

# MLS MULTIMEDIA SA

[ MLSr.AT ]

- Leading position in the fast growing navigation market
- Growth opportunities from the forthcoming introduction of multimedia systems to the Greek educational system



**Valuation & Research Specialists (VRS)**

Value Invest - [www.valueinvest.gr](http://www.valueinvest.gr)

Investment Research & Analysis Journal - [www.iraj.gr](http://www.iraj.gr)

## INITIAL STATEMENT

by **VALUATION & RESEARCH SPECIALISTS (VRS)**

Information contained herein is based on data obtained from recognized statistical services, issue reports or communications, or other sources, believed to be reliable. However, such information has not been verified by VRS, and VRS does not make any representation as to its accuracy and completeness. Opinions, estimates, and statements nonfactual in nature expressed in its research represent VRS's judgment as of the date of its reports, are subject to change without notice and are provided in good faith and without legal responsibility. In addition, there may be instances when fundamental, technical and quantitative opinions, estimates, and statements may not be in concert. Neither the information nor any opinion expressed shall constitute an offer to sell or a solicitation of an offer to buy any shares, warrants, convertible securities or options of "covered companies" by no means.

**Please see full disclosure and disclaimer statements at the end of this report**

# VALUATION & RESEARCH SPECIALISTS (VRS)

Value Invest - [www.valueinvest.gr](http://www.valueinvest.gr)

Investment Research & Analysis Journal - [www.iraj.gr](http://www.iraj.gr)

Contact: [research@valueinvest.gr](mailto:research@valueinvest.gr)

Greek Equities - April 14, 2008

## MLS Multimedia SA

Sector : Information Technology - Software

Christophoros J. Makrias

Nicholas I. Georgiadis

CA, HCMC

### Company Description:

MLS Multimedia is a small-medium size information and communication technology (ICT) company in Greece, generating revenues through the development of a broad range of software systems in multimedia and navigation. The Company's major product categories consist of navigating systems and software, language technology applications (such as translators, etc.) as well as other multimedia products in the areas of education, entertainment, automotive and office equipment.

In million €	2007	2008 E	2009 E
Turnover	7.07	8.59	10.25
EBITDA	3.08	3.68	4.25
Margin %	43.61%	42.86%	41.48%
Net Income	0.90	1.47	1.72
Margin %	12.78%	17.15%	16.82%

Price (14/04/2008)	€ 0.95
Shares Outstanding	12,417,000
MktCap (in € ,000)	11,424

Beta (2 years)	1.1
Dividend '07	€ 0.03
Div. Yield	3.26%

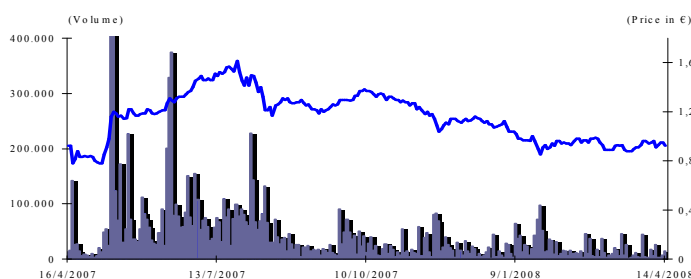
	2007	2008 E	2009 E
P/E	12.64x	7.75x	6.62x
P/BV	0.94x	0.87x	0.80x
Debt/Equity	0.00	0.00	0.00
ROE	7.73%	11.60%	12.54%

Source: Company data & VRS Projections

### Key Investment Points

- ⊙ MLS's major growth driver is navigation software and systems with revenue growth from this business segment expected to accelerate **by at least 14.7% on average annually** in the following 5-year period. We believe that the navigation market in Greece will increase by more than 30% in volume until the financial year 2010.
- ⊙ MLS's leading position in the educational software allows the Company to **explore growth opportunities in the forthcoming introduction of multimedia systems in the Greek educational system**. Large projects currently account for a small part of total revenues (represented 4% in 2007). We believe that this revenue stream will account for about 19% in 2008 and about 15-16% until the financial year 2012 as the Company is likely to undertake part (we estimated 1/3) of the forthcoming multimedia related state projects that are projected to exceed €20 mn.
- ⊙ MLS also engages in the **development and distribution of multimedia products**. These include, among others, encyclopedias, electronic games, educational multimedia titles and dictionaries.
- ⊙ According to our estimates for the period 2007-2012, **turnover will post an annual growth of 17.9%**, while EBITDA margin will decrease to 39.6% in 2012 from 43.6% in 2007 with net income rising on an annual average rate of 24.8%. **By applying our forecasts for the coming 5-years in the DCF model, we derive a fair price of €1.57 per share.**

Share Price Graph (52 Weeks) - Max: € 1.61 - Min: € 0.78



Please see important disclosure and disclaimer statements at the end of this report

VALUATION & RESEARCH SPECIALISTS : 104 Eolou Str., 105 64, Athens, Greece

Tel : + 30 210 32 19 557 FAX: + 30 210 33 16 358 E-mail: [info@valueinvest.gr](mailto:info@valueinvest.gr) - [info@iraj.gr](mailto:info@iraj.gr)

**Blank Page**

---

<b><u>TABLE of CONTENTS</u></b>	<b><u>Page</u></b>
General Overview	7
Investment Case	8
Projects & Services	8
Automotive Navigation	8
Multimedia / Software Systems	10
International Activities	10
Catalysts Ahead not Priced In	11
Historic & Projected Turnover Breakdown	12
Company Profile	13
The Sector	17
Share Price Performance	20
Valuation	
DCF Methodology	21
Sensitivity Analysis	22
Financial Analysis	
Profit & Loss Analysis	23
Key Elements of Balance Sheet	27
Historic & Projected Financial Ratios	28
Historic & Projected Profit & Loss Account	29
Historic & Projected Balance Sheet	30
Historic & Projected Cash Flow	31
Investment Risks	32
Notes	33-34
Disclaimer	35-36

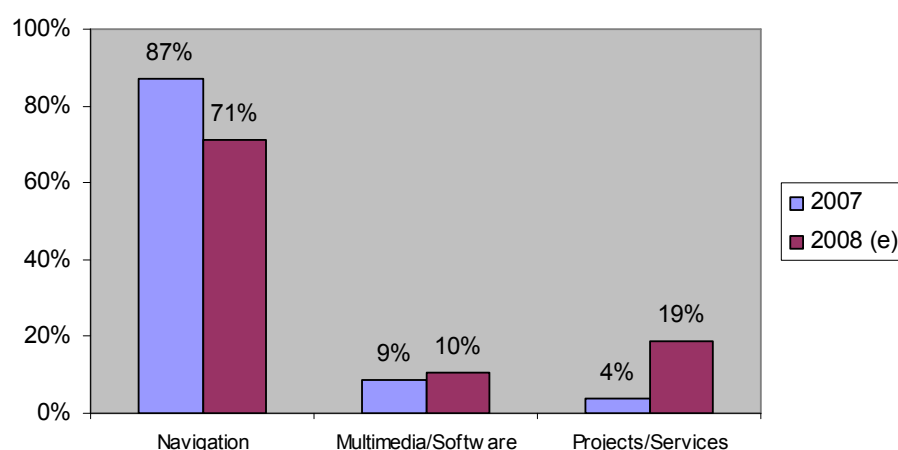
**Blank Page**

## General Overview

MLS growth scenario over the next 5-year period is based on the expansion of the three major revenue streams as they are currently reported by the Management: 1) Projects and services, 2) Navigation and 3) Multimedia. In overall, our projections have been based on the following key assumptions:

1. The Company continues to enrich and modernize its product portfolio;
2. MLS continues to innovate and translate its R&D activities into successful products and services;
3. The Company expands its distribution network covering additional retail chains domestically while at the same time holds tight the existing distribution agreements;
4. MLS penetrates the mobile telephony market by offering reliable multimedia solutions (such as navigation, etc.) for mobile handsets to all major providers;
5. MLS continues to brand its products successfully utilizing additional international partnerships in the future;
6. The Company is gradually strengthening its export orientation.

### Revenues' Product Mix



Source: Historic Data & VRS Estimates.

---

## Investment Case

---

### Projects & Services

---

Projects and services are the Company's oldest activity and currently the second largest contributor in revenues. In this front, MLS targets further expansion to capture benefits from these segment's higher profit margins and utilize synergies from its strong technological know-how. As the domestic economy and the Greek state enter into the digital era, the Company's positioning in the market is to provide state as well as private entities with "tailor made" multimedia solutions.

MLS is a well known leader in the domestic market place as far as specialized multimedia solutions are concerned. The Company has long history in researching and developing product ideas which can very easily form the basis of new multimedia solutions for a broad range of markets. At this stage, MLS targets the constantly modernized Greek state sector with certain ministries and state organizations among its clients. Below, we present the Company's major service categories:

- Development of educational applications;
- Development of professional applications;
- Professional translation systems;
- Voice recognition systems;
- Multimedia applications;
- Digitalization of archive materials;
- Portal development, etc.

