

# MUP NEWS BRIEF

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effective June 1, 2011

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Raj Marwah, Ali Sen (Twice former chairman of Fenerbahce), Michael Klinger on board Chairman Sen's yacht in Mediterranean Sea off Turkey

Czech Republic, Turkey, PR China, Vietnam – MUP on the move

## EXPLORING POSSIBILITIES

### MUP Market Focus

With the world fixating on the credit crisis in the US and the burgeoning debt in Western Europe and the markets yo-yo-ing in knee jerk reactions to the slightest deviations from “experts” prognostications; the frontier market focus of MUP looks almost prescient by comparison. Not that the news is necessarily good in the frontier markets. All of eastern Europe has slowed in the second quarter of 2011. Vietnam is in the throes of high inflation, devaluations, and a lack of market confidence, and after a spectacular 2010, Turkey, after a world beating 2011 first quarter in economic growth, is struggling to maintain traction. Yet in such slumps, MUP believes that there are solid companies with true growth potential.

In July, MUP managing partners travelled through Czech Republic and Turkey, while other associates visited Vietnam and the PR China.

Developing Europe is particularly vulnerable to downturns in their major markets. The expanding debt crisis and the downgrading of the US credit rating puts their recovery in serious jeopardy.

The stagnation in the 17 country Eurozone is demonstrated by a meager 0.2% rise from the first quarter (which posted a 0.8% increase). This result was disappointing on its own but was exacerbated by the failure of the Eurozone to even hit the 0.3% growth predicted by EU economists. Germany, the single largest market for the developing European countries, grew only 0.1% in the second quarter, again

failing to meet experts predictions. Russian growth sustainability is disproportionately determined by the price of oil. The other developing European economies are heavily export dependent, foreign capital fueled, and budget deficit vulnerable which restricts policy stimulus options to the governments.

Selected Countries	2011 2Q Growth	2011 1Q Growth
Bulgaria	+1.9%	+3.4%
Czech Republic	+2.4%	+2.8%
Hungary	+1.5%	2.5%
Poland	+4.2%	+4.4%
Romania	+1.4%	+1.7%
Russia	+3.4%	+4.1%
Slovakia	+3.3%	+3.5%
Turkey		+11.1%

While MUP principals continue to hedge against these market fluctuations with substantial positions in foreign exchange and precious metals, there are specific opportunities in these markets, that the slowdown will offer potential policy support from the respective governments, and as such, will pursue individual investments in quality companies with large return potentials.



MUP company/markets tracking

**NEWS SHORTS**

**Turkey Electric Company Seeking Additional Capital**

August 17, 2011 Istanbul, Turkey

Istanbul's AKenerji Elektrik Uretim AS with 659 MW generation capacity, is now up for bids as the two main shareholders are seeking additional capital to support a capital expansion program to add 1147 MW by 2015. Akkok Group of Turkey (37.5%) and Prague based power company CEZ As (37.5%) are reviewing at least 4 bids from both Turkish joint ventures and direct foreign power company proposals.

Electricity demand in Turkey is actually outpacing growth, which showed an annualized increase of 11.0% for the first quarter of 2011.

Bids are due in September. Akkok is seeking to concentrate its business on acrylic products and real estate instead of energy.

On August 16, 2011 CEZ reported an increase in its full year net income forecast to 40.6 koruna (US \$2.4 billion) a day after failing to meet 2nd quarter net income estimates of analysts by reporting a 40% decline in earnings due to rising costs and seeing its stock drop significantly.

*(Bloomberg on line reports)*

**Anheuser Busch loses Trademark challenge in Bulgaria**

August 5, 2011 Prague, Czech Republic

The on-going battle between Anheuser Busch InBev (ABI) and Czech Republic's Budejovicky Budvar NP on the use of the trademarks "Bud", "Budweiser", and other variations shifted stage into the Bulgarian courts with decisions being handed down August 5, 2011. The Washington Post reported.

The newspaper said that a city court in Sophia, Bulgaria rejected Anheuser-Busch's claim that "Bud" is a geographic indicator. ABI was attempting to challenge the registration of "Bud" by Budvar in Bulgaria. The court's decision was a further setback for the beer giant in its continuing conflict with the small Czech brewer.

Budvar further announced that Anheuser Busch had withdrawn its appeal of the court's cancellation of Anheuser Busch's registration of "Bud" and "American Bud" in Bulgaria. Budvar is now also pursuing a removal of "Anheuser-Busch Bud" as a trademark registered in Bulgaria, the Post reported.

These decisions give a whole new meaning to the slogan, "this Bud's for you!"

*(Bloomberg News on line August 5, 2011)*

**Russian bank jumps in, as Western banks shed Eastern Europe units**

July 29, 2011 Vienna, Austria

OAQ Sberbank, Russia's largest lending bank, is plunging into the regional banking market with a 9 Billion EUR acquisition of 9 banks in Czech Republic, Slovakia, and Hungary from Austria's Oesterreichische Volksbanken AG (VBPS).

