

2004 annual report

For the first time, revenues broke the \$250 million barrier, increasing 15 percent over 2003's record high of \$225.4 million to **\$258.1 million** in 2004 and gross profit increased 5 percent.



change

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LETTER TO OUR STOCKHOLDERS

Dear StarTek Stockholders:

Amidst the significant and ongoing change across our market landscape, StarTek maintained an excellent level of performance in 2004. For the first time, revenues exceeded the \$250 million barrier, increasing 15 percent over last year's record high of \$225.4 million to \$258.1 million in 2004 and gross profit increased 5 percent. StarTek's business process management revenues increased 34 percent in 2004, and International Data Corporation (IDC) named StarTek among the top 20 vendors, by revenue, for worldwide Customer Care Services.

We sold our United Kingdom supply chain management operations in 2004, which was a strategic initiative to lower costs and allow us to focus more intently on the growing North American business process outsourcing market.

StarTek's year over year growth in current client services is the result of our ability to be an agile and responsive partner. Our current clients turned to us for an increasing number of tailored solutions designed expressly to meet their business process outsourcing needs. Additionally, sales to new clients saw modest growth.

The launch of our three new business process outsourcing call centers in the United States was in response to those burgeoning demands. In 2004 operations commenced in Alexandria, Louisiana as well as in the Virginia cities of Lynchburg and Collinsville. The investment in these facilities has had a negative effect on margins in the short run, but we now have the capacity to meet future demand. Industry analyst IDC, forecasts accelerated and sustained growth in the customer care services market over the next five years, predicting that revenue from North America customer care services will almost double by 2009, jumping from \$25 billion to \$47.8 billion.

We continue to focus on serving our primary business sectors of telecommunications, utilities and high tech industries in 2005. A flurry of consolidation in the telecommunications industry creates both challenges and opportunities in the future. In 2004 the continued growth of our business in such a rapidly changing marketplace was a testament to our exemplary customer service and dedicated efforts to be a value-added partner. Our StarTek Advantage System, which delivers a high level of customer service and satisfaction with operational efficiency, is an important differentiator that separates our clients from their competitors.

Key highlights from our 2004 client partnerships include:

- A StarTek wireless industry client won the J.D. Power and Associates Award for Highest Ranked Customer Service Performance and Highest Overall Satisfaction
- Two Fortune 500 clients gave us their highest quality scores, which were at least 10 percent above all outsourcing competitors and internal facilities

- Two Fortune 500 clients rated us in the top decile for our willingness to partner with them and their overall satisfaction with our service
- StarTek achieved 97 percent accuracy on all new customer activations
- StarTek provided the best on-time performance and overall service for a Fortune 500 client

New product opportunities and industries will be evaluated and pursued during the upcoming year. This will include seeking out particular niches that match our core competencies and are compatible with the business needs of prospective new clients. This initiative will include the evaluation of nearshore and offshore outsourcing locations as strategic solutions for our clients.

While change abounded in core industries we serve, our company also underwent a noteworthy management change. This transition naturally brings with it some challenges and opportunities as our leadership team moves forward with passion, innovation and excellence.

Over 6,700 highly talented employees are our most valued asset and they will continue to set the standard for service, creativity, flexibility and results. Our business challenges in 2005 will be met with eagerness as the opportunities that lay ahead are substantial. We are financially sound and technically capable and are driven as we continue moving forward with focus on growing our business.