Taking into consideration the Company's unique positioning in this market, we have assumed total project and service revenues to reach at least €2.4 million by the end 2012. We also assume that projects and services rendered for the public sector continue to generate higher profit margins than any other Company's activity.

### Automotive Navigation

---

MLS is a pioneer in the Greek navigation market, having developed and distributed the first navigation system for vehicle owners in the Greek market in 2003. Via this system, the vehicle driver, by simply entering the destination point into the navigation system, is guided by voice based on an analytical map displayed on the system's screen. The navigator, which is constantly connected to a satellite, provides the vehicle driver with additional information such as distance details, road names,



etc. The Company's core navigation software system is called "MLS Destinator" and is offered in the domestic market since 2005. "MLS Destinator" resulted from the co-operation of MLS with Destinator and NGI and it is currently offered as PDA and PNA. Since January 2008, "MLS Destinator" is also offered on the Company's own hardware telephone handset.

The domestic navigation market is seen to have entered a high growth phase having reached a total market size of € 9-10 million (equaling with an annual sale of 40,000-50,000 navigation sets) in 2007 and targeting € 20 million in 2008 (implying the annual sale of 90,000-100,000 navigation sets). As an indication of the market's real growth potential, it is noted that there are currently at least 4 million cars running in the country's road network with vehicle owners to have an ever rising need to facilitate their daily driving via a navigation system. MLS captured a leading market share or € 6.1 million of this market in 2007, while it is expected to maintain its leading market share this year as well.

Our model's projections are relatively conservative implying a sustainable leading domestic market share during the next 5-year period. With regard to this revenue stream, we have assumed revenue CAGR 2008-2012 of 14.7% with total navigator product revenues reaching € 12.26 million by the end 2012. Navigation revenues enjoy the highest gross profit margin among the Company's product categories; however the margins are expected to decrease following a lower pricing policy in order to sustain a leading market share against competition.

Looking forward, the Company's share in this market will be also driven by:

- The decision to offer PNA platform based navigators, taking into consideration that 98% of the European market account for PNA based navigators as opposed to PDAs;
- Its plans to promote the "MLS Talk & Drive Destinator" which is more user friendly and appeals to even older consumer categories;
- The Management's strategic decision to develop and constantly upgrade navigation systems for mobile telephony handsets, taking advantage of the extremely high mobile telephony penetration in Greece.

Internationally, MLS is targeting the Cypriot and the Balkan markets where R&D activities are in progress. These markets are expected to contribute limited revenues at this stage however their growth potential should not be underestimated. Our model's projections with regard to international revenues have been kept very conservative.

### Multimedia / Software Systems

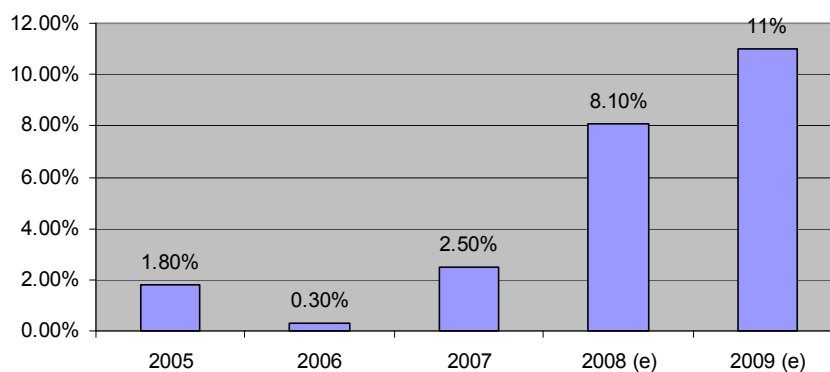
MLS is also leader in the Greek multimedia market possessing a portfolio of more than 100 multimedia titles with an aggregate market share of approximately 70%. Multimedia software covers a broad range of topics such as educational software, general and thematic encyclopedias, dictionaries, leisure and general interest. Furthermore, the Company's automatic translators ("Systran") and dictation systems ("MLS Talk & Write"), resulting from its co-operation with "Systran" and "Philips" respectively, have captured a notable share of the Greek software market.

With regard to this revenue stream, we have assumed revenue CAGR 2008-2012 of 18.9% with total multimedia product sales reaching € 1.47 million by the end 2012. We expect MLS to retain its leadership in this market and utilize its deep knowledge in order to capture a higher share of state projects awarded by Greek ministries and institutions (such revenues would be categorized as projects / services). MLS has also got a strong foothold in the Cypriot multimedia market utilizing a similar business model with the one applied in Greece.

### International Activities

MLS has only recently placed great emphasis on expanding activities internationally, mainly in the market of navigation systems of the Balkans and Cyprus. The Company is also interested on penetrating the same geographic markets by offering educational multimedia titles to private and state entities. The Management has given us the following guidance with regard to the targeted contribution from international revenues going forward:

#### International Revenues as % of Total Revenues



Source: Management's guidance.

---

### Catalysts Ahead not Priced In

---

Our valuation model has not priced-in two catalysts relating to the Greek navigation market and the Company's expansion strategy as we go forward:

- Growth in demand for navigation systems in Greece as experienced in other developed economies with similar urban characteristics might evolve dramatically higher. MLS management projects this market to double in terms of volume during the year 2008. On the other hand, as the market experiences this multiplied growth effect, prices of navigation systems should go down.
- Based on the Management's guidance, MLS contemplates to strengthen its portfolio of international partnerships as a means to increase the level of innovation and branding in the products / services that will be offered in future. Such development would have a –most likely significant– impact on the Company's revenues.

### Historic & Projected Turnover Breakdown

(in € ,000)	2005	2006	2007	2008 E	2009 E	2010 E	2011 E	2012 E
<b>Projects</b>								
<b>Ministry of Development</b>	<b>591.0</b>	<b>114.4</b>	<b>86.2</b>	<b>50.0</b>	<b>50.0</b>	<b>50.0</b>	<b>50.0</b>	<b>50.0</b>
% of total project revenue	34.98%	48.45%	30.42%	3.13%	2.93%	2.55%	2.36%	2.11%
y-o-y change		-80.6%	-24.6%	-42.0%	0.0%	0.0%	0.0%	0.0%
<b>Ministries of National Education</b>	<b>390</b>	<b>0</b>	<b>165</b>	<b>1,000</b>	<b>1,000</b>	<b>1,200</b>	<b>1,300</b>	<b>1,500</b>
% of total project revenue	23.08%	0.00%	58.06%	62.50%	58.65%	61.21%	61.42%	63.21%
y-o-y change				507.7%	0.0%	20.0%	8.3%	15.4%
<b>Other Public Sector Projects</b>	<b>603</b>	<b>101</b>	<b>15</b>	<b>500</b>	<b>600</b>	<b>650</b>	<b>700</b>	<b>750</b>
% of total project revenue	35.71%	42.98%	5.29%	31.25%	35.19%	33.15%	33.07%	31.60%
y-o-y change		-83.2%	-85.2%	3233.3%	20.0%	8.3%	7.7%	7.1%
<b>Private Projects</b>	<b>105</b>	<b>20</b>	<b>18</b>	<b>50</b>	<b>55</b>	<b>61</b>	<b>67</b>	<b>73</b>
% of total project revenue	6.24%	8.57%	6.23%	3.13%	3.23%	3.09%	3.14%	3.08%
y-o-y change		-80.8%	-12.7%	183.1%	10.0%	10.0%	10.0%	10.0%
<b>Total Project Revenues</b>	<b>1,690</b>	<b>236</b>	<b>283</b>	<b>1,600</b>	<b>1,705</b>	<b>1,961</b>	<b>2,117</b>	<b>2,373</b>
% of total turnover	51.88%	6.48%	4.01%	18.62%	16.63%	15.98%	14.58%	14.73%
y-o-y change		-86.0%	20.1%	464.5%	6.6%	15.0%	8.0%	12.1%
<b>Navigation</b>								
<b>Navigation Software</b>	<b>206</b>	<b>1,224</b>	<b>1,596</b>	<b>1,870</b>	<b>2,050</b>	<b>2,200</b>	<b>2,400</b>	<b>2,450</b>
% of total navigation revenue	28.20%	44.24%	25.89%	30.64%	27.70%	24.32%	21.78%	19.98%
y-o-y change		494.7%	30.4%	17.2%	9.6%	7.3%	9.1%	2.1%
<b>Navigation Systems</b>	<b>524</b>	<b>1,542</b>	<b>4,570</b>	<b>4,234</b>	<b>5,351</b>	<b>6,845</b>	<b>8,621</b>	<b>9,810</b>
% of total navigation revenue	71.80%	55.76%	74.11%	69.36%	72.30%	75.68%	78.22%	80.02%
y-o-y change		194.4%	196.3%	-7.4%	26.4%	27.9%	26.0%	13.8%
<b>Total Navigation Revenues</b>	<b>730</b>	<b>2,766</b>	<b>6,166</b>	<b>6,104</b>	<b>7,401</b>	<b>9,045</b>	<b>11,021</b>	<b>12,260</b>
% of total turnover	22.40%	75.93%	87.24%	71.04%	72.17%	73.71%	75.90%	76.12%
y-o-y change		279.1%	122.9%	-1.0%	21.2%	22.2%	21.9%	11.2%
<b>Multimedia</b>								
<b>Lingual Technology</b>	<b>495</b>	<b>375</b>	<b>321</b>	<b>416</b>	<b>546</b>	<b>598</b>	<b>650</b>	<b>676</b>
% of total multimedia revenue	59.08%	58.44%	51.87%	46.82%	47.54%	47.27%	47.03%	45.89%
y-o-y change		-24.3%	-14.3%	29.6%	31.3%	9.5%	8.7%	4.0%
<b>Education Titles</b>	<b>182</b>	<b>211</b>	<b>238</b>	<b>257</b>	<b>333</b>	<b>361</b>	<b>399</b>	<b>437</b>
% of total multimedia revenue	21.74%	32.89%	38.43%	28.87%	28.95%	28.54%	28.87%	29.67%
y-o-y change		15.8%	12.8%	7.9%	29.6%	8.6%	10.5%	9.5%
<b>Other Titles</b>	<b>161</b>	<b>56</b>	<b>60</b>	<b>216</b>	<b>270</b>	<b>306</b>	<b>333</b>	<b>360</b>
% of total multimedia revenue	19.18%	8.67%	9.70%	24.31%	23.51%	24.19%	24.10%	24.44%
y-o-y change		-65.4%	8.0%	259.9%	25.0%	13.3%	8.8%	8.1%
<b>Total Multimedia Revenues</b>	<b>837</b>	<b>641</b>	<b>619</b>	<b>889</b>	<b>1,149</b>	<b>1,265</b>	<b>1,382</b>	<b>1,473</b>
% of total turnover	25.71%	17.59%	8.75%	10.34%	11.20%	10.31%	9.52%	9.15%
y-o-y change		-23.5%	-3.4%	43.6%	29.3%	10.1%	9.2%	6.6%
<b>Total Turnover</b>	<b>3,257</b>	<b>3,643</b>	<b>7,068</b>	<b>8,592</b>	<b>10,254</b>	<b>12,270</b>	<b>14,520</b>	<b>16,106</b>

