of 1.6 billion RUR (\$62.29 million).

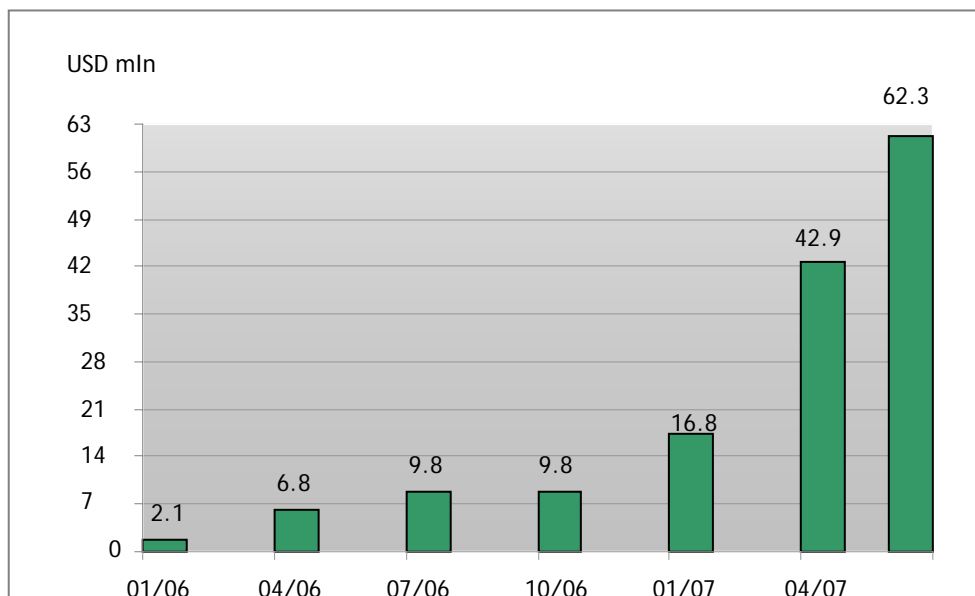
The Growth of NAV

- The Fund is formed, primary placement was completed in February 2006.
- Since the date of formation of the Fund (February 26, 2006 till April 30, 2007) the Fund's NAV increased by almost 530%.

Venture FINAM-IT Unit Fund

- Since the date of formation of the Fund the unit value increased by more than 90% (as of March 30, 2007)
- In November 2006, as the result of increase of the number of units about 150 million RUR (\$6 million) was attracted to the Fund.
- In February-March of 2007 the assets of the Fund were increased by 570,000,000 RUR (\$22,191,855). Attracted financing was used to increase the shares of the Fund in companies of its portfolio, as well as for acquisition of new assets.

Diagram 2. Growth of the Fund's NAV



Source: FINAM MANAGEMENT

1.3. NAV Projections

- As the result of placement of the Fund's units on MICEX the assets of the Fund shall increase by 500,000,000 RUR (\$20,000,000) and shall total 1,602,000,000 RUR (\$62,290,000).
- Proceeds attracted as a result of additional issue of investment units will be directed at realization of the Fund's investment projects. Acquisition of equities of BEGUN JSC* is one of possible major allocations of the proceeds.
- Compound annual growth (CAGR) of the companies of the portfolio is 50-100% on the average. Projected CAGR of the most important portfolio companies is 50% for the next several years.
- Thus, based on the projections for the portfolio companies, as well as emerging synergy of realized projects of these companies, projected NAV may be 50% on the annualized basis for the nearest years.

* Note.

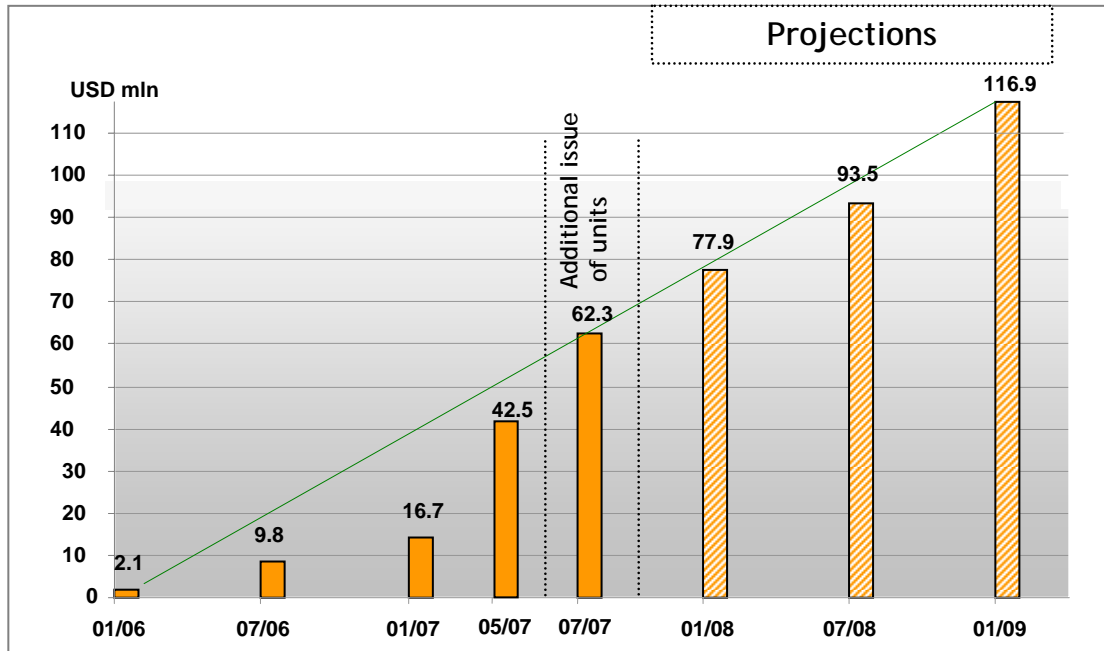
Since 2002 BEGUN is a contextual advertising service that distributes ads between thousands partner sites based on a success fee. Contextual advertising is customer behavior-motivated publicity technique, deemed to be the most productive and profitable promotion tool on the Web.

- ✓ According to the research carried out by Begun.ru, Rambler and Yandex's turnover in contextual advertising in 2006 was \$110m. The market has risen 2½ times since the 2005 figure of \$45m. The online advertising market as a whole is estimated to be \$200m. Internet advertising amounted to 3% of the total advertising market in Russia in 2006, up from 2% in 2005.
- ✓ Presently contextual advertising market is practically divided between two largest players BEGUN and YANDEX. Their cumulative part is 80-90%.
- ✓ BEGUN serves tens of thousands clients daily, while the advertising is shown only to those of them who are inclined to buy the goods or services of the advertiser. The company's clients pay only the success fee: when the potential client goes to the web-site of the advertiser, or makes a phone call to its office. There are over 20 ways to pay for the services through about 30,000 payment points.

Venture FINAM-IT Unit Fund

- ✓ BEGUN operates with thousands of media partners (many of them are the Russian Internet (RUNET) popular web-sites - rambler.ru, aportal.ru, mail.ru, afisha.ru) that redirect thousands of visitors to the web-sites of BEGUN's clients. The company's advertising network covers all active part of Runet - this is about 20 million subscribers a month.
- ✓ As to its turnover BEGUN is in Top-5 companies of Runet: RBC, Yandex, Rambler, Mail.ru, BEGUN.