Sincerely,



Emmet Stephenson

A. Emmet Stephenson, Jr.
Chairman, Board of Directors

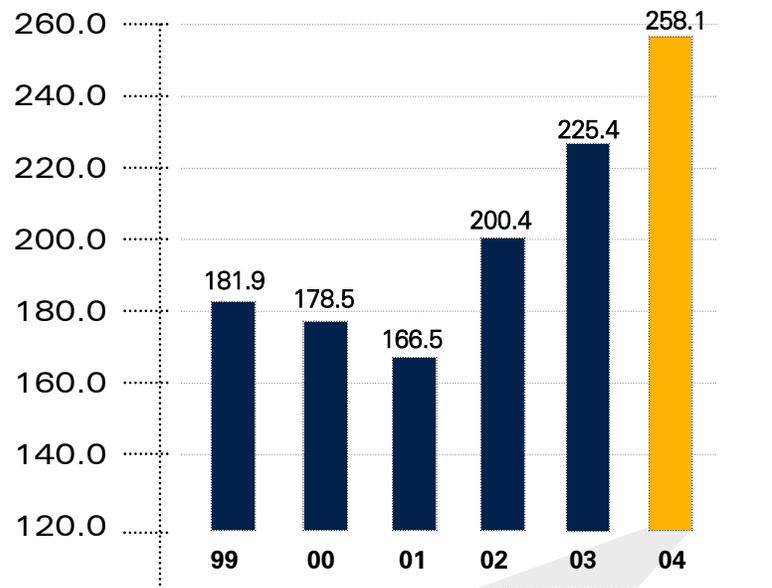


Steven Butler

Steven Butler
Interim President and Chief Executive Officer
Chief Financial Officer

FINANCIAL SNAPSHOT

Our business process management services include high-end inbound technical support and customer care teleservices, wireless telephone activations, receivables management, and provisioning management for telecommunications companies. Our supply chain management services include packaging, fulfillment, marketing support and logistics services.



*Revenue - dollars in millions

2004

*These results are adjusted from previously filed form 10Q and 10K for sale of StarTek Europe, LTD. on September 30, 2004 as discussed in Note 17 of our audited financial statements, which is presented as discontinued operations.

challenge

grow

focus

create

evolve

commit

believe

change

thrive

STARTEK TODAY

The famous platitude, "Nothing endures but

change," was first uttered some 2,500 years ago, but it has never seemed more apropos than now. The pace of innovation over the last 50 years has been staggering, and for 18 of them, StarTek has been in the center of that progression.

The StarTek Advantage System is based on avant-garde thinking and

centers yields cost savings and some of the happiest customers in the business. At StarTek, nothing trumps customer service.

Delivering New Customers to Our Clients with World-class Results

Significant investment in our people and our technology allows us to succeed in making a persuasive first impression that resonates with our clients' branding and drives their revenue. We understand that customer

is a catalyst that cements customer satisfaction and builds long-term customer loyalty.

Simplifying Complex Ordering Using High-performing Teams

We recruit skilled and seasoned professionals to create experienced teams that manage complex installations and product delivery while reducing defects, shortening cycle times and beating both cost and quality metrics. Clients who partner with us for

Nothing endures but change

innovative solutions, assisting companies in supporting their customers better and retaining them longer. Our size and structure allow us to be an agile business partner and to adapt to the ever-changing needs of our clients. Today, many of the world's largest telecommunications, utilities and technology organizations rely on us to provide business process outsourcing services. On behalf of our clients StarTek is:

Serving Current Customers by Designing Proven Solutions

Our industry leading, award-winning expertise in managing call

acquisition is essential to our clients and we go the distance to help our clients become market share leaders.

Providing Technical Support that Enhances Customer Satisfaction

Our proven quality processes and custom-designed training modules provide our customer care agents the resources to achieve a higher number of "one-call resolutions." This approach also enables us to support specific customer care business imperatives for our clients. These tools allow us to deliver a lower cost per call and increase customer satisfaction. Our high quality technical support

ordering and provisioning routinely find that DS-3 lines are installed and their sites are completely data-ready and "lit up" before they are ready for business.

Putting Money in the Bank by Managing Receivables

Our ability to leverage our unique position in the customer life cycle to adeptly manage soft collections before they are transferred to collection agencies allows our customers to capture otherwise lost income. Our receivables management group brought in \$750 million for one client alone in 2004.