Source: Company's Historic Data &amp; VRS Projections.

## Company Profile

MLS Multimedia SA was established in October 1995 in Thessalonica, Northern Greece. The Company activates in the broader multimedia market on both commercial and development basis. MLS's research and development team produces multimedia applications and solutions for the retail market as well as for third parties such as educational institutions, state-owned organizations and private corporations.

Over the past 10 years, the Company's strategic objectives have been to:

- Develop new multimedia applications used for a broad range of computer systems;
- Produce specialized language technology systems for targeted clientele groups;
- Develop a relatively lower number of multimedia products however with a greater content and higher capabilities;
- Give strong emphasis on technological advancements;
- Create a portfolio of products and services with high added value;
- Initiate export activities for certain product categories.

The Company's history is highlighted below:

MLS Corporate History	
1995	Production of the first electronic encyclopedia
1996	Initiation of major investments for the creation of multimedia titles
1998	The first electronic encyclopedia "TOMI" in the Greek market. Co-operation with the Greek Ministry of Education
1999	MLS awarded with the European Information Technology Grand Prize MLS files for listing on Athens Exchange (Greece)
2000	Participation in "NEW MEDIA SA", a company dealing with CD and DVD production
2001	MLS is listed on Athens Exchange (Greece)
2002	Launch of the first Greek language translator and the first voice

	recognition application
2003	First automatic navigation system for cars
2004	Continuous voice recognition application in co-operation with Phillips
2005	Launch of “MLS Destinator” (co-operation with Destinator and NGI)
2007	“MLS Talk & Drive” (voice recognition for navigation systems) “MLS Destinator” becomes a standardized navigation system in the Greek market. Co-operation with the country’s 3 major mobile telephony providers, Cosmote, Vodafone and Wind
2008	MLS Destinator is offered on the Company’s own branded hardware

Source: The Company.

### Portfolio of Products

The Company’s major product categories consist of navigating systems, language technology applications (such as translators, etc.), as well as other multimedia products in the areas of education, entertainment, automotive and office equipment.

The following table presents MLS’ major branded products:

**TABLE 1**

**MLS Branded Product Portfolio**

Source: The Company.

- Automatic Translator SYSTRAN
- “MLS Talk & Write”
- Electronic Encyclopedia DOMI
- “MLS Destinator” (automatic navigation)
  - “MLS-ASUS”

### Distribution

Through its major offices located in Athens and Thessalonica, the Company has built a broad distribution network to promote its products across Greece. Points of sale currently exceed 1,500 consisting of some of the country's top retail networks such as mobile telephony networks (Cosmote, Vodafone, Wind), bookstores (Papasotiriou, Elefderoudakis, Patakis, etc.), high technology retail chains (Multirama, Microland, etc.), toy stores (Moustakas, etc.), electrical and electronic appliances store-networks (Germanos, Media Markt, Plaisio, Electro World, Electroniki, Expert, Korasidis, etc.) and hypermarkets (such as Carrefour).

### Cientele Base

The Company's major product categories –navigation and multimedia– target individuals, professionals and corporations. With regard to the projects / services segment, the Company has clients from both the public and private sector of the Greek economy.

**TABLE 2**
**MLS Cientele Base – Projects / Services Sector - Greece**

Source: The Company.

- Ministry of Education
- Ministry of Development
- Educational Institute
- Various Research Institutions
  - Parliament
  - Information Society
  - Aluminum of Greece
    - Titan
    - Elais
  - Glaxo Smithcline
  - Minoan Lines

### Equity Holdings

MLS Multimedia SA participates with 19% in “NEA MEDIA SA”, a Greek company dealing with the production of CDm, CDRom and DVD products. This company has a production capacity of 30 million CDs and 13 million DVDs annually. For the financial year July 2006-June 2007, “NEA MEDIA SA” achieved sales of € 7.568 million and profit before taxes of € 0.568 million with exports representing 91% of total sales. MLS views this participation as a vehicle to achieve capital gains in future.

### Recent Developments

Committed to its strategic decision to develop navigation systems for the mobile telephony market, MLS Management recently signed commercial agreements with IT companies as well as mobile telephony providers. MLS signed an agreement with ASUSTek Computer Inc. (ASUS) according to which the Greek company will be promoting ASUSTek’s GPS mobile handsets operating the “MLS Destinator” in Greece and Cyprus. MLS has also signed commercial agreements with the leading fixed line telephony operator OTE (Hellenic Telecommunications Organization) and the top 3 mobile telephony providers of Greece.

*[ NOTE: ASUS is a technology-oriented company possessing one of the world's top R&D teams. It is well known for its high-quality and innovative technology. In 2007, one in three desktop PCs sold was powered by an ASUS motherboard and the company's 2007 revenues reached US\$6.9 billion. ASUS products' high quality stems from intensive research and development. ]*

### Shareholders' Structure

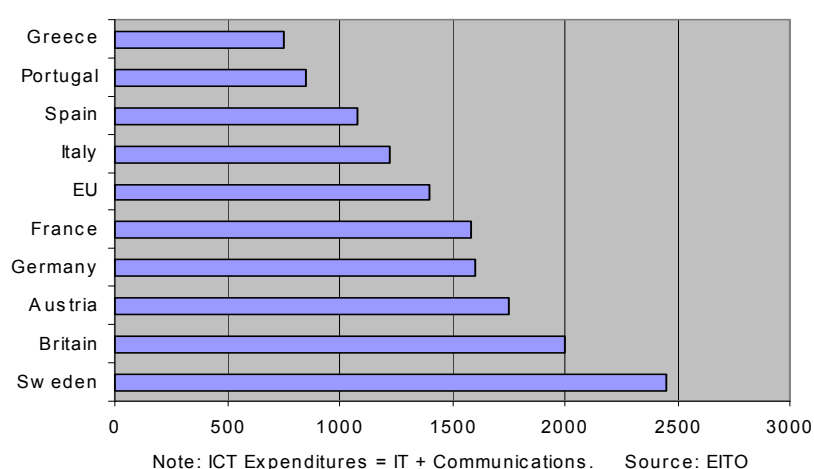
Shareholder	Equity Stake
Ioannis Kamatakis	64.50%
Free Float (with each investor holding less than 5%)	35.50%



## The Sector

MLS Multimedia SA operates in the broader Information and Communication Technology market of Greece. The sector continues to enjoy higher growth rates than the average growth realized in the European Union, although it has entered a mature phase. Greece is significantly lagging behind in IT expenditures on per capita basis as compared to most of the developed European markets.

### ICT Expenditures in European Union (per capita in EUR)



Although the Greek ICT market is a relatively small part of the aggregate EU one, it enjoys a more favorable growth potential, since IT expenditures as percent of GDP are considerably lower than the EU average. This implies that more convergence has yet to be made by Greece to reach the other developed European economies.

