

WE ARE A STRONG AND EXPERIENCED GROUP

On behalf of the AB company, I encourage you to read the latest issue of the "AB Newsletter" in the year 2010.

The AB S.A. company operates in three countries located in the Central-East Europe – apart from Poland, we do our business also in the Czech Republic and Slovakia. In Poland we are at the forefront of the distribution market, belonging to the top three. We have also a strong market position in the Czech Republic and Slovakia, but first and foremost we develop much quicker than our competitors. We have been present in the market for 20 years, have witness numerous market, legal and tax changes, as well as dramatic technological revolutions. Experience gained at the three leading European markets is a tremendous asset,

which is yielding continuous profit and is reflected by the financial results. In the first quarter of 2010 the AB company generated the consolidated net profit amounting to PLN 5.91 million, up 31% compared to the same period a year before.

A positive result would not have been possible without systematic improvements in all areas of business management. It is worth noting that we achieved these results in difficult market conditions, which shows our great determination to achieve stable growth. Managing a Group which consistently generates good results indicates a high potential which can be leveraged as soon as the economic situation improves. The AB Group has stable funding for its business, and consequently reduces the demand for capital. Only in the last quarter did we sign three annexes to the credit facility agreements. In May we were chosen by a jury to represent Poland in a competition "The European Business Awards". It is an honour for us that we were recognized as one of the leading companies in our country, especially since the prize "The European Business Awards" is awarded to the most innovative companies in Europe. This motivates us even more to implement our strategy



Andrzej Przybyto,
President of the AB S.A. Management Board

AB S.A. for Investors

Fresh news from the company, notices about current or periodic reports being published sent directly to your e-mail box. All you have to do is register at our website www.ab.pl at the Presentations for investors link.

You are welcome.

consistently. Strong foundations give us a significant competitive advantage. Recent analysts' forecasts indicate that the IT sector in Poland is likely to rise by about 3 percent. We believe that we will be a part of this growth. We intend to develop at least as fast as the market. ■