Creating Strong Strategic Partnerships

No matter what business processes we execute on behalf of our clients, our tailored solutions are delivered through strong strategic partnerships that are founded on several core competencies which form StarTek's platform for success:

Large Scale Project Implementation

Resources are managed to scale, across numerous large projects,

tested and monitored for quality, assuring peace of mind and bottom-line results to our clients. Our success comes from using our proprietary training materials as a foundation upon which we overlay customized training designed in tandem with our clients to achieve their express goals. Our customer care agents are trained to perform in a consultative, strategic role and can usually resolve issues in a single call.

The globalization of competition has created a more diverse customer mix for businesses and those customers have a wider range of needs to accommodate. An increasing number of organizations are relying on business process experts like StarTek to provide numerous outsourcing services. Vertical markets such as hospitality, telecommunications, financial services, health care and retail continue to demand a greater array of customer care services

■ The marketplace is radically different from what it was just a decade ago...

crucial to deploying precise solutions without waste or delay to consistently give our clients value, confidence and results in an ever-changing world.

Distributed Resource Planning

Sustained operational excellence is achieved by managing time better than any competitor in the business and providing precision staffing that matches customer demand, so that our clients receive remarkable quality at lower costs.

Extended Training and Quality Assurance

Comprehensive training provided to our customer care agents is

A Dynamic Landscape in the Business Process Outsourcing Marketplace

Founded in 1987, StarTek is a leading provider of business process outsourcing services with niche solutions targeted to the telecommunications, utilities and high tech industries. According to IDC, the worldwide business process outsourcing market, which includes customer care, finance and accounting, human resources, procurement, marketing, training and other services, was about \$447.7 billion in 2004 and is expected to continue to grow steadily.

from third-party providers to meet these divergent needs. Organizations in these industries garner substantial benefits by using StarTek, to deliver consistent business process value, including:

- Reduced costs and greater efficiencies in serving their customers' needs;
- Enhanced service quality that is made possible by the expertise and infrastructure offered by outsource providers like StarTek;
- Opportunities for increased revenues through highly effective cross-selling and up-selling.

Service Matters More in a Worldwide Marketplace

Technology is constantly changing our lives and our business. The size and scope of business opportunities and challenges has dramatically expanded and we now have a true global economy. The marketplace is radically different from what it was just a decade ago because much of the globe is now an accessible sales territory for even the smallest of

corporations are looking for top-quality assistance in achieving their key goals. According to *The Harvard Business Review*, companies lose 50 percent of their customers every five years, and if those organizations could cut customer defections in half, their growth rate would more than double.

Customer retention is a mandate for success. Therefore, companies are seeking ways to forge lasting

than seven percent of the market. StarTek is among the top 20 customer care providers in the world. Like the vertical markets we serve, exceptional service, cost containment and growth will be the primary drivers of our success in 2005.

Creating Value for our Clients

StarTek is dedicated to service and value-added relationships. Our vibrant culture of service

Client loyalty is built one transaction at a time, and our **client retention** and **organic growth** reflect these organizational strengths ■

organizations. A sole proprietor in a rural town can now experience a worldwide presence with the right web site and a simple Internet connection. Technological advances keep leveling the competitive playing field such that one of the most valuable differentiators among competitors is customer service. Exceptional customer service has the power to cultivate customer loyalty like no other competitive advantage. Ultimately, service and loyalty translate to retention and more

relationships with their customers without diverting resources from their core competencies. Hence, customer care will be outsourced to StarTek and others, who offer the infrastructure, expertise and service excellence to execute these critical functions. In fact, North America represents the fastest growing geographic sector for outsourcing services, generating a forecasted \$47.8 billion in revenue by 2009. Competition for customer care services is quite fragmented with no single provider capturing more

excellence has earned us acclaim among our customers and leading business publications. We continue to outpace our competitors in service and satisfaction metrics. Client loyalty is built one transaction at a time, and our client retention and organic growth reflect these organizational strengths.