	IT Expend. Per Capita (EUR)	IT Expend. as % of GDP	IT Market Size (EUR mn)	IT Market Projected Growth
<b>Greece</b>	199	1.09%	2,122.00	7-9%
<b>European Union (EU)</b>	635	2.71%	306,840.00	3-5%
<b>EU 15 Members</b>	770	2.72%	292,516.00	3-5%
<b>USA</b>	1174	3.27%	n/a	n/a
<b>Japan</b>	1010	3.45%	n/a	n/a

Data as of Year 2006. Source: EITO.

MLS activates in the markets of multimedia and navigation software / systems, which is a small however steadily growing part of the EUR 6.4 billion Greek ICT sector.

<b>GREEK ICT MARKET</b>	<b>2006</b> (EUR mn)	<b>2007 e</b> (EUR mn)
PC Hardware	733.00	782.00
Terminal Equipment	573.00	565.00
Office Equipment	95.00	96.00
Network Equipment	528.00	562.00
<b>Sub Total (1)</b>	<b>1,929.00</b>	<b>2,005.00</b>
Software Products	386.00	406.00
IT Services	768.00	821.00
Communication Services	5,277.00	5,415.00
<b>Sub Total (2)</b>	<b>6,431.00</b>	<b>6,642.00</b>
<b>Total ICT Market</b>	<b>8,360.00</b>	<b>8,647.00</b>
<b>Information Technology</b>	<b>2,123.00</b>	<b>2,264.00</b>
<b>Communications</b>	<b>6,237.00</b>	<b>6,383.00</b>

Source: EITO.

### The Greek Market of Automotive Navigation Systems

The domestic consumer navigation market has grown significantly in the last few years. Recently handset-based navigation systems have started to gain momentum offering huge potential for pedestrian navigation and location based services. Furthermore, at this stage, Personal Navigation Devices (PNDs) appear to be the most successful form factor for IT companies to capture market shares.

As it has been the case in most international markets, navigation related products are expected to enjoy even stronger demand in Greece -mainly from automakers and vehicle owners- as the high competition among manufacturers / providers will drive prices down over the course of the next 2-3 years. With regard to the automotive market during this period, we expect navigation systems to become indispensable vehicle accessories. Price declines in future would be also attributed to the technological innovations and higher economies of scale on behalf of manufacturers

/ providers.

The higher future demand for navigation systems domestically is expected to result from the following factors:

- Higher awareness of the advantages of modern automotive navigation systems;
- Improvement of the feature/performance-price ratio through simultaneous technological innovations and advances in real-time information delivery capabilities;
- Increased functionality such as in the case of the “MLS Talk & Drive Navigator”;
- Higher integration of navigation systems with telecommunication technologies;

At a more mature phase, probably between 5 and 10 years from now, 50% of all vehicle owners in Greece will have purchased –directly or indirectly– an automotive navigation system as compared to today’s penetration rate which stands at 1-2%.

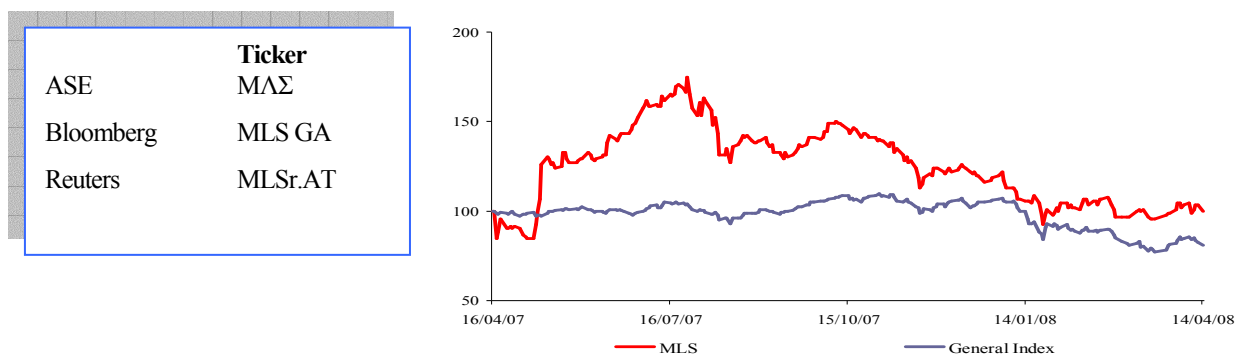
### **The Market of Multimedia Titles**

The market of multimedia titles in Greece is characterized by relatively limited growth as compared to the growth currently demonstrated from the navigation system market. The demand for multimedia titles is determined by the following factors:

- The level of disposable income in the economy;
- The country’s PC penetration rate especially for home users;
- The financial status of small to medium size companies that utilize software for translation and educational purposes;
- The modernization progress of the country’s public sector and education system.

Although this market demonstrates a lower growth potential than the navigation market, it is closely related with the Company’s ability to build on know-how and translate multimedia products into high profit margin services for the public and the private sector of Greece.

## Share Price Performance vs. General Index (base=100)



	14 April 2008	2007	2008 E	2009 E	2010 E	2011 E	2012 E
<b>Price (in €)</b>	<b>0.95</b>						
<b>Shares</b>	<b>12,417,000</b>						
<b>Market Capitaliz. (in €)</b>	<b>11,423,640</b>						
EPS (in €)		0.07	0.12	0.14	0.17	0.20	0.22
Book Value / Share (x)		1.0	1.1	1.2	1.3	1.4	1.5
EV (in € thous.)		10.23	10.53	10.64	10.71	10.10	9.31
P/E (a.t.& m.i.)		12.64x	7.75x	6.62x	5.34x	4.55x	4.18x
P/BV		0.94x	0.87x	0.80x	0.73x	0.66x	0.60x
EV/EBITDA		3.32x	2.86x	2.50x	2.12x	1.74x	1.46x
EV/Sales		1.45x	1.23x	1.04x	0.87x	0.70x	0.58x
Dividend / Share (in €)	<i>(35% payout ratio)</i>	0.03	0.04	0.05	0.06	0.07	0.08
Dividend Yield		3.5%	4.3%	5.4%	6.5%	7.6%	8.7%

Source: VRS Estimates.

## Valuation (DCF Methodology)

Applying our projections in the **DCF model**, we end up with a fair value of €19.46 million or € 1.57 per share. The fair price assumes a P/E ratio of 13.21x for the financial year 2008 and 11.28x for 2009. The following assumptions have been made in the model:

- Cost of Capital at 10.2%;
- Infinity Sales Growth of 2.0%;
- Infinity EBIT Margin of 22.6%.

	2008 E	2009 E	2010 E	2011 E	2012 E	L-Term Assumptions
<b>Important Assumptions</b>						
Growth Rate (Sales)	21.6%	19.3%	19.7%	18.3%	10.9%	2.0%
EBIT Margin	22.9%	22.4%	23.2%	23.1%	22.6%	22.6%
Tax Rate	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Working Capital (% of sales)	2.6%	5.4%	6.6%	6.4%	4.8%	4.8%
Capex (% of sales)	32.4%	25.7%	23.5%	17.8%	18.2%	18.2%
WACC	10.5%	10.5%	10.5%	10.5%	10.5%	10.2%
Depreciation (% of sales)	20.0%	19.1%	18.0%	17.0%	17.0%	18.2%
<b>Cash Flow Statement (in € mn)</b>						
<b>Turnover</b>	<b>8.6</b>	<b>10.3</b>	<b>12.3</b>	<b>14.5</b>	<b>16.1</b>	<b>16.4</b>
EBIT	2.0	2.3	2.9	3.3	3.6	3.7
Less: Adjusted Tax	0.5	0.6	0.7	0.8	0.9	0.9
<b>Adjusted Operating Profit</b>	<b>1.5</b>	<b>1.7</b>	<b>2.1</b>	<b>2.5</b>	<b>2.7</b>	<b>2.8</b>
Plus: Depreciation	1.7	2.0	2.2	2.5	2.7	3.0
<b>Operating Cash Flow</b>	<b>3.2</b>	<b>3.7</b>	<b>4.3</b>	<b>5.0</b>	<b>5.5</b>	<b>5.8</b>
Less: Change in Working Capital	0.2	0.5	0.8	0.9	0.8	0.8
Less: Capex	2.8	2.6	2.9	2.6	2.9	3.0
<b>Cash Flow to the Firm (FCFF)</b>	<b>0.2</b>	<b>0.5</b>	<b>0.7</b>	<b>1.5</b>	<b>1.8</b>	<b>2.0</b>
Discount Factor	0.90	0.82	0.74	0.67	0.61	0.61
Present Value of Cash Flows	0.17	0.41	0.49	0.98	1.07	
Accumulated Present Value	0.17	0.57	1.06	2.04	3.11	
Residual Value						24.3
<b>Present Value of Residual Value</b>						<b>15.0</b>

<b>VALUATION</b>	
Enterprise Value	18.08
% Residual Value of Total	82.8%
Less: Net Debt	-1.38
<b>Value of firm (in mn)</b>	<b>19.46</b>
<b>Outstanding # of shares (000)</b>	<b>12,417</b>
<b>Value of share</b>	<b>1.57</b>

Source: VRS Estimates

The model's assumptions presume also the following conditions:

- The Company will undertake the public projects incorporated into our financial forecasts;
- Sustained demand for navigators with MLS maintaining its leading position;
- Continuous investments in new systems and / or updating of existing multimedia products;
- Ability to finance its long-term investment program.