Diagram 3. Projections of NAV of the Fund



Source: FINAM MANAGEMENT

2. MARKET

2.1. *Venture Investments Market Overview*

Initially the venture investments mechanism had been tested in America in the 40-ies of the last century. In the beginning of the 80-ies it has started to develop actively in Europe. Venture financing is primary, the kind of business directed towards support of scientific and technical progress. Most generally this kind of business consists in allocation of direct investments to the small and medium enterprises developing and making mainly science-intensive products and services, based on high technologies.

In Russia this investment instrument surfaced at the beginning of the 90-ies; however it was not the requirement of market development - rather an administrative-political decision behind which there was a purpose to give to transformed Russian economy the mechanism promoting the prompt development of both stand alone companies, and of the economy as a whole. At that time EBRD established 11 regional venture funds. Approximately at this period several funds were introduced with the participation of IFC and of U.S. capital.

A healthy influence of venture financing is supported by the statistics data:

- For the last 7 years the share of the Russian sources of capital in financing of domestic venture projects has increased up to 26%, while in 1998 it made only 3%.
- Average profitability of Russian venture projects for the period of existence of the market (1994-2005) is not less than 11% per annum.
- At the end of 2005 the volume of the capital under management of all operating funds in Russian market of direct and venture investment had reached \$4.8 billion.

Salient points of the Russian direct and venture investment market:

- New big funds are emerging
- The government implements active policy of development of infrastructure and is keenly interested in IPOs.
- In 2005 there were \$247 billion invested in Russian companies.
- There are about 50 venture and direct investments funds; most of them are established with participation of foreign investors.

As of 2006 only 10 funds were directed towards technology companies. The majority of investors, both Russian and foreign, continued to favor the companies that are at the latest stages of development and are not involved in technology. However, this was true for the IT-sector too. Until recently the prioritized companies were the mature and the ones with a good market history. Investors were cautious, but now their interests are shifting towards the early stage companies.

Latest developments in venture capital investment market show substantial interest in IT sector. Thus according to the quarterly European Venture Capital Report released by Dow Jones VentureOne and Ernst & Young in May 2007, IT sector had the most significant upturn of any industry in Q1 2007. A total of €550.2 mln. was invested in 133 technology deals, representing €30.1 mln. more in capital and 11 more deals than in the first quarter of 2006. The software and information services segments showed the most activity for the sector. Software deals increased by 20% over the same period a year ago to 73, and investment increased 11% to €222.5 mln. Deal flow in the information services segment increased 131% to 30 deals, and capital increased more than two-fold to €114.7 mln. According to the exerts, emerging interest in Web 2.0 technology - which is mostly focused in the information services segment - seems to be fuelling this growth in European technology investments.

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2.2. Russian IT Sector Overview. Correlation with Fund's Strategy

Russian IT sector is growing phenomenally - starting from 2000 with the annual growth rate of 25-30%, overstepping all other industries. After the collapse of the Soviet Union this sector was the one that suffered the most drastic losses. However, the emergence of a new business reality, and almost total lack of infrastructure led to changing of the picture and to extensive development of IT industry. Quite naturally, initial steps were associated with import of variety of hardware and this led to the current market structure where the hardware segment is prevailing with 58%. The other market specific is that most of the companies exercise all-round approach to business as opposed to individual new products.

At present, IT-market does not show such dynamics as before, but still grows quite steadily. It-market growth for the last few years amounted to more than 25% per year. We believe that in upcoming years its growth rate will stay at the same level due to stable demand for services it provides.

Next few years Russian IT-market will develop faster than most of the Western ones and Russian economy in whole. Experts project that in years 2005-2010 Russian economy will grow by 5-6% per annum, Western IT-market – by 8-9%, Russian IT-market – by 20-25%.

FINAM MANAGEMENT company correlates its investment strategy with the current situation on the Russian IT market. In making investment decisions we consider two major driving factors that are described herein.

General Drivers

- Long-term underinvestment in the country's IT infrastructure is now being gradually changing. Installed hardware increases the demand for IT applications that can be used on it. Current projections call for increase of the share of software and services to 52.4% of the market.
- Challenges in the modern economy dictate the need for advanced IT products.
- Due to the booming economy the companies have ample cash to spend on IT projects, especially those in resource, banking and finance, telecommunications sectors.
- Russia is emerging as the key partner in outsourcing software development.
- The growing complexity of modern IT systems means that they can no longer be supplied, maintained and run by in-house teams.
- The government and major corporations are currently the principal buyers of IT goods and services. This was extremely positive for initial development of the sector: it created necessary volume of orders for the industry to develop. However, this situation changes with emergence of small and medium enterprises (SMEs) and small office/home office (SOHO) with their growing demand for IT products and services. Increasing Internet penetration adds more to it.

Thus, analyzing the trends, FINAM MANAGEMENT company distinguished the following priority areas for decision making in selection of the Fund's portfolio candidates:

- Development of software, its applications and services
- Outsourcing of IT services
- Services and software targeted towards SMEs, SOHO and individuals

Specific Drivers - Web 2.0

- **Online advertising.** Advertising segment is one of the most promising in terms of growth tempo and revenues. Available data (<http://adworker.ru/news/07/02/2007/8419.shtml>) shows that in 2006 media advertising sales in Russia topped \$ 100 million - a 1.6 increase as compared with 2005. At the same time sales of contextual advertising reached \$ 110 million - this is historic maximum - for the first time contextual advertising overshadows media one. Online advertising in Russia has massive growth potential stemming from the fact that it currently constitutes only 1-2% of the total advertising market, compared with 5% in EU countries and 8-10% in the USA. Development of such segments as e-commerce and "pay gaming" will boost the online market as well.
- **Russia is experiencing explosive growth of Internet users:** since 2000 to 2005 Internet penetration increased from 2.1% to 15.5%; projections show that the number of users will double over the next decade. One of the key driving factors is the government program to provide Internet access to each school in the country - this would make penetration of 50% by 2012. Penetration growth leads to the increase of Internet usage. Both SMEs and SOHOs, plus

Venture FINAM-IT Unit Fund

individuals require more and more services. As an example by the end of 2006 there were 718,236 domain names registered in Russia - annual growth of over 60%. When we look at the popular "Goods & Services" part of Russian Internet it is easy to note its expansion - 30-40% per annum (over 50,000 projects in 2006). As the result of this the demand for services for optimization of Web-sites and provision of contextual advertising is immense. The market of media (banner) advertising is growing at the rate of 60-70% per annum.

- ▣ This overflow of information needs its own instrument to deal with. Here the role of the **search engines** is becoming more and more prominent. It is interesting to note that the market of search engines optimization (SEO) shows tremendous growth rates - 200-300% per annum. Development of Internet mass media adds more to momentum - all these news feeds and publications need to be found, managed, and syndicated by content.
- ▣ 2005-2006 were the years of emerging broadband Internet access. And this in turn gave spark to increase of **e-commerce, online gaming, and interactive services**. More and more personal services are in demand. **Online dating services** were the biggest earners among Russian web-sites in 2006 with \$34 million in profits in 2006. The figure is expected to double in 2007.