We have retained our current client base for at least the past three years and have not lost a single client to a competitor. Our

clients have continued to expand StarTek's role as a value-added strategic partner, entrusting us with an increasing percentage of their business process outsourcing needs.

In 2004, StarTek's Advantage System helped us and our clients achieve success such as:

- A StarTek wireless industry client won the J.D. Power & Associates Awards for Highest Ranked Customer Service Performance and Highest Overall Satisfaction.
- Two Fortune 500 clients gave us the highest quality scores, which were at least 10 percent above all outsourcing competitors and internal facilities.
- Two Fortune 500 clients rated us in the top decile for our willingness to partner with them and overall satisfaction with our service.
- StarTek achieved 97 percent accuracy on all new customer activations.
- StarTek provided the best on-time performance and overall service for a Fortune 500 client.



Two Fortune 500 clients gave StarTek the **highest quality scores**, which were at least **10 percent** above all outsourcing competitors and internal facilities.

CASE STUDIES

The Value of our Operational Excellence

Client:
Global Wireless Provider

Challenge:
Capture increasing overdue receivables from an exponentially growing subscriber base.

StarTek Results:

- Over \$750 million in receivables collected at less than six cents-per-dollar

The Value of our World-class Customer Care

Client:
Global Wireless Provider

Challenge:
Achieve world-class customer care quality across multiple lines of business.

StarTek Results:

- Custom-tailored solutions to improve efficiency and service related to wireless number portability

We now employ over 1,000 full-time employees at two sites that **manage six programs** for this client ■

- Rated first for overall quality and one-call resolution, beating all other internal and outsource centers
- Captured 11 percent more contract renewals and upgrades than the nearest competitor
- Had the lowest cost-per-call among all other internal and outsource centers
- Awarded four J.D. Power & Associate awards for Wireless Customer Service Performance in 2004
- Out of 30 internal and outsourced call centers, StarTek-operated centers are the top two performers

By providing operational excellence, StarTek delivered increased revenues, lower costs and tremendous quality to our client, and launched this initiative with 100 full-time employees at a single call center. We now employ over 1,000 full-time employees at two sites that manage six programs for this client.

By providing world-class customer care, StarTek delivered national prestige and increased net wireless activations on behalf of our client. We now manage seven programs for this client and have partnered with them for the last four years.

The Value of Being an Agile Strategic Partner

Client:

Global Telecommunications Provider

Challenge:

Quickly adapt service strategies to meet market and customer demand in a highly volatile telecom market.

By being an agile organization, StarTek delivered a high-powered, tailored solution designed expressly to meet our client's needs with a minimal ramp-up period. Our relationship with this client began by supporting their consumer long distance service.

Named **best-in-class** for customer care agent satisfaction within 90 days of program and site launches.

StarTek Results:

- Provided the capacity to support high growth business market customers generating \$1 billion in revenue and handled the client's primary strategic initiative to launch their Voice over Internet Protocol (VoIP)
- Named best-in-class for customer satisfaction within 90 days of program and site launches
- Named best-in-class for customer care agent satisfaction in 90 days of program and site launches
- Achieved 100 percent of all quality metrics for orders

We currently support seven of their programs and are working with them to launch Broadband triple play support in 2005, which includes VoIP, data and video.



STRATEGY FOR 2005

The Core of our Strategy

Our defining hallmark is our intense focus on finding better ways to accomplish business processes. Our relentless pursuit of service innovation is a value practiced throughout our organization. We are continuously improving our systems and solutions based on metrics and creative thinking fundamental to our strategy as a successful niche provider. Because of this, StarTek is committed to a set of three core competencies that have made us an industry leader known for our agility, operational excellence and service delivery. They are:

Large Scale Project Implementation.

