



THINK VALUE.

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annual report

2009 & H1 2010

| | |
|-----------|---|
| 05 | Introduction |
| 07 | Mission |
| 07 | Values |
| 11 | Geography & Sales |
| 13 | Product portfolio |
| 15 | Electronic purchasing & support systems |
| 17 | Value Added Distributor |
| 19 | Channel Partnership |
| 27 | 2009 Results |
| 31 | True Value Added distribution |
| 33 | New vendors, new oppoturnities |
| 44 | KPMG Report |
| 47 | RRC Offices |

introduction

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 centre 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 2009 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 2009 revenues of USD 260,620,516, 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, a regional, or a country-by-country basis, which allows it to take advantage of many beneficial commercial terms. It 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 comparable to its competitors.

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.

Who we are?

The RRC Group is a leading international distributor providing advanced high-tech products of several market vendor challengers 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, employees as the 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 grow 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 centre & 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 moves forward with partners, with a forward-looking approach and innovative ideas
- » RRC people are fascinated by abilities 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 it may not be able to do on its 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 it 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 the responsibility for the 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.



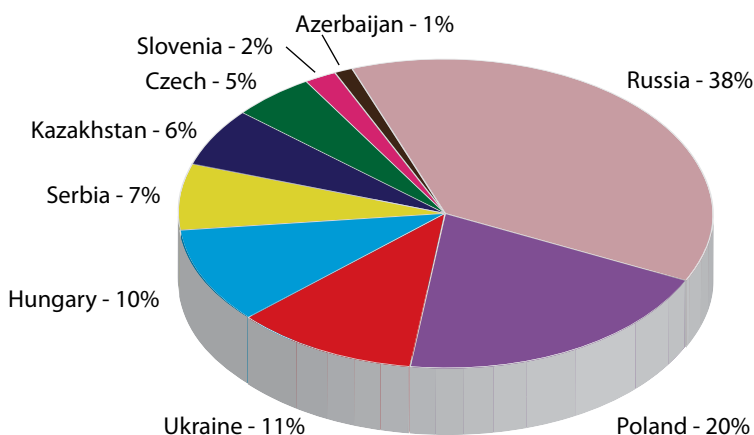
Geography & Sales

The company operates in eleven countries and works for the benefit of people from various cultures and with various mentalities. 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 peculiarities, while preserving the core principles of the group.

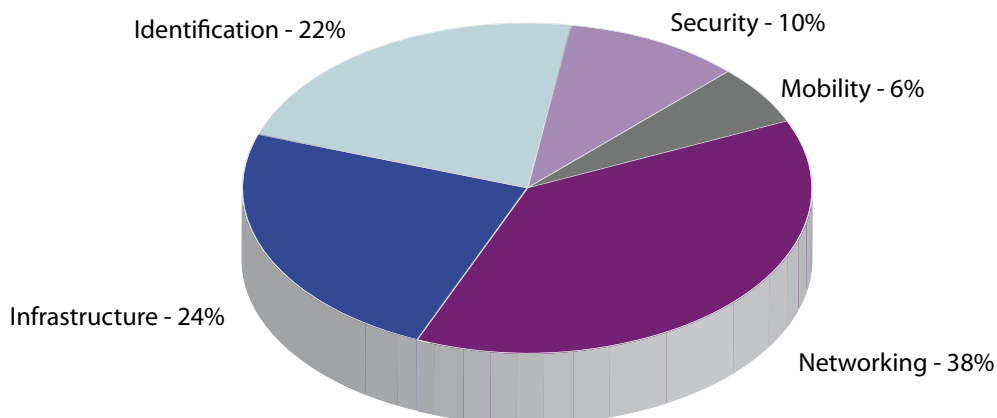
The establishment of an Export Markets Department in 2009 was also a significant initiative of the RRC Group. It was inspired by the group's ambition to develop its European business on new territories without establishing permanent offices, and was a response to the growing demand and market changes.

