



ZAAWANSOWANE TECHNOLOGIE INFORMATYCZNE

Talex S.A. Annual Report 2010

March 2011

Field of activity

The joint-stock company TALEX S.A. (previously the limited liability company TALEX Sp. z o.o.) has been a provider of technologically advanced IT services for small and medium-size businesses since 1990.

The Company's activity focuses on three main areas: integration of ICT systems, IT outsourcing and software development.

The integration of ICT systems includes a large number of services. The Company tries to provide its clients with a full range of services, starting with preliminary analyses and expert consultation, project design and management services, development and introduction of integration procedures, system configuration and tuning, ending with the organisation of staff training programs, whose focus are the products and services offered by the Company. Such an extensive offer guarantees the integrity of the customers' IT systems as well as high quality, reliability and adherence to the basic security standards.

The platforms covered by the integration services offered are Intel/RISC, UNIX, i5/OS, Windows and Linux. The services include, among other things, consolidation and visualisation, high-availability solutions (clusters), backup and recovery services (recovery centers, data replication, disk arrays etc.) as well as information security solutions, such as preventing unauthorised intrusions into ICT networks or developing private virtual networks. The Company also provides network integration services, including DWDM, IP telephony, structural cabling, network monitoring etc.

The outsourcing offer focuses on two main areas – Data Center services and services guaranteeing continuity of business processes. Talex S.A. provides its customers with the access to its own Data Center. This may happen in a number of ways: the customers may use only the space of the Data Center or use the full service, which includes offering space, hiring equipment, configuring applications as well as administering and monitoring. At the customer's request, applications can be monitored 24/7. In case of equipment or software failures, the Company's experts offer remote or onsite support. The qualifications of the engineers are confirmed with certificates from the leading equipment and software manufacturers.

A special outsourcing service offered by the Company are rollouts – mass upgrades of ICT infrastructure for large customers, especially those with branches across the whole country. Talex S.A. has specialised in such activities, having performed many rollouts, for example, in three leading Polish banks.

The software production services include custom-made software, developing modules extending the existing applications, tuning the applications to the specific needs of customers or developing codes used in integration processes. The Company uses modern technologies, such as Java, Microsoft.NET; Oracle, DB2, MS SQL databases; and WebSphere, WebLogic and JBoss application servers.

Software produced by the Company is used in financial institutions, state-owned enterprises as well as large industrial companies.

TALEX S.A. is a partner of many leading hardware and software manufacturers. The Company's employees have attended training courses and passed exams, as a result of which they obtained certificates confirming their qualifications in the field of the newest technologies.

Procedures of all the activities of the Company are compliant with the quality management system, defined by the ISO 9001:2000 standard. Given its specific business profile and the importance of its customers, the Company also obtained the ISO 27001:2005 certification, which confirms that the procedures followed by the Company guarantee full security of information and customers' data.

Company Information

Company Name :	TALEX Spółka Akcyjna
Registered Office :	61 – 619 Poznań, ul Karpia 27D
Phone Number :	(061) 8 275 500
Fax :	(061) 8 275 599
Taxpayer Registration Number :	782 – 00 – 21 - 045
Company Registration Number:	004772751
PKD :	5184

Branches

At present, the Company has fourteen field branches:

- Talex Białystok, ul. Ogrodowa 31;
- Talex Cieszyń, ul. Katowicka 157;
- Talex Gdynia, ul. Sportowa 8;
- Talex Katowice, ul. Chorzowska 50;
- Talex Kraków, ul. Kamieńskiego 51;
- Talex Lublin, ul. Jana Sawy 2;
- Talex Łódź, ul. Piotrowska 276;
- Talex Olsztyn, ul. Prusa 6/3
- Talex Rzeszów, ul. Lwowska 6;
- Talex Szczecin, ul. Pomorska 53;
- Talex Toruniu, ul. Włocławska 167;
- Talex Warszawa, ul. Iłżecka 26;
- Talex Wrocław, ul. Legnicka 51-53;
- Talex Zielona Góra, ul. Moniuszki 16.

Basic economic and financial data, disclosed in the annual financial report

Sales and profit in 2010

In 2009, the Company recorded net loss of PLN 2,244 thousand, with sales revenues of PLN 105,836 thousand.

SPECIFICATION	2010 (PLN in thds)	2009 (PLN in thds)	Fluctuation
Revenues from sales of products	37,121	27,883	133.13%
Revenues from sales of goods and materials	68,715	34,020	201.98%

The past year 2010 was much better for TALEX than 2009 when the Company was significantly influenced by the economic downturn referring to software and IT services sales as well as hardware sales. The economic recession is still visible in the Polish IT market, which continues to be reflected in the expenditure of both companies and consumers. However, the market is slowly coming out of the recession, which also has been reflected in the revenues from sales of goods and materials of the Company in 2010. The revenues from sales of goods and materials doubled (about 102%) when compared to 2009. Profitability from sales of goods and materials reached about 7.3% (it was equal to 6.3 in 2009).

The revenues from sales of products increased by about 30% as well as profit margin on sales of products which was about 25.8% thousand in 2009, and compared to 2008 it was lower by 13.9% with profitability of 23.6% (it was 23.6% in 2009).

SPECIFICATION	2010 (PLN in thds)	2009 (PLN in thds)	Fluctuation
Gross profit from sales of products	9,586	6,590	145.46%
Gross profit from sales of goods and materials	5,054	2,137	236.50%

As shown above, also gross profit from sales and at particular fields of activity of the Company was higher in 2010 compared to 2009. The Company closed 2010 at a profit.