Within the scope of specific drivers, FINAM MANAGEMENT company thinks that **decision making process for Fund's portfolio candidates should be focused on the companies involved in Web 2.0 development, specifically:**

- ▣ Companies that exploit the opportunities within online advertising segment, specifically contextual advertising.
- ▣ Companies that provide comprehensive services to users: support e-commerce, provide interactive services (specifically, on-line dating), help create and maintain Web-sites, develop and implement search engines; utilize creative potential of Internet users.

2.3. Financing of the Russian IT-sector

Western financial capital for quite a time understands the challenges of Russian IT-sector. This is well supported by the statistics of transactions for financing of sector's companies.

Table 5. Direct and Venture Investment Funds That Invest in Technology Companies

Fund	Companies
Intel Capital	Electro-Com, RU-NET Holdings, InfiNet Wireless, Akella, SWsoft, WiTel
Baring Vostok Capital Partners I	Golden Telecom, AirInSpace, Yandex, Ozon, InfiNet Wireless
Mint Capital I	Gameland, Pentacom, Parallel Graphics, INETX, ABBYY, Studio 2B
FINAM-IT	MAMBA, BEGUN, NOVOTEKA, E-Generator, MoneyMail, BUKA
Russian Technologies	Electro-Com, PTC Lasers, Ultra Motor, Wostec

Source: Ministry for Economic Development, 2006

Analyzing investment information that is open to the public, it is easy to understand that substantial part of these investments was in *mature* and in *already established companies* that have a market history. This may be explained by the effectiveness of profitability/risk ratio, and by availability of companies from this group that did not yet receive investments. According to a number of experts, investors are really interested in acquisition of Russian technology businesses, but at the same time are cautious, valuating the market and waiting for the moment when the companies would be mature enough.

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Presently potential investors receive positive sign when the company's turnover is in the \$5-\$10 million range; thus acquisition of equity coincides with the rapid capitalization growth. The most characteristic example is acquisition by Martinson Trigon, a Scandinavian venture fund, of minority (25-20%) stake in the REKSOFT company in 2005 for \$2 million. Looking at existing situation in the market the big funds with foreign capital cannot be yet considered as the major investment source in start-ups. Thus the major part of investments in start-ups goes to domestic investors.

Table 6. Highlights of Investment into Russian IT Companies in 2004-2006

Company, Sector	Investor	Investments, Million USD	Year
ELEKSNET (payments systems)	Mint Capital II	\$10	2006
Electro-Comm (telecoms) *	Russian Technologies, Intel Capital	\$4	2005
REKSOFT (IT)	Martinson Trigon Venture Partners	\$2	2005
Nival Interactive (Computer Games)	Ener1 Group	About \$10	2005
AKELLA (Computer Games)	Quadriga Capital Russia, Intel Capital	\$3-5	2005
A4Vision (Biometry)*	MyQube, TAKO Ventures (L.Ellison) Logitech, Menlo Ventures	\$24	2004
Ultra Motor (Innovative Engines) *	Russian Technologies, Flintstone Technologies (U.K.)	Est. \$3	2004
KHIMRAR (Chemical and Biotechnology) *	Torry Pines Investment	\$5	2004

* start-ups

Source: CNews Analytics, 2006

There are some prerequisites for the interest to start-ups from the major industry players - direct investment funds and from the funds with foreign capital. As it was previously stated these funds look for *mature mid caps with average turnover of several million USD*. However, the number of such candidates - the ones that have been selected from the market and adhere to all criteria - is limited; and "maturity" period for them is about 3-4 years. Thus *the funds' interests are slowly shifting towards early stages companies*.

OpenView Venture Partners of Boston and ABRT Venture Fund of Moscow have announced their new "Partnership for Russia" investment program. The goal of the joint effort is to identify and invest in the best software and IT companies in Russia and East-Central Europe. This alliance is the formalization of a long-standing and successful working relationship between the founders of both firms, Scott Maxwell of OpenView Venture Partners (and formerly of Insight Venture Partners), and Ratmir Timashev and Andrei Baronov of ABRT Venture Fund. "Partnership for Russia" will jointly focus on fast-growing software companies and other IT start-ups that are looking to expand their sales and marketing operations in the US and Europe. The combined capital available for investments between both firms exceeds \$100 million.

Venture FINAM-IT Unit Fund

3. VENTURE FINAM - INFORMATION TECHNOLOGIES UNIT FUND

3.1. Assets of the Fund

FINAM-IT invests in the securities and shares of IT companies that are involved in development of software, in development, support and management of various Internet projects; in development of other innovation projects.

Table 7. Assets of the Fund

Assets	FINAM-IT Participation in Capital Structure of the Company	Share of the Company in the Fund's Structure
Ordinary Registered Shares of MAMBA JSC	68.5%	73.90%
Ordinary Registered Shares of BUKA Ltd.	26.50%	16.33%
Ordinary Registered Shares of ASHMANOV & PARTNERS JSC	30%	2.41%
Ordinary Registered Shares of POISKOVYJE TEKHNOLOGII JSC (SEARCH ENGINES)	50%	2.39%
Ordinary Registered Shares of MONEYMAIL JSC	25% +1 share	2.99%
Share in MEGA STYLES LLC	55%	1.98%
Total:		100%

MAMBA JSC

MAMBA JSC (www.mamba.ru) is a number one Russian on-line dating service which cooperates with major portals Mail.Ru, Rambler and KM.Ru. The company's database holds 9 million of online profiles, 4 million of which are active; that allows to control over 85% of the online dating market. Online dating services were the biggest earners among Russian web-sites in 2006 with \$34 million in profits. The figure is expected to double in 2007. MAMBA combines general on-line dating, relationship services, niche on-line, and targets the customers mainly in Russia and CIS.

MAMBA's Sustainable Growth Factors:

- Wide Spectrum of Users

Presently there are 9,100,000 registered users. There are on the average 1,400,000 on line members a day.

Experts value the company as controlling 85% of the market.

- Over 7,000 partners

Dozens of well-known dating services work with MAMBA - *love.mail.ru*, *love.rambler.ru*, *MissingHeart.ru*, *Flirt.ru*, *Singles.ru*, *KM.ru*, *KP.ru* and others. Overall there are more than 7,000 partners; while the share of the biggest partner is not exceeding 25%.

- High qualified technical support

The company maintains its own IT division that is continuously providing maintenance and upgrade of the system. Over 200 employees are supporting hundreds of servers with book value of several million USD.