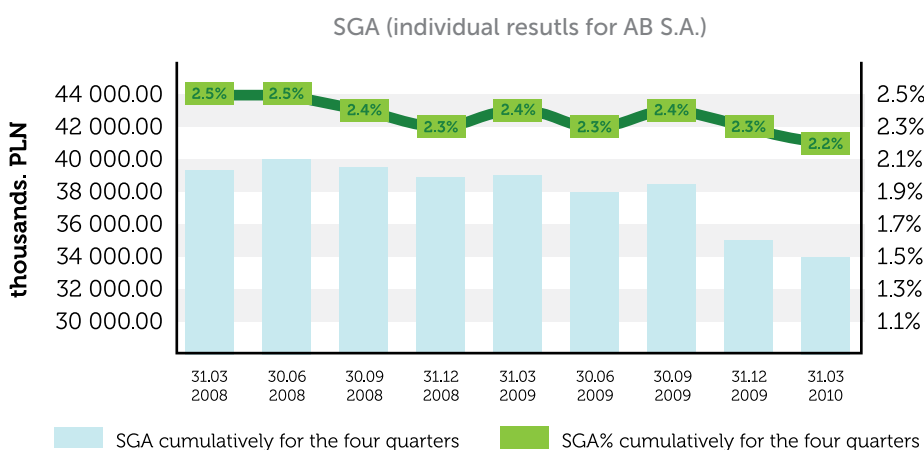
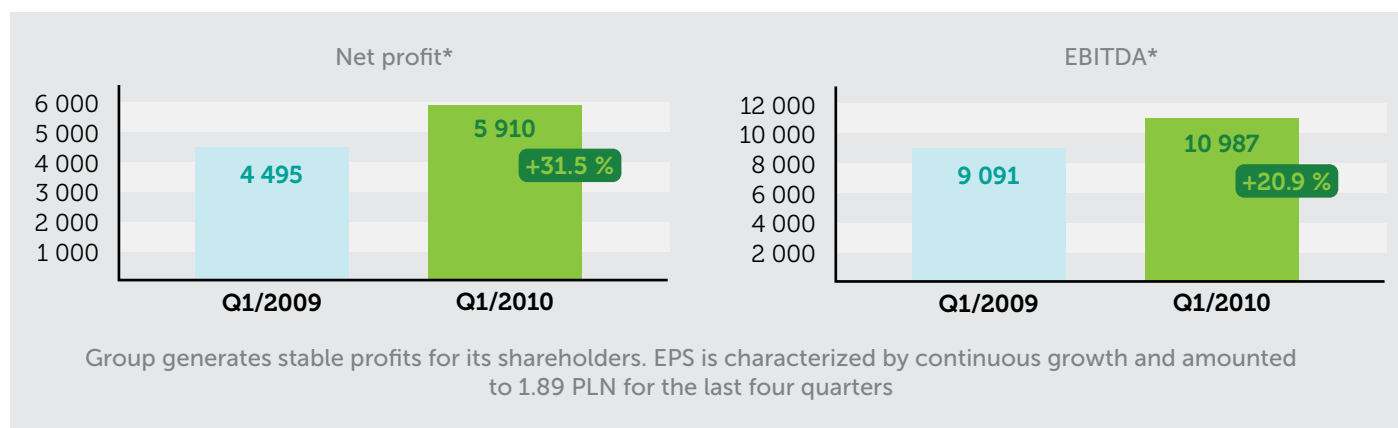
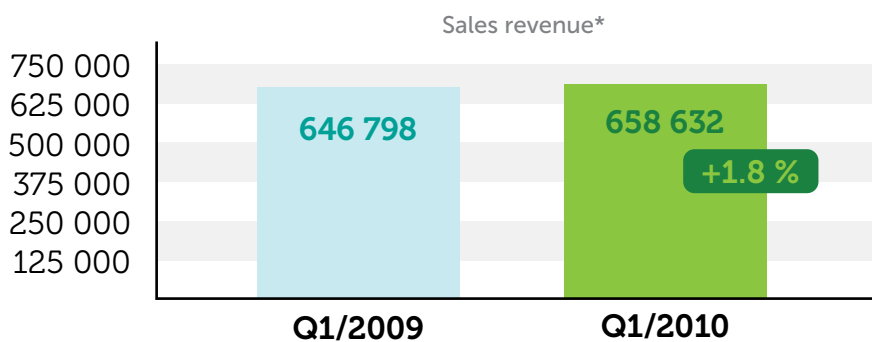
FINANCIAL RESULTS OF THE AB GROUP FOR THE FIRST QUARTER OF 2010: ON THE RISE AGAIN

In the first quarter of 2010 the AB Group generated the consolidated net profit amounting to PLN 5.91 million, up 31% compared to the same period a year ago. The net profit for AB alone equalled PLN 2.68 million (increase by over 80% y-o-y). The company has confirmed its good health and readiness to operate in every environment, even the most challenging one.

“Over the past several quarters we have shown that we are a very predictable company, and if we surprise, we do it with higher profits. These are the fruit of very diligent work, primarily due to optimizing the Group management processes. In this way we are able to work out better results at the net profit level, maintaining the comparable revenues. We have been consistently lowering the

demand for capital. Our net interest-bearing debt has declined y-o-y by almost 94 million, i.e.

over 50%.” – said Andrzej Przybyto, the President of the AB S.A. Management Board.

