

Profiticket Ltd

Volume of investments required: \$ 2 000 thousand

Use of funds

Acquisition of fixed assets - 59%

Marketing - 27%

Other (administrative costs) - 14%

Company profile

1. Date of establishment – June 2004.
2. Size and source of investment to date – \$ 1 000 000 own funds.
3. Production – system for remote tickets sales and booking, ticket machines and telephone service.
4. Target market – services.
5. Sales 2004 – \$ 24 400.
6. Description and value of assets – \$ 200 000 – equipment.
7. Goodwill and intellectual property rights – exclusive license for using in former Russian and other CIS states.

Owners

| | |
|------------------------------|-----|
| 1st | 67% |
| 2nd | 13% |
| 3rd | 13% |
| 4th | 7% |
| Share of government property | 0% |

Products characteristics

“Profiticket” – a complete ticketing solution for efficient and profitable ticketing operations. Multi customer contact points such as the:

mobile phone (customer obtains ticket as a bar code to the screen of customer’s phone and pays for the ticket either from the account linked to his mobile account, or using banking card or other payment cards of object (e.g. cinema network) or Profiticket prepaid card

Internet (via any computer having access to Internet. Customer prints the ticket with the individual bar code by himself at his home or office)

automatic ticket machines

telephone services

any post office throughout Russia for cash

via the Profiticket’ partner’s network.

The system completely automates the ticketing system of the objects, engaged in mass events on the highest level, there is no need in physical delivery of the tickets to customers.

Markets & Competition

Currently the market share of our general Norwegian partner in Scandinavia just for cinema tickets is: 85% of Norway market, 65% of Sweden, 65% of Denmark, 80% – Finland, 80% – Island. Ticket system is being successfully used in 8 countries. The experience of exploitation during 15 years in Scandinavia shows that more than 60% of tickets are sold not in the box offices of cinemas or other objects but via alternative channels. Customers are paying additional fee for it. The ticket market of Russia in 2003 was \$ 500 mln and demonstrating 50–60% of annual growth will be \$ 1 125 mln in 2005. Taking into account the rate of 60% of tickets sold via alternative channels in countries where such option exists, the potential market for such tickets in Russia is \$ 675 mln in this year. Taking 10% service fee gives the market for such kinds of services in \$ 675 mln in this year. The demands of this market is not satisfied even for 1% because of the technological backwardness and the absence of investments and the united technological system.

Marketing & Sales

The market development of the system will be fulfilled by direct sales, participation in expos, co-promotion with the event organizers. Profiticket has already launched a range of the successful projects in the different spheres of ticketing: Central House of Literators (Moscow, "Formula Kino" Network), Kazakhkinofest (Kazakhstan, cinema), Sport Complex "Olimpiysky" (Moscow, sport, concerts), some other objects, won the tender in the one of major network of multiplex cinemas – "Cinema Park" demonstrating to market its technological advantage, recognized even by competitors.

For starting the second stage of company development Profiticket managed to obtain the strategic positions: exclusive ticket distribution agreement with the main Russian Sport governmental body – Federal Agency for Sport and physical training, Agreement with the Government of Tatarstan, The Federal Governmental enterprise "The Post of Russia", Sochi city administration, the wide range of other objects for the further development of Profiticket system.

There is an agreement with The Soccer Federation of Russia that Profiticket will be accepted by the most of the Russian soccer clubs. The negotiation with one major one "Lokomotiv" is in the final stage.

The third and the most aggressive stage of the development will be the free for objects installation of software and replacement of the competitor's software, fees will be applied only to customers, not to the objects (cinemas, theatres, etc.).