### Sensitivity Analysis

Our valuation incorporates a sensitivity analysis based on the discounted free cash flow method employing a discount rate in the range of 8.2% - 12.2% and a growth rate ranging between 0.5 - 3.0%.

		WACC				
		8.2%	9.2%	10.2%	11.2%	12.2%
GROWTH	0.50%	1.63	1.53	1.37	1.23	1.12
	1.50%	1.97	1.70	1.49	1.33	1.20
	2.00%	2.11	1.80	<b>1.57</b>	1.39	1.25
	2.50%	2.27	1.91	1.65	1.45	1.30
	3.00%	2.46	2.05	1.75	1.53	1.35

Source: VRS Estimates.

### Weighted Average Cost of Capital (WACC)

Below, we present our assumptions in calculating the Company's WACC:

WACC CALCULATION	
Risk Free Rate	4.5%
Beta Factor	1.2
Market risk Premium	5.0%
<b>Cost of Equity</b>	<b>10.5%</b>
Debt / Debt + Equity	5.0%
Cost of Debt	6.5%
Tax Rate	25.0%
<b>Weighted Average Cost of Capital</b>	<b>10.2%</b>

Source: VRS Estimates.

---

## Financial Analysis

---

### Profit & Loss Analysis

---

#### Turnover Analysis

For the period 2007-2012, Group's turnover is expected to increase by approximately 17.9% on average annually, mostly attributed to:

- Public projects.** For the fiscal 2008, the Company is expected to receive about € 1 mn from the Ministry of National Education and another 0.5 mn from other public projects. As of today, the Company has bid for public projects of € 6.5 mn in Greece and of € 1 mn in Cyprus, while in the coming 5 years MLS is expected to bid for multimedia related state projects of at least € 20 mn. We assume that MLS will undertake about 1/3 of these projects during the projected period based on know how and past track record with.
- Multimedia.** The Company invests new multimedia systems promoting its own as well as other parties' multimedia products mostly in lingual technology (52% of division's revenues) as well as education (38% of division's revenues) and other titles. With regard to volume we assume an average annual growth of 20.4% (16% CAGR for lingual titles and 13% for educational titles) with selling prices kept constant, producing an average annual growth of 19% of total multimedia sales for the period 2007-2012. **By the year 2012, we expect sales of at least € 1.47 mn from € 0.6 mn in 2007, representing about 9% of total sales.**
- Navigation.** This division accounts for the majority of Company's turnover (87.2% for the fiscal 2007) presenting at the same time the highest growth rate (sales CAGR of 55.9% for the period 2004-2007, with volume of 163%). According to a study by Canalys, the market (*includes all the device categories of Handhelds, PNDs, Smart Phones and Wireless Handhelds*) is expected to grow by 25.5% on average annually on international basis and 37.2% in Greece until the year 2010. As noted previously, MLS is the leader in Greece constantly offering new devices and improving its software systems. For the next 5-year period, we assume an annual volume growth of 24.4% and a significant reduction in selling prices that will result to sales CAGR of 14.7%. **During the year 2012, we expect sales of at least € 12.26 mn from € 6.2 mn in 2007, representing about 76% of total sales.**

### Cost of Sales Analysis

Gross profit margin is expected to gradually decline and settle at about 55.74% by the end of 2012 from 57.1% at the end of 2007. This reduction is expected to result from the drop of navigator selling price. With regard to the analysis of the cost of sales, our projections include the following assumptions:

- Inventories recognized as expense will double in line with total navigation volume sales;
- Payments to 3<sup>rd</sup> parties will also increase to € 1.46 mn from € 0.5 mn during the year 2007, as the Company assigns part of the large projects to outsourcers;
- A part of Company's expenses represent investment in software products becoming at its completion an intangible asset and transferred to the relative account in assets.

### Historic & Projected Cost of Sales Breakdown

(in € ,000)	2006	2007	2008 E	2009 E	2010 E	2011 E	2012 E
<b>Inventories recognized as expense</b>	<b>1,443</b>	<b>2,877</b>	<b>3,257</b>	<b>3,742</b>	<b>4,405</b>	<b>5,212</b>	<b>5,700</b>
y-o-y change	923.8%	99.4%	13.2%	14.9%	17.7%	18.3%	9.4%
<b>Personnel payments and expenses</b>	<b>36.0</b>	<b>40.3</b>	<b>46.4</b>	<b>53.3</b>	<b>61.3</b>	<b>70.5</b>	<b>81.1</b>
y-o-y change			15.0%	15.0%	15.0%	15.0%	15.0%
<b>Payments &amp; other exp. to 3<sup>rd</sup> parties</b>	<b>56.9</b>	<b>478.4</b>	<b>861.1</b>	<b>1,076</b>	<b>1,238</b>	<b>1,424</b>	<b>1,566</b>
y-o-y change	97.9%	740.4%	80.0%	25.0%	15.0%	15.0%	10.0%
<b>Other expenses &amp; services</b>	<b>23</b>	<b>35</b>	<b>87</b>	<b>102</b>	<b>122</b>	<b>210</b>	<b>242</b>
y-o-y change	-81.3%	52.0%	150.5%	18.2%	19.2%	72.0%	15.0%
<b>MLS Production Expenses</b>	<b>0</b>	<b>-399</b>	<b>-390</b>	<b>-390</b>	<b>-378</b>	<b>-405</b>	<b>-459</b>
y-o-y change			-2.2%	0.0%	-3.1%	7.1%	13.3%
<b>Total Cost of Sales</b>	<b>1,559</b>	<b>3,032</b>	<b>3,861</b>	<b>4,584</b>	<b>5,449</b>	<b>6,511</b>	<b>7,129</b>
% of turnover	40.60%	42.77%	46.39%	45.87%	44.83%	45.21%	44.52%
y-o-y change	413.7%	94.5%	27.3%	18.7%	18.9%	19.5%	9.5%

Source: Company Data & VRS Projections.



### EBITDA Analysis

EBITDA margin accounted for approximately 43.6% during the year 2007, a level that is expected to fall to 39.6% during 2012, with EBITDA growing on a CAGR2007-2012 of 15.7%. The EBITDA is affected by the following factors:

1. Gross margin gradual reduction;
2. For the period 2007-2012, the CAGR for administrative expenses will reach about 20.8%, for distribution expenses 21.02% and for R&D expenses 24.5%. The analysis for each expense category is presented in the tables below.
3. Once more, part of Company's expenses represent investment in software products becoming at its completion an intangible asset and transferred to the relative account in assets.

### Historic & Projected Administrative Expenses Breakdown

(in € ,000)	2006	2007	2008 E	2009 E	2010 E	2011 E	2012 E
<b>Personnel payments and expenses</b>	<b>129.4</b>	<b>155.4</b>	<b>174.0</b>	<b>193.1</b>	<b>212.5</b>	<b>233.7</b>	<b>257.1</b>
y-o-y change	444.2%	20.0%	12.0%	11.0%	10.0%	10.0%	10.0%
<b>Payments &amp; other exp. to 3<sup>rd</sup> parties</b>	<b>132.0</b>	<b>312.0</b>	<b>468.0</b>	<b>552.3</b>	<b>640.6</b>	<b>736.7</b>	<b>839.9</b>
y-o-y change	143.3%	136.3%	50.0%	18.0%	16.0%	15.0%	14.0%
<b>Exceptional Non-Operating Expen.</b>	<b>163.4</b>	<b>172.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
y-o-y change		5.4%	-100.0%				
<b>Other expenses</b>	<b>77</b>	<b>147</b>	<b>191</b>	<b>226</b>	<b>259</b>	<b>296</b>	<b>331</b>
y-o-y change	156.1%	91.8%	30.0%	18.0%	15.0%	14.0%	12.0%
<b>MLS Production Expenses</b>	<b>-292</b>	<b>-399</b>	<b>-390</b>	<b>-420</b>	<b>-378</b>	<b>-405</b>	<b>-432</b>
y-o-y change		36.7%	-2.2%	7.7%	-10.0%	7.1%	6.7%
<b>Administrative Expenses</b>	<b>210</b>	<b>388</b>	<b>443</b>	<b>551</b>	<b>735</b>	<b>861</b>	<b>996</b>
% of turnover	5.47%	5.47%	5.33%	5.51%	6.04%	5.98%	6.22%
y-o-y change	95.1%	84.9%	14.2%	24.3%	33.3%	17.2%	15.7%

Source: Company Data & VRS Projections.

