



We initiated the coverage of Ideiasnet. – IDNT3, with OUTPERFORM recommendation. Our target price is R\$ 13.27 per share, corresponding to 77.6% upside over the closing price on June 02 2008, of R\$ 7.47. According to our estimates, IDNT3 is trading at EV/EBITDA 2008 of 21.4x.

Our target price encompasses the segments of e-commerce and content, infrastructure and software and wireless, besides some companies in the IdeiasVentures (IMusica, Bolsa de Mulher and Netmovies). For these last three companies, our estimates indicate value of R\$ 2.39 per share, duly included in our target price.

Ideiasnet is a corporation with stakes in companies of the Media Technology and Telecommunications (TMT) sector in Brazil. Breakdown of present shareholding chunks are: (i) E-commerce and Content segment, composed by stakes of 100% in Officer, 97.0% in Softcorp, 31.1% in Pini and 34.5% in Ilogística; (ii) Infrastructure and Software, composed by 34.2% of Padtec and 34.6% of Automatos; (iii) Wireless, composed by 10.8% of Spring Wireless and (iv) IdeiasVentures, composed by companies such as Braspag (25.0%), TV ao Vivo (23.3%), IvoxCorp (78.8%), Zura (60.0%), TrinnPhone (60.0%), Visionnaire (40.0%), Bolsa de Mulher (93.0%), Netmovies (35.0%), Addcomm (54.0%), IMusica (93.0%) and Hands (49.0%).

Officer responded for around 84% of Ideiasnet's consolidated net revenue in 2007. The company operates as distributor of IT products, with estimated market share around 20%. Approximately 20k registered resellers are included in the company's portfolio, of which 10 k active.

Stake in Padtec responded for approximately 4% of Ideiasnet's consolidated net revenue in 2007. The company operates in manufacturing of equipment with WDM technology, which improves the capacity of optical fiber data transmission. Main operation is in the national market, being Padtec's major clients telecom operators.

Finally, IdeiasVentures encompasses companies that have recently started-up operations, which growth prospects are significant.

We have positive perception for Ideiasnet's results in the coming years, particularly due to (i) maintenance of strong growth in the revenues of Officer and Softcorp, supported by the positive outlook of PC market performance; (ii) high growth rates of Padtec due to onset of new technologies and the trend to offer convergent services; (iii) prospects of elevation in consolidated EBITDA margin, resulting of possible profitability expansion on the part of Officer, Softcorp and Spring Wireless and (iv) maturity in the next years of IdeiasVentures' group of companies, which might contribute to more robust numbers, or even serve as platform for shareholding operations, like spin offs or sale to investors, such as private equity funds.

In 2007, based on pro-forma data, Ideiasnet reported net revenue of R\$ 771.6 mn, EBITDA of R\$ 21.4mn, EBITDA margin of 2.8% and net profit of R\$ 9.7mn.

Beatriz Battelli, CNPI

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June 03 2008



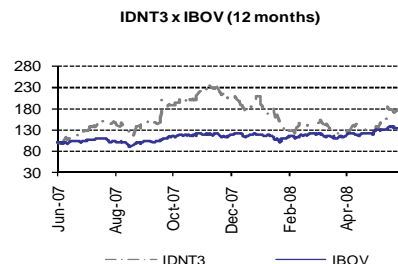
1. Recommendation

Ideiasnet – IDNT3

Outperform

Price – R\$ 7.47
Target Price – R\$ 13.27
Upside – 77.6%

Market Price (06.02.08) - R\$ / share	7.47
Target Price- R\$ / share	13.27
Upside	77.6%
52 week high	10.03
52 week low	3.96
Number of Shares - k	88,331
Market Cap - R\$ k	659,834
Daily Average Volume (21d) - R\$ mn	5.81
Pay-out	0.0%



Indicators	2008E	2009E	2010E	2011E	2012E
EV / EBITDA (x)	21.4	12.9	8.8	6.5	5.4
Price / Earnings (x)	40.9	22.4	13.8	9.6	7.7
Price / Book Value (x)	6.3	4.9	3.6	2.6	2.0
EPS (R\$)	0.2	0.3	0.5	0.8	1.0
Net Debt / Market Cap (x)	0.1	0.1	0.0	-0.1	-0.2
Net Debt / EBITDA (x)	1.7	0.7	0.1	-0.4	-0.9
ROA (%)	4.5%	7.1%	9.6%	11.4%	11.8%

P & L (R\$ k)	2007	2008E	2009E	2010E	2011E	2012
Net Revenues	771,604	938,047	1,158,034	1,387,728	1,646,795	1,885,640
EBITDA	21,452	34,172	56,837	83,002	112,228	134,239
EBITDA Margin	2.8%	3.6%	4.9%	6.0%	6.8%	7.1%
EBIT	19,181	30,660	52,156	76,969	104,621	125,758
EBIT Margin	2.5%	3.3%	4.5%	5.5%	6.4%	6.7%
Net Income	9,699	16,116	29,441	47,838	68,786	86,105
Net Margin	1.3%	1.7%	2.5%	3.4%	4.2%	4.6%

Cash Flow (R\$ k)	9M08E	2009E	2010E	2011E	2012E
EBIT	29,543	52,156	76,969	104,621	125,758
Taxes	(10,045)	(17,733)	(26,169)	(35,571)	(42,758)
Depreciation & Amortization	2,769	4,681	6,033	7,607	8,481
Working Capital	(3,455)	(6,089)	(8,424)	(7,104)	(4,849)
CAPEX	(5,303)	(8,106)	(9,714)	(11,528)	(13,199)
Operating Cash Flow	13,509	24,909	38,694	58,026	73,433

Weighted Average Cost of Capital	
Risk Free Rate (including Brazilian Sovereign Risk)	6.5%
Market Premium	5.5%
Inflation Spread (EUA x BRA)	2.0%
Beta	0.95
Cost of Equity	13.8%
Gross Cost of Debt	15.3%
% Taxes	34.0%
Cost of Debt	10.1%
Equity / Total Capital	84.5%
Debt / Total Capital	15.5%
WACC	13.3%

Equity Value (R\$ mn)	
Enterprise Value (without IdeiasVentures)	956
Enterprise Value (Bolsa de Mulher, iMusica and Netmovies)	211
Positive Adjustments (Cash and Others)	91
Negative Adjustments (Debt and Participations)	(86)
Fair Market Value	1,172
Number of shares	88
Target Price	13.27



2. Valuation Method

Description

The methodology adopted to assess the companies encompassed by this report is primarily based on projected operating cash flow, brought to present value by a discount rate capable of reflecting the expected return given the risk associated with the country, the sector operated and each one of the companies evaluated. This methodology evidences the following components:

Projected Operating Cash Flow: developed from economic models applicable to the company that is the object of valuation. The model adopted uses the key variables that might impact significantly the company's operation.

Our projected operating cash flow includes only the companies of the segments e-commerce and content, infrastructure and software and wireless.

Regarding IdeiasVentures, we evaluated separately the companies Bolsa de Mulher, IMusica and Netmovies. The values found were added to our former target price.

As we lacked more accurate details and due to their small sizes, the companies Hands, Braspag, TrinnPhone, Addcomm, TV ao Vivo, Ivocorp and Zura were not evaluated.

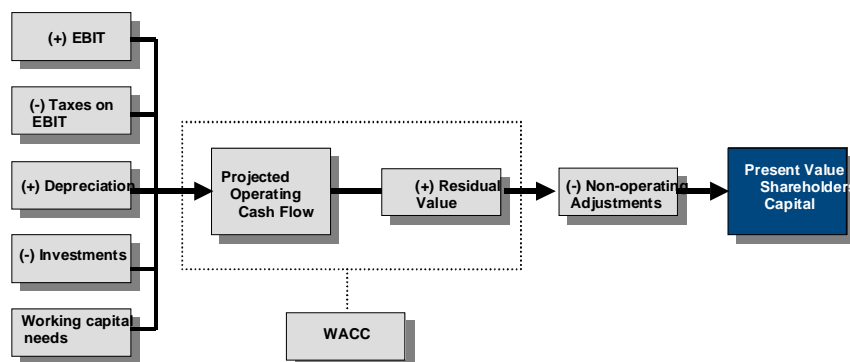
Besides, we also emphasize that we have not taken into consideration recent announcement of capital increase in the amount of R\$ 100.5mn, either in immediate cash elevation and future utilization oriented to different investments or increase in number of shares. This option is subsidized by the absence of more thorough details involving the destination of resources.

Residual Value: corresponds to the business value at the end of the projected period, which in our model refers to the period ended in 2016. This component was calculated through the method of perpetuity of results growth. Our valuation has taken into account a parameter of 6% for nominal growth rate in perpetuity, representative of economic sectors that evidence strong growth.

Discount Rate: the projected cash flow should be discounted at a discount rate representative of weighted average cost capital of each company analyzed, determined by the WACC method – *Weighted Average Cost of Capital*.

