



THINK VALUE.

annual report 2010-H1'2011

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Introduction

Founded in 1992, the RRC Group is one of the leading international value added distributors across Central and Eastern Europe specialising in IT enterprise solutions for value added resellers.

RRC provides a wide range of high-tech products, services and solutions, including servers, storage systems, networking, security, data center and virtualisation, automatic identification and data capture, as well as voice, data and video communication products, along with maintenance and professional services.

Revenues for the fiscal year 2010 were in line with RRC's forecasts at the outset of the year, despite a challenging and uncertain global economic environment.

The RRC Group achieved 2010 revenues of USD 280,500,000 with sales in approximately 26 countries and facilities in 10 countries. The RRC Group has become a strong partner, who has improved its

position with leading international suppliers of IT solutions, including IBM, Cisco Systems, Motorola, AVAYA, APC, Check Point and EMC.

The company operates on a pan-European, regional, or country-by-country basis, which allows it to take advantage of many beneficial commercial terms. This also enables it to adapt to local market conditions, and to achieve agreements that result in higher profits. The RRC Group provides broad geographic coverage due to its centralised structure and consistent marketing approach. The RRC Group accelerates its partners' success by connecting the world's leading technology suppliers with a broad base of partners and by providing cost-effective, value added services and solutions to resellers, systems integrators and service providers.

Mission

Who we are?

The RRC Group is a leading international distributor providing advanced high-tech products of several market vendor competitors and exceptional value-added distribution services to a focused reseller partner group. To empower its partners, RRC offers great quality services: educational programmes, training, marketing services, configuration assistance, system integrations, financing opportunities, and pre- and post-sales support, among other things. In line with the company's vision statement, RRC delivers the highest value to its partners, suppliers and employees in premier technology marketing, distribution and company services.

RRC provides a full spectrum of additional value-creating services, including channel enablement and activation, partner marketing and sales support, training and certification, product pre-configuration, solution building and financial service programmes designed to assist vendor and reseller partners in developing their partner relationships and taking advantage of new opportunities.

The RRC Group offers its reseller partners the products and services that enable them to deliver a profitable business and competitive advantage. Our people are critical to achieving this, by delivering this model with knowledge, exemplary partner service, integrity, flexibility and adaptability.

We work on helping each reseller reach its maximum potential. We do this by identifying emerging technologies and developing customised marketing campaigns to help resellers expand their business. For our vendors, we actively participate in continually developing and executing channel strategy. This means we recruit and develop relationships with the right resellers to ensure maximum market penetration across Europe and Russia.

We provide market feedback and consult on market-entry and development strategies.

What we stand for?

Mission: To be the number one IT distributor in our market of Auto ID, data center & virtualisation, voice, data & video communication, networking and security products.

- » RRC partner satisfaction is our primary goal
- » RRC people are the best experts in the business: the people at RRC make a difference
- » RRC clearly understands the value of relationship-building with partners
- » RRC's knowledge of a product is a key component in effective distribution
- » RRC is always ready and willing to help partners meet their demands
- » RRC adds value to its manufacturer partners by giving them the right kind of support
- » RRC gives the channel proper direction about business strategies and offers an optimal range of products and services
- » RRC gives the channel proper direction about business strategies and offers an optimal range of products and services
- » RRC moves forward with partners, with a forward-looking approach and innovative ideas
- » RRC people are fascinated by possibilities and focused on solutions. They are proactive and improve themselves constantly
- » RRC ensures that the right product is made available at the right time, in the most efficient and cost effective way
- » RRC helps partners access business opportunities that they may not be able to do on their own, due to geographical or financial restrictions
- » RRC aims to inspire its partners



Values

In its operations, RRC is guided by the following basic principles:

Professionalism – to us this means being up to date, efficient, sophisticated and ahead of our competitors; bringing all internal processes to perfection; constantly learning and acquiring knowledge.

Honesty – keeping our word is a cornerstone of our relations with all the parties involved.

Responsibility – having each task carried out flawlessly. Each employee is responsible not only for their own work, but also for the work of the whole company, with each person recognising their role inside the organisation.

Team spirit – our employees are aware of reaching a common goal and sharing responsibility for their work. Our employees make the company's work coherent.

Flexibility – we strive not only to react to a rapidly changing environment to meet our partners' needs, but to be one step ahead of expectations and to render new, high quality services.

Trust – we believe in the sincerity and conscientiousness of our employees and partners, and in the appropriateness of the decisions they make.



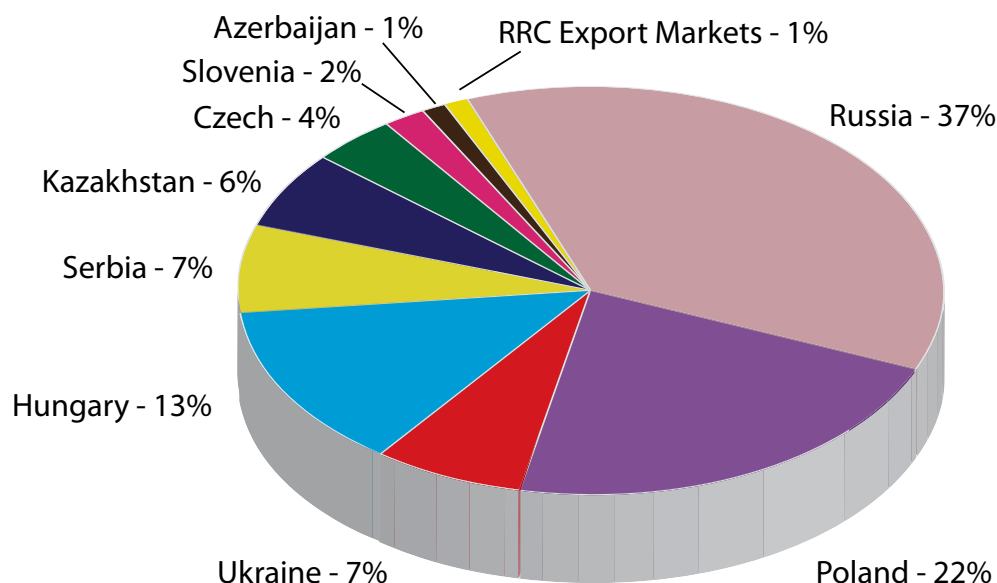
Geography & sales

The company operates in eleven countries and works for the benefit of people from various cultures and with various backgrounds. At the same time, the RRC Group adheres to uniform strategic principles: niche distribution, an individual approach to building relations with partners, and flexibility in its organisational structure. However, in each country the RRC office is unique — developing in line with the laws of the local market and adapting to local market specificities, while preserving the core principles of the group.

