Dear Shareholders

Annual Report for 2009 available to public

Introduction

The year 2009 was in Europe and the world the year of widespread recession and economic crisis, which engulfed many sectors of the economy. Different countries have suffered to varying degrees from this crisis. There was a marked slowdown in the IT market. Analysts estimated the cumulative value of this market in the three largest countries of the Central European market, namely Russia, Ukraine and Poland have decreased by about 10.5%.
According to data of Central Statistical Office, Poland managed to fend off the most dangerous consequences of the crisis, although even here, many companies have made significant modifications to its plans to re-examine the strategic and financial outlays. Most affected companies were those which based their activities on the close cooperation with partners overseas and here we had spectacular changes, and even shutting down certain areas of activity.

Companies that based mainly on cooperation with national partners and offering products and services on the local market were affected less, although here also we could and in a clear slowdown in growth. Not being directly affected by the global crisis, these companies have suffered the effects of conservative actions of their partners, their greater caution in making financial decisions, a tendency to shift significant expenditures for the period after the crisis, when the situation on the markets will be able to crystallize. The IT industry was hit by investment savings of the financial sector, which is one of the strategic consumers of goods and IT services offered by our Company.

In this macroeconomic environment we had to work in 2009. Changes in behavior of our customers, noted a year earlier and continued in 2009, had to have a negative impact on our financial results. The company has, however, a well-established long-term development strategy which allowed us to carry out previously made plans in the belief that the current market situation is temporary. We do not intend to abandon our ambitions, because when the situation stabilizes, we want to be first in line of companies that create new value in the IT market. We are confident that soon our current and prospective customers will shake off the post-crisis shock and come with the new orders. Then we are ready to offer them products and services corresponding to the latest technical achievements and ideas in line with the highest standards.

So we continue to develop our database of support and integration services, we carry out projects based on UE standards which aim to improve our competitiveness. We managed to obtain EU financial support for several such projects, the company opened new branches. Today we can say that we can reach the farthest corners of the country with our services in time defined in our contract with the customer. The structure of our company has been adjusted to new requirements of our customers by creating the Department of IT Support offering Help Desk services. We gained new employees - both employees of technical departments providing direct service to our customers and sales staff, engaged in seeking new business opportunities.
Our Data Center continues to be strengthened and developed and now stores the critical data of our customers. Outsourcing services offered by Talex bring measurable financial benefits. These actions, although in part financed by the European Union, also required considerable effort on our part, which was reflected on the final results.

Thus, although did not manage to close the year 2009 successfully, we have all grounds to believe that we are going the right way.

Our results in 2009

Company's revenues from sales in 2009 amounted to PLN 61,903 thousand, including revenues from the sales of products of PLN 27,883 thousand and from sale of goods and materials PLN 34,020 thousand. This means that compared to 2008 we had lower revenues from sales of products by 13.1% and the decrease in revenues from sales of goods and materials - 65.7%. The drop in revenues from sales of goods and materials is substantial, and mainly due to the prolonged life of equipment purchased by business customers. As mentioned in the introduction, clients reduce operating costs by delaying the exchange of equipment in use. However, profitability from sales of goods and materials amounted to 6.3%, which represents only a slight drop compared to 2008, when it was 8.9%.

Gross profit from sales of products in 2009 amounted to PLN 6,589 thousand, compared to PLN 9,091 thousand in 2008. This situation is the result of economic crisis, which is reflected in the Polish firms cooperating with foreign partners. This is particularly evident in the financial market, because the vast majority of Polish financial institutions have foreign majority shareholders.

As a result, the Company closed the year 2009 with a net loss equal to PLN 2,780 thousand. It must be noted that, despite of this loss, our company has not taken drastic steps to reduce costs, such as reducing employment, whereas we have made fruitful and successful efforts to attract new major customers. This allows us to look optimistically into the future.

Our clients and suppliers

As in previous years, our offer is directed mainly to large and medium-sized enterprises, mainly the financial market (52% of revenues), trade and services (18.9% of revenues) and government (12.98% of revenues). Other markets include manufacturing and industry (8, 93%), media and telecommunications (3.05%), followed by construction, transport and logistics, education and culture, uniformed services and healthcare.

The strategy of the Company assumes that a significant portion of its business is based on solid, long-term and comprehensive use of IT corporations. We are trying to increase the number of key customers and generate some revenue working with many smaller contractors, while avoiding the risks associated with dependence on large customers.

Our main suppliers are Polish and international IT companies such as Microsoft, Hewlett Packard, IBM, Dell Computer, Fujitsu and others. We are not significantly dependent on the suppliers and we can buy goods from alternative distributors on similar terms.

Our competency

Customers' trust and recognition results from the qualification and competence of our employees. Information technology is one of the fastest growing fields of science. New products and technologies continually appear. Our company has always stressed the importance of continuous upgrading of skills and acquiring new authorization.

We have signed partnership agreements with leading global software and hardware manufacturers such as IBM, Hewlett-Packard, Microsoft, EMC, Cisco Systems. We have the status of Gold Partner and Microsoft Gold Authorized Consultant (VAC) and VMware Premier Partner, the highest level in Poland. Our engineers, passing qualification exams, gain knowledge and skills fruiting later in the contacts with clients. List of certificates earned by our employees is constantly expanding and we intend to continue this trend in 2010.

We have quality (ISO 9001:2000) and security (ISO 27001:2005) certification, which guarantees our clients the high quality of our services and complete security of data and information entrusted to us.

We care about the development of our infrastructure, which enables us to offer customers the most advanced services. This particularly refers to outsourcing services carried out in our Data Processing Center (Data Center). We have customers not only interested in our Data Center services, but already benefiting from the surface and infrastructure of these facilities. Our competence in the delivery of outsourcing services, based on international standards, and backed by certificates of our engineers, our resources and infrastructure, create an attractive offer for key customers of the financial and industrial sectors.

Plans for 2010

According to our previous strategic plans implemented consistently for several years and modified depending on market conditions, we intend to continue to focus on offering an even wider range of integration services, outsourcing services using the infrastructure of our Data Center and on offering our own software products tailored to individual customer needs.

Much emphasis will be put to skills development of our merchants, because they are the first link in contact with customers. We are already increasing their number by recruiting experienced persons with established contacts with key customers interested in IT services.

We are open to use of EU assistance in obtaining funding for carrying out projects. We have already achieved good results in this area and we intend to continue to go in that direction.

Conclusion

P.T Shareholders are encouraged to get acquainted with the report on our activities, which includes detailed data and numbers.

Thank you very much for your trust. On behalf of employees and management team of our Company, I can assure you that we will make every effort to make our company to continually grow.

Janusz Gocałek
President of Management Board
TALEX S.A.