The developing Europe region is a huge opportunity for investors looking to expand into this market as Western banks look to shed assets to meet European Central Bank credit and solvency regulations. Specifically, KBC Group (Belgium), Banco Comercial Portugues SA (Portugal), Hypo Alpe-Adria Bank (Austria), and EFG Eurobank (Greece) all have asset ratio concerns. Unicredit (Italy) and Raiffeisen (Austria) may also be selling their units that are underperforming, or that have limited expansion possibilities.

Sberbank is aggressively pursuing the developing Europe region as these economies are growing at a faster rate than the Eurozone, and the use of bank services in these countries is relatively low:

Bank assets as a percentage of GDP

Country	Percentage of GDP
Czech Republic	124%
Hungary	115%
Poland	83%
Eurozone	338%

*(Bloomberg on line 29 July 2011)*

**Vietnam Banking Sector Posts Huge Profits While Economy Flounders**

August 16, 2011, Hanoi, Vietnam

Earnings reports for the first half year on the Vietnamese private banks showed strong performance in the opening of 2011. Ocean Bank reported profits of US \$23.7 million, Techcombank also reported strong profits of \$35 million, and other smaller banks are expected to follow suit.

According to Techcombank Director Vinh, only 20% of the Vietnamese population currently is using banking services, providing a large market of opportunity for well run banks. This 20% rate is double the banking services use rate just four years earlier in 2007.

Fitch Ratings has begun to issue Long Term Foreign Currency Issuer Default ratings for some Vietnamese larger banks who have earned a stable or reasonable rating, while the sovereign debt rating is falling deeper into junk status.

Vietnam's inflation accelerated to 22% in the first half of 2011, the highest inflation among the Asian economies. The stock market has lost 18% of value this year, the world's third worst slide. The newly appointed State Bank Governor Nguyen Van Binh emphasized further reforms would be necessary.

TOP SIX PERFORMING MARKETS 2011		
		<i>as of August 26, 2011</i>
Index	Value (in Local)	YTD Percentage
Venezuela (IBC)	99920.90	+52.9%
Indonesia	3841.73	+3.7%
Laos Stock Exchange	1015.57	+1.56%
Thailand (SET)	1037.22	+0.43%
US (DJIA)	11254.20	-2.79%
Malaysia	1444.81	-5.8%

### SELECTED SMALL CAP STOCKS

Company Name	Country	Symbol	Exchange	Open	Opening Date	
						<i>as of August 26</i>
Harbin Electric	China	HRBN	NASDAQ	10	2006	15.3
Magnolia Solar	Canada	MGLT.OI	OTC	1.2	Jan 1, 2011	0.40
Manfrey Redmond	Australia	MHYR.C	OTC	3	Apr 1, 2011	4.05 (6.25 June)
NanoViricides	US	NNVC.O	OTC	1.45	Jan 1, 2009	1.10

### SELECTED MARKETS 2011 PERFORMANCE

INDEX	12/31/10	08/26/2011	YTD	LAST WEEK
Austria	1104.39	856.91	-22.41%	+3.13%
China CSI 300	3128.26	2901.22	-7.26%	+3.33%
Finland	7661.91	5388.11	-29.68%	+1.52%
Germany (DAX)	6914.19	5537.48	-19.91%	+1.05%
Laos	1000.00	1015.57	+1.56%	-1.20%
Serbia (Belgrade SE)	1282.66	1173.16	-8.54%	+0.20%
Thailand (SET)	1032.76	1037.22	+0.43%	-2.99%
Turkey (FTSE Index)	19961.48	15,786.39	-20.92%	+1.02%
UK (FTSE)	5899.94	5129.92	-13.05%	+1.77%
US (DJIA)	11577.51	11,254.20	-2.79%	+2.40%
US (NASDAQ)	2652.87	2469.55	-6.91%	+5.45%
Vietnam (Ho Chi Minh Ex)	484.66	404.41	-16.56%	+0.91%

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**chairman/ceo Raj Marwah**



**Deputy Chairman  
Mag. Michael Klinger**

Marwah und Partner GmbH (“MUP”) is a boutique private equity firm pursuing unique investment opportunities worldwide. The principals, Raj Marwah and Michael Klinger fund MUP participation, then seek like-minded investors to co-invest in ventures. MUP takes an active role in each investment, providing world class international marketing and management expertise to develop companies seeking global expansion possibilities. MUP has several European investments and is currently exploring opportunities in Asia seeking key unlisted private and state owned companies that are looking for capital and know-how to expand into international markets.

Deputy Chairman Mag. Michael Klinger, MBA, is an experienced senior manager having served as CFO for several US corporations, most recently was the Financial Officer on the Management Board of a large Gas Distribution Company in Central Europe, and has been the Regional (Europe) Vice President for Western Union International. Michael brings his hands on corporate experience enhancing the MUP capability to deliver the highest quality corporate services to clients and companies in which MUP invests.

Chairman/ceo Raj Marwah has more than 21 years of worldwide advertising and marketing experience, working globally for multinational accounts in Sydney, Hong Kong, Toronto, Auckland, Dubai, Vienna, Bangkok, and New York. Raj was Chairman/ceo in New Zealand and Canada producing outstanding results. For the last 12 years Raj has executed major mergers and acquisitions in Russia, Europe and Asia on behalf of multinational clients based out of Hong Kong, Germany, and the USA.

MUP brings a truly international perspective to its local investments.

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