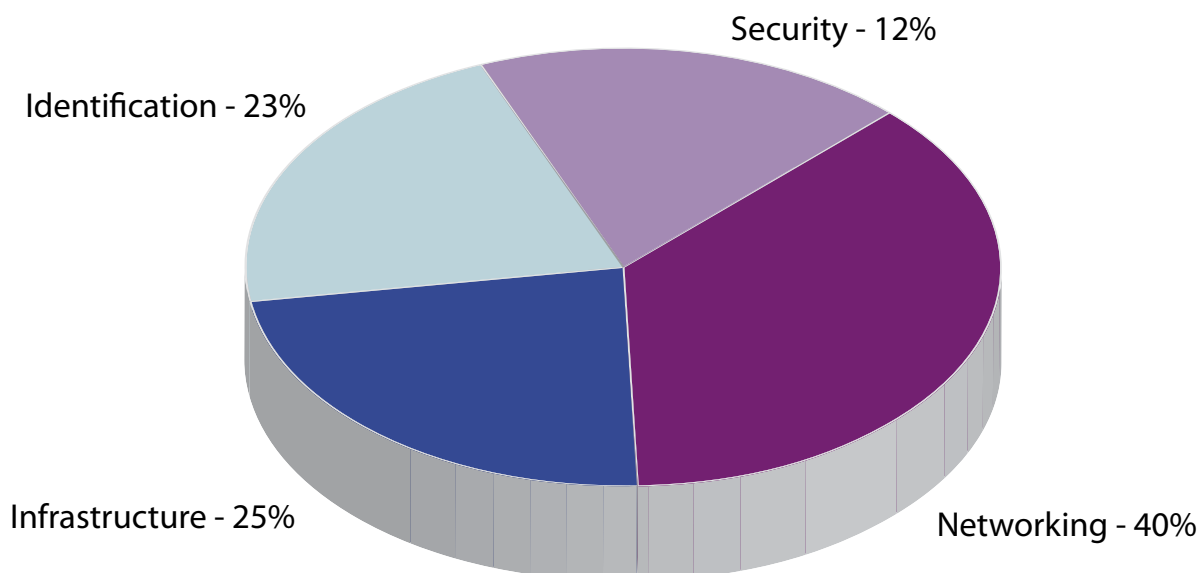
The establishment of an Export Markets Department in 2011 was a significant initiative of the RRC Group. It was inspired by the group's ambition to develop its European business on new territories without establishing permanent offices, and was a response to growing demand and market changes.

The RRC Group has two offices in Russia, three offices in the CIS, seven offices in Central Europe and sales representatives in Romania and Bulgaria.

RRC Sales 2010 by country



RRC Sales 2010 by market segments



Electronic purchasing & support systems

The company is constantly developing a number of projects designed to automate its internal and external operations. The projects integrate CRM and e-Commerce applications with an ERP system into the RRC Group common information space. This helps the company to improve the quality of its partner service, and to better manage its relations with clients.

Think Link has updated its innovative electronic catalogue and created a powerful online tool to provide networking and partnering opportunities for value-added resellers.

Originally launched in 2009, THINKLINK is an easy-to-navigate, easy-to-search, easy-to-use online tool that has already had a turnover approaching several million dollars.

With Think Link RRC's registered partners can, 24 hours a day, 7 days a week:

- » use a powerful search functionality using keywords, vendor names or part numbers of the products,
- » purchase selected products online and receive information on pricing, product availability and special promotions,
- » see the e-catalogue with its fully interactive listing of all the products in stock, all the available configurations and the part numbers,
- » place orders directly into our order entry system, and then track shipments and view invoices to stay updated,
- » visit vendor microsites or the distributor's online ordering system,
- » browse the catalogue online, or download it to their computers.

The system was designed to benefit RRC's partner businesses and help them to become more efficient and productive. The electronic catalogue tool is dedicated towards vendors' platforms. This online configuration and quotation tool is a powerful, comprehensive arsenal of knowledge, tools and support. It covers hardware products, software products, scanning, printing and wireless products. This newly updated tool allows RRC's partners to create valid systems within a few minutes, complete with pricing quotes and a direct link to our online ordering system. THINKLINK will continue to be revised regularly on a daily basis, ensuring that resellers always have an up-to-date overview of available products.



Our advanced electronic purchasing & support systems:

- » Increase sales from new and existing partners and can help partners to assess the business opportunities offered by electronic purchasing & support;
- » Automate processes to lower the cost of sales. Think link is integrated with our partners' business systems so that RRC can maximize online sales revenues and run highly efficient web operations;
- » Improve partner services and strengthen relationships with partners by hosting and supporting them online, providing a rock solid infrastructure and round the clock support services, ensuring RRC partners 24/7 access;



Product portfolio



Servers

- n-CPU Servers
- Blade Servers
- Server Options
- Racks
- Power supplies
- Accessories
- Software and Licence
- Services

Storage

- SAN
- NAS
- Storage Options
- Accessories
- Software and Licence
- Services

Notebooks

- Business notebooks
- Accessories
- Software and Licence
- Services

PC

- Workstation
- Desktop PC
- Software and Licence
- Accessories
- Services

Power systems

- UPS 1-phase
- UPS 3-phase
- DC Systems
- Management
- Power distribution
- Racks
- Accessories
- Batteries
- Services

Printers Laser

- Thermal
- Line and serial matrix
- Cutsheet
- Supply items
- Accessories
- Software and Licence
- Services

Secure Content Management

- E-mail security
- Web security
- End-point security
- DLP (Data Loss Prevention)

Identity, Rights and Access Management

- Centralized identity management and provisioning
- Centralized rights management
- Centralized Access Control
- Single-Sign-On
- PKI (Public Key Infrastructure)
- File and disk encryption
- DRM
- Password management
- Authenticators

Network security

- Firewall/VPN
- IDS/IPS
- SSL VPN
- UTM
- SIEM (Security Information and Event Management)

Security and Vulnerability Management

- Security Management
- Vulnerability management
- Unified software installation and audit
- Disaster recovery
- Business continuity
- Risk management

Security services

- SW maintenance
- HW maintenance
- SW+HW maintenance



Switches	<ul style="list-style-type: none"> Desktop Modular Extension modules Accessories Software & licence Services
Routers Desktop	<ul style="list-style-type: none"> Modular Extension modules Accessories Software & licence Services
Wireless	<ul style="list-style-type: none"> Access points Routers Switches Bridges WI-NG Adapters Accessories Software & licence Services
Media converters	<ul style="list-style-type: none"> Desktop Modular Others
Modems	<ul style="list-style-type: none"> Analog Digital xDSL
IP telephony	<ul style="list-style-type: none"> Compact base systems Modular base systems Phones Modules Expansion cards DECT system Gateways Accessories Software & licence Services
Traditional Modular base systems	<ul style="list-style-type: none"> Compact base systems Phones Modules Expansion cards DECT system Accessories Software and Licence Services

Mobile Computers	<ul style="list-style-type: none"> Handheld Computers Wearable Computers Vehicle Computers Accessories Software & licence Services
Scanners Handheld	<ul style="list-style-type: none"> Scanners Handsfree Scanners Fixed Mount Scanners Memory Scanners Micro Kiosks Accessories Software & licence Services
Barcode Desktop Printers Industrial	<ul style="list-style-type: none"> Printers Value Line Printers Printers Mobile Printers Micro Kiosk Printers Supplies Accessories Software & licence Warranty & services
RFID	<ul style="list-style-type: none"> Mobile readers Fixed readers Printers Supplies Software & licence Services