The projections were undertaken in nominal values, therefore taking into consideration the projection of interest rates, inflation rates and exchange rates variations. The valuations presented in coming sections were based on the financial statements dated March 2008.

Discounted Operating Cash Flow



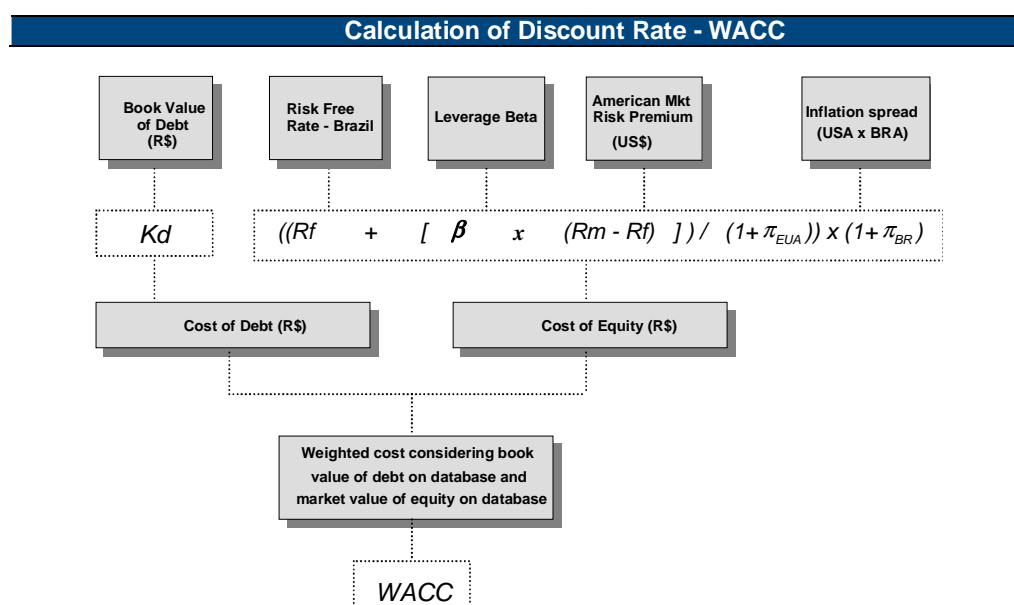


Discount Rate

The Weighted Average Cost of Capital (WACC) is the methodology that weights, assuming company's projected capital structure, the cost of shareholders' equity with the cost of third parties capital. This rate is the most adequate to discount operating cash flows, since it reflects the cost of opportunity of each one of the providers of capital to the company.

The cost of shareholders' equity (Ke) is determined by the discount rate that the investors could obtain by means of an alternative investment, though with similar risks, calculated through the method CAPM – *Capital Asset Pricing Model*.

The cost of third parties capital is determined by the book value of the debt, given that in Brazil there is not an active secondary market of debt, fact that impairs the utilization of market cap, as well as cost of opportunity of a new loan.



Macroeconomic Assumptions

Given that our projections were undertaken in nominal terms, we have considered as macroeconomic assumptions an average SELIC rate of 13.3% for 2008, IGP-M of 6.5%, IPCA of 4.8% and average exchange rate of R\$ 1.72/US\$.

Table below shows major macroeconomic assumptions used.

Indicators	2008E	2009E	2010E	2011E	2012E
GDP	4.7%	4.3%	4.4%	4.4%	4.3%
Selic (average)	13.3%	12.6%	10.7%	9.8%	9.5%
IPCA	4.8%	4.5%	4.4%	4.3%	4.2%
IGP-M	6.5%	4.6%	4.5%	4.4%	4.3%
Dollar (average)	1.72	1.83	1.89	1.95	2.00

Source: MCM Consultores



Parameters Used in Discount Rate

We have taken into consideration a discount rate of 13.3% for Ideiasnet, based on cost of equity of 13.8% and average cost of debt of 15.3% (CDI + 3.5%).

The parameters used were: risk-free rate of 4.7%, sovereign risk premium of 1.75%, market premium of 5.5% y/y and Beta of 0.95, which calculation was based on average unleveraged beta of international companies comparable to Officer (Tech Data Corp and Imgram Micro) and releverage by the capital structure of Ideiasnet. Officer is the company that holds most relevant stake in Ideiasnet's portfolio. So as to calculate a discount rate in reais, we have incorporated the difference between the projected inflations for Brazil and U.S. in the long term of 2% y/y.



3. Investment Summary

Swot Analysis

Strengths

- Stake in strong growth capacity companies;
- Synergies among companies that comprise Ideiasnet's portfolio;
- Officer is leader within its niche with nation-wide coverage;
- Officer has exclusivity in distributing of Positivo's computers;
- Padtec offers technology commanded by few companies;
- Padtec shows high capacity of customization in view of its greater specialization, factor that represents competitive edge vis-à-vis large-sized competitors;
- Corporate Governance - Ideiasnet is listed in Novo Mercado of Bovespa, besides being a corporation which free-float nears 100%.
- High professional skills of company's management allows its insertion in niches so far scarcely explored and with high growth potential.

Weaknesses

- Ideiasnet holds stakes in several companies that have only just started-up operations, which future results are hardly predictable;
- Even though future prospects point towards greater mix of company's revenue, due to growth of companies such as Padtec and Spring Wireless above growth of Officer, latter still responds for 84% of Ideiasnet consolidated revenue;

Opportunities

- Possible acquisitions within markets of Officer, Softcorp, Padtec and Virtus.
- Possibility of expansion in EBITDA margin of Officer, Softcorp and Spring Wireless;
- Ongoing reduction of grey market (represented by computers assembled with smuggled products, pirate software and absence of tax collection);
- Prospects of growth in PC penetration across the country;
- Expansion of Padtec's operation in international market;
- Expansion of number of unique visitors to Bolsa de Mulher, especially after partnership with MSN;
- Expansion of NetMovies clients' base and launch of video on demand service.
- Onset of new technologies in telecom market, which should result in continuation of investment in infrastructure by incumbents, benefiting Padtec;
- Possibility of new shareholding restructures within IdeiasVentures, which might promote mergers between companies, event that would bring more visibility to these assets;
- Resources originated in recent announcement of capital increase might be used in new acquisitions or expand stake in companies;
- Present cost of third parties capital is, in our opinion, high (CDI+3.5%), leaving room for reduction in short term. Company's main contract of debt is one-year maturity;



Threats

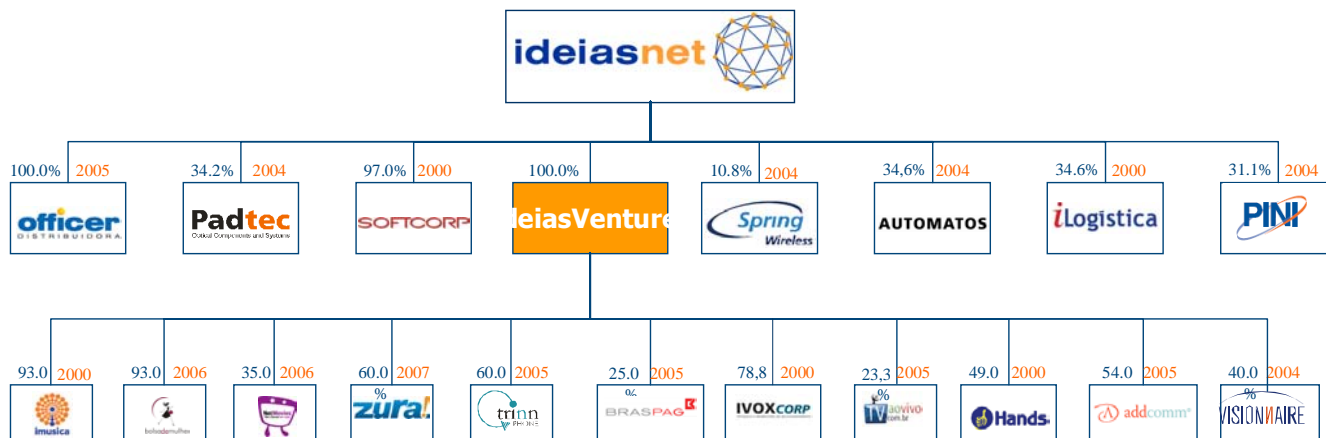
- Change in growth pace of Brazilian economy may lead to lower growth rates in PC market, impacting results of Officer and Softcorp;
 - IdeiasVentures' companies might fail to report expected results;
 - Fiercer competition in Padtec's segment might cause reduction in EBITDA margin of this company;
 - Ideiasnet reported disappointing results in 1Q08, as consequence of slowdown in Brazilian PC sector, aggravated by strike of Receita Federal (Brazilian IRS) agents, together with lower margins recorded by Padtec, influenced by start-up of new large-sized client. In our perception, there is a risk that these two factors impact again company's future results.
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Shareholding Structure

Ideiasnet is an investment company that holds stakes both in companies which market share in their respective niches is large (Officer and Padtec) and in start-up companies, but evidencing strong growth prospects.