SPECIFICATION	2009 (PLN in thds)	2008 (PLN in thds)	Fluctuation
Gross profit from sales	14,640	8,727	167.76%
Profit from sales	1,808	-2,846	163.53%
Profit from operating activities	2,529	-3,210	178.78%
Gross profit	2,529	-2,682	194.29%
Net profit	2,244	-2,780	180.72%

IT solution providers achieved better results in 2010 due to the general improvement of the macroeconomic situation. A significant increase in orders for IT solutions became apparent in particular in the public administrative and financial sector, which was also reflected in the revenues of the Talex Company.

The study shows that as many as 83% of the examined companies expect the growth of the IT market and the respondents forecast a double-digit growth-rate in 2011. It is also possible that the market will grow faster than the forecasts indicate because many IT investment projects, which were halted after 2009 due to the global crisis, are and will soon be executed.

Company assets

The value of fixed assets as of the 31st December 2010 amounted to PLN 26,088 thousand, i.e. increased by about 20% compared to the last day of 2009.

	ASSETS	31.12.2010 (PLN in thds)	31.12.2009 (PLN in thds)
I	FIXED ASSETS	26,088	21,645
1.	Intangible assets	541	80
2.	Tangible fixed assets	25,032	21,180
3.	Long-term receivables	217	120
4.	Long-term investments	-	-
5.	Long-term prepayments and accrued income	298	265

The value of current assets as at 31.12.2010 amounted to PLN 38,832 thousand, i.e. increased by about 20%, compared with 2009. Due to the much higher turnover of the Company the short-term receivables significantly increased (almost twice). Also short-

term financial assets on bank accounts increased from PLN 17,550 thousand in 2009 to PLN 19,438 thousand in the past year.

	ASSETS	31.12.2010 (PLN in thds)	31.12.2009 (PLN in thds)
II	CURRENT ASSETS	38,832	32,264
1.	Inventories	1,860	2,150
2.	Short-term receivables	16,873	8,628
3.	Short-term investments	19,438	21,098
4.	Short-term prepayments and accrued income	661	388

Current assets constituted 59.8% of the total assets of the Company as at the last day of 2010 and remained at the same level as in 2009. The higher the share of this index, the higher the liquidity of the Company. Current assets, compared to physical assets, are much more easily converted to cash.

Overall financial condition

Selected financial ratios.

SPECIFICATION	2010	2009
Profitability ratios		
Sales ratio	1.71%	-4.60%
Operation activities ratio	2.39%	-5.19%
Gross profit ratio	2.39%	-4.33%
Net profit ratio	2.12%	-4.49%
Return on assets ratio	3.46%	-5.16%
Return on shareholders' equity ratio	5.11%	-6.68%
Liquidity ratios		
Current ratio	2.21	2.94
Quick ratio	2.11	2.74
Debt ratios		
Total debt ratio	0.29	0.22
Long-term debt ratio	0.02	0.02
Management effectiveness ratio		
Receivables turnover ratio (in days)	35.25	71.90
Inventories turnover ratio (in days)	19.73	26.08
Liabilities turnover ratio (in days)	31.83	68.36

The level of gross margin profitability ratio in 2010 remained at a level slightly lower than in 2009. This is due to a smaller share of revenues from sales of products in total sales revenues in 2010 in relation to the previous period. Other indicators of profitability, due to higher revenue from total sales, as a consequence of a higher level of gross profit on sales reached a magnitude higher than in 2009. Positive financial result at the end of 2010 is reflected in other indicators of profitability, which proves that the Company is fully capable of generating profits.

Liquidity ratios are at a high level at all times - although at a lower level during the period under investigation when compared to 2009, but still on a high and safe level for the Company. They define the Company's capability of punctual paying its liabilities. The sizes of these indicators in 2010 showed the excess liquidity. At the end of this year funds accumulated on the Company's accounts amounted to PLN 19,437 thousand. The amount of funds increased in relation to 2009 despite the expenses incurred for the Company's development of Data Center.

The high level of liquidity is also confirmed by the high level of current assets in the Company's total assets, and as at 31.12.2010 it amounted to 59.8%. This proportion remained at the same level with regard to 2009; only the structure of current assets changed due to the increased turnover. Moreover, the short-term receivables increased (to about 95%), while the share of funds in current assets slightly decreased and constituted 50.0%; this share was higher in 2009 and amounted to about 54%.

The total debt ratio as at 31.12. 2010 equalled 0.29, and was higher than in 2009 due to the increase in the liabilities of the Company. In addition, the optimal values of the financial liquidity's indices, and mostly the Company's funds, reduce the financial risk in the enterprise and the probability of a loss of the ability to repay the debts.

As at the last day of 2010, there is a slight long-term debt due to the leasing agreements on the means of transport.

Receivables turnover ratio decreased in comparison to 2009 and in 2010 equalled 35 days. This ratio can give the information about possible problems with the collection of the receivables which can reduce the liquidity of the Company. Talex, due to the money on the account and with no credit at the same time, can afford a temporary lending of its clients, which indeed involves the freezing of funds in the claims, but in the current market situation, it can also help to strengthen the relationships with regular customers of the Company and to build lasting relationships with newfound customers of Talex SA.

Liabilities turnover ratio also decreased in comparison to that of 2009 and equalled approximately 32 days. The level of this index correlates with the amount of receivables turnover ratio. The extension of the payments period is commonly used as a form of interest-free credit, which is particularly useful in cases where the Company gives credits to its customers, determining the extended payments terms.