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 2009 by country



RRC Sales 2009 by market segments



product portfolio

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
- SSLVPN
- 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

product portfolio

product portfolio



Switches

- Desktop
- Modular
- Extension modules
- Accessories
- Software & licence
- Services

Routers

- Desktop
- Modular
- Extension modules
- Accessories
- Software & licence
- Services

Wireless

- Access points
- Routers
- Switches
- Bridges
- WI-NG
- Adapters
- Accessories
- Software & licence
- Services

Media converters

- Desktop
- Modular
- Others

Modems

- Analog
- Digital
- xDSL

IP telephony

- Compact base systems
- Modular base systems
- Phones
- Modules
- Expansion cards
- DECT system
- Gateways
- Accessories
- Software & licence
- Services

Traditional telephony

- Compact base systems
- Modular base systems
- Phones
- Modules
- Expansion cards
- DECT system
- Accessories
- Software and Licence
- Services

Mobile Computers

- Handheld Computers
- Wearable Computers
- Vehicle Computers
- Accessories
- Software & licence
- Services

Scanners Handheld

- Scanners
- Handsfree Scanners
- Fixed Mount Scanners
- Memory Scanners
- Micro Kiosks
- Accessories
- Software & licence
- Services

Barcode Desktop Printers

- Printers
- Value Line Printers
- Industrial Printers
- Mobile Printers
- Micro Kiosk Printers
- Supplies
- Accessories
- Software & licence
- Warranty & services

RFID

- Mobile readers
- Fixed readers
- Printers
- Supplies
- Software & licence
- Services

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, products 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 partners 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 few minutes, complete with pricing quotes and a direct link to our online ordering system. THINKLINK will continue to be revised regularly every day, 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 the sales. Think link is integrated with our partners' business systems so that RRC can maximise 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