Next, we present the shareholding structure of Ideiasnet. The organization chart below still does not contemplate Virtus, company created with the merger of Automatos, Biosalc, Dedalus, Intelekto, Trellis, Visionnaire, Volans and Tech4B. Ideiasnet will have approximately 15% of Virtus' capital.



Source: Ideiasnet and Brascan Research

Our main estimates for the companies included in Ideiasnet's portfolio are below. The company's structure breakdown refers to segments of (i) e-commerce and content; (ii) infrastructure and software; (iii) wireless and (iv) IdeiasVentures.

E-Commerce and Content (94.1% of Gross Revenue and 61% of EBITDA in 2007)

E-commerce and Content segment represented 94.1% of Ideiasnet consolidated revenue in 2007. This segment is composed by: (i) 100% of Officer; (ii) 97% of Softcorp; (iii) 35% of Ilogística and (iv) 31% of Pini.

Along 2007, Ideiasnet acquired the totality of shareholding stake held by Tecnoglobal S.A in Officer grabbing the company's total capital stock, versus 49.5% stake held. This transaction added up to R\$ 42.5mn.

On top of that, the company has also expanded its stake in Softcorp from 42% to 97%.

Our main estimates for each one of the companies mentioned before are as follow:

OFFICER (% IDNT: 100%)

Officer operates in the distribution of IT products (hardware, software, components and supplies). The company is the leader within its segment, with estimated market share around 20%.

The company sells products from over 40 suppliers. It is worth emphasizing that Officer is an exclusive distributor of the Positivo Informática's products, even though there is no contract preventing Positivo from using other distributors. Moreover, Officer is the biggest distributor of HP products in Brazil.



The company records 10 k active resellers, but the largest client responds for only 1.3% of the net revenue.

According to IDC data referring to 1H06, main distribution channel for hardware is direct sales of distributors to final consumers, a process run by the actual resellers (commissioned), with share of 52.8%. Second channel refers to resellers (sales invoiced by the reseller and then to final client and inventory is recorded by reseller) with 23.6%, retail with 21.6%, Internet, 1.5% and others, 0.5%.



Source: Ideiasnet

Even though some manufacturers have adopted strategy of direct sales to some clients and segments, the distributors with stronger geographic presence continue to be used, since they can deal with a larger number of products and several resellers, enabling efficient delivery of products in the market.

As illustration, Dell, which in the past had adopted direct sales model and Internet, is changing its business model with the expansion of distribution channels to pulverize its presence in the country.

Officer's main competitors are Tech Data, with market share of around 15% and Ingram Micro, which market share is approximately 13%. Among Officer's main competitive advantages, we point out the large number of registered resellers with operations nationwide.

The distribution market includes a large number of competitors and high potential for consolidation. In this sense, due to its leadership within the market, we believe that Officer would take over the role of a consolidating company.

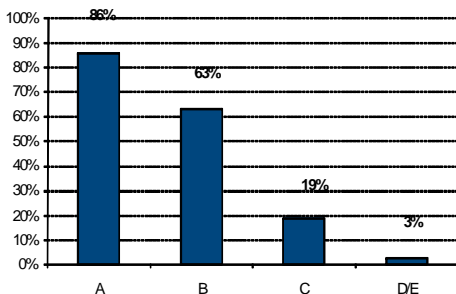
Around 80% of Officer's sales refer to hardware. Further 20% refer to sale of software. Thus, the company's revenue growth is mainly related to the expansion of the market of computers in Brazil.

During 2007 it was registered sales of a total of 10.7 million computers in the country, showing growth by 37.7% relative to 2006. The legal market reported growth by 64.9% in 2007 compared to 2006. CAGR 2004-2007 is 81.2% for legal market and 84.5% for retail one. Amongst the factors that contributed to such performance and are likely to continue benefiting the sector in the next years, we highlight: (i) reduction in prices stemming from exemption of PIS/Cofins that reduced on average 10% in price of PC, boosting competitiveness of legal market compared to the grey one; (ii) increase in population income; (iii) credit expansion; and (iv) reduction of grey market.

In spite of the significant growth, the installed base of computers in Brazil, particularly amongst the lower-income population remains modest, meaning that there is room for further expansion.

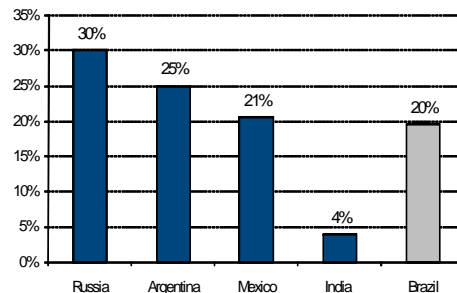
According to news published by the press, a study developed by Fundação Getúlio Vargas (FGV) indicates that Brazil should outpace 100 million computers between 2011 and 2012, duplicating the number of current existing PCs.

PC PENETRATION BY INCOME SEGMENT



Source: CGI, Aug/ Sep 2006

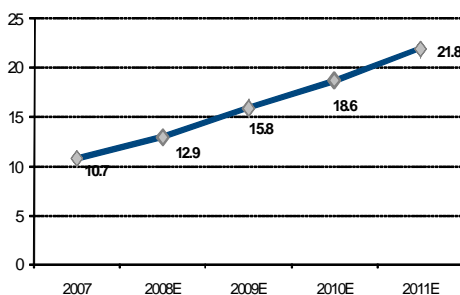
PC PENETRATION BY HOUSEHOLDS



Source: Positivo

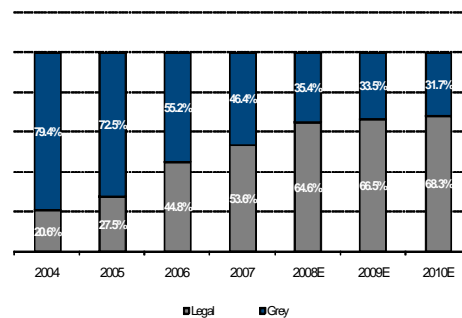
Furthermore, accordingly with IDC estimates, the market of computers is likely to evidence average annual growth in the period 2007-2011 by 19.5%. Ongoing decline of grey market's share in PC market is expected to contribute to such expansion.

PC MARKET ESTIMATES



Source: IDC

GREY MARKET ESTIMATES



Source: IDC / Positivo

For the software market, IDC estimates (Source: Lafis) indicate growth above 12% until 2010, due to higher level of investment in this market, associated with larger number of companies.

In addition to the distribution of IT products, Officer has been trying to expand its share in the market of distribution of supplies to offices and other variations of electric-electronic appliances. According to the company, the expectation is that this segment will achieve in 2008 share around 5% to 10% of revenue. We also point out that within a longer term horizon there is a possibility of operating in other niches, such as mobile distribution. As illustration, in Europe around 50% of mobiles are already sold via distribution channel. Brazil records a total of 127.7 million mobiles phones, with penetration rate of 66.84%. We believe that the country might exceed penetration rate of 90% in 2012. It is also worth emphasizing the high churn rate of mobile telecom sector, with levels above 30% y/y.

At the year-end 2007, Officer posted revenue around R\$ 650mn, representing growth by 18% over 2006's, mostly due to strong expansion in the country's sale of IT products.

In 1Q08, Officer reported growth by around 13% in gross revenue compared to the similar period of last year. The company's results were affected by the slowdown in the market of computers, stemming from: (i) production during quarter 12% lower than that registered in the 1Q07; (ii) slower pace resulting of adjustment in inventories on the part of the large-sized companies; (iii) strike of agents of Receita Federal and (iv) Operação Persona,

undertaken by Polícia Federal and Receita Federal (Brazilian Federal Police and Internal Revenue Service, respectively).

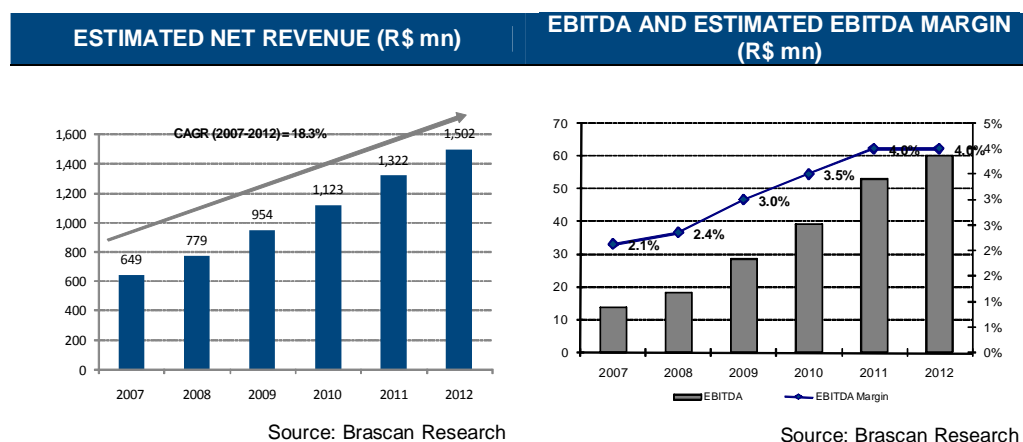
Most of these issues are expected to be wrapped up throughout this year, making possible maintenance of growth at satisfactory levels. For 2008 we are looking ahead to net revenue of R\$ 779 mn for the company, corresponding to an expansion by 20% relative to 2007.