Inventories turnover ratio decreased in 2010, compared with 2008. Its value depends also on the types of agreements that are concluded by the Company.

On the basis of the above analysis, the financial condition of the Company may be described as good. Good financial liquidity characterizes the Company and the indicators of management performance reflect the policy of the Company as well as the decisions taken in the last year in terms of the agreements executed by the Company.

Financial standing

The Company's shareholders' equity as at 31.12.2010 amounted to PLN 43,883 thousand, which comprised:

• share capital (3,000,092 shares)	PLN 3,000 thousand
• reserve capital	PLN 38,639 thousand
• net profit for 2009	PLN 2,244 thousand

The Company's standing, in terms of payments, was good in 2010. There were no difficulties with prompt payments of taxes, social insurance or payments to employees and suppliers.

The cash at hand and on bank accounts is sufficient to secure the Company's current needs and amounted to PLN 19,438 thousand as at 31.12.2010.

Total liabilities as at 31.12.2010 amounted to PLN 18,522 thousand, which comprised 42.2% of shareholders' equity. Up to 31.12.2010, the Company did not take any bank credits.

In 2010, the Company placed its free assets mainly in fixed-term over-night deposit accounts.

The enterprise will continue to finance its activity through the shareholders' equity. Current liabilities will be paid with the Company's current receivables. In case of the enterprise signing any significant agreements, the assets of the Company will make it possible for the enterprise to get a credit from the bank that offers its services to the Company.

Information on buying Company's own shares

In 2010, the Company did not hold or buy any of its own shares.

Financial risk management

In 2010, the Company signed further leasing agreements. As at 31.12.2010, the liabilities, on this account, amounted to PLN 1,823 thousand, which comprised PLN 972 thousand of long-term liabilities and PLN 851 thousand of short-term liabilities. Given the amount of the Company's cash, and so the high level of liquidity in the Company, stable for a couple of years now, the risk of changes in interest rates does not threaten the activity of the enterprise. Moreover, the Company has not taken any bank credits or loans.

The risk of changes in foreign currency exchange rates against PLN is high regarding the current state of the market. Therefore, so far the Company has not used any services reducing exchange rate risk, offered by financing units. In 2010, payments in foreign currencies comprised approximately 8.81% of the Company's total payments. Supply payment deadlines did not exceed two months. The decisions concerning the use of hedging instruments will be taken depending on the state of the foreign currency market.

Employment

At the end of 2010, the Company had 242 employees. The average employment expressed in full-time jobs equalled 232 and was higher by 17 compared with the average employment in the previous year. The increase of employment is related to the attracting new big clients for IT and technical support services and to the expansion of field service units of the Company.

Significant risk factors and threats

Risk associated with economic situation

The constant economic and political changes may constitute a source of both threats and opportunities for businesses in Poland. The elements of the country's economic policy most significant for business are employment costs, taxes and investment policy. The key macroeconomic factors include the level of GDP, investment, inflation and exchange rates – especially USD and EUR. The poor state of the economy, and so, poor state of businesses, may result in the decrease of investments, reducing the number and value of the Company's orders.

Risk associated with competition

The Company operates in a sector, where one needs to face intense competition, both from domestic businesses, which have been operating on the market for years, as well as new businesses. The growing number of the latter is a result of, among other things, open borders and the influx of foreign businesses operating in the same sector. Those businesses try to take over part of the market by taking over small domestic companies. Another significant threat is the growing tendency to provide direct services by global suppliers of computing solutions, who, so far, have operated in Poland through domestic integrators. The strengthened position of the rival businesses may weaken that of the Company. The Company's activities which are to minimize the above risks involve constant expanding of the offer by the newest technological solutions, raising the qualifications of the staff as well as providing services, whose standard guarantees that the Company is perceived as professional, experienced and reliable.

Risk associated with supplier dependence

The Company has signed partnership agreements with numerous global IT corporations. In most cases, those corporations offer solutions similar in quality, function and price. The Company also cooperates with many domestic distributors of IT products. As a result, most of the solutions offered by the Company may be based on alternative products provided by different suppliers. However, part of the company's offer is based on products that are unique. The need to use particular manufacturer's products may sometimes be determined by specific requirements of a client. If the Company ceased to cooperate with particular corporations in the IT sector, it could lose the opportunity to sign certain agreements.

Risk associated with large customer dependence

According to the strategy of the Company's commercial operations, large part of the Company's activities is based on regular, long-standing and extensive IT services provided to large businesses. The strategy involves unquestionable benefits but also the risk that, in case of losing certain important customers, the Company will face a temporary reduction of revenues or even the need to reorganize certain areas of its activity. To minimize this risk, the Company tries to increase the number of its key customers and generate part of its revenues by cooperating with many small contractors.

The risk associated with providing solutions and services of crucial importance for the customers' business activities

The Company's customers deem a considerable number of the solutions and services provided by the Company highly important for business processes. Any defects in the solutions provided by the Company or inappropriate implementation of the services offered may lead to considerable losses on the part of the customer or, in some cases, make it impossible for the customer to conduct their basic business activities. In such cases, the Company may have to pay the financial penalty and damages specified in the agreements and lose some of its customers. To minimize this risk, the Company includes provisions of its limited liability in the agreements and signs insurance agreements with insurance companies.