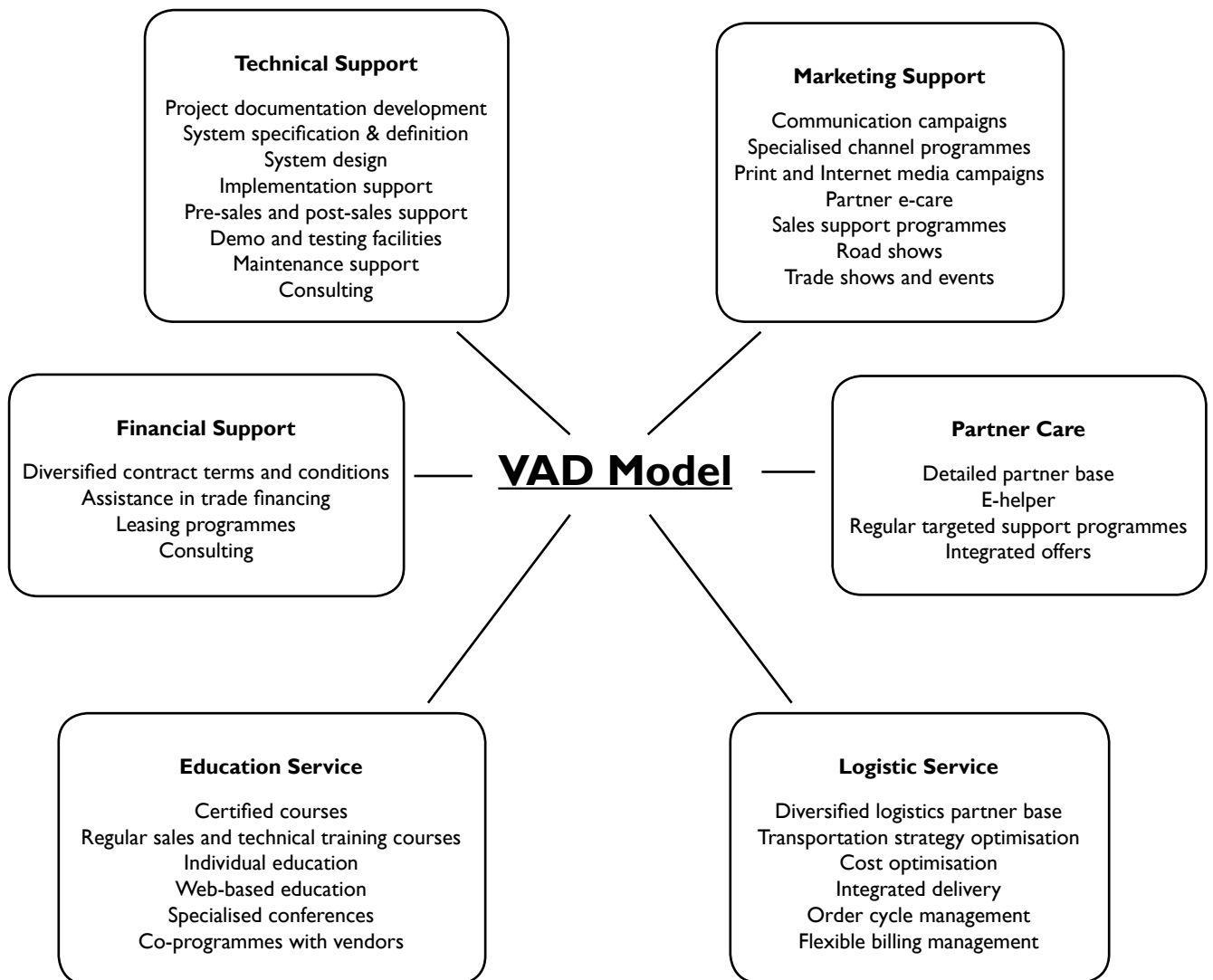


rrc - value added distributor

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 2009 event for RRC. RRC has focused on four niches — networking and telecommunications, infrastructure, information security, and automatic data identification (auto ID). In 2009, 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.