Venture FINAM-IT Unit Fund

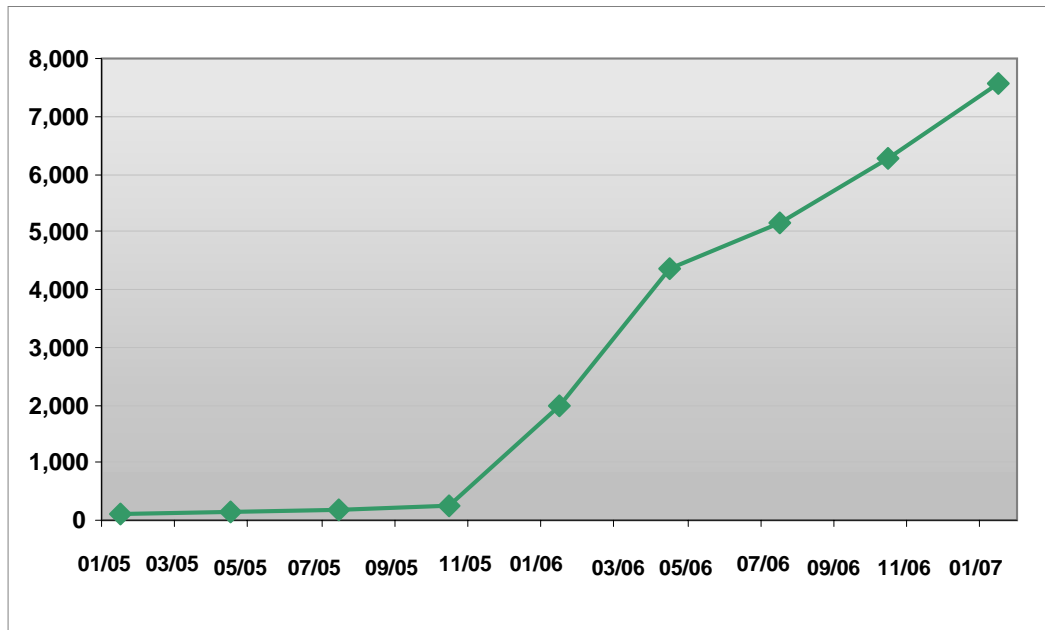
- Effective business model of the system

MAMBA's business model is centered on the 'pay-as you-go' principle. Experience proves that the users are more inclined to pay additional instant low-cost services, rather than bigger monthly subscription fees. Any user of the system may send SMS-message and get any service.

- Value added services

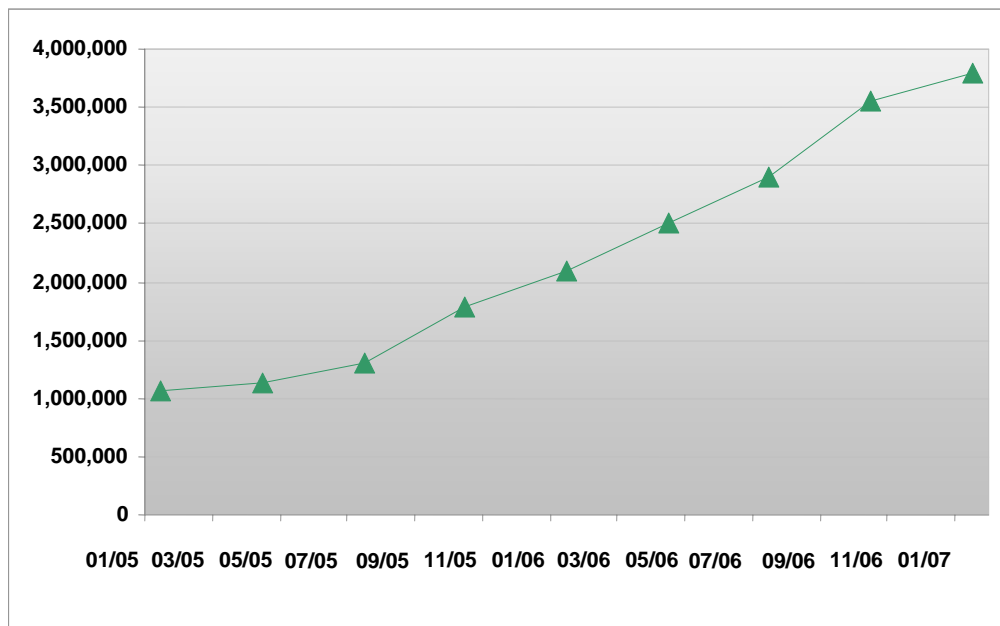
Value added services generate substantial part of revenue. This allows MAMBA to convert practically 100% of visitors into revenue bringing clients. Besides that, the partners may still use all traditional marketing features of their Web-sites, e.g. banner advertising.

Diagram 4. Growth of Partners of MAMBA



Source: FINAM MANAGEMENT

Diagram 5. Growth of Active Users



Source: FINAM MANAGEMENT

Venture FINAM-IT Unit Fund

In 2006 sales of MAMBA were \$7.3 million, EBITDA - \$3.4 million.

In 2007 the sales growth was spectacular with Q1 revenue growth of 49.3% as compared to Q1 2006. Net revenue for the same period grew by 12.4%.

MAMBA's Growth Potential

- FINAM Center for Research and Analysis in High Technology estimates that dating services sites in the Russian Internet (Runet) earned overall \$ 34 million in 2006.
- In 2007 the market volume is expected to grow to \$ 45 million
- Each year annual turnover of MAMBA doubles.
- In 2007-2010 MAMBA's growth potential will be substantial. The management of the company considers the following key market growth drivers:
 - a. Growth of the numbers of Internet users and increase of the part that actively uses Internet for communications;
 - b. Growth of ARPU for the new communications and entertainment servers that are oriented towards exiting users;
 - c. Revenue increase from media advertising on dating services pages.

The most preferable way of exit of the Fund from MAMBA's business - attraction of the strategic investor.

BUKA

BUKA (www.buka.ru) is a producer, publisher and distributor of first-rate PC games meant for a worldwide distribution. Headquartered in Moscow, Russia, it also runs publishing activities in North America. Since 1993 the company have sold more than 35 million copies of computer games. The growth in the number of computers in Russia and the suppression of piracy on the Russian software market have made producing and selling games in Russia profitable. Growth in the volume of development of computer games in Russia is running at 50—70% per year, while the total volume of the market in 2006 was about \$200 million. BUKA holds 16—17% of the Russian PC-games market. The company's sales CAGR is much higher than the average on the market; in 2006 the sales volume increased by 75%, with the revenue of 53% increase. The company has its own distribution network in more than 240 cities with over 600 dealers. The games developed by BUKA are licensed in 70 countries, while the company also localizes the products of its peers in Russia.

Key Financials*

	USD'000	2003	2004	2005	2006	2007f
<i>Net Sales</i>		9 392	13 238	16 749	25 450	36 315
<i>Gross profit</i>		4 304	6 297	8 821	15 431	25 864
<i>EBITDA</i>		2 007	3 376	3 606	8 600	14 112

**unaudited*

BUKA's Sustainable Growth Factors:

- Substantial Market Share
The Russian market share of PC games for BUKA was 16-17% in cash (in 2006 it was about 65% of all sales of the company, VAT excluded). For the PC gaming market the joint share of BUKA and its peer 1C Company is estimated as 50%, while the other half is spread between NOVY DISK, AKELLA, RUSSOBIT, NIVAL and other smaller sized peers.
- High Sales Growth Rate

Venture FINAM-IT Unit Fund

The company's sales CAGR is much higher than the average on the market; in 2006 the sales volume increased by 75%, with the revenue of 53% increase. EBITDA profitability of the company is over 33%.

- Efficient Operational Guidelines

In 2006 BUKA produced the best of all Russian publishers' product line that includes the world known hits (46 new projects and 6 re-published projects). Out of 2006 the Top-50 games BUKA published 7, four of which are in the Top-10 list. The company participated in all specialized events in the world: CRI (where the *Steel Monsters* and *Ex Machina* projects were prize winners), E3 in Los Angeles, Game Convention in Leipzig, GDCR in St.Petersburg, IGROMIR in Moscow, GC in Lion.