The risk associated with losing key employees

Given the open job market in the countries of Western Europe as well as the growing demand for the ICT experts in the foreign businesses operating in Poland, the Company

may lose many of its highly qualified employees. If the Company lacked employees with specialist qualifications, it could lose some of its certificates and entitlements. Also, the standard of the services provided by the Company could fall. Therefore, the Company offers a variety of incentives, both financial and non-financial, for example, specialist training courses on the newest information technologies, where employees can improve their qualifications. As a result, the Company has not marked any significant loss of its indispensable experts for the last couple of years.

Basic products, goods and services

The sales of goods and materials comprised approximately 65% of total sales in 2010. The remaining 35% are the revenues from the sales of products.

SPECIFICATION	2010 (PLN in thds)	2009 (PLN in thds)	Fluctuation
Revenues from sales of products	37,121	27,883	133.13%
Revenues from sales of goods and materials	68,715	34,020	201.98%
TOTAL NET SALES REVENUES	105,836	61,903	170.97%

Maintenance and computer repair services (32.63%), structural cabling installation services (20.48%), high-power computers' installation services (11.34%), software services for particular users (9.68%) and computer and other IT hardware installation services (about 8.98%) comprised the largest share of the sales of services.

SPECIFICATION	2010 (PLN in thds)	2009 (PLN in thds)	Fluctuation
- maintenance and computer repair services	12,114	9,973	121.47%
- construction works related to structural cabling installation	7,603	6,043	125.82%
- supercomputer and other hardware component installation services	4,210	340	1239.41%
- user's software services	3,595	2,727	131.84%
- personal computer and software installation	3,333	4,891	68.15%
- hosting and data processing services	1,566	967	161.86%
- provision of transmission systems	1,049	467	224.67%
- client's computer system management and service	947	760	124.59%
- real estate renting and management	776	840	92.45%
- software development	470	-	-
- other goods sales agency	451	201	224.03%

- call center services	277	81	340.34%
- computer system design	252	5	5402.25%
- machine and office equipment leasing and renting services	142	-	-
- computer hardware sales agency	104	501	20.80%
- warehousing	65	-	-
- organization and management of conventions, promotional activities	53	20	267.90%
- portal management	47	-	-
- computer courses and other education services not related to state schooling system	34	42	81.37%
- air conditioning and ventilation installation services	17	25	65.93%
- advertising campaigns and other advertising services	12	-	-
- maintenance and repair of modems, camcorders and communication equipment	4	-	-
TOTAL NET REVENUES FROM SALES OF PRODUCTS	37,121	27,883	131.13%

The fluctuation rate of the revenues from sales of goods and materials equalled 201.98% in 2010, compared with the parallel period of the previous year. Compared with 2009, the Company generated higher revenues from sales of computers and peripheral equipment as well as from sales of software.

SPECIFICATION	2010 (PLN in thds)	2009 (PLN in thds)	Fluctuation
- wholesale of computers, software and peripheral equipment	67,192	33,524	200.43%
- wholesales of electronic and telecommunication equipment	581	5	12,318.88%
- remaining unspecialized wholesale	916	454	201.82%
- remaining retail (out of retail outlets)	26	38	68.11%
TOTAL NET REVENUES FROM SALES OF GOODS AND MATERIALS	68,715	34,020	201.98%

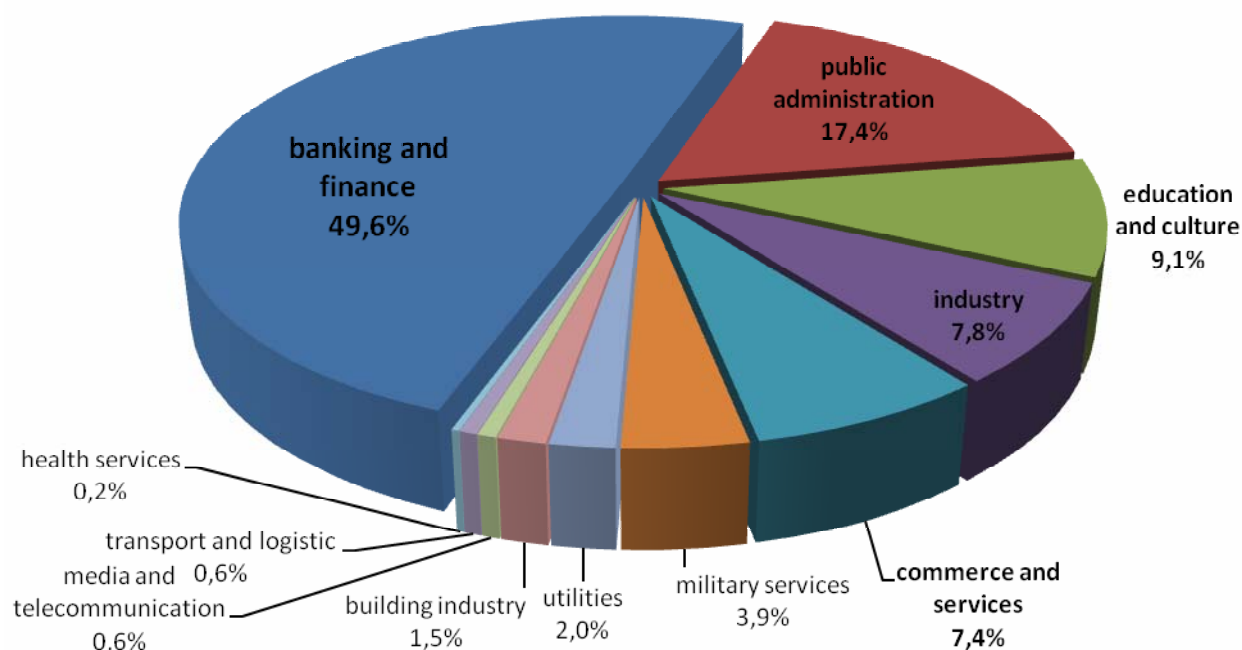
Markets and sources of supply

In 2010, the Company sold goods and products only on the Polish market.