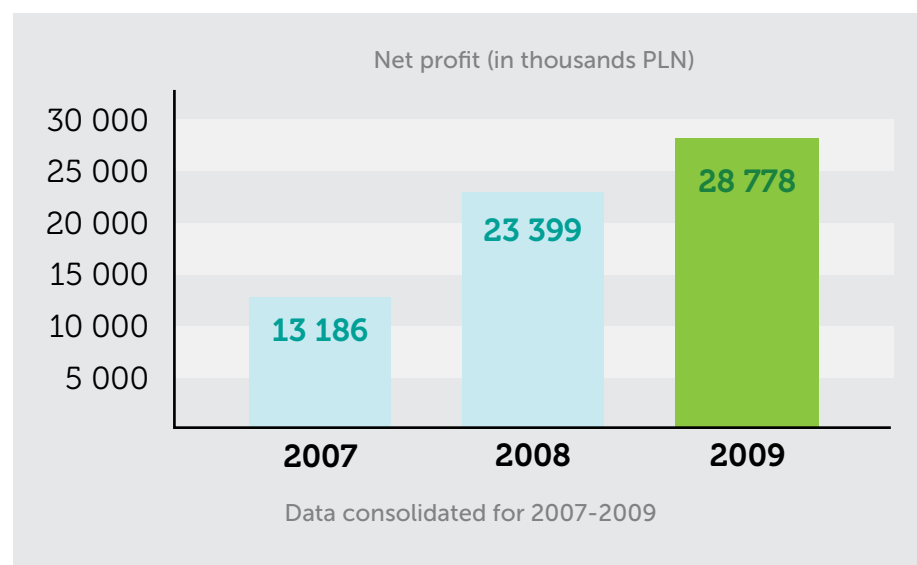


We have the lowest SGA (selling, general and administrative expenses) ratio among companies from our branch of business. Low level of the SGA means low operating leverage, which is most significant in the variable macroeconomic environment. We develop management processes in order to achieve even better cost results.

* data in thousands PLN

THE INVESTOR ASKS QUESTIONS

Below you will find answers given by the AB S.A. company Management Board to the frequently asked questions, raised by investors directly or via discussion forums. The questions are answered by Grzegorz Ochędzan, the Management Board Member and the AB S.A. company Financial Manager.



» **Does the company plan to pay a dividend for the year 2009/10?**

It is too early to decide on the possible distribution of the profit for the financial year 2009/10, which in our case lasts until June 30. The decision about a possible payment of dividends will be recommended by the board only after examining the entire fiscal year. At AB, we respect the principle that the shareholders should be given credit for their commitment. At the same time, we believe that we are responsible for providing tools and capital for further dynamic development and to ensure shareholders even greater profit.

» **What financial results for the financial year are expected by the company?**

As far as the guidance of our financial results is concerned, we have never made it public. However, as demonstrated by the results so far, the strategy chosen by us is correct, and ensures the further development of the Group and a stable income to the shareholders. We manage the business effectively, consistently implementing trade policy, managing foreign exchange risk, all of which results in the lowest SGA rate in the whole industry and high financial results. It is worth noting that our profit for the fiscal year 2008/09, generated in very difficult market conditions, amounted to nearly PLN 27 million and was 58% higher compared to the same period of the previous year. In the current financial year the result after three quarters exceeded PLN 27 million, confirming the effective management of the entire

Group. With a stable business foundation, we look to the future with optimism. We believe that regardless of the level of growth of the IT market, we will continuously strengthen our market position.

» **Is the company negotiating acquisitions of new businesses? Which of the new geographical markets is the target one for the company?**

At this point we are not negotiating any acquisitions. Of course, we closely observe the market, but do not intend to acquire new companies for the sole purpose of expanding our Group. If the potential merger would bring us tangible business profits, at the same time providing our investors with an additional return on investment, we will definitely consider such an offer. The question of the potential partner's geographical location is not necessarily the most important one, although is favourable in terms of logistics. One of the most important factors when choosing a new partner in the AB Group is the culture of the organization and of business management. In the case of the daughter company ATC, we can talk about full cultural convergence. I think that only such connection can create a strong business body, allowing the intensification of synergies and maximizing profit. ■