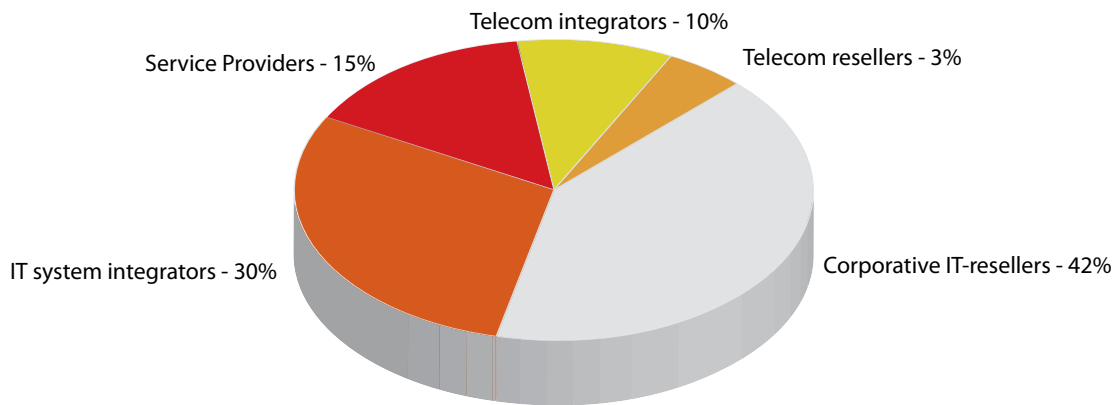
channel partnership

channel partnerhsip

Channel Partnership

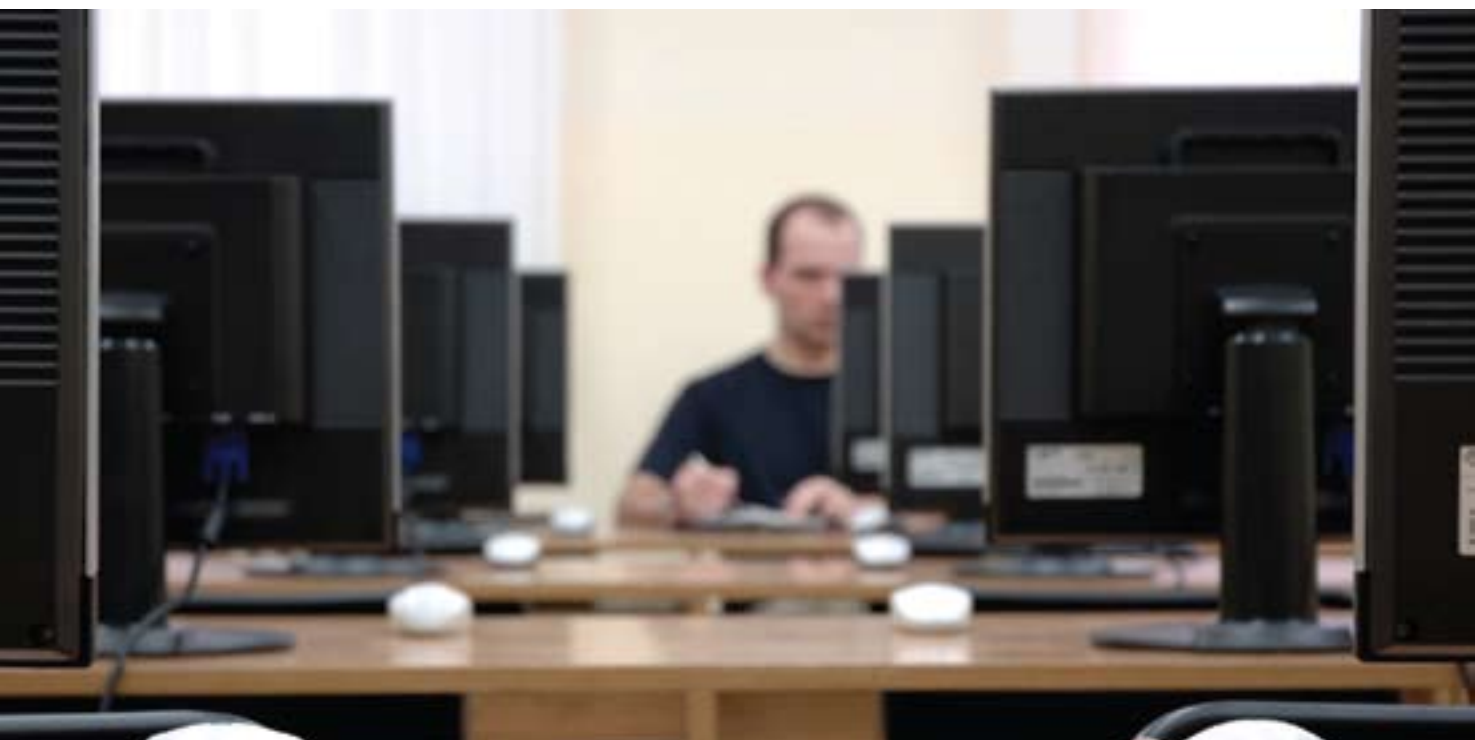
RRC's strategic success is based on experience and a deep knowledge of every market it conducts its operations on. Company personalized approach, technical expertise and strong sense of partner focus, allow RRC to be flexible in adapting to the requirements of various vendors and channels. Company' vision 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.

RRC Sales 2009 by partners



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 co-operate with experts in the sphere of high technologies and complex solutions.



Technical support

RRC's technical support provides partners with the basis for working out projects on any level of complexity, starting from the automation of small and mid-sized offices to large size implementations. Company experience and investments in business development allow RRC to offer a wide range of services for successful and competitively advantageous businesses. Distributor is constantly striving to improve the quality of technical support. Year on the year the company increases the number of experts with commercial and technical certificates from world 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. Company does not just meet obligations to partners, but also develop their businesses by providing additional competitive advantages. RRC offers informational, technical and marketing support. Company has already been chosen by more than 5000 companies in the CIS, and 3500 companies in CEE. RRC has all the necessary resources. The major target 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, 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



channel partnershi

channel partnerhsip

Education

RRC educates resellers by offering authorised courses from IT leaders, along with distant 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 created a virtual laboratory for distant 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. It allows to investing successfully, not only in company development, but also into 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 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 work 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. Company updates the list of events on a regular basis; announces discounts and arranges trips to the top resorts. The speakers RRC invites are key managers from world class vendors. Partners can talk to them at round tables and meetings - distributor managers will be there to find the best solutions.

Marketing Support

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Logistics

RRC provides high level logistics based on many years of experience. Company has modern global warehouses in Russia, Finland, Hungary and Poland and is allow to deliver goods to any location in the CIS and CEE at the earliest possible date. In RRC understanding, 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. 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 of vendors via online partner zone. Moreover, partners can find information about a range of available products, prices, discounts, special events and offers on distributor website. RRC continuously holds training programmes for technical and commercial staff. If partner is a registered user, 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. Distributor has access to a wide range of vendors' product lines, what is allows company to test not only single items, but complex solutions. As a result, partner can save time and money by choosing the right equipment to meet his requirements.



