# Dear Shareholders

## Introduction

The situation on the IT market in the last year was significantly more stable than in 2012. However, many companies continued to be cautious about purchase decisions and, despite good situation on the market, often refrained from investment expenditures. This situation was affected by the economic environment , including the threat of the return of the economic crisis and the crisis of the Euro zone

The global financial crisis has caused a noticeable increase in the importance of IT outsourcing as an attempt to optimize the expenditures on information technology . The companies will always look for the opportunities to reduce the costs, which will also affect the attempts to transfer IT service to an external partner. The market of outsourcing services is continuously monitored and verified and so the customers can have the latest results of research on this sector of service. The 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 manner will be able to support their internal processes and technical infrastructure. In view of the global search for more and more places where IT services can be implemented in the outsourcing model, research on the safe and optimal location for such services deserve special attention. The entire region of Central and Eastern Europe (CEE) is heading the list of the safest cities, which indicates that outsourcing in this region is interesting not only for domestic companies but also for partners around the world.

In the coming period, the Company plans to consequently continue its activities with the focus on outsourcing of IT services and integration services in the field of information technology and software production. Treating outsourcing as one of the strategic directions of development, the Company has consequently developed the necessary skills and technical infrastructure for several years.

### Our results in 2013

In 2013, the Company recorded significantly higher sales revenues than in 2012 (an increase by about 24 %). Although the structure of sales changed to the detriment of the revenues from the sale of services , as they accounted for 35.6 % of total revenues ( in 2012 it was 40.3% ), the revenues from the sale of products (services), which is worth stressing, reached a higher level than in the previous year - they increased by 9.4 %. Also, the margin on the sale of services increased from 21.1% in 2012 to 32.7% in 2013. The increase in the margin on services has been achieved due to the organizational changes carried out within the Company aimed at the optimization of the processes connected with the provision of IT infrastructure services. As a part of the carried out optimization, inter alia, there has been a reduction in the number of subcontractors and the acquisition of the provision of a substantial portion of the services by the Company's employees, which contributed to the reduction of costs and the improvement of the financial results of the Company. It shall also be noted that the revenues from the sale of goods and materials increased in the Company by about 33.4% in comparison to 2012. The Company has also achieved higher profitability on the sale of goods and materials amounting to around 6.1% .

**Our customers and suppliers**

As in previous years, our offer is directed mainly to large and medium-sized enterprises, mainly the financial market (60.94% of revenues) and public administration (10.24% of revenues). Similarly to last year, a next significant source of the Company's turnover is the sector of the trade and services (18.36%).

The strategy of the Company assumes that a significant portion of its business is based on solid, long-term and comprehensive provision of IT services for large organizations. We constantly aim at increasing the number of key customers and at the same time generating part of our revenue from cooperation with several smaller contractors, thus avoiding the risks associated with sole dependence on large clients.

In the last year the Company concluded a number of further significant agreements. The Company managed to gain new clients and to sign another long-term contracts with the Company's business partners, including agreements on the further consolidation of services and maintenance of customers IT environments. The agreement with Poznan University of Technology, the subject of which is a complex IT support in the IT outsourcing model, deserves particular attention.

For many years, our main suppliers have been Polish and international IT companies such as Microsoft, Hewlett Packard, IBM, Dell Computer, Lenovo, Fujitsu and others. We are not significantly dependent on our present suppliers and we are able to purchase goods from alternative distributors on similar terms.

**Our competencies**

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 certificates.

We have signed partnership agreements with leading global software and hardware manufacturers. Our engineers, passing qualification exams, gain knowledge and skills that yield a profitable return later during their contacts with clients. The number of certificates earned by our employees is constantly expanding.

Continuous attention paid to infrastructure development allows us to offer our clients the most advanced services, which refers particularly to outsourcing services provided in our Data Processing Center (Data Center). Our competence in the delivery of outsourcing services, based on international standards and evidenced by certificates of our engineers, as well as the respective resources and infrastructure make an attractive offer for the key customers from the financial and industry sectors.

**Plans for 2014**

In 2014, we are planning to further develop the Data Center in order to strengthen the Company's position in the segment of IT outsourcing services, since, according to analysts, traditional technologies will lose their current momentum, and the prevailing currents will become such solutions as cloud computing, SaaS or mobile solutions.

In 2013 the Company launched the project entitled "Creation of IT Centre providing modern services." Under this project, the implementation of new innovative services and the improvement of the services already offered by the Company under the so-called "cloud computing" is planned. This highly innovative project is fully compliant to EU policy and is expected to create a number of new highly specialized workplaces in the Company. Within the framework of the project, the Company will execute the investments involving the development of IT resources and tools of the Company, the optimization of processes and the expansion of the existing office and technical infrastructure of the Company.

The funding has been granted to the Company under the Operational Programme Innovative Economy 2007-2013 (priority axis 4 "Investments in innovative enterprises," measure 4.5 "Support for investment of considerable importance to the economy," sub-measure 4.5.2 "Support for investment in the modern services sector.")

In order to provide the highest quality of service, in 2012 the Company received a certificate confirming that the IT services we provide are managed according to ISO 20000-1:2005 standard. In this year we are going to extend the scope of our maintenance services and support; we are also planning the re-certification of such an extended catalogue of services for compliance with the new version of the standard, i.e. with ISO 20000:2012.

In line with the Company's strategy, which aims at the highest quality of services provided, our operating procedures' compliance with ISO 20000. We are open to opportunities created by obtaining financial support based on EU programs. We have already achieved good results in this field, which gives us the confidence that we should continue going in this direction.

## Conclusion

For our Company, 2013 was the year of the realization of many difficult challenges, the success of which contributed to the achieved financial results. Also, it was the year of the continuation of the expansion of our infrastructure and maintenance of the high level of competence. We started cooperation with new clients and completed several large projects.

Detailed information on the Company's operations is provided in the 2013 financial report, the study of which is strongly recommended.

I would like to thank all Shareholders for your trust, particularly during the recent, economically significant period of time. I would also like to assure you that we continually make every effort to strengthen the position of the Company in the market. We hope that our efforts will translate into

further development of the Company, leading to new contracts and excellent performance in the present 2014 year.

Janusz Gocałek

President of Management Board

TALEX S.A.