THE AB GROUP

AB S.A. is one of the largest IT and consumer electronics distributors in the CEE region. According to industry rankings, such as Computerworld TOP 200 in Poland and "Reseller Magazine" in the Czech Republic, AB S.A. is the largest revenue-wise distributor in Poland, the Czech Republic and Slovakia. The AB company is one of the longest-standing IT distributors in Poland, with its roots dating back to 1990. 13 years later the company

went public at the Warsaw Stock Exchange. In October 2007, AB S.A. purchased a 100% stake in AT Computers Holding a.s., one of the largest IT and electronic equipment distributors in the Czech Republic and Slovakia. The AB Group sells products manufactured by world's top high-tech vendors to more than 12,500 business partners. Its regular offer comprises more than 25,000 products from more than 300 manufacturers from all over

the world. The guiding objective of cooperation with partners is to provide them with the broadest-possible scope of complementary technologies which meet the needs of customers. ■

AB Group's area of business activity



IMPORTANT EVENTS IN THE AB GROUP

» **The AB company will represent Poland in the competition "The European Business Awards".**

This is the fourth time this competition has been organized. The jury has selected 151 companies from among over 3500 ones from 8 countries, which signed up to this year's edition. The chosen contestants meet three key criteria: are innovative, ensure sustainable development and have finely honed business processes. The aim of "The European Business Awards" is to promote and support companies, which achieve good financial results, and at the same time have a responsible attitude to social environment they operate in.

» **The Dom Inwestycyjny BRE Bank analysts are raising the target price of AB shares.**

In its 18th March report, Dom Inwestycyjny Bre Bank raised AB target price per share up to PLN 18.80. Piotr Grzybowski, DI BRE Bank analyst, emphasized AB's positive results for FY09/10 H1, especially AB Group gross profit margin (6.4%). At the same time Dom Inwestycyjny analysts lowered AB SA recommendation from buy to hold.

» **The AB Group has stable funding for its business and consequently reduces the demand for capital. In March 2010 the Company signed an annex to a facility agreement with the Bank Przemysłowo-Handlowy bank.**

On the basis of the Annex, the Facility amount was changed to the amount of PLN 27 million, in the form of a multi-purpose credit line. The sublimit purposed for compensating the facility and market risk of the Bank, related to completing financial market transactions, was lowered from PLN 10 million to PLN 7 million. **In April 2010 the Company signed an annex to a facility agreement with the Kredyt Bank S.A. bank.** The annex regulates the basis of granting the Company by the Bank a credit limit, which includes the overdraft up to the amount of PLN 70 million. **In April 2010 the Company signed an annex to a facility agreement dated at 29th May 2008 with the Bank Polska Kasa Opieki S.A. bank.** The Annex regulates the basis of granting the Company credit limits by the Bank, including: overdraft to the amount of PLN 60 million and the Bank Guarantee Credit Limit to the amount of PLN 6 million.

» **The AB Group consistently pursues the company strategy, involving the development of a complimentary offer and providing business partners the broadest range of technologies possible. The Group is constantly expanding its port folio and exploiting the synergy effects.**

From the beginning of the year, the Company has been acquiring numerous new contracts – both with new suppliers, and with subjects currently broadening the scope of cooperation. The company's offer was enriched

with multimedia products, including such brands as: Sanyo, Vivitek, AVTek and Suprema, navigation equipment produced by Garmin and VoIP terminals manufactured by the Grandstream company. The AT Computers offer comprises also Samsung notebooks, Brother brand devices and network products produced by D-Link – a leading international company in the ICT sector.

» **In May, the AB S.A. company was awarded the ISO 9001:2008 and ISO 14001:2005 Integrated Management System certificate.**

It confirms that the AB company has applied the Integrated Management System in accordance with the standards and certification procedures in the following field of operation: assembly, sales, computers and servers distribution and service, consumer electronics, mobile telephony and providing exploitation materials for printers. The company was received the certificate after completing an audit procedure conducted by the TUVPOL company – an authorized representative of a certifying unit TÜV THÜRINGEN. The successful integration of two certificates confirms the implementation of a company policy oriented at compliance with increasing quality requirements. ■

THEY HAVE WRITTEN ABOUT US...