BUKA is an authorized distributor of the leading world computer games vendors. It is successfully cooperating with its foreign peers - developers and publishers (localization and exclusive publishing of projects in the markets of Russia and CIS, licensing of owned projects in international markets) - UbiSoft, Codemasters, Electronic Arts, Microsoft, Valve, Take 2, Acclaim, Activision, Virgin, Interplay, Eidos, Capcom, Cenega, CDV, Frogster, JoWood, Leader, TLC (Mindscape), ValuSoft (division of THQ), CNPIEC et al.

Besides computer games, BUKA, being one of the biggest Russian publishers, develops other businesses - software, multimedia, DVD movies. The company is constantly interacting with Russian and Ukrainian software developers; this allows it to pinpoint and implement the best projects.

- A Wide Owned Distribution Network

BUKA, being the leading publisher in Russia, enjoys its own distribution network that comprises 240 cities and more than 240 dealers. The company maintains its offices in the biggest Russian cities: Moscow, Nizhny Novgorod, Yekaterinburg, Novosibirsk and Samara. The sales are monitored on-line with the Oracle-powered system. BUKA is an active member of retail networks - its sales are made through such well-known Russian retailers as M-Video, Eldorado, MediaMarket, Sedmoy Continent, METRO, Auchan, SOYUZ, Videoland. Besides publishing and sales of owned and localized projects in Russia, BUKA also licenses its games in 70 countries, including Western Europe, USA and Japan.

- Perspective Strategic Development

In 2006 BUKA made strategic decision to enter the Massively Multiplayer Online Role-Playing Game (MMORPG) market. BUKA is publishing and promoting in the Russian market two international projects of NCsoft Korean publisher: Guild Wars (www.guild-wars.ru) and Lineage II (3dmania.ru/lineage2).

- Corporate Governance

Since 2005 alongside with the Fund, the big shareholder of BUKA is EBRD through its NORUM direct investments fund. During the last two years BUKA devoted substantial efforts to improvement of corporate governance, and as to internal valuations, now is one the leading companies in corporate governance standards among its peers. The company has a standing Board of Directors, Management Board, its accounting is run by IFRS on a monthly basis. The system has been introduced of corporate decision making both on important issues, and on transactions of operational and strategic character. The company is ready and may effectively communicate with any type of investors and strategic partners. BUKA is in preparation for the IPO as one of the scenarios of growth and capitalization of business.

ASHMANOV & PARTNERS JSC

ASHMANOV & PARTNERS JSC (www.ashmanov.com) was incepted in 2001 by the top managers and software programmers of RAMBLER MEDIA (*LSE:RMG.L, XETRA:R6M.DE, Frankfurt:R6M.F*) and currently is one of the top Russian IT sector companies as to its engineering and scientific potential. More than 50 experts provide services in Internet consulting and development of intelligent software. High quality of services and extremely knowledgeable staff of the company participated in a number of recognized Internet projects in Russia.

Business Scope:

Venture FINAM-IT Unit Fund

- Search optimization, statistics solutions, marketing audit of Web-sites, Internet consulting
- Organizing of seminars and conferences on Internet marketing
- Software and services on management of contextual advertising, on geographic targeting of Internet audience (utilization of contextual and media advertising) artificial intelligence, linguistic modules
- Development and support of Internet projects, technical optimization, audit of information systems

Dynamic Growth of Financials:

- In 2006 sales volumes were \$1.6 million - growth by 94% as compared to 2005
- For the same period the gross revenue was \$740,000 - growth by 120%
- Pessimistic scenario envisions the annual growth of revenue at least 70-80% and by the end of 2010 it will amount to \$ 15 million.

Management of the Company

General Director - **Igor S. Ashmanov** is one of the most popular experts and managers of the Russian IT business. The scope of his business interests lies in information technologies, applied linguistics and higher algebra - with more than 30 publications of scientific and popular character. Mr. Ashmanov for four years successfully managed MediaLingua, the top Russian company specializing in development of linguistic software and applications; in 1999-2001 actively participated in development of RAMBLER MEDIA HOLDING (*LSE:RMG.L, XETRA:R6M.DE, Frankfurt:R6M.F*) where he held a position of Executive Director, since 2001 directs operations of ASHMANOV & PARTNERS JSC. Mr Ashmanov is a graduate of Lomonosov State University, majoring in mathematics, held a doctorate degree in science. He is 45 years old.

Technical Director - **Alexey V. Tutubalin** is one of the most famous Internet experts in Russia. He was the person who localized in Russia Apache web-server that is widely used by most of Russian web-sites. Alexey is the key Russian developer of complex Web-sites with high level of traffic and voluminous data. In 1999-2001 Mr. Tutubalin spearheaded development and operations of "Rambler Top 100" project. He owns 3 patents in software and artificial intelligence, made more than 20 publications in IT and in computational modeling. Alexey is engaged in lecturing courses in information technology and Internet at the Lomonosov State University. He is 37 years old.

Sustainable Growth Factors

- The development of the market results in creation of new niches where ASHMANOV & PARTNERS is either already in leading positions, or is planning to gain them:
 - a. Comprehensive analytic services for Internet marketing, Internet statistics
 - b. Personal and specialized Internet search engines in Runet
 - c. Syndication of content
 - d. Conferences
- For more than 10 years of operations on the market ASHMANOV & PARTNERS developed integrated solutions for Internet marketing, proprietary software applications - all this provide the company with advantageous position on the market as compared with their peers.
- ASHMANOV & PARTNERS is positioned in the Russian market in its own unique way:
 - Since 90-ies the company is engaged in the fields of applied linguistics, search engines and theory of computational machines and systems;
 - In 1989-94 the company's experts had developed a protection system for Microsoft Office operations; Microsoft granted a license in 1994, including a patent for Microsoft Office 2000 and 2003;
 - In 2000-2001 a new version for Rambler search engine was developed, the first Russian Internet-portal, a revolutionary new search engine mechanism, and statistic service of new generation;

Venture FINAM-IT Unit Fund

- In 2002-2005 development of: "SpamTest" - the first Russian spam filter system, "Begun" - the system of auto context advertising, "Novoteka" news search system that utilizes advanced technologies in computer linguistics;
- ASHMANOV & PARTNERS on the annual basis organizes and manages two of the four Russian Internet conferences: "Search Optimization and Promotion of Web-sites in Internet" and "Audience Management and Advertising in Internet". In 2006 each of these conferences were visited by more than 500 experts of Russian companies that are doing Internet business.

POISKOVYJE TEKHNOLOGII JSC (SEARCH ENGINES)

The company was incepted in 2004 by ASHMANOV & PARTNERS JSC with the specific goal of development of Internet search engines based on new software concepts.

Business Scope:

- Development, implementation, support and sales of routines for PC and database management, of software, information systems, including the ones for provision of services in the Internet
- Development, implementation, support of electronic payment systems for e-commerce; establishment of electronic trading floors, auctions, electronic shops and all other kinds of e-commerce
- Advertising activities, Internet including; this covers also development of advertising media, placement of advertising materials; managing advertising campaigns, Internet including
- Establishment of Internet representations for individuals and legal entities; including development of Web-sites; development of the concept and corporate styles; Web-design; technical and information support of Web-sites
- Establishment and development of information systems, data banks, computer and modem networks, net informational resources, mass media, Internet including

POISKOVYJE TECHNOLOGII plans to become a leader in information search in Runet and be as much popular as Rambler and Google.