2009 Results

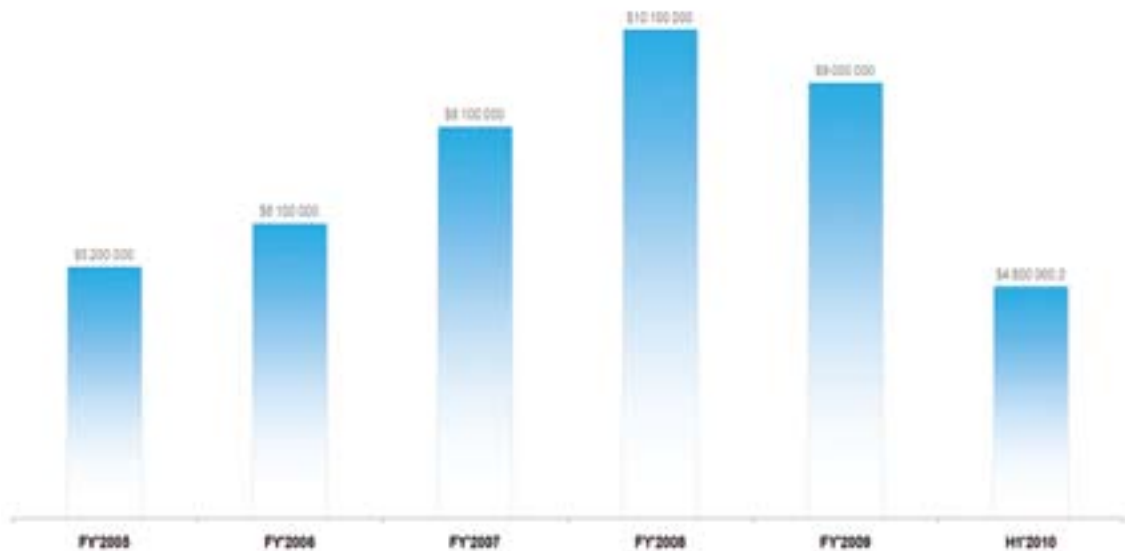
In 2009, the RRC Group achieved its forecast financial results and increased its efficiency. The RRC Group accomplished the objectives it had envisioned, strengthened its position within familiar market segments, and acquired new opportunities to pursue promising markets and business areas.

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 continue to pursue export markets enabling the company to expand its international operations onto 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 meeting modern standards and market realities.

When the financial crisis struck across the world, clients started cutting down on both discretionary and planned budgets. IT companies entered a world where budgets were slashed by clients; a world of weak order books and weaker deal pipelines.