The AB company has scored repeatedly on the pages of prestigious media.

- » The largest business and information portals published financial results and plans of the AB company. Zbigniew Mądry and Grzegorz Ochędzan spoke about issues such as developing advanced technologies and the "enterprise" market. The AB representatives informed that due to product synergies the Group managed to generate in the year 2008/09 additional revenue amounting to EUR 64.7 million.
- » In the article "Duży sprzedawcy sprzętu zyskali na kryzysie" ("Large equipment suppliers benefited from crisis"), the "Rzeczpospolita" newspaper describes the situation in the IT industry and the way companies, including AB, cope with economic slowdown. The AB sales fell in the FY09/10 H1 (the first half of the year ended on the 31st December) by 3%, but the net profit increased by 9%.
- » Efficient foreign exchange risk management is crucial for the distributors who import a lot of goods. The largest distributors, including AB, coped with the economic slowdown much better – we can read in the article "Dystrybutorzy sprzętu IT mogą zarobić więcej" ("IT equipment distributors can earn more"), which was published in the "Parkiet" magazine.
- » In the article "Liderzy przeszli przez kryzys bez szwanku" ("Leaders not affected by crisis"), the "Rzeczpospolita" news paper addresses the situation at the stock market and explores the topic of the largest national technology companies, which were not affected by the economic slowdown in any significant way. Although the IT market, in accordance with the prognosis, shrank by more than 10%, the industry leaders – including the AB Group – boosted their sales and profits. Andrzej Przybyło's comments on the market situation and elements of business management were presented in the article as well.
- » The AB S.A. company acquired the 65th position in the "Pięćsetka Polityki" ranking ("500 top companies" ranking published by the "Polityka" magazine).
- » The AB company was also included in two rankings published in April by the influential "Rzeczpospolita" daily newspaper. AB acquired the 88th position in the "Lista 500 największych polskich firm" ranking ("500 top Polish companies"). In the second ranking – "Najcenniejsze przedsiębiorstwa" ("The most valuable companies") the company acquired the 40th position.

THEY HAVE SAID...

"Only companies with sound business fundamentals, making them resistant to demand fluctuations in difficult market conditions, had a chance to traverse unaffected through the period of economic slowdown. I am thinking of the individual elements of business management, i.e. cost control, efficient internal procedures – logistical and financial, as well as the ability to adapt quickly to changing market conditions."

Andrzej Przybyło, "Rzeczpospolita", 25th March 2010

"We will be able to control all processes in progress within the Group more efficiently, including the financial and logistical ones. It should result in substantial cost synergies."

Grzegorz Ochędzan, "Parkiet", 3rd March 2010

"We are constantly working on synergy effects in connection with the acquisition of the Czech ATC. We are optimising sales and logistics, as well as financial management."

Zbigniew Mądry, "Parkiet", 3rd March 2010

"Recent analysts' forecasts indicate that the IT sector in Poland is likely to rise by about 3 percent. We believe that we will be a part of this growth. We intend to develop at least as fast as the market."

Grzegorz Ochędzan, "Puls Biznesu", 3rd March 2010

"If the market starts to revive, we expect that the enterprises-class solutions sector will be one of first to contribute to this growth." [AB plans to continue in 2010 the development in the advanced technologies sector and the "enterprise" market]

Zbigniew Mądry, Onet.pl, 2nd March 2010

"The certificate makes doing business perfectly simple, because it confirms we are a credible company, which is crucial for potential business partners." [about the AEO – Authorised Economic Operator – certificate].