Our CAGR 2007-2012 for Officer's net revenue is 18.3%.

Officer reported in 2007 EBITDA margin around 2%. For the upcoming years, we believe that it is possible for the company to raise this margin in view of expectation of reduction of the grey market, coupled with a better structuring of the sector, with possible consolidation movements. Besides, the company has been analyzing the possibility of altering its policy of payment to suppliers, in ways that payments would occur within a shorter period of time to obtain higher sales discounts and, in some cases, extend the deadlines for payments by clients, as a means to encourage sales.

As negative factor that could impact the company's EBITDA margin, we emphasize the stronger share in hardware compared to software. Software's EBITDA margin is twice the margin of hardware and the latter shows stronger growth prospects. It is possible that within a long-term horizon the mix of revenue achieve 85% hardware and 15% software.

We estimate EBITDA margin of 2.4% in 2008. Our projections indicate values around 4.0% in the long term.



SOFTCORP (% IDNT: 97%)

Softcorp operates as a reseller of software and hardware for the corporate market, focusing particularly on small and medium-sized companies.

As per Softcorp, in terms of volume, company is one of the five largest resellers of IT products in the country. As compared to the distribution market, the reseller market contemplates a higher number of companies and is even more prone to consolidation, given higher margins.

During 2007, Softcop posted net revenue of around R\$ 70mn. We believe that Softcorp is subject to same growth drivers as those of Officer, shown before.

In 2008, we estimate growth in net revenue in line with Officer's expansion by 20.0% for Softcorp, Our CAGR 2007-2012 is 18.3%.



Along 2007, in view of significant investments undertaken, which resulted in high Opex, the company's EBITDA margin was negative of -2.1%. For this year, we expect company to report positive EBITDA, with margin of approximately 0.9%.

Within a long-term horizon, it is possible that EBITDA margin achieve values between 6% and 10%, above Officer's EBITDA margin.

PINI (% IDNT 31.1%) AND ILOGÍSTICA (% IDNT 34.5%)

Pini is a technical editor of the construction segment. The company also has a line of software, specialized services and Web solutions.

The company's main sources of revenue are originated in sales of advertisements in offline and digital press, sales of subscriptions, distribution of software to the construction industry from pre-project to post-occupation, besides books, technical guides, CDs-ROM and DVDs specific for civil engineers, constructors, architects and professionals of the sector.

Ilogística provides services of logistics and e-commerce. It was founded from a spin-off in Officer's logistics division.

The net revenue resulting of the stake of Ideiasnet in Pini and Ilogística totaled approximately R\$ 9mn in 2007.

In light of the small size of both companies compared to Officer and Softcorp, and modest stake of meager 31.1% in Pini and 34.5% in Ilogística on the part of Ideiasnet, we decided to project the revenue of both companies as percentage of Officer's and Softcorp's net revenue. Given expectation of lower growth of these two companies, such percentage tends to drop in the next years. In addition, we also point out that we believe in possibility of divestment by Ideiasnet in stake held in Pini.

CONSOLIDATED NUMBERS – E-COMMERCE AND CONTENT

Based on the assumptions presented above, we estimate CAGR 2007-2012 of 18.2% for the net revenue in the segment of e-commerce and content, achieving at year-end 2012 net revenue of R\$ 1.7bn.

As for EBITDA, we estimate CAGR 2007-2012 of 40.5%. Our expected EBITDA margin is 4.3% at the year-end 2012.

R\$ mn	2007	2008E	2009E	2010E	2011E	2012E
Net Revenues	725	870	1,063	1,250	1,471	1,671
EBITDA	13	19	32	46	62	72
EBITDA Margin	1.8%	2.2%	3.0%	3.7%	4.2%	4.3%

Source: Brascan Research and Ideiasnet



Infrastructure and Software (4.4% of Gross Revenue and 51.6% of EBITDA in 2007)

In 2007, the segment of infrastructure and software represented 4.4% of Ideiasnet's consolidated revenue. This segment is composed by: (i) 34.0% of Padtec; and (ii) 34.6% of Automatos.

In June 2007, Ideiasnet expanded its stake in Padtec from 22.5% to 34.2% for R\$ 20mn.

Moreover, early this year, Ideiasnet announced increase of stake in Automatos from 18.9% to 34.6%.

Below we present our main estimates for each one of the companies mentioned above.

PADTEC (% IDNT: 34.2%)

Padtec supplies solutions and equipment aimed to enhance the capacity of optical fibers data transmission. The technology used is WDM (Wavelength Division Multiplexing), which allows the simultaneous transmission of different information items through different wave lengths in one single optical fiber. The products offered by Padtec enable the expansion of fiber capacity in over 1,000%.

Its major clients are fixed telecom operators, companies of SAN (Storage Area Networks) and utilities (electricity, gas or crude oil).

Among the main competitors of Padtec are companies that supply infrastructure to the telecom market, such as: Alcatel-Lucent, Ericsson-Marconi, Siemens-Nokia, Nortel, Huawei, ZTE, Adva and Ciena. The company's key advantage in relation to others is the stronger capacity of customization, in light of its greater degree of specialization.

Below we present the chief growth drivers of Padtec:

➤ 3G Technology:

The mobile telecom operators launched this May/08 the 3G technology. In order to prepare the network to supply this sort of service, the operators have already made some investments in their respective networks. However, as 3G users' base expands, new investments will be necessary. According to information obtained by Padtec, the mobile telecom operators have only made around 10% of necessary investments to make network completely suitable to 3G and the expectation is that companies will continue to invest in the network for this service for at least the next three years.

It is important to highlight that Anatel has defined some coverage obligations in 3G technology for the incumbents, as evidenced by the table below:

After	Obligations of 3G Coverage
2 years	Cities with more than 500 thousand inhabitants
4 years	Cities with more than 200 thousand inhabitants
5 years	50% of the cities with more than 30 thousand inhabitants and less than 100 thousand inhabitants and 100% of the cities
8 th year	60% of the cities with less than 30 thousand inhabitants

Source: Teleco and Anatel

As illustration, in 2006 around 75% of the new subscribers in Europe were already in 3G. Market estimates (source: site Teleco) indicate an average growth in world's subscribers by approximately 44% in the next 7 years, achieving 1.3 billion 3G users. We should only



emphasize that due to lower purchasing power of the Brazilian population compared to that of countries in Europe the dissemination of 3G is likely to occur more slowly.

➤ **Wimax:**

Anatel started in 2006 the bidding process of new frequencies in 3.5 GHz band in which will occur most of Wimax's implantations in Brazil. Nevertheless, this bidding process has been suspended by intervention of the TCU (Brazilian Government Accountability Office). A new bidding of Wimax is expected to be held in 2008, which should attract the country's major telecom incumbents.

According to articles published by press, Yankee Group estimates that the world should have around 37 million Wimax subscribers in 2011. As per estimates, Latin and Central America are likely to respond for around 7 million. The information items provided by the site Teleco shows that in 2007 there were approximately 1.7 million Wimax subscribers world-wide.

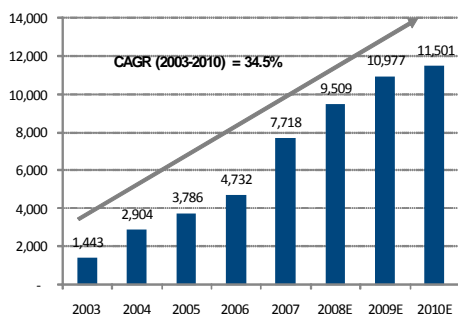
➤ **Broadband:**

At year-end 2007 Brazil recorded 7,718 k broadband subscribers, posting CAGR 2003-2007 of 58.1%. Accordingly with Yankee Group's estimates (Source: NET) Brazil is likely to achieve 11.5 million broadband subscribers at year-end 2010, representing CAGR 2007-2010 of 14.2%.

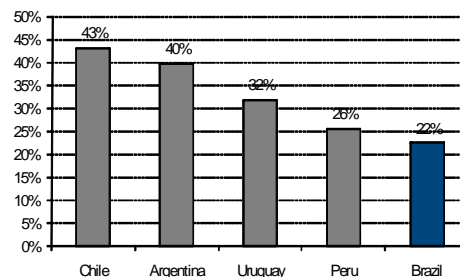
As per IBOPE/Net Ratings (Source: Teleco), at year-end 2007, Brazil registered 21.4 million active household users of Internet, representing growth by 48.4% compared to 2006.