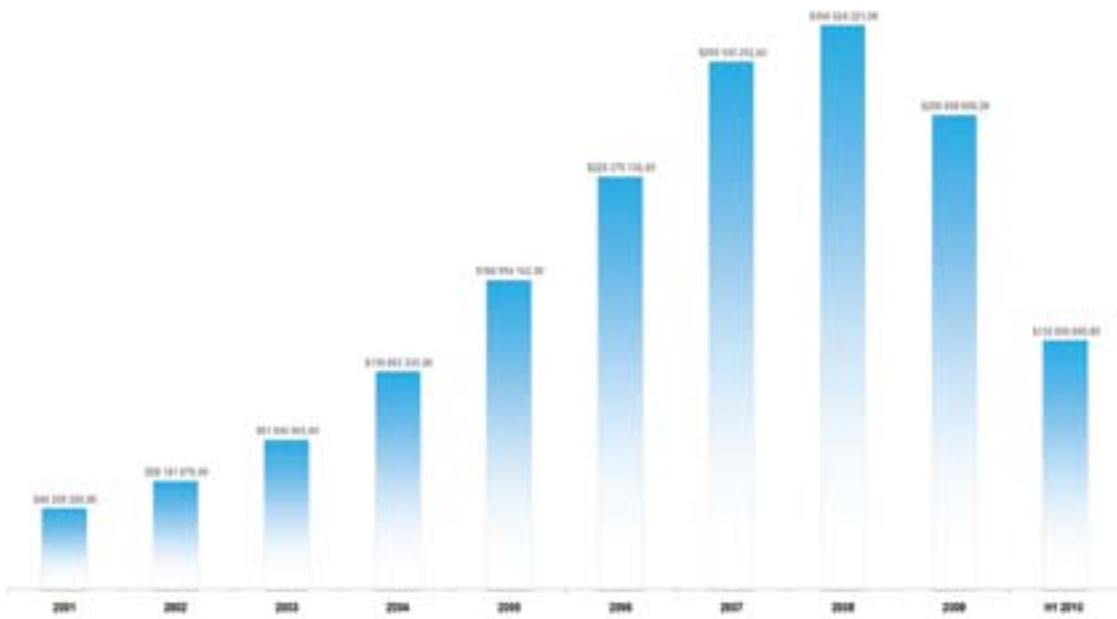
EBITDA 2005 - H1 2010



RRC turned crisis into opportunity:

- » RRC decided to review its cost structure and business model during the slump;
- » RRC looks for new markets, verticals and domain knowledge to overcome the crisis-induced difficulties in order to acquire additional business;
- » RRC attempts to move up the value chain by offering consultancy and technical services, to generate intellectual property;
- » RRC becomes more flexible in working with partners: we understand partner expectations including forecasting ability, readiness of inventory, flexibility and a responsiveness to meet the changing needs of partners and suppliers.
- » RRC has a chance to examine and readjust its product portfolio and the quality of management;
- » RRC will continue its drive to increase market share, push for profitable growth and focus on operational excellence by minimising costs to remain competitive.

Sales figures 2001 - H1 2010



True Value Added

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 about the primary positive aspects of an idea and the primary negative aspect of the business. That is where RRC can play a lead 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, more importantly, ensuring that the product is available.

RRC not only educates the channel, but also train 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 ensuring 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 into 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 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 2009/2010

RRC's approach is based on solutions offering real business benefits for partners. The company takes a very active market-making 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 grow their top line, then the value added distributor's value proposition falls apart!

In 2009/2010, 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

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.



New vendors, new opportunities

I. 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 invites 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 demo, showcasing UCS/Virtualisation, service renewal strategy and finally deliver expected 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 organisations as they 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. The company sees that commitment to growth 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 collaborated 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, 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.



New vendors, new

New vendors, new opportunities

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 grow 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, Intermecc, Zebra Technologies, PSION TEKLOGIX, Datamax solutions, RRC's services and integrated go-to-market approach allow it to offer a range of complete products that allow partners to capture 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 sell & 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, combined with RRC, 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 security platform. The distributor has added great value to security products over the past years and its outstanding 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, tamper-proof 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 net new end-users, while helping existing Check Point resellers grow their businesses. Distributor marketing programmes delivered seamless lead generation and sales enablement capabilities to resellers, while the operations and logistics engine ensured 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.



New vendors, new New vendors, new opportunities

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 resource, allowing partners and their partners to choose the most appropriate level of installations 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.

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.



2009 KPMG Report

2009 KPMG Report

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
OF
RRC BUSINESS TELECOMMUNICATIONS LIMITED**
Limassol, 20 July 2010

**RRC BUSINESS TELECOMMUNICATIONS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2009**

| | 2009 U.S.\$ | 2008 U.S.\$ |
|---|--------------------|--------------------|
| Revenue | 260.620.516 | 308.024.321 |
| Cost of sales | (236.257.144) | (272.261.267) |
| Gross profit | 24.363.372 | 35.763.054 |
| Other operating income | | |
| Consulting services | 20.573 | 238.655 |
| Commissions earned | 30.115 | 134.745 |
| Sundry income | 238.381 | 72.874 |
| | 24.652.441 | 36.209.328 |
| Administration expenses | (14.399.965) | (21.720.598) |
| Selling and distribution expenses | (1.962.124) | (3.756.416) |
| Operating profit before financing expenses | 8.290.352 | 10.732.314 |
| Financial expenses | (4.304.492) | (6.018.086) |
| Financial income | 53.040 | 71.198 |
| Net financing expenses | (4.251.452) | (5.946.888) |
| Profit for the year before taxation | 4.038.900 | 4.785.426 |
| Taxation | (159.060) | (715.191) |
| Profit for the year after taxation | 3.879.840 | 4.070.235 |
| Total income for the year | 3.879.840 | 4.070.235 |