Structure of Clients.

CLIENTS	2010	
	PLN in thds	%
BZ WBK Group	25,005	23.6
ING Group	13,241	12.5
The Kujawsko-Pomorskie Voivodeship in Torun	12,660	12.0
The Information Society Development Foundation	8,069	7.6
PZU Group	5,902	5.6
The Regional Police Headquarters in Poznań	4,107	3.9
KBC Group	3,578	3.4
Courts in Poland	2,313	2.2
Bank Handlowy w Warszawie S.A.	2,039	1.9
CHEMIA COM S.A.	1,635	1.5
Wielkopolska Spółka Gazownictwa Sp. z o.o.	1,244	1.2
General Directorate of the State Forests National Forest Holding	1,208	1.1
Advatech Sp. z o.o.	1,107	1.0
Other	23,728	22.4
TOTAL	105,836	100.0

Structure of sales in 2010, by sectors of sales



Main suppliers of the Company

SUPPLIERS	2010	
	PLN in thds	%
Microsoft Ireland Operations Ltd	15,508	21.8
PC Factory S.A.	12,527	17.6
ABC DATA Sp. z o.o.	9,802	13.8
Hewlett Packard Polska Sp. z o.o.	7,806	11.0
Tech Data Polska Sp. z o.o.	6,465	9.1
Arrow ECS Sp. z o.o.	3,208	4.5
INCOM S.A.	1,622	2.3
AB S.A.	1,514	2.1
Image Recording Solutions Sp. z o.o.	1,257	1.8
DELL COMPUTER POLAND Sp. z o.o.	1,125	1.6
Innovation Technology Group S.A.	1,090	1.5
S4E S.A.	1,085	1.5
ELEKTRO HANDEL CENTRUM Sp. z o.o.	1,056	1.5
Other	22,551	31.7
TOTAL	71,108	100.0

The company is not dependent on the suppliers to any great extent. In particular, goods and products purchased by the Company from suppliers trading with whom comprises the turnover of approximately 10% of the total value of supplies, can be purchased from alternative distributors on similar purchase terms.

The Company does not have any formal relations, other than commercial settlements, with recipients or suppliers whose share exceeds 10% of the total sales income.

Information on agreements significant for the issuer's activity

- On the 1st of January 2010, the Company concluded an agreement with 3GNS Limited Partnership Company with its seat in Warsaw (3GNS), the subject of capital group P4 sp. z o. o. with its seat in Warsaw, operator of PLAY mobile network. The subject of the agreement is the delivery of IT services. Based on this agreement, the Company will provide outsourcing services of collocation for telecommunication devices in its Data Center. The agreement has been concluded for the period of 10 years. Remuneration for executing the subject of the agreement is estimated at PLN 6.7 mil.
- On the 9th of March 2010, the Company concluded an agreement with the Polish Agency for Enterprise Development with its seat in Warszawa. The subject of the agreement is subsidizing the project carried out by the Company of building an application to support information exchange between IT systems of the Company and of its clients. The maximum value of granted subsidy is equal to PLN 1.14 million net. The subsidy has been granted to the Company as part of Measure 8.2 "Support for the implementation of electronic business of B2B type,

Priority Axis 8: Information Society - increase of innovativeness of economy" from

the Operational Programme - Innovative Economy, 2007 - 2013.

- On the 9th of April 2010, the Company signed an agreement with Board of Wielkopolska Region, acting as the Managing Institution for Wielkopolska Regional Operational Programme for 2007 to 2013. The subject of the agreement is subsidizing the project carried out by the Company entitled "Creating a modern Data Center to increase the level of competitiveness and innovation of Talex S.A." Maximum value of the granted funding is equal to PLN 2.3 mil. net. Funding has been provided under the Wielkopolska Regional Operational Programme for 2007 to

2013, co-financed by the European Regional Development Fund.

- On the 20th of April 2010, the Consortium of two companies: Talex S.A. located in Poznan and Biuro Informatyczno - Wdrożeniowe "Koncept" Sp. z o.o. located in

Cracow signed an agreement with the Social Insurance Company located in Warsaw (ZUS). The subject of the agreement is the delivery of software of total net value PLN 24.8 mil.

- On the 21st of May 2010, the Company signed an agreement with Chemia.com S.A. located in Warsaw. The subject of the contract is the delivery of software, implemented over three years. The estimated net value of the contract denominated in Euros is equivalent to the amount of PLN 4 million. The final value of the contract depends on the value of any additional orders.
- On the 28th of May 2010, the Company, acting as an Authorized Representative for Consortium consisting of: Talex SA with its seat in Poznan, AB-Micro Sp. Z o.o. with its seat in Warsaw and DGT Sp. z o.o. with its seat in Straszyn concluded an agreement with State Treasury, represented by Voivodship Police Headquarters in Poznan. The contract covers the delivery of IT solutions with a total gross value of PLN 5.15 million.
- On the 29th of June 2010, a Consortium of companies: Talex SA in Poznan and Internetia Sp. z o.o. with its seat in Warsaw concluded an agreement with the Court of Appeal in Lodz. The subject of the contract is the delivery of ICT solutions and services with a total net value of PLN 2.9 million.
- On the 9th of the Consortium of TALEX SA with its registered office in Poznan, and PC Factory S.A. with its registered office in Warsaw, concluded the contract with the

Kujawsko-Pomorskie Voivodeship in Torun. The contract covers the delivery of IT solutions with a total gross value of PLN 29 million.