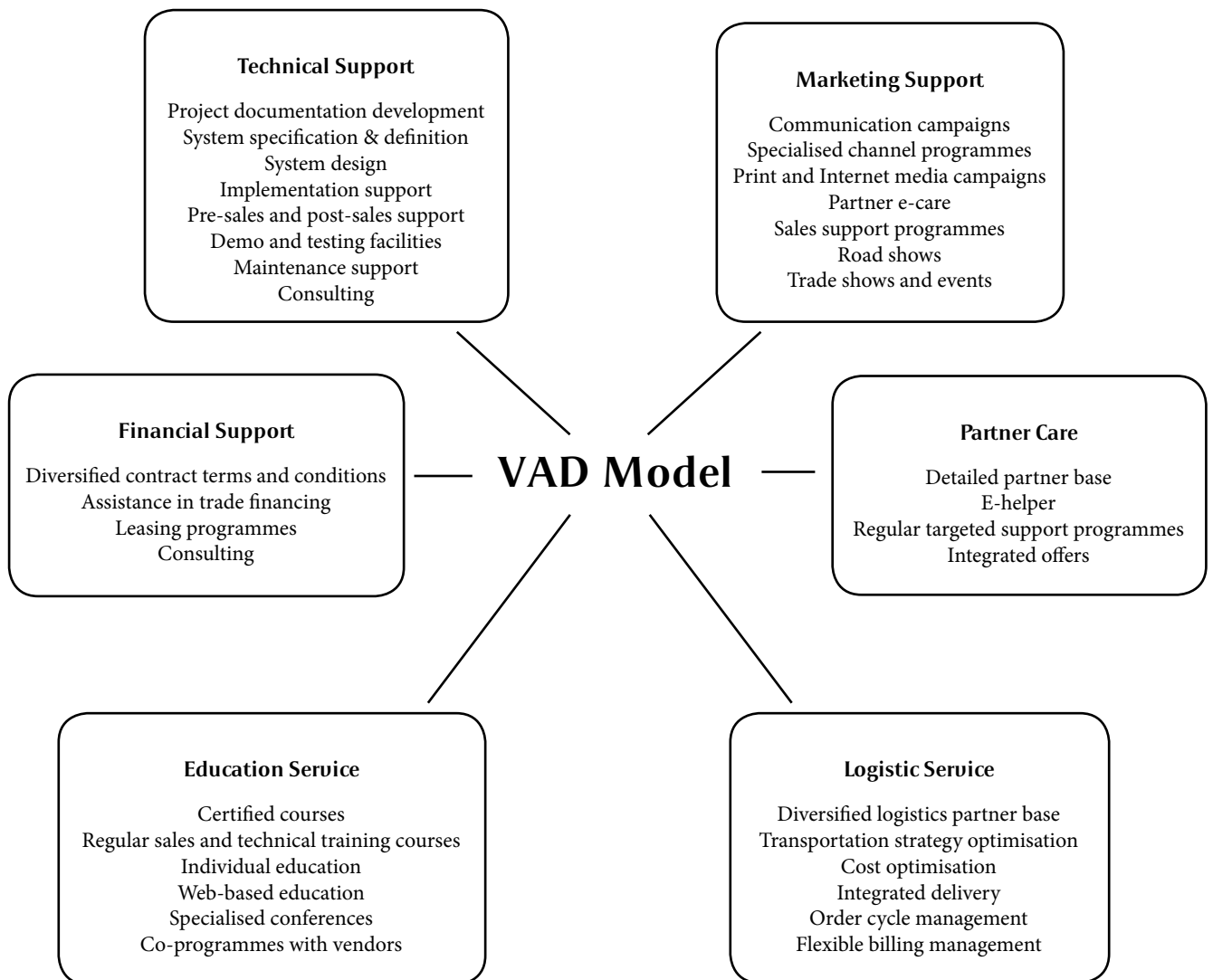
RRC - value added distributor

RRC – Value Added Distributor

RRC is an international niche VAD promoting high technological networking and telecommunication equipment, automatic identification devices, security and data protection systems for multi-level networks of various degrees of complexity. The adjustment of the company's strategy was an important 2010 event for RRC. RRC has focused on four niches — networking and telecommunications, infrastructure, information security, and automatic data identification (auto ID). In 2011, the company continued the development of one of its most important business components - the Value

Added Distribution model — by providing a broad spectrum of value added services that secure competitive advantages for its partners.

The value of the VAD-model is that the company offers a variety of services and expertise in addition to the commodities it supplies. This model is especially important for medium-sized integrators, who in most cases do not have enough experience in dealing with complex product line-ups. It is not always possible for them to have highly paid certified specialists, therefore outsourcing to such specialists is the most effective method of implementing their projects.



Channel Partnership

Channel Partnership

RRC's strategic success is based on experience and a deep knowledge of every market in which it conducts operation. The company's personalized approach, technical expertise and strong focus on the partner allows RRC to be flexible in adapting to the requirements of various vendors and channels. Company' vision is that distribution must go beyond the first level of channel relationships and add value throughout the value chain from the vendor to the end-user. RRC's partners include IT resellers, IT system integrators, service providers, telecom integrators, telecom resellers and PC assemblers.

Consulting

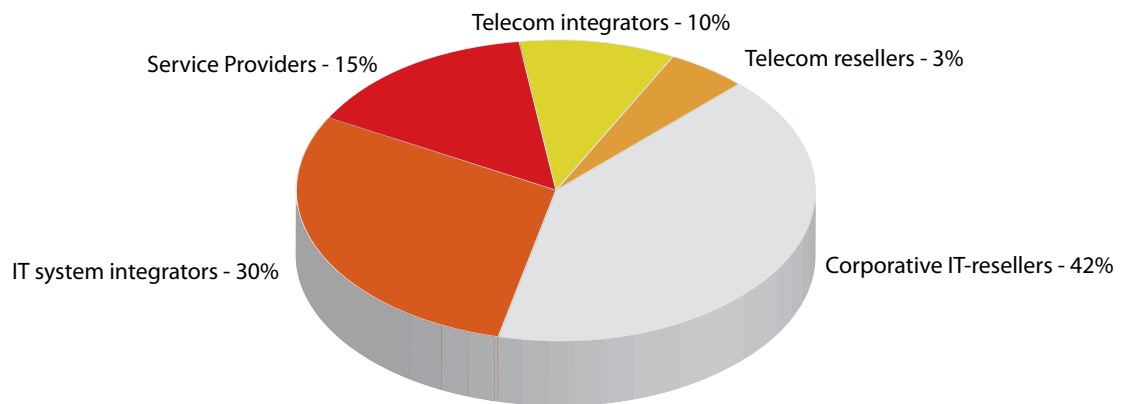
A company can have a deep interest in a certain business or a project, but be lacking in either necessary expertise

or the knowledge to bring it to life. This is where RRC can help its partners – experienced staff will gladly answer all possible questions. RRC employs this approach on all the territories it covers. Added value is a key to success for various types of company, from small and medium businesses (SMBs) to enterprises. It is an opportunity for development for those who want to move forward but have limited resources, and a chance for leaders to cooperate with experts in the sphere of high technologies and complex solutions.

Technical support

RRC's technical support provides partners with the basis for implementing projects at any level of complexity, starting from the automation of small and mid-sized offices to large-scale projects. Company experience and investments in business development allow RRC to offer a wide range of services for successful and competitively

RRC Sales 2010 by partners



advantageous businesses. The distributor is constantly striving to improve the quality of technical support. Year by year the company increases the number of experts with commercial and technical certificates from the world's leading manufacturers.