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
OF
RRC BUSINESS TELECOMMUNICATIONS LIMITED**
Limassol, 20 July 2010

**RRC BUSINESS TELECOMMUNICATIONS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
AS AT 31 DECEMBER 2009**

| | 2009 U.S.\$ | 2008 U.S.\$ |
|---------------------------------------|--------------------|--------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 2.021.828 | 3.134.122 |
| Intangible assets | 873.828 | 689.374 |
| Current assets | 2.895.656 | 3.823.496 |
| Stocks | 43.665.298 | 49.341.103 |
| Receivables | 46.777.250 | 42.746.328 |
| Related party receivables | 741.943 | 360.348 |
| Taxes refundable | 178.278 | 50.819 |
| Deferred tax assets | 244.841 | 228.685 |
| Cash and cash equivalents | 11.231.115 | 15.704.049 |
| | 102.838.725 | 108.431.332 |
| Total assets | 105.734.381 | 12.254.828 |
| EQUITY AND LIABILITIES | | |
| Capital and reserves | | |
| Share capital | 499.975 | 499.975 |
| Retained earnings | 21.026.444 | 21.136.649 |
| | 21.526.419 | 21.636.624 |
| Non-current liabilities | | |
| Interest-bearing loans and borrowings | 7.203.000 | 6.958.500 |
| Current liabilities | | |
| Payables | 48.547.927 | 43.957.828 |
| Interest-bearing loans and borrowings | 26.434.593 | 36.898.150 |
| Taxes payable | 1.909.131 | 2.325.159 |
| Deferred taxes | 80.954 | 286.278 |
| Related party payables | 32.357 | 192.280 |
| | 77.004.962 | 83.659.704 |
| Total equity and liabilities | 105.734.381 | 112.254.828 |

These consolidated financial statements were approved by the Board of Directors on 20 July 2010.