Andrzej Przybyło, "Parkiet", 3rd February 2010

THE ATC HOLDING

In October 2007, AB S.A. purchased a 100% stake in ATComputers Holding a.s., one of the largest IT and electronic equipment distributors in the Czech Republic and Slovakia. This acquisition proved to be extremely successful. AB became a pioneer and the largest beneficiary of consolidation processes at the Czech market. ATC is the second largest distributor (at the moment

of the acquisition the company was holding the third position), but first and foremost AB perceived the company to develop much quicker than its chief competitors. ATC is currently the most frequently chosen distributor at the Czech and Slovak markets.

In the first quarter of the year 2010 the revenue increased by 9.4%. AT Computers was the only

leading distributor at the Czech market, who recorded a growth. It is due to the strong position established by the company last year, accompanied by a dynamic increase of turnover because of product synergies. ■

IMPORTANT EVENTS IN THE ATC HOLDING



» The AT Computers company awarded a title of the "Distributor of the Year" at the Czech and Slovak markets. Votes of business partners and manufacturers brought the ATComputers Holding – the subsidiary company of AB S.A. operating at the Czech and Slovak markets – the title of the "Distributor of the Year 2009". The title was awarded in December 2009 on the basis of annual survey conducted by the trade magazine "ChannelWorld" and its publisher IDG. ATC got 39% of all votes – 17% more than the company, which came second. What is worth noting, the AT Computers company was given the prestigious award of the "Distributor of the Year" second time in a row. It confirms the constant strengthening of its position at the Czech and Slovak markets.

» AT Computers is constantly broadening its portfolio and taking advantage of the synergy effects. Under several signed agreements, AT Computers offer Samsung notebooks, Brother brand devices and network products produced by D-Link – a leading international company in the ICT sector.

» Alongside with the end of implementation of new ERP and BI system in Poland, the company will start preparing to its implementation in AT Computers. The new system will facilitate budgeting and reporting within the entire Group, as well as ensure strict control over financial and logistical processes. The completion of investment in 2011 will contribute to achieving better cost synergy results between the AB company and the ATC Holding. ■

ALSEN



The AB company cooperates closely with the ALSEN retail chain, operating at the new Technologies

and consumer electronics market. The network comprises over 300 stores throughout the country.

ALSEN is present in almost every city above 20 thousand citizens, but operates in much smaller towns as well. The strategy pursued by the chain involves a steady increase and coverage of the whole country, however, not bringing about a situation when the affiliated stores would have to compete with each other. As a part of the AB loyalty program for the ALSEN network, the retailers receive access to an e-commerce platform, on the basis of which they can create their own Internet store with a database of products available in AB. ■

IMPORTANT EVENTS IN ALSEN

ALSEN is organising a series of training courses for its partners. By investing in its partners, ALSEN intends to increase the competitiveness of the computer shops belonging to the franchising network. Trainings organized by the franchise network ALSEN will be co-funded from the European Union funds and led by

a professional training company. *"One of the primary objectives of the ALSEN chain is supporting the business of the franchisees. We provide our partners not only with effective business management tools – e.g. a unique e-commerce platform – but also attempt to invest in enhancing their skills."* – said Jan Zdebel, the ALSEN

Management Board President. *"Our trainings is one of the largest enterprises in the IT stores industry. We are deeply convinced that this initiative will prove not only helpful in everyday business, but in the long run will also result in an increased competitiveness, and hence – in higher turnover and profits."* ■

THEY HAVE WRITTEN ABOUT ALSEN

"IT Reseller" published an article entitled "Franczyza, czyli razem różniej" ("Franchising – it is easier together"). The article presented a way of running one's own business – however, using an already promoted brand. One of the presented franchising networks was ALSEN. Jan Zdebel – the ALSEN Management Board

President – commented in the article on the condition and plans of the network.

The increase of the partner stores number in franchising networks was discussed in the article entitled "Pod opieką silniejszego – franczyza w trudnych czasach" ("Protected by the

stronger – franchising in difficult times"), published by the „CRN” magazine. The resellers outline advantages of becoming a part of a network, which may provide support and help to survive the harsh period. Jan Zdebel presented his opinion in the article. ■