Channel policy

For RRC the word “partner” goes beyond standard definitions. Partnership means co-operative work in all areas – from on-time delivery to free training of personnel. The company does not just meet obligations to partners, but also develops their businesses by providing additional competitive advantages. RRC offers informational, technical and marketing support. The company has already been chosen by more than 5000 companies in the CIS, and 3500 companies in the CEE. RRC has all the necessary resources. Its chief aim is the development of relations with partners for optimal, mutually beneficial and profitable co-operation. The channel policy is partner focused, allowing RRC partners to use the provided resources in exactly the way they need. The company holds regular meetings to develop long-term cooperation, maintain business activities and win over partner loyalty.

All of RRC's registered partners receive:

- » Technical support and consulting services from distributor-certified experts
- » Online access to the partners' area
- » Possibility of free training for commercial and technical personnel
- » Informational support
- » Flexible financial terms

- » Participation in authorisation and product certification programmes
- » Access to registration and participation in marketing programmes aimed at product promotion
- » Advertising and market intelligence materials
- » Participation in partner clubs and conferences

Education

RRC educates resellers by offering authorised courses from IT leaders, along with distance learning and remote laboratory access required for virtual classroom environments. RRC offers its partners a number of attractive programmes, with the unique opportunity to resell the training, or include it into their projects. RRC has created a virtual laboratory for distance learning, enabling trainers to hold classes in any place with Internet access.

Finance

With operations in the CIS and CEE, naturally RRC has access to the resources of international financial institutions. This allows the company to invest successfully, not only in company development, but also in the development of RRC partners' businesses. Distributor can offer to his partners a variety of services depending on their needs and level of co-operation. Marketing Support



Marketing Support

Marketing support is one of the main components of RRC's business. On a monthly basis, the company arranges and holds various events aimed at increasing partner loyalty and their commitment to working with RRC.

The list of events includes training sessions and seminars, off-site meetings, creative entertainment programmes, etc. Such events provide an opportunity to get acquainted with the world of information technologies. We update the list of events on a regular basis, announce discounts and arrange trips to top resorts. The speakers we invite are key managers from world class vendors. Partners can talk to them at round tables and meetings; our managers will always be there to find the best solutions.

Logistics

RRC provides high-level logistics based on many years of experience. The company has modern global warehouses in Russia, Finland, Hungary and Poland and can deliver goods to any location in the CIS and CEE at the earliest possible date. In RRC's view, efficient logistics is crucial for a distribution business.

Information and Seminars

RRC ensures that its partners are kept fully up to date on all the events that take place in the company. The company sends out newsletters with the latest product news, marketing and descriptions of promo programmes, as well as news on the company and vendors. Any RRC partner can order informational and advertising materials from vendors via the online partner zone. Moreover,

partners can find information about a range of available products, prices, discounts, special events and offers on the distributor website. RRC continuously holds training programmes for technical and commercial staff. If a partner is a registered user, he can have access to the programme and register to attend the seminars.

Demo Laboratory

RRC's demo laboratory is a place where ideas and projects are born. It is a unique place with the possibility to create and test almost any hardware and software solutions. Quite often RRC partners are doubtful about whether a specification they have is optimal for their needs or whether the ordered products are compatible with the partner's current infrastructure. RRC's demo laboratory is a place where partners can discover answers to their questions. The distributor has access to a wide range of vendors' product lines, which allows the company to test not only single items, but complex solutions. As a result, the partner can save time and money by choosing the right equipment to meet his requirements.



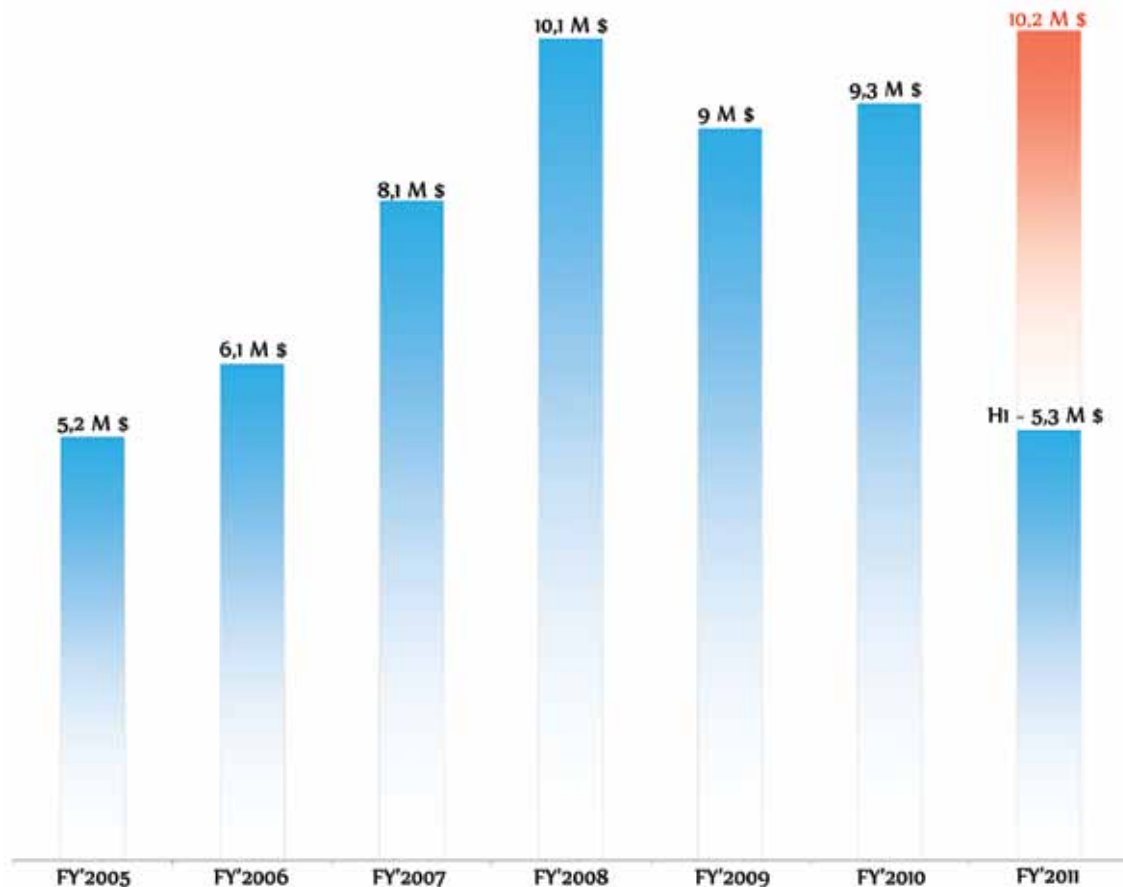
2010 results

In 2010, the RRC Group achieved its forecast financial results and increased its efficiency. The RRC Group accomplished the objectives it had envisioned, strengthened its position within familiar market segments, and acquired new opportunities to pursue promising markets and business areas.

The RRC Group executed a number of new agreements with the world's leading manufacturers of high technology equipment, adjusted the strategy of one of the group's companies, and continued to pursue export markets enabling the company to expand its international operations into new European territories. Using IT technologies, the RRC Group accomplishes definite

strategic objectives. For instance, advanced e-Commerce applications enable the RRC Group to actively develop its relations with partners operating within the SMB and Enterprise segments, because they require flexible and operative solutions to work with suppliers to meet modern standards and market realities.