- In 2010 the Company received a number of contracts from Bank Zachodni S.A. to deliver IT solutions for the total amount exceeding the criteria of significant agreements. The Company informed about it in current reports 23/2010, 24/2010.

In the period presented (2010), the delivery of the technical support and maintenance as well as outsourcing services, specified in agreements signed, among others, with the General Directorate of the State Forests National Forest Holding, Bank Zachodni WBK S.A. in Wroclaw, KBC Group, ING Group and PZU Group was continued.

Moreover, in the period presented, the Company continued its activities related to the development and promotion of software offered by the Company as well as services implementation, and carried out work according to the agreement concluded in December 2009 with the Foundation for the Development of Information Society, with its seat in Warsaw (the Foundation). The contract covers the delivery of IT solutions to public libraries throughout the country as part of the Library Development Program of the Polish-American Freedom Foundation. Polish-American Freedom Foundation is a partner of Bill and Melinda Gates Foundation, which is to facilitate access to computers, the Internet, and training in Polish public libraries. The Library Development Program in Poland is implemented by the Foundation for the Development of Information Society. Remuneration for the execution of the contract is estimated to gross amount of PLN 9.7 million.

To the best of the Company's knowledge, there were no agreements signed between its shareholders in 2010.

Information on the organisational and capital relations of the issuer

The Company does not have any organisational or capital relations with other entities.

Transactions with related entities

In the period presented, the Company did not conduct any transactions with related entities.

Information on credit and loan agreements

The Company does not have the need to take credits or loans. The Company's current assets fully secure its needs.

Information on loans, sureties and guarantees granted

The contingent liabilities of the Company, due to bid bonds, performance bonds, bonds on account of warranty and guarantee and payment guarantees issued by the financing bank, amounted to PLN 5,459 thousand. Those liabilities are secured with capped mortgage on the Company's headquarters building (detailed information on the security is given below) and securities portfolio.

Contingent liabilities included performance bonds, bid bonds, bonds on account of warranty and guarantee and payment guarantees. Performance bonds comprised about 85% of the guarantees issued on 31.12.2010. The purpose of those bonds is to secure the claims which could arise in the case of improper performance of an agreement. Nearly 3% comprised of payment guarantees, whose purpose is to guarantee the timely payment of monetary liabilities, about 6% comprised of bonds on account of warranty and guarantee, and about 6%, for the last day of December 2010, comprised of bid bonds.

As a security to the renewed contract on the limit for bank guarantees, granted to the Company by Bank Zachodni WBK SA, the Company created a capped mortgage, established by a notarial deed, up to the amount of PLN 7 mil, on account of Bank Zachodni WBK S.A., headquartered in Wrocław. The mortgage was created on the real estate owned by the Company, registered in the Land Register kept by the District Court in Poznań – Stare Miasto in Poznań, under the entry no. KW P01P/00137.699/9. The real estate in question comprises a plot of 14,744.00 sq. meters, with an office building of the usable area of 2,445.80 sq. meters. The value of the real estate given in the accounting books of the Company equalled PLN 9.4 mil.

The issuer's use of the inflows from the issue of securities

In the reporting period the Company did not issue securities.

Explanations concerning the differences between the financial results presented in the annual report and the previously published forecast

The Management Board of the Company did not publish any forecast for 2010.

Assessment of financial assets management

Information on the assessment of financial assets management has been presented in the "Financial standing" and "Financial risk management" sections.

The Company systematically meets all the incurred liabilities. Liquidity ratios of TALEX S.A. confirm that the enterprise is able to pay its liabilities. The current ratio equalled 2.21 at the balance sheet date, while the quick ratio equalled 2.11.

The high level of liquidity also confirms the large share of current assets in the total assets of the enterprise, which equalled 59.8% as at 31.12.2010.

Assessment of the feasibility of planned investments

Investment plans of the Company will be presented in the "Perspectives of the issuer's development" section.

The Company's main goals for 2011 are intensified activities of selling the Company's services, especially its software as well as IT implementation and outsourcing services.

The Company intends to finance its planned investments mainly through its own funds and EU grants. The investment schedule has been arranged in such a way that the implementation of particular investments should not affect the Company's liquidity or its financial standing.

The analysis of the balance sheet, profit and loss account, cash flow statement as well as the analysis of the financial standing of the enterprise, based on the standard financial ratios, shows deterioration of economic performance in 2010, however its financial

standing is good and does not pose a threat to the planned investments. Additionally, the enterprise is credible for banks, in case it needs to take an investment loan.

The positive assessment of the feasibility of planned investments is also confirmed by the low total debt ratio as at the balance sheet date.

Assessment of factors and unusual events influencing the financial result in the fiscal year

In 2010, the crisis on the financial markets negatively affected financial results of the Company. Company's clients reduced to the minimum investments in IT technology, which influenced the reduction in sales of software and computer hardware.

