

Dear Shareholders

Introduction

The situation on the market in 2012, particularly in the IT sector, was as unstable as in the previous year and was affected primarily by the economic environment, the debt crisis in many countries, the threat of the return of the economic crisis and the crisis of the Euro zone. That state of affairs had its consequence in the adaptation of business to the market situation, including restrictions on investments and the adoption of wait-and-see strategy.

Unfortunately, the economists also indicate that the year 2013 will be a similarly difficult year, particularly in Europe, and so, consequently, also in Poland. One can expect that in the coming years the expenditure of large companies on the IT technologies will continue to be limited; also, the extension of the life cycle of IT equipment seems significant. However, the fact that shall be highlighted here due to the significance for the Company's activity is that the financial crisis has increased the interest in and the importance of IT outsourcing in an attempt to optimize the expenditures on the information technology of the companies. 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 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 2012

In 2012, the Company recorded net loss of PLN 2,152 thousand, with sales revenues of PLN 94,631 thousand. In addition, the Company recorded lower revenues from sales in comparison to 2011 (decrease by about 35%). The structure of sales also changed. The share of goods sales in total sales increased in 2012 to around 40.3% (22.5% at the end of 2011). The revenues from sales of products also increased (by about 18.5%) in comparison to the previous year as well as profit margin on sales of products which amounted to about 21.1% (17.7% in 2011). That margin level was significantly affected by the results of the fourth quarter of 2012 – at that time the margin was 41.7%. 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, one of the least profitable regional branches was close down and another was transferred to a new location. The reduction of the costs of services shall have a positive impact on the Company's financial results in the near future.

Our clients and suppliers

As in previous years, our offer is directed mainly to large and medium-sized enterprises, particularly the financial market (59.3% of revenues) and public administration (6.6% of revenues). As a result of the signed contracts, in the past year, next significant sources of the Company's turnover are the following sectors of the trade and services (23.9%).

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 from banking and financial sector 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.

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 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 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). The clients of the Company are not only interested in Data Center services, but also already utilizing the space and infrastructure of our facilities. 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 2013

In 2013, 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 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, 2012 was the year of a number of difficult challenges. However, despite significant commitment in activities not directly related to the current sales process, the Company did not achieved satisfactory sales revenues. Yet, we continued to expand our infrastructure and maintained the high level of competence. We also started cooperation with new clients and completed several large projects.

Detailed information on the Company's operations is provided in the 2012 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 2013 year.

Janusz Gocałek
President of Management Board
TALEX S.A.