It is also worth noting that the Internet penetration in Brazil continues very low if compared to some Latin American countries. While in Brazil this index is 22.4%, in countries such as Peru, Uruguay, Argentina and Chile penetration achieves 25.5%, 31.8%, 39.7% and 43.2%, respectively.

BROADBAND SUBSCRIBERS **PENETRATION OF INTERNET USERS**



Source: NET



Source: InternetWorldStats, Teleco, IBGE and Ideiasnet



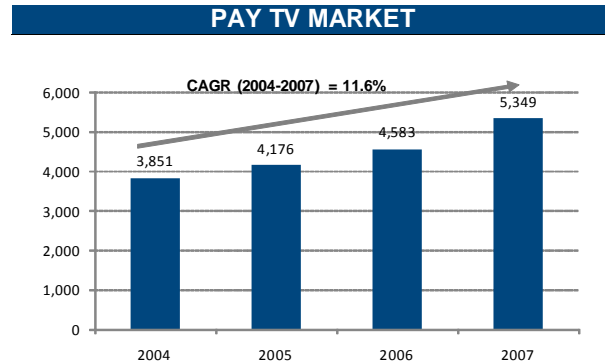
➤ **G-PON Technology (Gigabit Passive Optical Network):**

Recently launched in the market, it is a technology of broadband access, which succeeded DSL currently used by fixed telecom carriers to supply broadband. This technology might enable supply of high-speed residential Internet, IPTV, video on demand and VoIP service, being an important solution for triple play residential services.

The demand of convergent services for telecom companies has been increasing. Within this new context, the network of operators will have to be adequate so as to bear not only traditional services, but also new services that are being launched in the sector. We believe that higher speed in data transmission will be fundamental to elevate competitiveness of the players.

➤ **Pay TV**

Presently, the fixed telecom operators are not authorized by the legislation to supply full paid TV services, with broadcasting. The alteration of the sector's regulatory structure has been a claim on the part of the companies, and the change in legislation will demand investments in the network of operators.



At year-end 2007, Brazil reported 5.3 million of pay TV subscribers, representing a density of 2.8 subscribers/100 inhabitants. In countries such as Portugal, density reaches 18.2 subscribers/100 inhabitants. In the event that legislation should really change, country's pay TV penetration is expected to increase substantially.

Source: Anatel and Brascan Research

➤ **Digital TV:**

The introduction of Digital TV in Brazil started late last year in the city of São Paulo. In addition, it was defined stages to be fulfilled by each analogical TV broadcaster in introducing Digital TV. The analogical transmission will continue regularly together with the digital for a period of 10 years.

➤ **International Expansion:**

Presently, the company has primarily national operation. However, it expects to stretch out its operation to international market, taking advantage of its two main clients (Telmex and Telefonica) which have strong presence in key world markets. In 2008, company expects exports to respond for 9%/10% of revenue. Sales to foreign clients represented 6% of total in 2007.

➤ **Recent Acquisition of Israeli Company Civcom:**

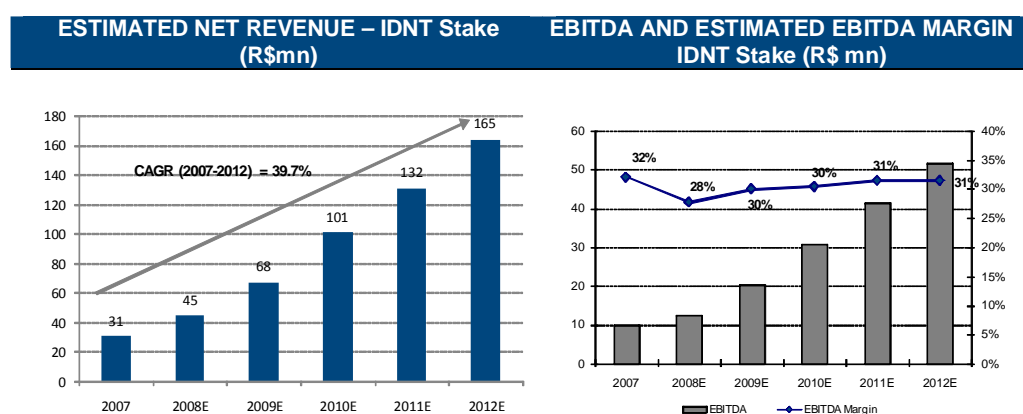
By means of the acquisition of Israeli company Civcom, Padtec intends to favor from commercial agreements that Israel holds in the technology area with countries that Brazil does not have similar relationship. Furthermore, Padtec will have the control over components in the area of wave length multiplexing, besides prospects of strong growth in company's revenue in upcoming years.

Padtec expects this company to achieve revenue of US\$ 15 mn in 2008. Within three years, it is expected a revenue of US\$ 80 mn for this company.

Padtec's net revenue grew 12.4x from 2004 to 2007. The conservative scenario provided by the company points towards growth by 50% in revenue during the next three years. Hence, in 2008, we project net revenue of R\$ 132 mn for Padtec, of which R\$ 45 mn referring to stake held by Ideiasnet in Padtec (34%).

The company reported in 2007 EBITDA margin around 32%. In the 1Q08, Padtec's results were negatively impacted by operation start-up of a new large-sized client, given initial higher expenses. Thus, even though we consider the recovery through 2008, our expected EBITDA margin for 2008 is 27.7%, slightly lower than 2007's.

Based on information obtained from Padtec, we believe that EBITDA margin in the next years is likely to be near 30%/31%. It is important to highlight that in this market there is not only price competition, but technology competition as well.



Source: Ideiasnet and Brascan Research

Source: Ideiasnet and Brascan Research

AUTOMATOS (%IDNT: 34.6%) and VÍRTUS (% IDNT: 15%)

Automatos is focused on the management of IT infrastructure. The company's revenue has been growing at a rate of 40% y/y.

Earlier this year, the companies Automatos, Biosalc, Dedalus, Intelekto, Trellis, Visionnaire and Volans announced merger of their operations, originating Virtus. Next, Tech4B also became an associated company with Virtus. All these operations total 1 k clients, such as Vivo, Oi, Carrefour, Nestlé, Embraer and Gol.

In May 2008, it was created TecTotal, being a partnership between Telefônica and Automatos. The company will act in the area of technical support to residential client. The company has footprint in 350 municipalities and records approximately 120 k maintenance plans already sold.

In 2008, we are looking ahead to revenue between R\$ 80-90 mn for Virtus. We believe that Ideiasnet will hold a stake of 15% in this company. The expectation is to maintain growth by 40% also during 2009. Going forward we assumed growth decline. It is important to emphasize that such growth does not contemplate probable acquisitions by Virtus. Our CAGR 2008-2012 for Virtus net revenue is 24.5%. The expected EBITDA margin is 20%.



CONSOLIDATED NUMBERS – INFRASTRUCTURE AND SOFTWARE

Based on the assumptions presented before, we estimate CAGR 2007-2012 of 42.2% for net revenue in the segment of infrastructure and software, reaching at year-end 2012 net revenue of R\$ 192mn.

As for EBITDA, we estimate CAGR 2007-2012 of 39.2%. Our expected EBITDA margin is 30.2% at year-end 2012. Modest decrease in EBITDA margin of this segment is due to stake of Virtus in total revenue, which margins are lower than Padtec's.

R\$ mn	2007	2008E	2009E	2010E	2011E	2012E
Net Revenues	33	56	83	122	156	192
EBITDA	11	15	24	35	47	58
EBITDA Margin	33.6%	26.1%	28.3%	29.0%	30.1%	30.2%

Source: Brascan Research and Ideiasnet



Wireless (0.5% of Gross Revenue and 0.04% of EBITDA in 2007)

In 2007, the wireless segment represented 0.5% of Ideiasnet's consolidated revenue. This segment is composed by Spring Wireless (10.8%).

Below, we present main estimates for this company.

SPRING WIRELESS (%IDNT: 10.8%)

Spring Wireless is a company of corporate mobility solutions, encompassing software, managed services, wireless connection and infrastructure.

The company responds for market share of 70% within this segment in Brazil, with clients in Colombia, Chile, Peru, Venezuela, United States, Russia, Portugal and Argentina.

Spring Wireless records approximately 200 clients and over 100 k users.

The company has been reporting high growth rates in the past few years, posting at year-end 2007 net revenue around R\$ 45 mn. In 2008, we expect the company to post revenue of approximately R\$ 80mn. Such robust growth should be sponsored by increased demand for wireless corporate services, besides company's international expansion. Spring Wireless is already present in 10 countries and has solutions implemented in over 20 countries.

It is worth mentioning the onset of new services, such as mobile banking. The Brazilian Federation of Banks (Febraban) estimates that the mobile banking, including payments, transferences, loans and investments, will be responsible for 10% of banking transactions in Brazil until 2010.