EBITDA 2005 - H1 2011



RRC Group Strategy 2012 - 2014

» RRC is seeking new markets, verticals and domain knowledge to overcome the recession-induced difficulties in order to acquire additional business and achieve geographical coverage with reasonable potential;

» RRC has decided to strengthen its position in cloud technologies and the virtualisation market by working on new contracts with leading vendors in this area and bringing in new competencies of high rank engineers technical support and services;

» RRC's goal is to move up the value chain by offering consultancy and technical services. The company refines its resources by supporting a learning path and in this way it follows technology development and completes required certificates;

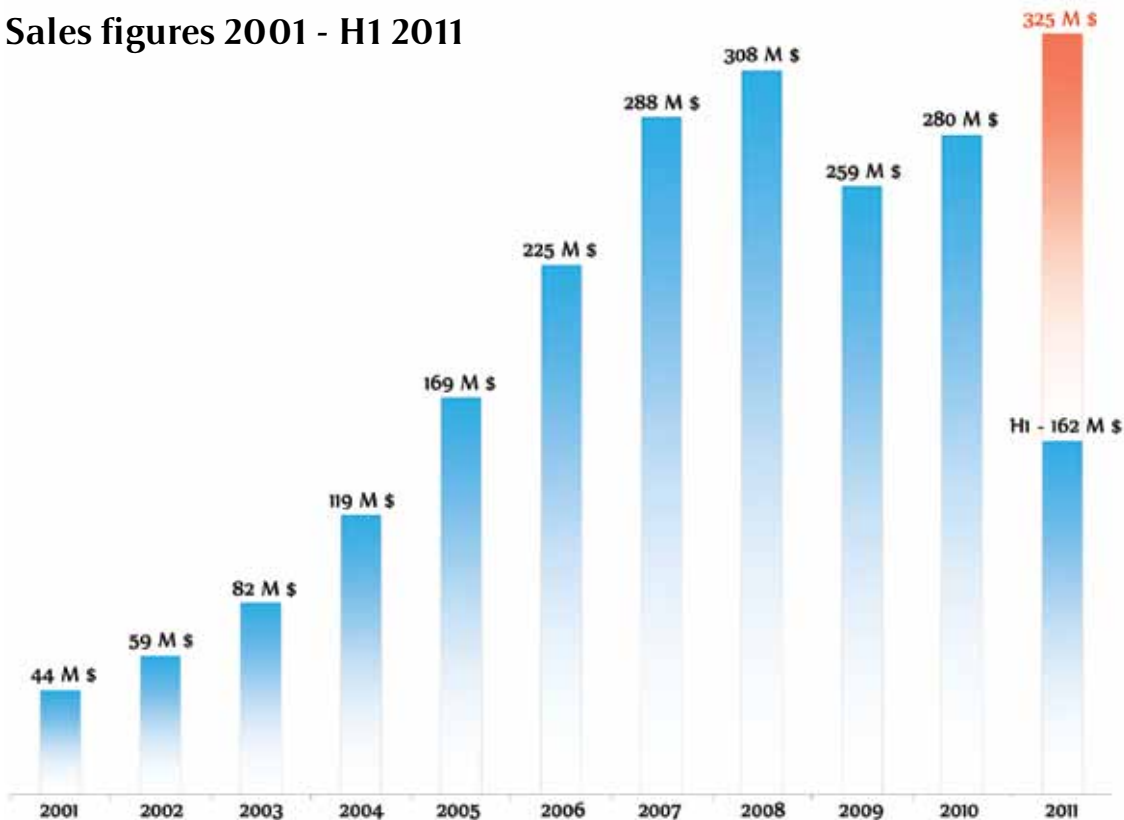
» RRC has become more flexible in working with partners: a distributor who understands its partners' expectations, including a forecasting ability, a readiness of inventory, flexibility and a responsiveness to meet the changing needs of its partners and suppliers: a distributor that notes strong trends in targeting small and medium-size integrators and resellers in the channel segment in all vendors;

» RRC will continue its drive to increase market share, to push for profitable growth and to focus on operational excellence by minimising costs to remain competitive;

» RRC will continue its business processes automation project – supporting decision-making process by realtime monitoring of business critical parameters;

» RRC will continue to work on an e-commerce platform, strengthening the marketing component in its operations, mainly by implementing a detailed analysis of its partners database by office and by brand, and managing real-time channel monitoring.

Sales figures 2001 - H1 2011



True Value Added distribution

True Value Added distribution & New Technologies That Will Change Everything

RRC well understands its role in this case: important as either sales or post-sales support, and especially so when a new product is launched in the channel. Many partners enter the market without a clear understanding of the primary positive aspects of an idea and the primary negative aspects of the business. That is where RRC can play a leading role, by enabling them to understand the pitfalls in terms of deliverables or credit. True value added distributors empower the channel by educating partners about new products, investing in marketing campaigns and, most importantly, ensuring that the product is available.

RRC not only educates the channel, but also trains its internal staff about the product, to be sure that the internal staff is aware of the latest offerings and the technicalities, and to be able to pass on this knowledge to the channel. In addition, we also help ensure that the product is available wherever there is demand.

However, value addition does not end with sales. It extends to the post-delivery phase as well. RRC puts systems in place to provide support at the lowest cost and to ensure that the entire supply chain functions as a single entity. RRC's role is to reduce the risks involved

in the business, and provide the channel with an efficient service model. Any distributor should first add value to its manufacturing partners by giving them the right kind of support. The instrument to penetrate the market is the channel partner. The distributor should give the channel proper direction about business strategies. This is why it is vital to have the right strategy for a given market. A thorough knowledge of the product is a key component in effective distribution. Therefore, product training remains a primary factor. RRC identifies methods to conduct training without taking the sales force out of the field for an extended period of time. One method that has been working successfully is online training, with many distributors setting up robust online training websites for partners.

RRC's goal is to make sure that the right product is made available at the right time in the most efficient and cost-effective manner. RRC not only needs to procure the product from the channel and sell it to the next level, but also to ensure that that level can create a demand for the product and successfully sell it to the next level.



New vendors, new opportunities

New vendors, new opportunities 2010/2011

RRC's approach is based on solutions offering real business benefits for partners. The company takes a very active market-creating role for and with its suppliers. A strong level of commitment to partner service and technical support has been a fundamental part of the company's strategy for over 18 years. RRC works closely with the producers of the solutions it provides, so it can offer a high degree of technical expertise to its channel partners.

Vendors are now looking to distributors to manage a part of their channel. This role is in contrast to the distributors' prior role as a wholesaler of the vendors' products, where the vendor still 'owned' the channel relationship. RRC recognises that it needs to align its business model more closely with its important vendors. This means that the company needs to help vendors enable and create demand for channel partners through value added services versus relying on back-end sell through. RRC has always offered recruiting and marketing services to attract partners to a vendor and help them sell the vendor's offerings. RRC understands that it has to recruit, enable and ramp up value added resellers (in partnership with vendors) to create a win/win/win. The bottom line is that, if a distributor is unable to show a value added reseller (VAR) how a particular vendor offering will help them increase their top line, then the value added distributor's value proposition falls apart!