### Historic & Projected Distribution Expenses Breakdown

(in € ,000)	2006	2007	2008 E	2009 E	2010 E	2011 E	2012 E
<b>Personnel payments and expenses</b>	<b>107.9</b>	<b>121.0</b>	<b>135.5</b>	<b>150.4</b>	<b>165.5</b>	<b>182.0</b>	<b>200.2</b>
y-o-y change	202.6%	12.1%	12.0%	11.0%	10.0%	10.0%	10.0%
<b>Payments &amp; other exp. to 3<sup>rd</sup> parties</b>	<b>465.5</b>	<b>606.2</b>	<b>666.8</b>	<b>726.8</b>	<b>785.0</b>	<b>839.9</b>	<b>898.7</b>
y-o-y change	491.1%	30.2%	10.0%	9.0%	8.0%	7.0%	7.0%
<b>Doubtfully debt provisions</b>	<b>111.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
y-o-y change							
<b>Other expenses</b>	<b>78</b>	<b>113</b>	<b>147</b>	<b>173</b>	<b>199</b>	<b>227</b>	<b>259</b>
y-o-y change	53.1%	45.1%	30.0%	18.0%	15.0%	14.0%	14.0%
<b>MLS Production Expenses</b>	<b>-438</b>	<b>-598</b>	<b>-750</b>	<b>-780</b>	<b>-702</b>	<b>-729</b>	<b>-729</b>
y-o-y change		36.7%	25.4%	4.0%	-10.0%	3.8%	0.0%
<b>Selling, distribution expenses</b>	<b>325</b>	<b>242</b>	<b>199</b>	<b>270</b>	<b>448</b>	<b>520</b>	<b>629</b>
% of turnover	8.47%	3.42%	2.39%	2.71%	3.68%	3.61%	3.93%
y-o-y change	97.3%	-25.5%	-17.8%	35.8%	65.5%	16.2%	20.9%

Source: Company Data &amp; VRS Projections.

### Historic & Projected R&D Breakdown

(in € ,000)	2006	2007	2008 E	2009 E	2010 E	2011 E	2012 E
<b>Personnel payments and expenses</b>	<b>143.9</b>	<b>161.3</b>	<b>208.7</b>	<b>246.6</b>	<b>288.5</b>	<b>334.7</b>	<b>384.9</b>
y-o-y change	202.6%	12.1%	29.4%	18.2%	17.0%	16.0%	15.0%
<b>Payments &amp; other exp. to 3<sup>rd</sup> parties</b>	<b>552.7</b>	<b>624.0</b>	<b>717.6</b>	<b>825.3</b>	<b>949.1</b>	<b>1,091</b>	<b>1,255</b>
y-o-y change	426.3%	12.9%	15.0%	15.0%	15.0%	15.0%	15.0%
<b>Other expenses</b>	<b>81.9</b>	<b>139.9</b>	<b>237.9</b>	<b>280.7</b>	<b>322.8</b>	<b>368.0</b>	<b>419.6</b>
y-o-y change	36.1%	71.0%	70.0%	18.0%	15.0%	14.0%	14.0%
<b>MLS Production Expenses</b>	<b>-583</b>	<b>-598</b>	<b>-750</b>	<b>-750</b>	<b>-972</b>	<b>-972</b>	<b>-1,080</b>
y-o-y change		2.5%	25.4%	0.0%	29.6%	0.0%	11.1%
<b>y-o-y growth</b>	<b>195</b>	<b>327</b>	<b>414</b>	<b>603</b>	<b>588</b>	<b>822</b>	<b>980</b>
% of turnover	5.08%	4.62%	4.98%	6.03%	4.84%	5.71%	6.12%
y-o-y change	-7.8%	67.8%	26.5%	45.5%	-2.4%	39.7%	19.1%

Source: Company Data &amp; VRS Projections.

---

### Key Elements of Balance Sheet

---

**CAPEX:** The majority of investments refer to intangible assets in the form of product (software) development and account for employee and related expenses. For the period 2008-2012, MLS is planning to invest about € 11.5 mn for intangible assets (new product development as well as update and improvements of current products in navigation as well as multimedia markets). In addition, the Company is planning to invest another € 2.3 mn for tangible assets that account for its new offices in Thessalonica and later (in 2010) in Athens.

**Working Capital:** With regard to current assets, inventory turnover ratio is expected to decrease to 350 days (on average basis) in 2012, from 601 at the end of the fiscal 2007, following a more rapid delivery of public projects. A large part of inventories account for product development for large public projects. The delays on the delivery of these projects are caused from bureaucratic and other external reasons that we believe will limit in the coming years. Debtor turnover ratio is expected to account for approximately 140 days in 2012 from 111 days (on average basis) during 2007, attributed to the increase of state projects to total turnover. We have also estimated that creditor turnover ratio will reduce to 200 days during 2012 from 285 in 2007.

**Bank Debt:** The Company has no long term debt. The positive cash flows of the Company allow for financing all planned investments.

**Dividend Policy:** We assume that MLS will be distributing 35% of its net income every year for dividends. It can however make this policy more generous in future.

**Historic & Projected Balance Sheet Ratios**

	2006	2007	2008 E	2009 E	2010 E	2011 E	2012 E
Stock Days	931	601	500	430	400	370	350
Debtors Days	181	111	120	125	130	135	140
Creditors Days	227	285	250	220	215	210	200
Total Debt/ Total Equity	0.20	0.26	0.29	0.28	0.29	0.30	0.28
Bank Loans/ Total Equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Current Ratio	3.86	3.08	2.70	2.73	2.68	2.77	2.99
Quick Ratio - Acid Ratio	2.12	1.51	1.33	1.39	1.38	1.51	1.73

Source: Company Data &amp; VRS Projections.

**Historic & Projected P&L Ratios**

	2006	2007	2008 E	2009 E	2010 E	2011 E	2012 E
<b>Profit Margins</b>							
Gross Margin	57.21%	57.10%	55.07%	55.29%	55.59%	55.16%	55.74%
EBITDA Margin	39.16%	43.61%	42.86%	41.48%	41.23%	40.04%	39.61%
EBIT Margin	-13.98%	19.71%	22.87%	22.43%	23.25%	23.05%	22.62%
Pre-tax profit margin	-15.76%	17.76%	22.87%	22.43%	23.25%	23.05%	22.62%
Net Profit margin	-14.95%	12.78%	17.15%	16.82%	17.44%	17.29%	16.97%
<b>Cost Absorption &amp; Sources</b>							
Cost of sales on sales	40.60%	42.77%	46.39%	45.87%	44.83%	45.21%	44.52%
Administrative cost on sales	5.47%	5.47%	5.33%	5.51%	6.04%	5.98%	6.22%
Distribution cost on sales	8.47%	3.42%	2.39%	2.71%	3.68%	3.61%	3.93%
R&D Expenses on Sales	5.08%	4.62%	4.98%	6.03%	4.84%	5.71%	6.12%

Source: Company Data &amp; VRS Projections.