Internet consulting which is the major sphere of company's operations in now at the infancy stage. However, according to the projections of analytics, Internet consulting market will be one of the fastest growing ones (in 2006 the turnover of Internet consulting market was about \$200-300 million).

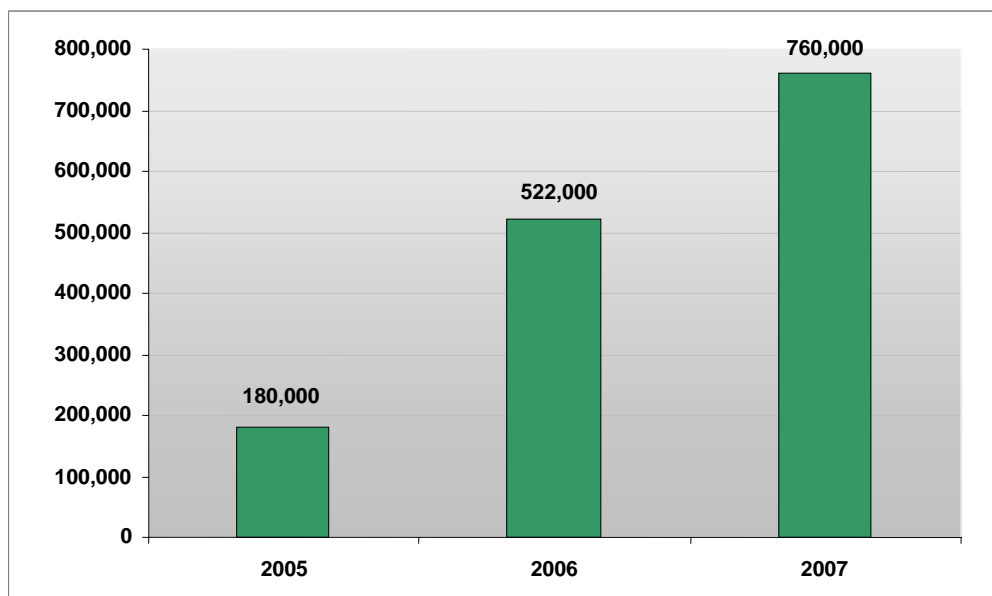
As POISKOVYJE TECHNOLOGII is one of the leader of the market, considering its projected growth, as well as new projects of the company under development, there is a good reason to believe that the projected numbers for POISKOVYJE TECHNOLOGII are real and can be achieved. This was the basis of calculations of the market value of the company.

Competitive Advantages:

- "Private Office" function can be used to monitor information, maintain own news archives that are formed by the personal search requests
- A new technology had been developed to make digests of news feeds - to produce an informational summary from the feed that includes essential information on the event and development of the situation
- In 2006 the number of users of POISKOVYJE TECHNOLOGII increased more than 8.5 times and was 6,268,534.
- In Q1 2007 the system had 2,280,295 users.

Venture FINAM-IT Unit Fund

Diagram 6. Monthly Statistics of Users of POISKOVIJE TEKHNOLOGII



As information partners the company uses Web-sites of popular printed mass-media "Komsomolskaya Pravda", "Tvoj Den", "Zhizn". "Trud", "AiF", "Nezavisimaya Gazeta", "Sport-Express"; as well as Internet mass-media: REGUM information agency, InoSML. As of April 2007 there are 733 information resources used.

Management of the Company

General Director - Igor S. Ashmanov is one of the most popular experts and managers of the Russian IT business. The scope of his business interests lies in information technologies, applied linguistics and higher algebra - with more than 30 publications of scientific and popular character. Mr. Ashmanov for four years successfully managed MediaLingua, the top Russian company specializing in development of linguistic software and applications; in 1999-2001 actively participated in development of RAMBLER MEDIA HOLDING (LSE:RMG.L, XETRA:R6M.DE, Frankfurt:R6M.F) where he held a position of Executive Director, since 2001 directs operations of ASHMANOV & PARTNERS JSC. Mr Ashmanov is a graduate of Lomonosov State University, majoring in mathematics, held a doctorate degree in science. He is 45 years old.

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Sustainable Growth Factors

- In 2005 the general volume of B2C (Business-to Consumer) e-commerce was over \$1 billion. This drastic growth results in concurrent increase of expenditures on online advertising - the media and search one.
- According to research carried out by Begun.ru, Rambler and Yandex, in Russia turnover in contextual advertising in 2006 was \$110m. The market has risen 2½ times since the 2005 figure of \$45m. The turnover of media advertising in 2006 amounted to \$100m, showing a growth of 1.6 times compared to 2005. This is the first time in history of Runet that contextual advertising leads online media in terms of growth but also in absolute value. The online advertising market as a whole is estimated to be \$200m

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- According to ROMIR Monitoring in 2006 among all Internet services, the search services are the most-in-demand ones. 87% of polled respondents acknowledged that during last month they were searching for some sort of information, and 77% downloaded files.
- The Russian YANDEX portal that is built based on the search system in October 2006 had more than 27 million visitors; out of this number 26 million were the search engine users.

Products of POISKOVIJE TEKHNOLOGII:

NOVOTEKA (www.novoteka.ru) - is the first of the new generation specialized search engines that is developed by POISKOVIJE TECHNOLOGII. NOVOTEKA does archiving of the news items, their automatic clusterization, with search option within these items. NOVOTEKA Hyper-Search allows the following:

- Automatic highlighting with references of the words (e.g. names of prominent public figures) in documents. When the user clicks on the word he may find other documents that has this word in (e.g. in the news)
- Expanded search - provides for limitation of the search to dates, sections of documents

APPLICATA (www.applicata.ru) - this is the candidate for the best Runet search engine for merchandise articles. A new developed technology "Personal Search" (<http://personal.novoteka.ru/main>) provides for the users the opportunity to draft their own list of Web-sites and perform the search for required goods. The list of search results may be published on the user's Web-site. Presently the project is in beta-testing. By March 2007 about 2,000,000 users were registered that created their own 540 search engines. From the very beginning APPICATA was positioned as one of the services of NOVOTEKA.

Flexum.ru. As compared to "Personal Search" Flexum provides for the following:

- Possibility to draft the search engine system for several users
- Establish community for the developers of the search engines
- Maintaining its own content that is associated with the subject of the search system: news feeds, specific publications; advertisements in the search
- New interface in search results
- Search of new authors in the system, import of lists of different Web-sites

MONEYMAIL JSC

The company developed and operates MoneyMail online payment system that was commenced in December 2004. The system is integrated with FINAM BANK, and credit cards are processed by IMPEXBANK. Initial developments are focused on electronic payments for telecommunications and Internet services providers. The company also supports payments for one of the biggest mail services in Russia - mail.ru. Currently in the market there are some other payment systems; the biggest of them are Web-Money and Yandex-Money.

In April 2007 a large deal was concluded on the online payments market: *Yandex* became 100% shareholder of Yandex-Money, having bought out the share of the second shareholder - *Paycash*. This 50% block of shares was evaluated by experts in \$20-25 million (on the basis of the company's value).