In 2007, Spring Wireless reported EBITDA of R\$ 88 k, with EBITDA margin of 0.2%. The return on investment undertaken by the company to maintain clients since its start-up is likely to contribute to elevate the company's profitability. In the first quarter of 2008, Spring Wireless reported EBITDA margin of 3.9%. For upcoming quarters of this year, we expect EBITDA margin around 4.5%. In a long-term horizon, we believe that EBITDA margin might go up to values near 20%.

CONSOLIDATED NUMBERS – WIRELESS

R\$ k	2007	2008E	2009E	2010E	2011E	2012E
Net Revenues	4,766	8,640	12,095	15,724	19,654	23,585
EBITDA	9	367	1,210	2,044	3,538	4,717
EBITDA Margin	0.2%	4.2%	10.0%	13.0%	18.0%	20.0%

Source: Brascan Research and Ideiasnet



IdeiasVentures (1.0% of Gross Revenue and – 12.6% of EBITDA in 2007)

In 2007, IdeiasVentures represented 1.0% of Ideiasnet's consolidated revenue. This segment is composed by the companies: Braspag (25%), TV ao Vivo (23%), Ivocorp (79%), Zura (60%), TrinnPhone (60%), Visionnaire (40%), Bolsa de Mulher (93%), Netmovies (35%), Addcom (54%), IMusica (93%) and Hands (49%). For the purpose of estimating value of shares, the following companies were taken into account:

(i) BOLSA DE MULHER (%IDNT: 93%)

Bolsa de Mulher S.A. is a company that offers female solutions.

In November 2007, the company held a total of 1.1 million women registered, 1.3 million unique visitors within one month and around 8 million pages views per month.

At the end of March 2008, the number of unique visitors per month totaled 2.3 million, with expansion by 106% compared to March 2007. Average time spent in the site was 26 minutes.

In 2008, we expect a total of 5 million unique visitors. This prospect of strong growth should be underpinned by the increase of female access to Internet. In 2000, the female public represented 37% of consumers that acquired products via Internet. Currently, this percentage is 45% (Source: Ideiasnet).

	Jan-06	Jun-06	Jan-07	Jun-07	Oct-07	Nov-07	Mar-08
Page Views	839	838	2,610	4,358	5,990	5,539	-
Unique Visitors	154	475	676	1,202	1,187	1,311	2,300
Women Registered	225	682	741	1,043	1,093	1,106	-
Average time spent in the site	2.2	4.1	6.3	8	11.2	25.9	26.0

Source: Ideiasnet

Besides, in February 2008, the MSN portal chose Bolsa de Mulher as an exclusive partner in the female content.

For 2008 our estimates point to gross revenue around R\$ 7.8mn. The company's EBITDA margin is approximately 35%/40%.

Bolsa de Mulher revenue breakdown includes segments of advertising, licencing of content, subscription of premium services, products & mobile services and e-commerce. In 2007, advertising revenue responded for approximately 90% of total revenue of Bolsa de Mulher. In 2008, our expectation indicates drop in this percentage to 60%, given greater share of other sources of revenue.

It is worth pointing out that the projections for revenue in 2008 do not regard the activities branching out in Latin America, which should occur still along this first year half.

In view of the difficulty of projecting the results of Bolsa de Mulher, we decided to make a comparison with some peers in the international market, as evidenced below:

➤ **Ivillage:** it is a website destined to offer solutions to the female market. Ivillage was sold in March 2006 to NBC Universal for US\$ 600 mn. On the date of this acquisition, Ivillage recorded around 14 million unique visitors. This transaction implied a multiple of US\$ 42.8 per unique visitor.

We emphasize that the number of company's unique visitors has been declining.

➤ **Daily Candy:** reports 1 million registered users and developed a business model unlike that of Bolsa de Mulher. Daily Candy sends an email to the registered users with



information items on fashion, entertainment, gastronomy and so forth. This electronic newsletter was offered for sale for US\$ 125 mn.

➤ **AuFeminin:** Listed at the Paris Stock Exchange, records approximately 19 million unique visitors and 613 million page views. At year-end 2007, the company reported revenue of 22.5 mn euros.

Keeping our conservative stance, we chose to use as parameter EV/Unique Visitor multiples of AuFeminin to assess Bolsa de Mulher. Based on our expectation of achieving 5 mn unique visitors in 2008, we have calculated the value of Bolsa de Mulher at US\$ 50mn, of which US\$ 46 mn refer to stake of Ideiasnet (93%). We should also remark the simplicity of this calculation to achieve this “fair value” for Bolsa de Mulher. The table below presents the main assumptions used and some data related to Au Feminin.

AuFeminin (USD mn)	
Market Cap	210.8
EV	189.2
Revenue 07	30.8
Revenue 08	42.1
EBITDA 07	19.3
EBITDA 08	24.3
EBITDA Margin 07	63%
EBITDA Margin 08	58%
Net Income 07	12.0
Net Income 08	15.8
# Unique Visitors	19.0
EV/EBITDA 08	7.8
P/E 08	13.3
EV/Unique Visitors	10.0
Bolsa de Mulher	
Unique Visitors 2008 (mn)	5.0
Fair Value based on EV/UV of Au Feminin (USD mn)	49.8
% IDNT: 93%(USD mn)	46.3

Source: Brascan Research and Bloomberg

(ii) NETMOVIES (%IDNT: 35%)

This company operates in segment of DVDs renting via Internet, being the leader of this market. The company records a collection of approximately 11,300 available titles to the cities of São Paulo, Rio de Janeiro, Campinas, Curitiba and Belo Horizonte.

At year-end 2007, the company recorded a total of 3,500 registered clients. In 2008, our estimates indicate that company might reach 30,000 subscribers. We project EBITDA margin of 25% for the company. This number could be leveraged by the greater participation of the corporate market.

The business model of Netmovies is similar to that of NetFlix in the U.S., though it differs in terms of logistics. NetMovies does not operate with deliveries through the mail, like the U.S. peer, which can ensure better quality and agility of the service.

Our assumptions to assess Netmovies were based on NetFlix's.

➤ **Subscribers' Base and Revenue:** NetFlix was founded in 1997. After 5 years of operation (2002), the company recorded a total of 857 k subscribers, which represented 0.5% of Internet users in the U.S. (165.7 million). In 2007, NetFlix reported a total of 7.5 million clients, representing a penetration of 3.5% over total of Internet users in the U.S. (215 million).

Based on market's estimates with some adjustments, the number of users of Internet in Brazil is likely total approximately 43.7 mn at year-end 2011. We estimate for NetMovies, a total of 225.9 k subscribers by 2011, representing a penetration of 0.5%



over expected number of Internet users, percentage equivalent to penetration of NetFlix after 5 years of operation.

We emphasize that the launch of the video on demand service, expected for the second year half of 2010, might contribute to expand the subscribers' base.

For average ticket, we used monthly value of R\$ 40.00 corrected by expected inflation for the next years.

Our CAGR 2008-2012 for the company's net revenue is 116.8%.

- **EBITDA and Margin:** We worked with EBITDA margin of 25% for the company. Conservatively, we decided to maintain this percentage unchanged, though we believe that the stronger operation in the corporate market might contribute to elevate profitability, by cutting down the distribution cost. Moreover, the launch of the video on demand service (expected for the second year-half of 2010) may contribute to elevate the company's profitability.
- **Working Capital and CAPEX:** To calculate Netmovies' working capital, we worked with a percentage around 2% of the company's net revenue, in line with the value reported by NetFlix in 2007.

As for CAPEX, we worked with a percentage of 15% of net revenue. Netmovies' Capex contemplates basically the purchase of titles. The launch of the video on demand service might contribute to reduce company's Capex. Our estimates indicate Capex reaching 11% of net revenue by 2016.

- **Discount Rate:** We have taken into consideration a discount rate of 14.4% for Netmovies, and supposed a practically all equity structure.

The parameters used were: risk-free rate of 4.7%, sovereign risk premium of 1.75%, market premium of 5.5% y/y and Beta of 1.03, which calculation was based on NetFlix's Beta. In order to calculate the discount rate in reais, we incorporated the difference between projected inflations for Brazil and U.S. in the long term, of 2% y/y.

- **Fair Value:** Using the discounted operating cash flow methodology, based on the assumption above mentioned, we have calculated the Enterprise Value for the company of R\$ 149 mn. Ideiasnet's stake in Netmovies (35%) is equivalent to R\$ 52mn.

We present below the company's projected operating cash flow.