## HISTORIC &amp; PROJECTED PROFIT &amp; LOSS ACCOUNT

(in ,000 €)	2005	2006	2007	2008 E	2009 E	2010 E	2011 E	2012 E
<b>Turnover</b>	<b>3,257</b>	<b>3,643</b>	<b>7,068</b>	<b>8,592</b>	<b>10,254</b>	<b>12,270</b>	<b>14,520</b>	<b>16,106</b>
y-o-y Change %		11.87%	94.02%	21.56%	19.34%	19.66%	18.33%	10.93%
<b>Cost of Sales</b>	<b>303</b>	<b>1,559</b>	<b>3,032</b>	<b>3,861</b>	<b>4,584</b>	<b>5,449</b>	<b>6,511</b>	<b>7,129</b>
% of Turnover	9.32%	42.79%	42.90%	44.93%	44.71%	44.41%	44.84%	44.26%
y-o-y Change %		413.7%	94.51%	27.32%	18.74%	18.85%	19.50%	0.00%
<b>Total Gross Operating Results</b>	<b>2,953</b>	<b>2,084</b>	<b>4,036</b>	<b>4,731</b>	<b>5,670</b>	<b>6,821</b>	<b>8,008</b>	<b>8,977</b>
Gross Operating Margin	90.68%	57.21%	57.10%	55.07%	55.29%	55.59%	55.16%	55.74%
y-o-y Change %		-29.43%	93.65%	17.24%	19.83%	20.32%	17.40%	12.09%
Other operating income	19	73	4	8	8	8	8	8
<b>Operating Expenses</b>	<b>484</b>	<b>730</b>	<b>958</b>	<b>1,057</b>	<b>1,424</b>	<b>1,771</b>	<b>2,203</b>	<b>2,605</b>
% of Turnover	14.87%	20.05%	13.55%	12.30%	13.89%	14.43%	15.17%	16.17%
y-o-y Change %		50.85%	31.14%	10.32%	34.78%	24.33%	24.44%	18.21%
<b>EBITDA</b>	<b>2,488</b>	<b>1,427</b>	<b>3,082</b>	<b>3,683</b>	<b>4,254</b>	<b>5,059</b>	<b>5,813</b>	<b>6,380</b>
EBITDA Margin	76.40%	39.16%	43.61%	42.86%	41.48%	41.23%	40.04%	39.61%
y-o-y Change %		-42.66%	116.05%	19.49%	15.50%	18.93%	14.91%	9.76%
<b>Depreciation</b>	<b>1,980</b>	<b>1,936</b>	<b>1,689</b>	<b>1,718</b>	<b>1,954</b>	<b>2,206</b>	<b>2,466</b>	<b>2,737</b>
% of Turnover	60.81%	53.14%	23.90%	20.00%	19.06%	17.98%	16.99%	16.99%
<b>EBIT</b>	<b>508</b>	<b>-509</b>	<b>1,393</b>	<b>1,965</b>	<b>2,300</b>	<b>2,853</b>	<b>3,347</b>	<b>3,643</b>
% of Turnover	15.58%	-13.98%	19.71%	22.87%	22.43%	23.25%	23.05%	22.62%
y-o-y Change %		-	-	41.02%	17.05%	24.05%	17.33%	8.85%
Net Financial Results	9	-65	-138	0	0	0	0	0
<b>Net Results Before Taxes</b>	<b>516</b>	<b>-574</b>	<b>1,255</b>	<b>1,965</b>	<b>2,300</b>	<b>2,853</b>	<b>3,347</b>	<b>3,643</b>
EBT Margin	15.85%	-15.76%	17.76%	22.87%	22.43%	23.25%	23.05%	22.62%
y-o-y Change %		-	-	56.48%	17.05%	24.05%	17.33%	8.85%
Income Tax	103	-8	352	491	575	713	837	911
Effective Tax Rate	20.02%	1.32%	28.03%	25.00%	25.00%	25.00%	25.00%	25.00%
<b>Net Results After Taxes</b>	<b>413</b>	<b>-567</b>	<b>904</b>	<b>1,473</b>	<b>1,725</b>	<b>2,139</b>	<b>2,510</b>	<b>2,732</b>
EAT Margin	12.68%	-15.55%	12.78%	17.15%	16.82%	17.44%	17.29%	16.97%
y-o-y Change %		-	-	63.07%	17.05%	24.05%	17.33%	8.85%
Proportion of Minority rights	-0.41	-21.77	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net Results (a.t.&amp;m.i.)</b>	<b>413</b>	<b>-545</b>	<b>904</b>	<b>1,473</b>	<b>1,725</b>	<b>2,139</b>	<b>2,510</b>	<b>2,732</b>
<b>Net Margin</b>	<b>12.69%</b>	<b>-14.95%</b>	<b>12.78%</b>	<b>17.15%</b>	<b>16.82%</b>	<b>17.44%</b>	<b>17.29%</b>	<b>16.97%</b>
y-o-y Change %		-	-	63.07%	17.05%	24.05%	17.33%	8.85%

Source: Company Data &amp; VRS Estimates.

## HISTORIC &amp; PROJECTED BALANCE SHEET

	2005	2006	2007	2008 E	2009 E	2010 E	2011 E	2012 E
<b>Assets</b>								
Total Intangible Assets	9,581	11,071	14,034	16,201	18,249	20,447	22,827	25,565
Accumulated depreciation	5,784	7,501	9,007	10,519	12,242	14,176	16,340	18,760
<b>Total Net Intangible Assets</b>	<b>3,797</b>	<b>3,571</b>	<b>5,026</b>	<b>5,682</b>	<b>6,008</b>	<b>6,270</b>	<b>6,487</b>	<b>6,805</b>
Tangible Assets	1,567	1,771	1,838	2,454	3,037	3,720	3,920	4,120
Accumulated depreciation	977	1,220	1,402	1,609	1,840	2,112	2,414	2,732
<b>Total Net Tangible Assets</b>	<b>589</b>	<b>551</b>	<b>436</b>	<b>845</b>	<b>1,197</b>	<b>1,608</b>	<b>1,506</b>	<b>1,388</b>
Financial & Other L-Term Assets	410	525	127	124	122	119	117	114
<b>Total Fixed Assets</b>	<b>4,797</b>	<b>4,646</b>	<b>5,589</b>	<b>6,651</b>	<b>7,326</b>	<b>7,998</b>	<b>8,110</b>	<b>8,308</b>
% Total Assets	35.17%	34.52%	36.29%	39.01%	39.94%	39.38%	35.88%	33.81%
Inventories	2,881	3,977	4,994	5,289	5,401	5,971	6,600	6,836
Debtors	2,153	1,803	2,158	2,825	3,512	4,370	5,370	6,178
Other Receivables	3,096	1,649	1,469	1,396	1,326	1,260	1,197	1,137
Cash in bank and at hand	711	1,385	1,189	889	780	711	1,325	2,115
<b>Total Current Assets</b>	<b>8,841</b>	<b>8,813</b>	<b>9,810</b>	<b>10,398</b>	<b>11,019</b>	<b>12,312</b>	<b>14,493</b>	<b>16,266</b>
% Total Assets	64.83%	65.48%	63.71%	60.99%	60.06%	60.62%	64.12%	66.19%
<b>Total Assets</b>	<b>13,638</b>	<b>13,460</b>	<b>15,399</b>	<b>17,049</b>	<b>18,345</b>	<b>20,310</b>	<b>22,603</b>	<b>24,574</b>
<b>Equity &amp; Liabilities</b>								
Share capital	3,593	3,650	3,725	3,725	3,725	3,725	3,725	3,725
Share premium account	2,853	2,892	2,941	2,941	2,941	2,941	2,941	2,941
Reserves & Profit Carried Forward	5,239	4,625	5,542	6,529	7,645	9,055	10,713	12,472
Minority Rights	114	7	0	0	0	0	0	0
<b>Total Capital &amp; Reserves</b>	<b>11,799</b>	<b>11,173</b>	<b>12,209</b>	<b>13,196</b>	<b>14,312</b>	<b>15,721</b>	<b>17,380</b>	<b>19,139</b>
% Total Equity & Liabilities	86.51%	83.01%	79.29%	77.40%	78.02%	77.40%	76.89%	77.88%
L-Term Bank Loans	0	0	0	0	0	0	0	0
Provisions for Staff Retirement	15	18	18	18	19	19	19	19
Deferred Tax Liabilities	0	1	0	0	0	0	0	0
<b>Total L-Term Liabilities</b>	<b>75</b>	<b>19</b>	<b>18</b>	<b>18</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>
Suppliers	1,279	971	2,364	2,644	2,763	3,209	3,746	3,906
Banks	0	3	0	0	0	0	0	0
Taxes-duties	114	-4	74	442	517	642	753	820
Sundry debtors	372	1,297	734	749	734	719	705	691
<b>Total Current Liabilities</b>	<b>1,764</b>	<b>2,267</b>	<b>3,171</b>	<b>3,835</b>	<b>4,015</b>	<b>4,570</b>	<b>5,204</b>	<b>5,417</b>
<b>Total Liabilities</b>	<b>1,839</b>	<b>2,286</b>	<b>3,190</b>	<b>3,854</b>	<b>4,033</b>	<b>4,589</b>	<b>5,223</b>	<b>5,436</b>
% Total Equity & Liabilities	13.49%	16.99%	20.71%	22.60%	21.98%	22.60%	23.11%	22.12%
<b>Total Equity &amp; Liabilities</b>	<b>13,638</b>	<b>13,460</b>	<b>15,399</b>	<b>17,049</b>	<b>18,345</b>	<b>20,310</b>	<b>22,603</b>	<b>24,574</b>

Source: Company Data &amp; VRS Estimates.

## HISTORIC &amp; PROJECTED CASH FLOW

(in € ,000 )	2006	2007	2008 E	2009 E	2010 E	2011 E	2012 E
Profit after tax	-567	904	1,473	1,725	2,139	2,510	2,732
Plus: Change of Depreciation	1,936	1,689	1,718	1,954	2,206	2,466	2,737
<b>Gross Cash Flow</b>	<b>1,393</b>	<b>2,593</b>	<b>3,192</b>	<b>3,679</b>	<b>4,346</b>	<b>4,976</b>	<b>5,470</b>
<u>Change in:</u>							
(-) Trade Debtors	-350	354	667	687	858	1,000	807
(-) Inventory	1,096	1,018	294	112	570	629	236
(-) Other Receivables	-1,447	-179	-73	-70	-66	-63	-60
(+) Trade Creditors	-307	1,392	281	119	446	537	160
(+) Liabilities for taxes	-118	77	368	75	124	111	67
(+) Other Short - term liabilities	925	-562	15	-15	-15	-14	-14
Change in Working Capital	1,201	-285	-224	-550	-806	-933	-771
<b>Operating Cash Flow</b>	<b>2,593</b>	<b>2,307</b>	<b>2,968</b>	<b>3,129</b>	<b>3,539</b>	<b>4,044</b>	<b>4,699</b>
<u>Change in:</u>							
(-) Intangible Assets	1,490	2,962	2,167	2,048	2,198	2,380	2,738
(-) Tangible Assets	204	67	616	583	683	200	200
(-) Other long - term receivables	114	-398	-3	-2	-2	-2	-2
(+) Other Long - term liabilities	-56	-1	0	0	0	0	0
(+) Cons. diff./ Minority Interests	-107	-7	0	0	0	0	0
<b>Cash Flow from Investment</b>	<b>-1,972</b>	<b>-2,639</b>	<b>-2,781</b>	<b>-2,629</b>	<b>-2,878</b>	<b>-2,578</b>	<b>-2,936</b>
<b>Net Cash Flow Before Financing Activities</b>	<b>622</b>	<b>-331</b>	<b>187</b>	<b>500</b>	<b>661</b>	<b>1,466</b>	<b>1,763</b>
Increase in Share Capital	57	75	0	0	0	0	0
Increase in Share Premium Account	38	50	0	0	0	0	0
Net Change in Reserves	296	403	0	0	0	0	0
Change in Long - Term Debt	0	0	0	0	0	0	0
Change in Short - Term Debt	3	-3	0	0	0	0	0
Dividends	365	389	487	608	730	852	974
Minority Interests on Profit	-22	0	0	0	0	0	0
<b>Net Cash Flow from Financing</b>	<b>51</b>	<b>135</b>	<b>-487</b>	<b>-608</b>	<b>-730</b>	<b>-852</b>	<b>-974</b>
<b>Cash at Beginning</b>	<b>711</b>	<b>1,385</b>	<b>1,189</b>	<b>889</b>	<b>780</b>	<b>711</b>	<b>1,325</b>
<b>Change in Cash and Marketable Securities</b>	<b>673</b>	<b>-196</b>	<b>-300</b>	<b>-109</b>	<b>-69</b>	<b>614</b>	<b>790</b>
<b>Cash at End</b>	<b>1,385</b>	<b>1,189</b>	<b>889</b>	<b>780</b>	<b>711</b>	<b>1,325</b>	<b>2,115</b>