MoneyMail is online payment system that combines the opportunities of the electronic payment system with the opportunities of online banking. The payments are legal and instantaneous, and to exercise the services the user has just to register on the Web-site. The instruments provided allow to make payments for the goods and services in on-line shops, pay for the cell phones services, use credit cards of different Russian banks, generate invoices, etc. One of the specific features of MoneyMail is the possibility to send cash to any e-mail address. In this case the recipient is not required to be the user of payment system or to have a banking account. The system also provides wide opportunities for the shops.

MoneyMail was commenced in December 2004 for individuals and shops. Based on MoneyMail technology Mail.ru Internet holding started Деньги@mail.ru (money@mail.ru) project in September 2005.

Presently MoneyMail system works with 450 companies-partners. In 2006 as compared with previous year the number of registered users increased 2.5 times. It is projected that in 2007 this number shall

Venture FINAM-IT Unit Fund

increase twofold. In 2006 there were 1.5 transactions per user (with 0.35 in 2005). According to projections of experts in 2007 there would be not less than 4 transactions per user. In 2006 the average payment was \$50, with planned increase in 2007 to \$75.

Market value of the company was determined using income and cost approaches (while cost approach was prevailing). Income approach in calculation of market value considered income growth tempo according to the projections of IT sector growth rate, as well for the electronic payments sector. Per expert data only about half of active users in Russian utilize electronic payments systems; thus the growth potential is determined by the growth of number of Internet payments, and by enhancement of the quality of services. Income growth of the company is influenced by specific actions to develop software that is used by the banks to propose to the users all assortments of technologic banking products; and by elimination of traditional inconvenient features of on-line payments; by provision of security, of quick transactions and their simplicity.

Growth Potential

- According to market data only about a half of active Internet users are utilizing the systems of electronic payments, hence the growth potential is the function of the growth of payments through Internet and of the enhancement of the quality of service.

MEGA STYLES LLC¹

The company maintains and manages www.e-generator.ru Web-site that is involved in execution of remotely managed advertising and Web-development projects. The number of registered users of the system is over 15,000 and the customers are well known Russian TV channels, newspapers and some foreign companies operating in the country.

Scope of Business

- Design and development of company's name, slogan, promo action, etc.
- Support and Promotion of Internet Projects
- Development of Postcards and Animated Films
- Testing of Web-sites, Products and Services
- Increase of Loyalty of Users to the Product or Service
- Research

Competitive Strength

- E-generator provides unique technological means for remote operations of the authors and for transmission of results to the client.
- The company has an impressive customer list: STS TV company, YANDEX search system, REGNUM Information Agency, FINAM Investment Holding, AMERICAN CIGARETTE TOBACCO COMPANY, ALTERWEST, Newspapers: "Sport-Express", "Nezavisimaya Gazeta", "Moskovsky Komsomolets".
- The authoring community of E-generator is over 15,000 users. 85% of new customers turn into permanent partners. The results of work of E-generator are widely disseminated by major Russian TV channels and in mass media.

Management

General Director - Yuri I. Belousov combines an extensive experience in show-business (worked for three years in several popular TV shows) with marketing expertise (being Director for Marketing at one of the companies). Utilizing his creative abilities he founded E-generator.ru in 2003. Mr. Belousov is a graduate of Novosibirsk University majoring in physics. He is 30 years old.

¹ This asset is bought by the Fund and will be included in the Fund's assets during May 2007.

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Executive Director - Alexey D. Shapiro started his business career as the Director of Information, and General Director of Novosibirsk Akademgorodok network (www.academ.org). Mr. Shapiro is a graduate of Novosibirsk University majoring in physics. He is 26 years old.

When valuating the company the income approach was prevailing. The company, being the leader in its segment shall have high sales growth tempo, far beyond its peers. Annual sales level of the company is increasing twofold each year. In Q1 2007 it grew 25% as compared with Q1 2006. High growth values are the result of development of traditional for the company businesses, as well as of introduction of new ones: content, web-design, testing and research.

Growth Projections

- By the results of sociologic research conducted by the Russian Academy of Government Service E-generator.ru was recognized as the leader in Russian advertising outstaffing.
- The services of the company in the sphere of generation of advertising ideas are growing in demand. The number of monthly registered clients grew three times, while the number of authors of the system increased by 10% and reached 16,000.
- During 2007 the company shall have a huge growth potential. The management thinks that the following key directions shall be pursued:
 - a. Establishment of promo projects and of news portals
 - b. Design and animation
 - c. Access to the Ideas Bank (The Ideas Bank is a unique database that has information on results of brain storming sessions that are happening on E-generator web-site - from development of slogans and company names to production of marketing scenarios)
 - d. Research
 - e. Increase of the number of users of the system, increase of clients and customers bases, increase of profitability of the project.

3.2. Management of the Fund

Management Company

The Fund is managed by FINAM MANAGEMENT LLC. that is the integral part of the FINAM Group of companies. Over the ten years of operations the company formed a good track record in managing trusted funds. As part of the Company's 2006 individual trust management programs the value of assets managed tripled to 4,275.77 million RUR (\$163.2 million), while the average value of client accounts currently stands at about \$320,000. Average returns which FINAM MANAGEMENT LLC., clients generated on individual trust management accounts in 2006 equaled 17% for the conservative strategy, 46% for the balanced strategy and 54% for the aggressive strategy.

Table 8 represents results of management of six mutual funds that are under supervision of FINAM MANAGEMENT LLC.

Table 8. Mutual Funds Management by FINAM MANAGEMENT LLC.

Name	Returns 2005	Returns 2006
Finam MICEX Index	57.26%	54.43%
Finam First	78.51%	37.25%
Finam Low Liquidity Stocks	35.50%	38.44%
Finam Bonds	5.68%	5.76%
Finam IT	n/a	53.95%
Finam Real Estate	n/a	11.15%

Venture FINAM-IT Unit Fund

The Table data shows that FINAM MANAGEMENT LLC. during more than 10 years of operations formulated and runs a weighted and proven business model of trust management of the funds.

Management Company's Fee

- ✓ In accordance with the Trust Management Rules the fee for the Management Company is no more than 1.5% of the annualized Fund's NAV
- ✓ Calculations and payments of the mentioned fee are exercised on a monthly basis
- ✓ Total operations fee (to the Management Company, Custodian, Administrator, Independent Valuation Company and Auditor) is not more than 2% of annualized NAV.

Terms of Entering the Project

There is no minimum cash limit for investment in the Fund (after portfolio is formed).

3.3. Investment Strategy of the Fund

The Management Company believes that the biggest potential of the Fund's capital growth is in increase of cost and of net profits of the companies that are operating in the *information technologies (IT)* sector.

- The Fund pursues the objective of a long-term investing of its net assets plus any borrowings for investment purposes (measured at time of purchase) ("Net Assets") in (i) securities and (ii) shares of authorized capital of Russian limited liability companies (LLCs) with the objective of:
 - generating attractive returns for the ownership of the Fund
 - providing working capital to the Companies
 - assisting the management with strategic and advisory inputs
- Investment term is set up from 1 year
- The Fund intends to pursue investment opportunities which have a targeted IRR of at least 20% per annum.
- The process of evaluation and selection of companies is vectored towards establishment of portfolio of projects that combine acceptable potential of growth and relatively low investment risks.