In 2011/2012, RRC will expand all areas identified as strong growth markets for the technology channel:

1. Data Centre & Virtualisation
2. Voice, data and video communication
3. Automatic identification, data capture and mobility products
4. Security
5. Advance services for resellers
6. Cloud applications

RRC makes strategic investments in support of these ideas.

RRC's ambition is to be a high-value specialty distributor for data center architecture and virtualisation. The company is implementing its strategy and looking forward to growth in the coming years.

1. Data Centre & Virtualisation

RRC is uniquely positioned in high-value distribution. RRC has a partner base that is ready to go on servers and virtualisation architectures, and it has unique capabilities in marketing around verticals and sub-segments. RRC is also expanding the data center units and has strengthened its proper business units to head up the effort. All our services and resources are aimed at helping channel partners construct strategic business plans to develop new, market specific initiatives.



We hope that value-added resellers who understand the nuances of these ideas can differentiate themselves from other providers by offering business-focused solutions and services. Building training and enabling channel partners to target the right partners with the right solutions at a lower total cost-of-sale is a winning combination for growth. We believe that our strategy of enabling value added reseller specialisation will yield continued high growth results for our partners, as has been the case for the past years.

RRC is still improving its business commitment with the most important vendors. Cisco Systems has invited RRC to be part of the 'DC Approved Distri' group. This means that RRC is able to work closely and provide additional focus in several areas, such as joint account planning, dedicated DC Sales and technical resources capable of providing DC Sales and technical training to resellers, special spiff and funding programmes, marketing campaigns, in house demos, showcasing UCS/Virtualization, service renewal strategy and finally the delivery of the anticipated FY'2011 business results. RRC will distribute data center products from Cisco Systems Inc., including the vendor's Unified Computing System equipment, to value-added resellers. Cisco's data center products will enable its resellers to

provide complete solutions designed to improve efficiency and reduce operating costs. RRC plans to offer a collection of consulting, integration, implementation and managed services to complement Cisco's data center solutions. RRC will be able to stock and configure the products, giving our value added reseller community a distinct advantage when designing complex blade solutions for their partners.

RRC has the expertise and experience to help partners sell, design, build, test and manage infrastructure solutions from the largest enterprise to the smallest business. Data and critical power systems are a fundamental part of any organisation's IT needs. It has become a huge burden on organizations to try to establish practices around managing data storage for regulatory compliance and corporate governance. For businesses looking for cost-effective, efficient and reliable advance solutions throughout each phase of the information lifecycle, RRC represents the world's leading infrastructure vendors. RRC and IBM have now been Business Partners for 8 years, collaborating across the CEE & CIS regions. RRC's annual sales of IBM technology solutions and services are counted in millions of USD, generating stable growth in IBM sales year-on-year. RRC works with channel



partners, creating a competitive advantage through strong business alignment for IBM's channel of value-added reseller Business Partners.

The distributor continues to invest in helping channel partners deepen skills, deliver value to clients, and pursue new opportunities for growth. That commitment to growth is reflected in RRC's resources and the programmes that RRC has developed in order to help IBM's Business Partners sell complete solutions that meet the business needs of IBM's customers worldwide. Many of these programmes are among the industry's best channel practices.

Together, RRC and IBM are creating a smarter channel with the skills and resources needed to become trusted advisors to IBM's end customers by providing complete industry-focused business solutions. Companies collaborate closely to expand the skills and solutions offerings our partners take to market, while accelerating partners' long-term success in emerging high-growth markets..

2. Voice, data and video communication

The RRC Group is a pioneer in selling converged technologies and represents the world's leading vendors in this emerging market. Voice and data continue to converge into integrated technologies. This is a fast-moving area that is constantly changing. The business benefits are becoming clearer to end-customers and as a result demand is growing. RRC understands what is involved in delivering successful convergence implementations.

The company is able to help partners qualify opportunities and can provide the expertise and technology to:

- » assess a network's readiness for converged applications
- » evaluate and test network equipment
- » locate and monitor voice & data quality issues in real-time
- » provide customisable network assessment reports
- » automate troubleshooting and VoIP network management



RRC offers vendor-certified training, pre- and post-sales support and customised marketing programmes to help partners maximise and capitalise on the demand for converged voice and data communication solutions. Voice over IP (VoIP) solutions are a recognised way of increasing employee efficiency and partner reach, while reducing technology expenses. AVAYA is a leading vendor for voice application and appliances joint solutions that enable small and mid-sized businesses to easily deploy VoIP in an integrated, cost-efficient, and scalable design. RRC's newly expanded distributor agreements are focused on driving increased sales of AVAYA's portfolio, which includes recently announced SMB and Enterprise, voice, data and wireless products, as well as its award-winning Business Communication Manager and Avaya Aura™ - the core communications platform supporting unified communications.

RRC is positioned to help resellers fully leverage AVAYA technology and service offerings by giving channel partners greater access to AVAYA product support and marketing tools. RRC works closely with AVAYA to simplify its go-to-market strategy and will assist AVAYA in marketing its portfolio to channel partners. The company will also provide the channel with training and support for AVAYA solutions to reduce technology-increasing operations in anticipation of times of increased demand. The end result is expected to be streamlined and simplified processes for AVAYA's channel partners and their partners, as well as increased agility in responding quickly to partners' needs by ensuring they are matched to the right partner with the right AVAYA technology.

RRC helps AVAYA substantially increase its channel base and extend its reach into the SMB and Enterprise market by recruiting new resellers, particularly those experienced in voice and data convergence. Together with AVAYA, RRC can make AVAYA solutions providers even more valuable to the markets they serve. This expanded relationship provides our partners with new services and solutions around AVAYA voice and data offerings to expand the market. Our technical support, market development and field sales teams are prepared to help AVAYA and their channel partners meet the wireless, data and IP telephony needs of small and medium businesses. In today's changing marketplace, resellers are continuously challenged with learning how to sell the business value of voice and data convergence in the market.

Together with AVAYA, we help resellers increase market penetration by providing end-to-end solutions that encompass voice and data convergence. Resellers benefit from access to training on AVAYA solutions, marketing materials and partner sales support to better educate the partner on the business value of a combined voice and data solution.

3. Automatic identification, data capture and mobility products

RRC has a portfolio of best-in-class automatic identification, data capture and mobility products, services and solutions designed to interoperate and complement



each other. Automatic Identification and Data Capture (AIDC) refers to the methods of automatically identifying objects, collecting data about them and entering that data directly into computer systems. Technologies typically considered as part of AIDC include bar codes, Radio Frequency Identification (RFID), biometrics, magnetic stripes, Optical Character Recognition (OCR), smart cards and voice recognition.

The distributor provides its partners with a focused approach to addressing the technological complexity, resource requirements and solution expertise necessary to exploit the growing AIDC market. With Motorola, Datalogic, Intermec, Zebra Technologies, PSION, Datamax solutions, RRC's services and integrated go to-market approach allow it to offer a range of complete products that allow partners to utilize the budgets and projects in place today for all kinds of solutions.