Internal and external factors, significant for the development of the issuer's enterprise and perspectives of the issuer's activity development

The past year 2010 was, in its own manner, a breakthrough for the Polish IT market. PMR analysts have noted clear signs of crisis in the IT industry and the improvement of the consumers' mood, especially in the area of institutional clients, who began to realize the previously postponed purchases. According to data from a reputable PMR company, the value of the entire Polish IT sector (sales) could grow in 2010 as much as 5 percent. According to the experts, even double-digit growth is possible in 2011.

The result of the passing crisis will be relatively high unemployment and relatively low level of confidence in the macroeconomics of the IT market for some time yet; also, for this reason the aversion to investments will not disappear too quickly. However, it is not impossible that the market will grow faster than the projections indicate because many IT investments, which were halted due to the global crisis, will be implemented as soon as possible.

The global financial crisis has caused the increased interest in and importance of IT outsourcing as an attempt to optimize the amount of expenses on IT of the companies. The companies will always seek opportunities to reduce costs which will also influence on their attempts to launch IT support to external partner. The market for outsourcing services is constantly monitored and reviewed, so that the customers have the latest results of research on this segment of the service.

Outsourcing services are often a very important element in building long-term business strategies. Companies worldwide are looking for IT service providers who in a safe way will be able to support their internal processes and infrastructure. In the context of the global search for more and more places where you can implement IT service outsourcing model, the Datamonitor Group deserves a special attention; they conducted the annual survey, known as The Black Book of Outsourcing, which resulted in a ranking of the most dangerous and safest places around the world, that provide such services. Recent research conducted in 2010 covered 3,100 market leader companies, including more than 400 customers benefiting from the outsourcing (including IT outsourcing and BPO). The examiner asked respondents how they perceive each city in terms of different threats and potential weaknesses, including that of geopolitical risks, terrorist threats, climate, legal maturity, waste and pollution, the safety of telecommunications and IT infrastructure as well as crime rates.

According to the results in 2010, the whole region of Central and Eastern Europe (CEE) headed the list of safest cities, which indicates that outsourcing in this region is interesting not only for domestic companies but also for partners around the world.

These results are particularly important for companies involved in high-risk business, and such will include financial institutions, where security, stability and data protection prevail and often outweigh the cost factors. According to published research results, the CEE region turns out to be ideal for the outsourcing of IT projects in terms of both safety and cost.

In the new year, the Company plans to continue to focus its activities on: outsourcing, integration services in the field of information technology and software production. Treating outsourcing services as one of the strategic directions of development, the Company is consistently, for several years, developing the necessary skills and technical infrastructure. In addition, the Company has this year received funding for the project entitled "Establishing a modern Data Center to raise the level of competitiveness and innovation Talex S.A.". Funding was granted to the Company under the Wielkopolska Regional Operational Programme 2007-2013, co-financed by the European Regional Development Fund.

In the last year, in response to market needs and due to the consistently pursued policy of IT infrastructure services development as well as the maintenance and support services in the Company's units throughout the country, the Company launched other new service facilities - the Company's offices in: Cracow, Zielona Góra, and Cesky Tesin and the Company's developing outsourcing services implemented on the basis of its own Data Center.

The revenues of the Company in the next quarter will mainly be affected by revenues from the implementation of permanent, long-term multi-annual contracts with the Company's customers.

Also the co-financing agreement from March 2010 concluded by Talex with the Polish Agency for Enterprise Development with its registered office in Warsaw will have an influence on the Company's future financial results. The subject matter of the agreement was to provide subsidies towards the project carried out by the Company and concerning the creation of an application supporting the exchange of information between the computer systems of the Company and its customers. The maximum value of the granted subsidy amounts to PLN 1.14 million net. The subsidy has been granted to the Company under the operation 8.2 " Providing a support for the implementation of B2B electronic business, priority axis 8:Information society – the increase of the innovativeness of the economy" from the Innovative Economy Operational Programme 2007-2013.

A factor that may affect the Company's future results is the realization of the project entitled 'Implementation of B2B electronic business by the implementation of a new system supporting the enterprise management in Talex' which consists of the implementation of adjusted to the Talex ERP system's needs - Microsoft Dynamics AX 2009, in particular the module AIF - Application Integration Framework, allowing for the integration with business partners of the Company. Furthermore, the system will support the processes in the area of accounting, trade including invoicing, logistics and warehouse management, project management, asset management and controlling. New solutions will also facilitate the expansion to foreign markets, the increase of the financial operations' efficiency and strategic planning.

Outlays on tangible fixed assets of the Company in 2010

In 2010, the outlays on tangible fixed assets and intangible assets of the Company amounted to PLN 6,088 thousand.

Main outlays on tangible fixed assets of the Company in 2010:

Outlays	Amount (PLN in thds)
Purchase of technical equipment and machinery	3,843
Server room	1,206
Intangible assets	659
Purchase of other fixed assets	302
Purchase of means of transport	41
Adaptation of premises	36
Initial outlays for the purchase of land	1
TOTAL	6 088

The outlays on the purchase of technical equipment and machinery constituted the largest part of the outlays on tangible fixed assets. They comprised nearly 63.12% of the outlays on construction in progress in 2010. Apart from that expenditure on the server room (approximately 19.81%) and intangible assets (approximately 10.82%) consist in the fixed assets. The Company's outlays related mainly to the project entitled 'Establishment of a modern Data Center to raise the level of competitiveness and innovation of Talex SA' which is co-financed by the European Union. Last year, the Company was in the course of carrying out its plans to increase the outlays on the modernization of the car fleet as well as the replacement and modernization of technical equipment, essential for the delivery of computing services.