NETMOVIES (R\$ k)	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E
Number of Subscribers	30.0	58.8	115.2	225.9	391.7	655.1	850.4	1,008.8	1,185.3
Average Subscriber Base	16.8	27.8	48.8	90.7	164.3	289.4	447.7	626.4	818.3
Revenue	8,216	22,994	47,051	96,203	181,474	320,482	480,264	617,988	759,939
Monthly Average Ticket	40.7	43.2	45.1	47.0	49.0	51.0	53.2	55.4	57.7
EBITDA	2,054	5,748	11,763	24,051	45,368	80,120	120,066	154,497	189,985
EBITDA Margin	25%	25%	25%	25%	25%	25%	25%	25%	25%
Depreciation and Amortization	(193)	(345)	(706)	(1,347)	(2,359)	(3,846)	(5,283)	(6,798)	(8,359)
EBIT	1,943	5,404	11,057	22,704	43,009	76,275	114,783	147,699	181,625
(-) Taxes	(661)	(1,837)	(3,759)	(7,719)	(14,623)	(25,933)	(39,026)	(50,218)	(61,753)
(+) Depreciation and Amortization	193	345	706	1,347	2,359	3,846	5,283	6,798	8,359
(=) Operating Cash Flow Generation	1,475	3,911	8,003	16,331	30,745	54,187	81,040	104,279	128,232
Working Capital	(164)	(460)	(941)	(1,924)	(3,629)	(6,410)	(9,605)	(12,360)	(15,199)
CAPEX	(1,232)	(3,449)	(7,058)	(13,468)	(23,592)	(38,458)	(52,829)	(67,979)	(83,593)
Operating Cash Flow	201	2	5	939	3,524	9,320	18,605	23,941	29,440
WACC adjusted for the period	-	1.1	1.3	1.5	1.7	2.0	2.2	2.6	2.9
Present Value of Operating Cash Flow	0	2	4	628	2,063	4,773	8,335	9,382	10,092
Present Value of Perpetuity	113,714								
Enterprise Value	148,995								
% IDNT: 35%	52,148								

Source: Brascan Research

(iii) IMUSICA (%IDNT: 93%)

IMusica operates in distribution of digital media and sale of legal download through Internet and mobile phones. The company records over 2.0 million licensed pieces of music to sell via Internet. The company will operate in 16 countries of Latin America. IMusica has contracts with all major multinational record companies and over 300 independent record companies.

In September 2007 company signed agreement with América Móvil to attend all its subscribers' base and with Nokia, so that all the new generation handsets will be manufactured with IMusica platform. Nokia expects to sell, during 2008, 10 to 15 million mobile phones with IMusica software.

It is important to mention that the company does not have an exclusivity contract with Nokia or with América Móvil.

IMusica can provide a dual-delivery system, in which the client has the option to download of music pieces to mobile phone and computer, without additional cost.

Next, we present our main estimates for this company. It is important to highlight that the valuation below contemplates only the agreement of IMusica with América Móvil. We have not taken into account other sources of revenue such as download to the operators Vivo and TIM and Coolnex, in which IMusica holds a stake of 30% and operates in supply of code cards for the download of digital music, beside sale of music pieces through website and advertising.

➤ **Subscribers' Base and Revenue:** América Móvil records a total of 147 million users of mobile telecom, scattered in countries such as Mexico, Brazil, Colombia, Argentina, among others. According to estimates provided by the company, prospective buyers of value-added services represent around 10% of total base. Of this total, around 40% download content, adding up to a potential market of approximately 5.880 million subscribers. We have considered a CAGR 2007-2012 of 6.9% for potential subscribers' base of América Móvil.

Recent estimates indicate that the average of music pieces download per subscriber by month in Mexico, Brazil and Argentina achieved 2.41, 2.34, and 1.34, respectively.



In 2008, we estimate conservatively that IMusica will not report revenue. In 2009, we estimate a value of 0.3 music pieces per user by month. Going forward, we supposed elevation in the number of downloads per user by month, achieving 1.0 at year-end 2012. The number of music pieces downloads from América Móvil would climb from 21.6 million per year to 98.6 million per year in 2012.

We estimate music piece download revenue of R\$ 1.35. Our CAGR 2009-2012 for net revenue of IMusica is 65.9%, reaching R\$ 133 mn at the year-end 2012.

- **EBITDA and Margin:** As for the value that IMusica will have to pay to record companies, we assumed a value of R\$ 1.20. In addition, we considered a cost referring to overhead in fixed value of R\$ 2 mn per year. Such cost is likely to increase marginally in the next years. In 2012, we expect the company to achieve EBITDA margin near 9%.
- **Working Capital and CAPEX:** In terms of working capital, we supposed the value of 1.0% of net revenue. We assumed Capex equal to zero, since we understand that this business does not demand investments in fixed assets.
- **Discount Rate:** We have assumed a discount rate of 15.5% for IMusica, and considered a practically all equity structure.

The parameters used were: risk-free rate of 4.7%, sovereign risk premium of 1.75%, market premium of 5.5% y/y and Beta of 1.24, which calculation is based on Beta of telecom sector, bearing in mind the absence of a similar company to compare. So as to calculate a discount rate in reais, we have incorporated the difference between the projected inflations for Brazil and U.S. in the long term, of 2% y/y.

- **Fair Value:** Working with the discounted operating cash flow methodology, based on the assumption above mentioned, we have calculated an Enterprise Value for the company of R\$ 87.6 mn. Ideiasnet's stake in IMusica (93%) would be equivalent to R\$ 81.4 mn. It should be said that the assumptions used were quite conservative.

Below we present the company's projected operating cash flow.

IMUSICA (R\$ k)	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E
Potential Market - América Móvil	-	7,202	7,526	7,865	8,218	8,588	8,975	9,379	9,801
# Musics per Subscriber per month	-	0.3	0.5	0.8	1.0	1.3	1.5	1.8	2.0
Total Downloads per year	-	21,605	45,155	75,500	98,621	128,824	161,545	196,951	235,215
Revenue	-	29,167	60,960	101,924	133,139	173,912	218,086	265,883	317,541
Revenue per Dowload	-	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35
EBITDA	-	1,241	4,573	8,925	12,293	16,724	21,532	26,743	32,382
EBITDA Margin	-	4%	8%	9%	9%	10%	10%	10%	10%
Depreciation and Amortization	-	-	-	-	-	-	-	-	-
EBIT	-	1,241	4,573	8,925	12,293	16,724	21,532	26,743	32,382
(-) Taxes	-	(422)	(1,555)	(3,034)	(4,180)	(5,686)	(7,321)	(9,092)	(11,010)
(+) Depreciation and Amortization	-	-	-	-	-	-	-	-	-
(=) Operating Cash Flow Generation	-	819	3,018	5,890	8,114	11,038	14,211	17,650	21,372
Working Capital	-	(292)	(610)	(1,019)	(1,331)	(1,739)	(2,181)	(2,659)	(3,175)
CAPEX	-	-	-	-	-	-	-	-	-
Operating Cash Flow	-	527	2,409	4,871	6,782	9,298	12,030	14,991	18,197
WACC adjusted for the period	-	1.2	1.3	1.5	1.8	2.1	2.4	2.7	3.2
Present Value of Operating Cash Flow	-	527	2,409	4,871	6,782	9,298	12,030	14,991	18,197
Present Value of Perpetuity	-	57,542							
Enterprise Value		87,594							
% IDNT: 93%		81,462							

Source: Brascan Research



In addition to these stakes, the company also holds stakes in companies such as Hands, Braspag, TrinnPhone, Addcomm, TV ao Vivo, IvoxCorp, Visionnaire and Zura which were not assessed due to lack of more detailed figures on the companies and the still very small size of the businesses. Next, we present a brief summary on these companies:

(i) BRASPAG (%IDNT: 25.0%)

Braspag is responsible for performing financial transactions between clients and final consumers. The company is specialized in the management of payment operations through the Internet, call center and M-Payment.

Among the company's main clients we point out: Google, Yahoo, Dell Computadores, Apple, IBM, Mercado Livre and Submarino (B2W). Besides Ideiasnet's companies iLogística, Officer, Softcorp, iMusica, IvoxCorp, TrinnPhone, Bolsa de Mulher, Pini and Netmovies.

The company has partnerships with the company Netcredit and Paggo.

The Brazilian e-commerce has been expanding at an annual average of 40%. According to estimates of e-bit, the online retail is likely to record transactions in the amount of R\$ 8.8 bn in 2008, representing a growth by 45% compared to 2007.

In 2007, Braspag processed R\$ 4.5 bn.

(ii) TV AO VIVO (%IDNT: 23.3%)

The company offers TV service on the Internet to corporate projects or independent content. TV ao Vivo may create live TV programs of the Internet and on demand.

Among the company's major clients, we highlight: Banco do Brasil, Banco BMC, Corretora Fator, BMF, IFHC, PHArcangeli, Cyrela Brazil Realty, Microsoft, Distribuidora Officer, Xerox, Klabin, Fispal and VIVO.

(iii) IVOXCORP (%IDNT: 78.8%)

IvoxCorp is a website in which the consumers can give their opinions about products and services acquired. IvoxCorp records a total of 800 k registered users. The portal registers around 750 k page views and 200 k unique visitors per month.

IvoxCorp provides services to large-sized companies such as: TAM, Ogilvy, Officer, Wal Mart, Renault, Boticário, Club Med, GVT, Gafisa, FGV, Accor Hotels, C&A, IBM and HP.