RRC's Partner Sales Enablement Cycle is an expanded value-forward approach spanning the sales cycle from preparation to implementation. The distributor has built up strategic partnerships with AIDC specialists and providers to help partners at every stage. In each key area RRC offers products, selling tools, technical expertise, integration support and financial services. The distributor helps partners position their businesses effectively, build an AIDC presence, generate product awareness and drive sales revenue. To expand partners' opportunities, customers and revenue, RRC has designed an advanced sales & support site to help take advantage of the AIDC market today.

Business value is driven by choosing the solutions that partners want to approach their customers with, based on the differentiation and strength of RRC's unique value proposition. Partners can take full advantage of the distributor's resources by working and engaging with the Mobility Team here at RRC. The company support programme is built upon a selection of offerings from the world's best mobility solution providers. RRC has thoroughly evaluated and carefully selected a suite of partners whose products represent today's leading technologies. This collection of products, in combination with RRC's expertise, comprises a comprehensive, flexible business solution offering that gives partners a best-of-class suite of products, services and resources to draw upon.

4. Security

RRC is a security products distributor in the CIS & CEE regions. The company has consistently increased business across the reseller base, thanks to outstanding penetration through its security platform. The distributor has added great value to security products over the past years and its top-quality support for security business is highly appreciated by partners and vendors.

RRC distributes solutions to an extensive base of partners, offering security solutions that ensure safer, tamperproof corporate information systems and enable secure electronic business communications over intranets, extranets and the Internet. The distributor's strategy features product offerings from several leading technology companies, including Check Point, SonicWall



and Cisco Systems and provides solutions for remote access control, IP address management and integrated enterprise security. As a Check Point distributor since 2009, RRC has been supporting the growth of both new and emerging Check Point partners. During 2009, RRC increased its distribution revenue of Check Point solutions by delivering tangible value across the entire range of products. RRC identifies and engages new net end-users, while helping existing Check Point resellers expand their businesses. Distributor marketing programmes delivered seamless lead generation and sales enablement capabilities to resellers, while the operations and logistics engine ensures that RRC is able to deliver products quickly and efficiently. RRC has achieved great results this year with a focused strategy to expand the base of smaller partners. The distributor has demonstrated its commitment to its partnership with Check Point by aligning its business goals with the vendor, specifically around revenue and recruitment. RRC continues to develop and deliver innovative capabilities to resellers through its training programme for new resellers.

RRC provides enterprise and midrange security products, services and solutions to value-added resellers and system integrators. The distributor's mission is to continuously strive for excellence in service, by providing resellers and their customers with the very best in the fields of network security and business infrastructure. The company reaches out to customers, through the provision of excellence in service, knowledge and technical abilities.

5. Advance services for resellers

As part of RRC's value added approach, a new range of 'Advance Support Services' was introduced in 2009. Partners can choose from a range of support services, as independent items or as a service package, to offer ongoing support to their partners. RRC's installation service provides onsite technical resources, allowing partners and their partners to choose the most appropriate level of installation for the products they wish to deploy. The training center provides professional training and educational services on an international level. Through the professional services offered and the company's experienced team in offered technologies, we help businesses perform core activities in a chosen environment.

6. Cloud applications

Forecasters are predicting that the IT world will experience increased cloudiness for some time. Customers are demanding a new way of procuring and consuming IT solutions. Gartner has released its CLOUD

computing outlook for 2011 and forecasts another year of solid growth, with 53% of businesses allocating portions of their IT budget to the CLOUD. Long-range forecasts predict strong growth through 2020, up to \$500 billion.

There are also signs that both vendors and distributors are beginning to get their act together in cloud computing, with more than 60% predicting double-digit growth in this area over the next 12 months.

IBM plans to make \$1 billion in financing available to small and medium-sized businesses globally over the next year, to buy its new technologies for analytics and cloud systems. Revenue from its profitable global financing division reached \$2.3 billion last year. Others, such as CISCO, also offer financing to customers buying direct or through channels. RRC will be there to support resellers in their journey to the cloud, right from the beginning.

At the moment, RRC is already addressing a large portion of CLOUD in its general portfolio. For now, RRC is concentrating on growing the computing, networking, storage and backup sectors of its business, as well as delivering value-added services to the reseller community. However, the distributor also has plans to expand its portfolio and address the remaining areas of CLOUD applications.

RRC is striving to ensure that its channel partners are influencing the market and driving positive change for their customers by offering best-in-class technology solutions for cloud services.

RRC is helping channel partners to shape and refine their cloud services strategies, as well as generating new ideas and adopting proven business practices that will optimise sales performance and profitability potential.

RRC's mission is to connect end-customer demand for alternative IT computing and consumption together with the most robust IT vendor solutions that are selling today, to ensure that our VARs can profit from this transformational shift occurring in our industry.

RRC's partners most affected are likely to be that group of mid-sized resellers and specialists who may have previously described themselves as infrastructure specialists. RRC is seeing a rise in their market share, even though the rate of consolidation is high. There are services we can provide to the end user, but always in partnership with the VARs - for education or other expertise.

RRC will help its partners tap into the opportunity and stay ahead of the competition.



Cloud Computing? We are already in!

1) RRC will provide its VARs with the best cloud technology portfolio enabling their development toward cloud building specialisation.

2) RRC will be exploring the possibility of a CLOUD pilot project setting full cloud resources on its premises giving its VARs the opportunity to build and test the cloud environment.

3) RRC has a number of cloud initiatives with cloud builders and MSPs, helping to define what is likely to be a fragmented market. By the end of 2012, RRC aim is to have a complete portfolio of cloud components.

RRC Training Center

RRC Education launched operations in Hungary in January 2010. The establishment of the center clearly realizes the company's motto: "Think value". While education supports hardware sales, it also contributes to RRC Hungary's profitability.

RRC Training Center offers partners rooms in which all seats are equipped with high-power, virtualization capable Lenovo PCs and 4/6 UTP ports for linking computers to the lab's devices. The lab includes CISCO switches and routers, Sonicwall AP and FireWall and an Avaya IP Office IP PBX.

As a training center, RRC Education provides certified and customized CISCO training, HP Networking, Avaya workshops and Check Point product training. RRC Training Center will become an Authorised Sonicwall Training Partner this year providing certified SonicWall training.

RRC Training Center guarantees that its trainers have the requisite knowledge and skill sets needed to teach resellers (e.g. CISCO System Instructor Certification). They are specialized in IPT, Security, R&S, SP and Data Center technologies.



RRC Education has partnered with PearsonVue, a worldwide provider of IT and non-IT exams. In RRC Test Center RRC can provides CISCO, Avaya, Oracle, EMC, RSS, VMWare and many other type of tests people need for individual certifications. RRC can also helps partners plan the educational programs and exams they need for corporate certifications (e.g. CISCO's Advanced Unified Computing Systems Specialization).

RRC addresses its offer to customers and partners also include system integrator partners and end-users (banks, manufacturing facilities, oil companies, telecom service providers etc.). As of 2010 RRC has a total of over 300 partners.