Plans to increase and maintain tangible fixed assets in 2011

The outlays on the tangible fixed assets of the Company in 2011 will be mostly related to the further extension of the Data Center, especially to the provision of the essential IT infrastructure in the new building, which will increase the Company's potential to deliver outsourcing services.

Further outlays on replacement and modernization of technical equipment, essential for the delivery of computing services, have been planned for 2011.

Specification:

- Purchase of technical equipment and machinery: PLN 2,800 thousand
- Intangible assets: PLN 1,400 thousand
- Server Room: PLN 1,000 thousand
- Other fixed assets: PLN 100 thousand
- Purchase of land: PLN 30 thousand

Changes in the basic principles of managing the issuer's enterprise

In 2010, there were no significant changes in the basic principles of managing the Company.

Composition of members of the Management and Supervisory Boards of the Company, principles concerning the appointment and dismissal of the managing persons and the authority of the managing persons

On the 24th of March 2010 the Supervisory Board of the Company expanded the Management Board composition and appointed Mr Radosław Wesołowski as a Member of the Management Board of the Company.

Agreements signed between the issuer and the managing persons, providing for a compensation for the latter in case of their resignation or dismissal

The Company did not sign any agreements with the managing persons, providing for a compensation for the latter in case of their resignation or dismissal.

Value of the remuneration, awards or benefits paid, due or potentially due to the managing and supervising persons

The information has been featured in section 10 of the "Additional notes to the annual report 2010" document, section 10.

Shares of the issuer and shares of the related entities, held by the managing and supervising persons

Total number and nominal value of the shares of the Company

Issue	Number of shares	Nominal value (PLN)	Total value (PLN in thds)
Total	3,000,092	1	3,000
Series A	102,000	1	102
Series B	849,000	1	849
Series C	450,000	1	450
Series D	889,092	1	889
Series E	710,000	1	710

As at 31.12.2010, the members of the Management Board held the following shares of the Company:

Shareholder	Number of shares					
	Series A	Series B	Series C	Series D	Series E	Total
Janusz Gocałek	34,000	283,000	145,216	294,340	-	75,556
Jacek Klauziński	34,000	283,000	145,216	294,340	-	756,556
Andrzej Rózga	34,000	283,000	145,216	294,340	-	756,556
Rafał Szalek	-	-	-	-	889	889

To the best of the Management Board's knowledge, the members of the Supervisory Board do not hold any shares of the Company.

Shareholders holding, directly or indirectly, through controlled entities, at least 5% of the total votes in the General Meeting of the issuer

Shareholder's name	Number of shares	Share (%) in the capital	Number of votes	Votes (%) in the General Meeting of Shareholders
Total	3,000,092	100.00	3,408,092	100.00

Janusz Gocąlek	756,556	25.22	892,556	26.19
Jacek Klauziński	756,556	25.22	892,556	26.19
Andrzej Rózga	756,556	25.22	892,556	26.19

Information on the agreements known to the issuer, which may result in future changes in the present structure of share ownership in terms of shares held by current shareholders and bondholders

The Company does not have any information on the agreements, which may result in future changes in the present structure of share ownership in terms of shares held by current shareholders and bondholders.

Information on holders of securities which entitle to special supervisory powers over the issuer

The Company did not issue any securities which entitle to special supervisory powers over the issuer.

Information on the system of controlling the employee share ownership schemes

The Company does not have the system of controlling the employee share ownership schemes.

Information on the limitations related to the transfer of ownership rights to the securities of the issuer and the exertion of voting rights in relation to the shares of the issuer

Only the shares of series A, B and D, being registered shares, are subject to the limitation of the transfer of ownership rights. Additionally, shares of series A are preference shares regarding the voting right. The terms of conversion of those shares into bearer shares as well as of their disposal have been defined in par. 8 of the Company's Articles of Association. The shares of the Company are not limited as to the exertion of voting rights.

Information on the issuer's adherence to the principles of corporate governance

The information has been featured in the "Report on the adherence to the principles of corporate governance by Talex S.A., headquartered in Poznań, in 2010", which constitutes an annex to the present report.

Information on agreements with an entity authorised to audit financial statements

On 21 June 2010, the Supervisory Board of the Company, on the basis of the Company's Articles of Association, adopted a resolution to select Poprawska i Kasztelan – Biegli Rewidenci Spółka Partnerska, headquartered in Poznań, ul. Winklera 1, as the auditor of the Company's financial statements. On 6 July 2010, agreements were signed with the auditor, whose subjects were the review of the semi-annual financial statements drawn

up for 30.06.2010 and 30.06.2011 and the audit of the annual financial statements drawn up for 31.12.2010 and 31.12.2011.

The selected entity is registered under the no. 2791 on the list maintained by the National Council of Chartered Auditors.

The total net value of auditors' remuneration amounts to PLN 40,660 thousand, of which PLN 6.5 thousand was paid for the review of the semi-annual financial statement drawn up for 30.06.2010 and a prepayment of PLN 4,1 thousand which was made for the audit of the financial statement drawn up for 31.12.2010.

In 2010 the Company did not use tax consulting services.

Poznan, 10 March, 2011

Members of the Management Board:

Janusz Gocałek.....

Jacek Klauziński.....

Andrzej Rózga.....

Rafał Szałek.....

Radosław Wesołowski.....