Source: Company Data &amp; VRS Estimates.

	Investment Risks / Concerns	Mitigating Factors / Important Notes
1	Revenues are characterized by high seasonality mainly in the periods of Christmas and Easter. This trend may create volatility in the Company's cash flows.	Over the past years, MLS has not witnessed any significant effect on cash flow due to seasonality. Furthermore the Company is debt free.
2	The Company's high investments in R&D might not necessarily translate into new commercially successful products.	The Company's track record demonstrates a satisfactory 'return on investment' rate in the majority of projects that have been carried out from an R&D stage.
3	Greece is characterized by a slower penetration rate in terms of home PC users. This trend affects the sales of multimedia titles negatively.	The introduction of multimedia titles in the country's educational system is expected to dramatically alter the current trend.
4	The Greek public sector is suffering from inefficiencies in expediting tenders for the introduction of multimedia titles in the country's educational system.	Greece must absorb the 2 <sup>nd</sup> part of the EU Cohesion Funds by the end of 2008 otherwise those funds would be lost.
5	The limited international activities so far imply larger if not exclusive dependence on the domestic market place.	The Management has initiated a 3-year action plan targeting the Balkans and Cyprus. The plan should translate into a greater contribution of international revenues to the total.
6	The Company is increasingly dependent on revenues from its navigation systems offered in the domestic market place.	Existing plans for more aggressive entrance in the mobile telephony market and geographic diversification are expected to alleviate this concern.
7	As it has occurred in several international markets, prices of navigation systems should continue dropping in line with strong competition, greater supply and product range enlargement.	Innovations made by the Company's R&D team and more aggressive branding –possibly via international partnerships– would decelerate such price trend.

Source: Valuation & Research Specialists, Company's Guidance



## Notes

---

## Notes

---

---

# VALUATION & RESEARCH SPECIALISTS

Value Invest - [www.valueinvest.gr](http://www.valueinvest.gr)

Investment Research & Analysis Journal – [www.iraj.gr](http://www.iraj.gr)

---

---

## DISCLOSURE STATEMENT (1)

### VRS Cautions on Forward-Looking Statements

**VALUATION & RESEARCH SPECIALISTS (VRS)** cautions that forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made, and VRS assumes no duty to and does not undertake to update forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance.

In addition to factors previously disclosed in VRS reports and those identified elsewhere in this communication, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance: (1) the introduction, withdrawal, success and timing of business initiatives and strategies; (2) changes in political, economic or industry conditions, the interest rate environment or financial and capital markets, which could result in changes in demand for products or services or in the value of assets under management; (3) the impact of increased competition; (4) the impact of capital improvement projects; (5) the impact of future acquisitions or divestitures; (6) the unfavorable resolution of legal proceedings; (7) the extent and timing of any share repurchases; (8) the impact, extent and timing of technological changes and the adequacy of intellectual property protection; (9) the impact of legislative and regulatory actions and reforms and regulatory, supervisory or enforcement actions of government agencies; (10) terrorist activities and international hostilities, which may adversely affect the general economy, domestic and local financial and capital markets, as well as specific industries; (11) the ability to attract and retain highly talented professionals; (12) fluctuations in foreign currency exchange rates; (13) the impact of changes to tax legislation and, generally, the tax position of the covered company.

---

Please contact “ <b>VALUATION &amp; RESEARCH SPECIALISTS</b> ” for further information on Equity Research Related Fees.
---

---

# VALUATION & RESEARCH SPECIALISTS

Value Invest - [www.valueinvest.gr](http://www.valueinvest.gr)

Investment Research & Analysis Journal - [www.iraj.gr](http://www.iraj.gr)

---

## DISCLOSURE STATEMENT (2)

**VALUATION & RESEARCH SPECIALISTS (VRS)** is an independent firm providing advanced equity research, quality valuations and value-related advisory services to local and international business entities and / or communities. VRS services include valuations of intangible assets, business enterprises, and fixed assets. VRS's focus business is in providing independent equity research to its institutional and retail clients / subscribers.

**VRS is not a brokerage firm and does not trade in securities of any kind. VRS is not an investment bank and does not act as an underwriter for any type of securities.**

VRS accepts fees from the companies it covers and researches (the "covered companies"), and from major financial institutions. The sole purpose of this policy is to defray the cost of researching small and medium capitalization stocks which otherwise receive little research coverage. In this manner VRS can minimize fees to its clients / subscribers and thus broaden investor's attention to the "covered companies."

VRS analysts are compensated on a per-company basis and not on the basis of their recommendations. Analysts are not allowed to solicit prospective "covered companies" for research coverage by VRS and are not allowed to accept any fees or other consideration from the companies they cover for VRS. Analysts are also not allowed to trade in the shares, warrants, convertible securities, or options of companies they cover for VRS.

Furthermore, VRS, its officers, and directors cannot trade in shares, warrants, convertible securities or options of any of the "covered companies." VRS accepts payment for research only in cash and will not accept payment in shares, warrants, convertible securities or options of "covered companies" by no means.

To ensure complete independence and editorial control over its research, VRS follows certain business practices and compliance procedures, which are also applied internationally. Among other things, fees from "covered companies" are due and payable prior to the commencement of research and, as a contractual right, VRS retains complete editorial control over the research process and the final equity analysis report.

Information contained herein is based on data obtained from recognized statistical services, issue reports or communications, or other sources, believed to be reliable. However, such information has not been verified by VRS, and VRS does not make any representation as to its accuracy and completeness. Opinions, estimates, and statements nonfactual in nature expressed in its research represent VRS's judgment as of the date of its reports, are subject to change without notice and are provided in good faith and without legal responsibility. In addition, there may be instances when fundamental, technical and quantitative opinions, estimates, and statements may not be in concert. Neither the information nor any opinion expressed shall constitute an offer to sell or a solicitation of an offer to buy any shares, warrants, convertible securities or options of "covered companies" by no means.

## DISCLOSURE CHECKLIST

Covered Company	Reuters	Price Close	Date of Price Close	Disclosure
MLS	MLSr.AT	€ 0.95	14 April 2008	2, 4, 6

1. VRS has acted as financial consultant for the covered company within the past 24 months.
2. VRS has sent the research report to the covered company, prior to publication or dissemination, for factual verification.
3. VRS has changed the contents of the initially sent report, with respect to: no change has been made.
4. VRS has received compensation from the covered company for the preparation of this research report.
5. VRS produces research reports for this company on systematic basis.
6. VRS produces research reports for this company on demand basis.
7. VRS has produced a research report for this company within the past 12 months.

## COMPLIANCE WITH EU DIRECTIVES and GREEK LAWS

VRS prepares its equity research reports in a best effort to comply with the provisions of the EU Directive 2003/6/EK of the European Commission (L 339/73/24.12.2003, L 096/16/2003), the Guidelines 2003/125/EK and the Decision 4/347/12.7.2005 of the Hellenic Capital Markets Committee, as well as with the provisions of article 14, Greek Law 3340/2005, and the relevant clarifications with regard to the legal obligations of equity analysts.

VRS analysts are certified by the Hellenic Capital Markets Committee. The latter may request from VRS analysts to justify their views and conclusions with regard to this research report.

## ANALYST CERTIFICATION

The views expressed in this report accurately reflect the personal views of the undersigned analyst(s) about the subject issuer and the securities of the issuer. In addition, the undersigned lead analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this research report.

---

Please contact "VALUATION & RESEARCH SPECIALISTS" for further information on Equity Research Related Fees.