2010 KPMG Report

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
OF
RRC BUSINESS TELECOMMUNICATIONS LIMITED
Limassol, 22 July 2011

RRC BUSINESS TELECOMMUNICATIONS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2010

	2010	2009
	U.S.\$	U.S.\$
Revenue	280.459.700	260.620.516
Cost of sales	(253.599.133)	(236.257.144)
Gross profit	26.860.567	24.363.372
Other operating income		
Gain from the disposal of subsidiaries	146.157	
Consulting services	-	20.573
Commissions earned	25.876	30.115
Sundry income	310.647	238.381
	27.343.247	24.652.441
Administration expenses	(16.129.030)	(14.399.965)
Selling and distribution expenses	(2.750.677)	(1.962.124)
Operating profit before financing expenses	8.463.540	8.290.352
Financial expenses	(3.404.985)	(4.304.492)
Financial income	49.355	53.040
Net financing expenses	(3.355.630)	(4.251.452)
Profit for the year before taxation	5.107.910	4.038.900
Taxation	(841.347)	(159.060)
Profit for the year	4.266.563	3.879.840
Total income for the year	4.266.563	3.879.840

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
OF
RRC BUSINESS TELECOMMUNICATIONS LIMITED**
Limassol, 22 July 2011

**RRC BUSINESS TELECOMMUNICATIONS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

	2010 U.S.\$	2009 U.S.\$
ASSETS		
Non-current assets		
Property, plant and equipment	1,532,456	2,021,828
Intangible assets	527,747	873,828
	2,060,203	2,895,656
Current assets		
Stocks	63,540,433	43,665,298
Receivables	59,797,096	46,777,250
Related party receivables	127,792	741,943
Taxes refundable	46,522	178,278
Deferred tax assets	329,125	244,841
Cash and cash equivalents	14,045,730	11,231,115
	137,886,698	102,838,725
Total assets	139,946,901	105,734,381
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	499,975	499,975
Retained earnings	23,764,503	21,026,444
	24,264,478	21,526,419
Non-current liabilities		
Interest-bearing loans and borrowings	14,181,000	7,203,000
Current liabilities		
Payables	77,582,284	48,547,927
Interest-bearing loans and borrowings	21,065,605	26,434,593
Taxes payable	2,798,717	1,909,131
Deferred taxes	9,314	80,954
Related party payables	45,503	32,357
	101,501,423	77,004,962
Total equity and liabilities	139,946,901	105,734,381

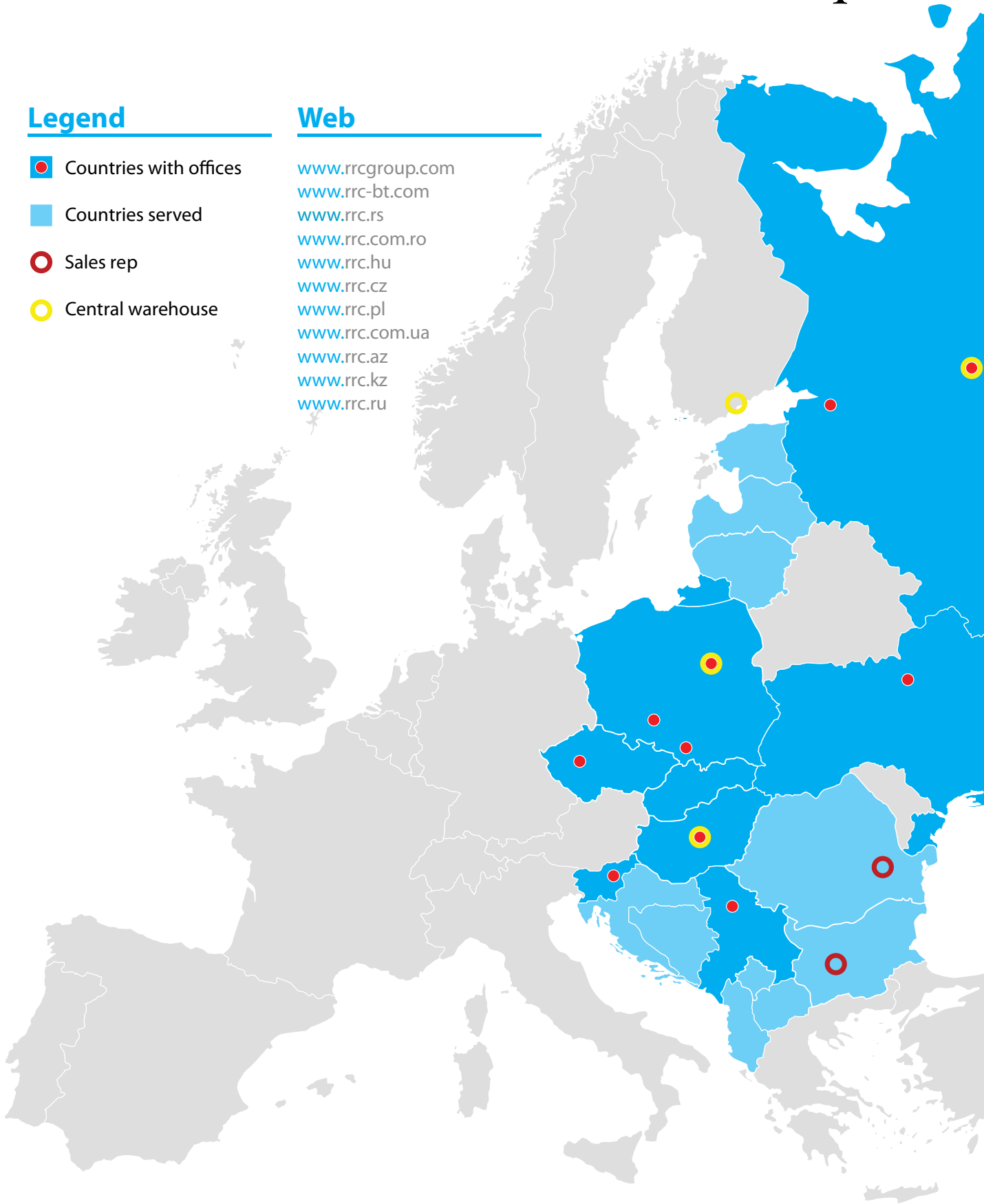
Offices map

Legend

-  Countries with offices
-  Countries served
-  Sales rep
-  Central warehouse

Web

www.rrcgroup.com
www.rrc-bt.com
www.rrc.rs
www.rrc.com.ro
www.rrc.hu
www.rrc.cz
www.rrc.pl
www.rrc.com.ua
www.rrc.az
www.rrc.kz
www.rrc.ru



RRC offices

RRC Offices

We are an efficient and innovative international company that provides advanced high-tech products to the market. We strive to be a financially successful international distribution company that aims to lead the market. Creating a unique business model that ensures our advancement and development is our top priority. The RRC Group believes in responsibility, competitiveness and catering to our clients' needs. Our team of professional employees can provide you with services of the highest standards.

RRC Offices		RRC Export Markets		Regional Sales Contacts
Azerbaijan	Bulgaria (rep office)	Bosnia and Herzegovina	Montenegro	Business Developing Director, Russia & CIS
Czech Republic	Romania (rep office)	Croatia	Malta	Alexander Kolmykov
Hungary		Cyprus	Turkey	email: kolmykov_a@rrc.ru
Kazakhstan		Greece	Estonia	phone: +7(495) 223 32 36
Poland		Israel	Slovakia	
Russia		Latvia	Albania	Auto ID BD Director Central Eastern Europe
Serbia		Lithuania	Moldova	Paweł Jabłoński
Slovenia		Macedonia	Belarus	email: pawel.jablonski@rrc.pl
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