(iv) ZURA (%IDNT: 60.0%)

Zura is a price-comparing company, acting as a source of information for the e-commerce segment in Brazil. The company was created by the merger between the site Emconta and iVox.

Zura's main source of revenue is advertising.

(v) TRINNPHONE (%IDNT: 60.0%)

Trinnphone has authorization from Anatel to render services of fixed telecom (STFC) and Internet telephony. The company offers exclusive services to the corporate market and offers costs with tariffs around 40% lower than competition.

Earlier this year, Trinnphone acquired ETML (Empresa de Telefonia Multiusuário).



We highlight as a comparable business the American company Cybeyond, which records a total of 35 million clients. At year-end 2007, the company reported net revenue of US\$ 280mn, EBITDA of US\$ 52mn and EBITDA margin of 18.6%, and is being traded with multiple EV/EBITDA of 7.6x.

(vi) ADDCOMM (%IDNT: 54.0%)

It is a marketing and digital communication agency. Amongst the products offered, we point out: (i) Virtual Relationship Management (allows planning, segmenting, creating and measuring online campaigns); (ii) Branding (involves effort to strengthen the image of a brand); and (iii) e-commerce.

Among the major clients we emphasize: Varig, Chocolates Garoto, Nissan, Wella, NOS, Brasil 1, Softcorp, Siemens, Aracruz Celulose, Procter & Gamble, Laboratórios Roche, Camargo Correa, Ernst & Young, Governo do Espírito Santo and Telemar.

(vii) HANDS (%IDNT: 49.0%)

The company Hands offers content for mobile phones, palmtops and smartphones, which is accessed without the need of a wireless connection. The company's revenue is originated in the advertising revenue.

Among the company's major clients we point out: Petrobras, Blockbuster, Fator Corretora, ABN-AMRO and IBM.

(viii) VISIONNAIRE (%IDNT: 40.0%)

It is a company that develops software.

Amongst the major clients we point out: HSBC Bank, TecBan, Embratel, Visanet, Telemar, Vivo, Copel Telecomunicações, Brasil Telecom, Unimed, Federação das Indústrias and Petrobras.

As previously mentioned, Visionnaire is one of the seven companies that merged to create Virtus, which will be the specialized supplier of IT management.



Projections*

Summarized Income Statement

P & L (R\$ mn)	2007	2008E	2009E	2010E	2011E	2012E
Net Revenues	771,604	938,047	1,158,034	1,387,728	1,646,795	1,885,640
Operating Expenses	(750,152)	(903,875)	(1,101,197)	(1,304,726)	(1,534,566)	(1,751,401)
EBITDA	21,452	34,172	56,837	83,002	112,228	134,239
EBITDA Margin	2.8%	3.6%	4.9%	6.0%	6.8%	7.1%
EBIT	19,181	30,660	52,156	76,969	104,621	125,758
EBIT Margin						
Net Income	9,699	16,116	29,441	47,838	68,786	86,105
Net Margin	1.3%	1.7%	2.5%	3.4%	4.2%	4.6%

Summarized Balance Sheet

Balance Sheet (R\$ k)	2007	2008E	2009E	2010E	2011E	2012E
Current Asset	181,497	253,018	296,895	369,886	467,323	579,605
Cash	1,799	27,897	46,264	79,130	133,666	207,327
Receivables	108,662	130,865	144,019	162,997	182,048	198,681
Others	71,036	94,256	106,612	127,758	151,608	173,597
Long-term Assets	23,095	30,644	34,661	41,536	49,290	56,439
Fixed Assets	92,798	77,689	81,115	84,796	88,717	93,435
Investments	82,636	62,889	62,889	62,889	62,889	62,889
Property, plant and equipment	6,121	11,550	16,025	20,757	25,727	30,546
Deferred assets	4,041	3,250	2,200	1,151	101	0
Total Assets	297,390	361,351	412,671	496,218	605,330	729,479
Current Liabilities	181,841	221,375	240,798	272,498	308,295	342,068
Suppliers	97,629	127,087	143,316	169,804	199,717	227,937
Loans	69,285	69,285	69,285	69,285	69,285	69,285
Others	14,927	25,004	28,197	33,408	39,293	44,845
Long-term Liabilities	31,148	35,607	38,064	42,073	46,601	50,873
Loans	16,370	16,370	16,370	16,370	16,370	16,370
Others	14,778	19,237	21,694	25,703	30,231	34,503
Shareholders' Equity	84,401	104,369	133,810	181,647	250,434	336,539
Total Liabilities	297,390	361,351	412,671	496,218	605,330	729,479

Cash Flow

Cash Flow (R\$ k)	9M08	2009E	2010E	2011E	2012E
(+) Operating Cash Flow Generation	22,268	39,104	56,832	76,657	91,481
(+) EBIT	29,543	52,156	76,969	104,621	125,758
(-) Taxes	(10,045)	(17,733)	(26,169)	(35,571)	(42,758)
(+) Depreciation and Amortization	2,769	4,681	6,033	7,607	8,481
(+) Working Capital	(3,455)	(6,089)	(8,424)	(7,104)	(4,849)
(+) CAPEX	(5,303)	(8,106)	(9,714)	(11,528)	(13,199)
(=) Operating Cash Flow	13,509	24,909	38,694	58,026	73,433

* Takes into consideration only the segments of e-commerce and content, infrastructure and software and wireless.



Main Indicators

Indicators	2008	2009E	2010E	2011E	2012E
EV / Sales (x)	0.8	0.6	0.5	0.4	0.4
EV / EBITDA (x)	21.4	12.9	8.8	6.5	5.4
Price / Earnings (x)	40.9	22.4	13.8	9.6	7.7
Price / Book Value (x)	6.3	4.9	3.6	2.6	2.0
EPS (R\$)	0.18	0.33	0.54	0.78	0.97
Net Debt / BV (x)	0.55	0.29	0.04	-0.19	-0.36
Net Debt / Market Cap (x)	0.09	0.06	0.01	-0.07	-0.18
Net Debt / EBITDA (x)	1.69	0.69	0.08	-0.43	-0.91
ROE (%)	15.4%	22.0%	26.3%	27.5%	25.6%
ROA (%)	4.5%	7.1%	9.6%	11.4%	11.8%

Recommendation

We initiated coverage of Ideiasnet – IDNT3, with OUTPERFORM recommendation. Our target price is R\$ 13.27 per share, which represents an upside potential of 77.6% over closing price on June 03 2008.

SUMMARY TABLE

Market Price (06.02.08) - R\$ / share	7.47
Target Price- R\$ / share	13.27
<i>Upside</i>	77.6%
52 week high	10.03
52 week low	3.96
Number of Shares - k	88,331
Market Cap - R\$ k	659,834
Daily Average Volume (21d) - R\$ mn	5.81
Pay-out	0.0%

Source: Econômica and Brascan Research

Our target price encompasses in addition to the segments of e-commerce and content, infrastructure and software and wireless some companies of IdeiasVentures (iMusica, Bolsa de Mulher and Netmovies). For these companies, our estimates indicate a value of R\$ 2.39 per share.

IDEIASVENTURES

(R\$ k)

iMusica (R\$ k)	81,462
Bolsa de Mulher (R\$ k)	77,324
Netmovies (R\$ k)	52,148
TOTAL (R\$ k)	210,935
Value per share	2.39

Source: Brascan Research

We have positive perception for Ideiasnet's results in the coming years, particularly due to (i) maintenance of strong growth in the revenues of Officer and Softcorp, supported by the positive outlook of PC market performance; (ii) high growth rates of Padtec due to onset of new technologies and the trend to offer convergent services; (iii) prospects of elevation in



consolidated EBITDA margin, resulting of possible profitability expansion on the part of Officer, Softcorp and Spring Wireless and (iv) maturity in the next years of IdeiasVentures' group of companies, which might contribute to more robust numbers, or even serve as platform for shareholding operations, like spin offs or sale to investors, such as private equity funds.

Capital Increase

Ideiasnet announced May 14 an increase in company's capital by private subscription in total value of R\$ 100.5 mn, through the issuance of 15.0 million new common shares. Such capital increase has firm guarantee of subscription by Centennial Asset Mining LLC, company associated with EBX Group. It was also determined that is free for subscription of this company 45% of shares to be issued.

The new shareholder of Ideiasnet will have a stake in the company's capital between 8% and 17.8%.

In our opinion this information is positive for the company, though the destination of resources has yet to be detailed, but we understand that company will pursue its business model with growth via acquisitions and possible increase in stakes.

We did not contemplate in our model such capital increase.



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Disclaimer

Rating	Definition
Outperform	Stock's Return expected to outperform in 5% Ibovespa's projected return.
Marketperform	Stock's Expected Return is between -5% and +5% of Ibovespa's projected return
Underperform	Stock's Return expected to underperform in more than 5% Ibovespa's projected return

Brascan Corretora Equity Research's rating is based on total expected return, contemplating both the expected stock's price appreciation and its dividend yield.

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