offices map

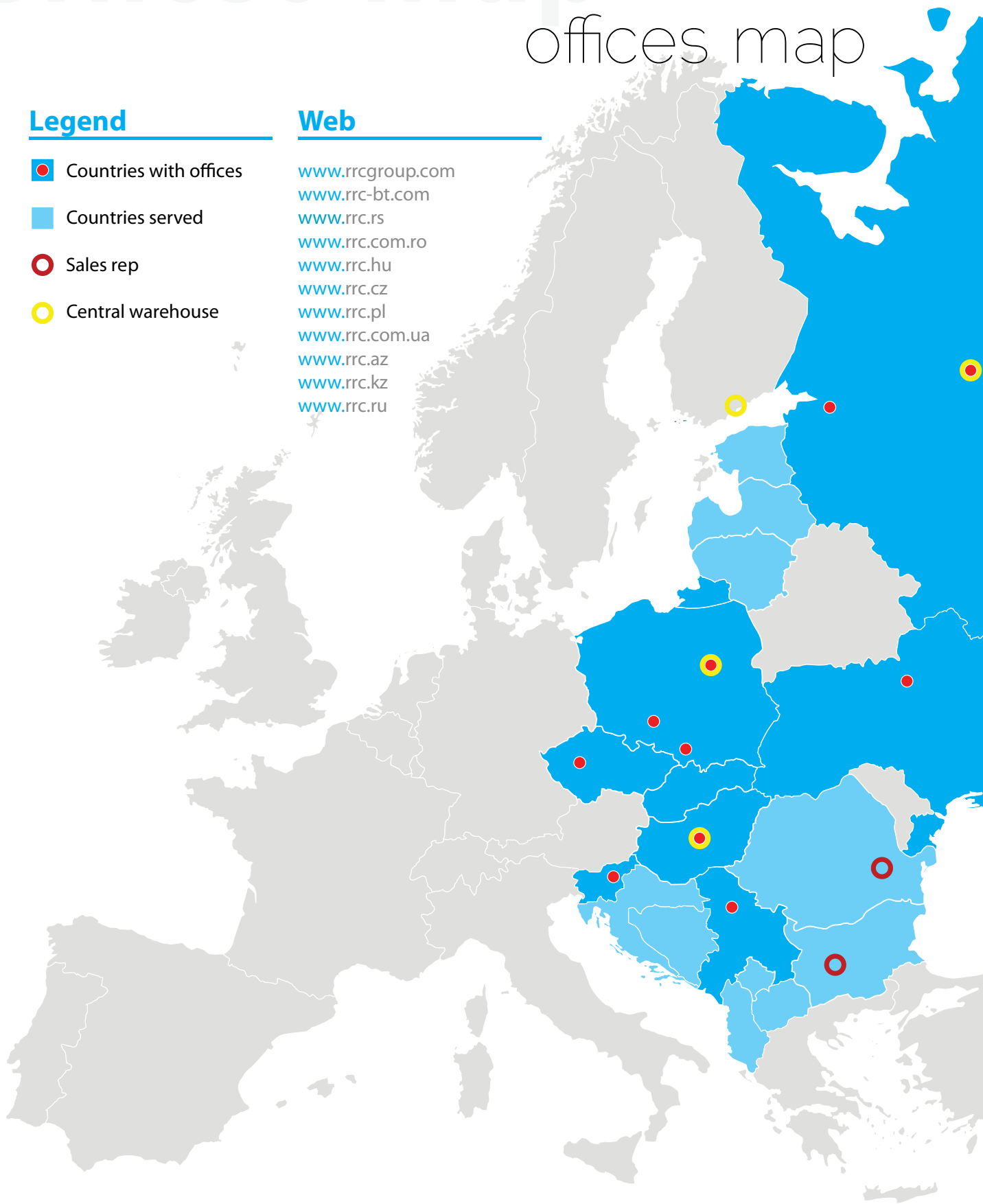
offices map

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

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 |
| Ukraine | | | | phone: (48 22) 549 74 33 |

Russia

119331 Moscow,
Vernadsky pr., 29, office 1103
Tel.: +7 495 956 1717
Fax: +7 499 133 5230
www.rrcgroup.com
www.rrc.ru

195112 St.-Petersburg,
Malookhtinsky pr., 68, office 302
Tel.: +7 812 333 1510
www.rrc.ru

Kazakhstan

050010, Almaty
Begalın str. 72
Tel.: +7 727 298 0257
Fax: +7 727 293 0325
www.rrc.kz

Serbia

RRC Beograd, d.o.o.
Vardarska 29
11000 Beograd
Tel: +381 11 20 42 070
Fax: +381 11 20 42 099
www.rrc.sr

Ukraine

04073 Kiev,
8 Moskovsky pr. Building I
Tel.: +38 044 581 1118
Fax: +38 044 321 4637
www.rrc.com.ua

Azerbaijan

AZ1004 Baku, Icheri Shekher,
41 Boyuk Gala Str., 2 floor
Tel.: +994 12 437 2351
Fax: +994 12 437 2351
www.rrc.ru

Hungary

RRC Hungary Kft.
1044 Budapest
Ezred utca 1-3
Tel.: +36 1 236 9000
Fax: +36 1 320 0390
www.rrc.hu

Slovenia

Poslovne telekomunikacije,
Podružnica Ljubljana
Pot k sejmišču 30
1231 Ljubljana-Črnuče
tel: +386 1 600 25 80
fax: +386 1 600 25 82
http://rrc-bt.com

Poland

RRC Poland Sp. z o.o.
02-862 Warszawa
Farbiarska, 69
Tel.: +48 22 644 0133
Fax: +48 22 644 0132
www.rrc.com.pl

53-611 Wrocław,
Strzegomska, 46B
Tel.: +48 71 354 8400
Fax: +48 71 354 8409

43-300 Bielsko-Biała
Gen. St. Maczka 9
Tel.: +48 33 470 44 51

Czech Republic

RRC-Cz, s.r.o.
Chrásťany č.p. 207,
Budova B, 252 19
Tel.: +420 283 84 0400
Fax: +420 283 84 0166
www.rrc.cz

