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Volume of investments required – \$ 2–3 million

Summary

1. **Production** – (A) The ITS – Intellectual Trading Systems software package is a multifunctional system for managing forex positions; (B) Trade solutions, management solutions and fundamental research results, produced by the software package. Market sectors: (A) Global finance, direct investments and savings management; (B) Retail, Internet trade assistants and retail financial units of large economic as well as forex and other instruments trading Internet portals.
2. **Trade marks** – ITS, Confinex.
3. **Sales 2007** – none.

Company profile

Date of establishment – October 2004, the company was created to develop a software robot to replace a forex trade and forecasting division for banks, using private investor’s money. The development was based on M.M. BoBotvinnik’s works on the intellectual software program “Chess Master – PIONEER” together with the USSR Academy of Sciences, in which A.I. Spiriagin participated in late 1980s – early 1990s. In 2004 a private investor was engaged in the development. In 2008 due to the positive results of the development a decision was taken to enlarge the number of partners to drastically intensify the development and implementation.

Description and value of capital assets – \$500 ths. Office space and the complex of computer, networking and supplementary equipment.

Previous rounds of investment – costs of the physical infrastructure, current expenses and experiments.

Signs of public recognition – none.

Number of employees – 4 persons.

Structure of ownership

Natural person (Andrei Igorevich Spiriagin)	100%
Aggregate share of government property	0%

Team

Kolosov Grigori Anatolyevich – Investor, 51 y.o. Citizen of Austria. Since 2004 has participated in providing physical infrastructure, current funding for the project and current assets for the experiments.

Spiriagin Andrei Igorevich – Founder, Project Manager, 42 y.o. More than 10 years of experience as head of financial and research divisions, treasuries and securities divisions of various banks.

Babnikov Denis Alexandrovich – Chief Developer, 29 y.o. Developer of main modules of the project and manager of all computer, technical and communication systems.

Production

The package developed can effectively participate in solution of the problems faced by two customer categories:

(a) The package as a whole, or the products of its operation may be of interest to banks, investment and savings management companies (including pension and insurance funds) which require monitoring of foreign exchange positions and forex risks assessment in connection with investments in financial instruments of different countries. It may also be of interest to large industrial companies whose revenues accumulate in different currencies. The main problem for the above-mentioned users in this sector is an adequate assessment of balance sheet risk due to mismatches in forex positions, assessment of losses due to revaluation of currencies, revaluation of assets denominated in different currencies other than the balance sheet currencies as well as adequate maintenance of forex revenues. The investment is sought to continue the development in order to switch from currency portfolio management to robotized management of securities, bonds and commodity futures denominated in those currencies.

(b) The package can generate technical and fundamental assessments of forex trends for prompting in decision-making on buying or selling currency pairs for retail currency traders, and can also manage their currency positions and portfolios, issuing its recommendations in the Internet environments, exchanges, etc. to perform speculative currency trades. All those services can also be provided over the Internet in a fully automatic regime. The complex is a robotized equivalent of the team consisting of currency traders, a treasurer, and an analyst in any combination, who manage the currency portfolio with a given risk-profit ratio. The profitability of the robotized currency portfolio management during the periods assessed by experts as non-crisis periods amounts to **30-40% a year**. The unique characteristic of the complex consists in the fact that in analyzing currency movements the robot applies both technical parameters and the assessment of the fundamental economic data of the countries issuing the currencies, which differentiates the program from the neuron and quantum systems of large investment banks. This also makes the program react quite differently to economic crises which cause significant currency fluctua-

tions. The technology involves the use of quotations and technical indicators in combination with fundamental parameters which are fed into the system by Internet information assembler bots and then, following algorithmic processing, direct transactions for the purchase or sale of currencies are put through trading systems using brokers or directly at currency exchanges. Human participation is limited to setting the investment and limit strategy. The program manages itself the current currency positions, limits, status of monetary accounts. The complex is also highly efficient (up to 50 accounts per computer) and highly fail-proof. Power failures, interruptions in broker's services provision, etc. influence neither algorithm, nor saving of information on the accounts and positions. The program's interface has been developed at the level of the world's best standards and has flexible and easily tuned structure. The complex can communicate with brokers and exchanges using one of the latest financial information exchange protocols FIX which ensures maximum reliability and protection of the commands sent.

Current State

At present the company continues work on creating online service for retail sales of forecasts and prompting for currency exchange transactions as well as develops the system for complete automation of the management of portfolios and stock, bonds, and commodity futures transactions.

Development Strategy

Use of funds

- | | |
|--|-----|
| 1. R&D | 30% |
| 2. Fixed Assets Procurement (Multiprocessor and multi-stream system modules for processing numerous customer accounts) | 15% |
| 3. Marketing | 20% |
| 4. Acquisition of current assets | 30% |
| 5. Other (payments for patenting and protection of rights) | 5% |

Prospective outcome of investment

When the development is completed the investment made is to result in a multi-profile program complex that would be capable (offering, depending on the requirements, the necessary additional services up to complete resource management) of *directly performing* clients' various investment strategies through online trading using world-renowned exchanges. In so doing, client categories are to vary from (a) individuals with a limited amount of funds and limited knowledge of the trading technologies to (b) large, professional, institutional, including collective, investors. The complex is planned to provide the opportunity to work with a sufficiently broad range of standard financial instruments.

Marketing & Markets

In essence, the market volume for this product is equal to the market volume of the world investment capital. Market share of the complex might be linked to the amount of investment funds of the financial institution that will be using the complex provided the investor is also an open market investor. In the case of retail it could mean the number of final investor customers. Market entry is planned using retail prompting and indications for short and medium-term speculative transactions by private investors with the capital from \$30 ths to \$200 ths; automated capital management for investors with the capital from \$200 ths to \$10 mln as well as offering more effective and profitable currency exchange operations with large masses of short-term funds to large corporations.

Interaction with investor

Sale of between 10% to 51% of the company depending on the investor's marketing and investment strategy. The share may cost up to \$1 bln. A priority for us is the investor's capacity to maximize the use of the complex' abilities through the investor's existing infrastructure.

Financial Indicators, \$ thousand

Data	Facts			Forecast	Forecast with the investments required			
	2005	2006	2007	2008	2009	2010	2011	2012
Sales	0	0	0	20	200	2 000	4 000	8 000