The Management Company's approach to selecting investments emphasizes fundamental company-by-company analysis in conjunction with broader analysis of specific sector, i.e. IT. Although, when we may consider historical value measures, such as price/earnings ratios, operating profit margins and liquidation values, the primary factor in selecting securities for investment by the Fund is the company's current price relative to its long-term earnings potential, or intrinsic value as determined using discounted cash flow analysis and other valuation techniques, whichever is appropriate. In addition, the Management Company considers overall growth prospects, competitive positions in export markets, technologies, research and development, productivity, labor costs, raw material costs and sources, profit margins, returns on investment, capital resources, state regulation, management and other factors in comparison to other companies around the world and in Russia which the Management Company believes are comparable. The Management Company in selecting investments also considers macroeconomic factors such as inflation, GDP growth, government spending and the government's support of particular industries.

Investment Criteria

As the part of investment strategy the Management Company has developed **investment criteria** that are applied to the candidate companies:

- Absence of impediments for venture capital investments or elimination of possible ones for investment process - legal compliance of company's operations and internal bookkeeping at the level that provides comfort for investor to protect his investments.

Venture FINAM-IT Unit Fund

- A growing investment attractiveness of potential Fund's investment candidate; its attractive economic performance.
- Absence of impediments for return of venture investments (e.g. currency or tax legislation requirements).
- Confidence in investor, transparency, access to information.
- Sound approach of management of business operations.
- Legal transparency and quality in Fund's acquisition transaction; professional and high quality of execution of contractual documentation.
- Other relevant factors: local authorities' policies; experience of relevant transactions of peer companies (investors), etc.

Regarding sub-sectors - presently the Management Company prioritizes sub-sectors of Internet and mobile services; telecommunications; software and computer games.

Investment Committee is the key element in asset management. Investment Committee comprises seven members and meets as it is appropriate, from time to time, to analyze the current market situation, economic metrics, to approve the limits for the operations performed and for correction of investment strategy. At the meetings of the Committee the members discuss macroeconomics tendencies, corporate news and political events that may affect financial environment; correction of the investment portfolios structure is valued and approved.

By its composition the *Investment Committee is one of the most qualified groups of experts in Russia*; the one that is capable to evaluate both the technical essence and the investment appeal of the business.

Victor Remsha, the Chairman of the Investment Committee, is a recognized member of the top managers list of Russia. In 1994 Victor was the promoter of FINAM and during the last decade showed his management and business building skills that transformed a small company into a diversified financial holding with turnover of \$66 billion in 2006. Being a radio engineer by first education, Victor combines this with his business acumen to make a sound judgment when analyzing companies of IT sector.

Andrey Popov, General Director of the Management Company, brings to the Investment Committee a sound knowledge and experience of stock market professional. Mr. Popov is a recognized stock market expert in Russia, that is in possession of a distinguished package of qualification certificates of Federal Financial Stock Market Service (FFMS).

Sergey Mikheev, General Manager of FINAM Information Agency, is an expert in the field of information technology and analytics.

Alexey Basov is one of the well-known figures in the Russian Internet and one of the first successful businessmen in sector. He was the developer of such well-known Internet projects as MoneyMail/Money@mail.ru, SpyLOG counter, BEGUN context advertising system.

Sergey Oparin is one of the lead managers of FINAM Investment Division; has more than 7 years experience in investment banking.

Elina Karaeva, Director of Center for High-Tech Research and Analysis, an entity that is established under the auspices of FINAM with the goal of selection of potential investment candidates, specifically for FINAM-IT Fund. The Center is heavily involved in valuation, financial modeling and forecast of further development of IT companies.

Leonid Delitsyn is an independent consultant with FINAM and was one of the experts that started Internet as it is in Russia. Leonid developed numerous professional relationships that provide a network of experts in telecommunications and IT.

Investment Managers. Operational and strategic supervision of the Fund is vested in Investment Managers that are professional experts in the field; they are managing business and financial activities of the companies, actively participate in development of Fund's strategy. Messrs. **Sergey Oparin** and **Alexey Basov** are professional investment managers.

3.4. Fund's Exit Strategy

3.4.1. Options for Investor Participation in the Capital of IT Companies. General Trends in the Russian IT Market.

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Both Russian and foreign investors have a good appetite for the companies from the Russian IT sector. This is the result both of its explosive growth and of attractive projections for long-term development of the market.

In the short term the Russian IT market provides more opportunities for private equity investments than for IPOs, from a stock market perspective. The IT market is expanding rapidly and companies are generating healthy returns, while the nature of capital investments in the industry is such that the company owners do not require external funding to support growth. Hence there are some limitations as to options and possibilities for investors to enter IT companies' businesses. Private placements of IT companies shall be executed either for the purpose of exit from business or to finance big acquisitions. The need for external financing is expected to grow quite intensely over the next several years as the sector heads into the period of consolidation.

3.4.2. Strategy of the Fund

Basic Criteria for Fund's Exit From the Business of Companies:

1. At the date of exit ROI shall be not less than 50% per annum.
2. Presence of alternative, more profitable assets.
3. Competitive situation on the market that allows for effective exit, e.g. sale of equity package of several companies of the Fund to strategic investor, thus providing for Fund's exit with big ROI.

The Fund's most significant assets are:

MAMBA

FINAM MANAGEMENT considers MAMBA assets as one of the most efficient projects of the Fund. The most viable way for exit of the Fund from MAMBA's business is the attraction of strategic investor.

Key points that determine the cost of exit:

- Actual sales growth rate - about 50%
- EBITDA profitability - 47–50%
- Projected revenue growth 50–65% per annum (50% - as part of the market growth, 15% - as part of MAMBA's margin in users' payments for SMS messages that are sent over carriers' networks from 62% to 75%).
- Current multipliers for the companies of IT sector:
 - a. EV/EBITDA - 21.9 for public companies (12–16.8 with discount for private companies)
 - b. EV/S - 9.2 for public companies (5–7 with discount for private companies).

The sale of unit package is possible when the company's revenue reaches \$20–30 million. At this time the value of MAMBA shall be \$120–180 million, while the value of the package in Fund's ownership - \$80–120 million.

BUKA

FINAM MANAGEMENT looks on the exit opportunity from BUKA's business as the sale of owned shares in the public market or to the strategic investor.

BUKA considers IPO as one of the possible growth scenario and capitalization of business. Currently the company is in preparation status for the IPO and thinks that there are some prerequisites for successful placement.

Key points that determine the cost of exit:

- 2007 planned revenue volume - about \$40 million
- EBITDA profitability - 36%
- Projected EBITDA for 2007 - over \$14 million

Venture FINAM-IT Unit Fund

- Revenue growth tempo - over 50%.
- Current multipliers for the companies of IT sector:
 - a. EV/EBITDA - 10.8 for public companies

The sale of unit package is possible when the company's revenue will be over \$50 million. At this time the value of BUKA shall be over \$150–200 million, while the value of the package in Fund's ownership - \$30–40 million.

Regarding the other assets of the Fund we foresee our exit from the business of the companies by means of private placement of equity/shares of these companies with strategic or financial investors. At this time ROI should be not less than 50% annualized.



Venture FINAM-IT Unit Fund

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