Simply put, we can and do turn on a dime. StarTek consistently demonstrates our abilities to deploy resources rapidly, ramp-up quickly and capitalize on the economies of geography and technology. For example, we have launched a call center in as little as six weeks when most providers need a minimum of 12. Our clients have the opportunity to capitalize on market opportunities more quickly and capture business that would otherwise be lost. This flexibility is a significant competitive advantage.

Distributed Resource Planning.

StarTek has made it a priority to understand our clients' business so intimately that we are able to match our call center staffing to their needs in 15-minute intervals, making us more cost-effective and responsive. Managing time is the key to balancing staffing, quality and cost outcomes. Under-resourcing and overstaffing are mitigated as are customer dissatisfaction and higher costs. Additionally, our development of customized situation codes give our customer care representatives the tools to handle calls effectively and efficiently, providing the consistency and metrics by which to gauge success. Ultimately, these tactics leverage economies of scale and technology resulting in decreased capital expenditures for our clients.

Extended Training and Quality.

StarTek invests heavily in recruiting and educating exceptional employees who have the skill sets our clients need. We use best practices to train and deploy our loyal and competent talent pool, arming them with the capability to deliver complex solutions with efficiency and success and guaranteeing consistent excellence and seamless integration. The genesis of our outstanding quality begins with our dynamic two-part training: Powerful in-house

education in tandem with custom-tailored training designed to meet very specific client needs.

Moving Forward

Business process outsourcing is a strategic imperative for business success. Considerable opportunities are before us and we intend to become an even more efficient organization in pursuing improved margins and increased market share.

StarTek is committed to driving down fixed costs by becoming more operationally efficient and more effective in utilizing capacity. In 2004, our selling, general and administrative expenses for the year rose 8.1 percent, or \$2.1 million to \$27.9 million. This was largely due to increased spending necessary to comply with Sarbanes-Oxley requirements and staffing associated with launching three new call centers. We received unqualified opinions on our 2004 financial statements and our internal controls, rendering us compliant with the Sarbanes-Oxley legislation.

We will continue to modify our structure so that operating expenses and revenue are driven at the field level, not the corporate level.

To date, our success has been achieved through organic growth by loyal clients who place a premium on quality and service. In 2004, our business process outsourcing revenue increased 34 percent from 2003 as we managed 44 million wireless customer contacts and handled 10 million customer activations. Our current client base accounts for over 50 percent of the global wireless market. Client receipts from our receivables management services

excellence to meet these expanding needs and achieve growth.

We are prepared to respond to a marketplace that increasingly places a premium on service while retaining a competitive pricing model. StarTek will continue to look for opportunities to create value for clients by becoming long-term strategic partners with them.

We are prepared to respond to a marketplace that increasingly places a premium on service while retaining a **competitive pricing** model.

jumped \$190 million from the previous year to \$750 million. We retained a stronghold on quality and assisted one of our clients in winning four J.D. Power & Associates awards.

StarTek will continue to focus on delivering outstanding quality to our clients while expanding our client base in our core business sectors and improving margins. We will be able to leverage our capacity, agility and operational

StarTek has a record of strong performance and outstanding service. We look forward to bringing our full resources to bear in order to delight our clients, grow our business, increase our margins and provide growing long-term value to our shareholders.



FINANCIAL HIGHLIGHTS

Dollars in thousands, except per share data

Year Ended December 31, **2002*** † **2003** † **2004**

Income Statement Summary:

Revenue from continuing operations	\$200,370	\$225,408	\$258,120
Operating profit from continuing operations	29,589	33,301	34,379
Net income	15,166	22,198	20,976
Net income per share			
Basic	\$ 1.07	\$ 1.56	\$1.45
Diluted	\$ 1.05	\$ 1.52	\$1.42

Depreciation and

amortization expense	\$9,220	\$10,045	\$12,546
Capital expenditures, net	\$5,839	\$23,736	\$17,839
Approximate number of full-time equivalent employees	4,800	5,942	6,700

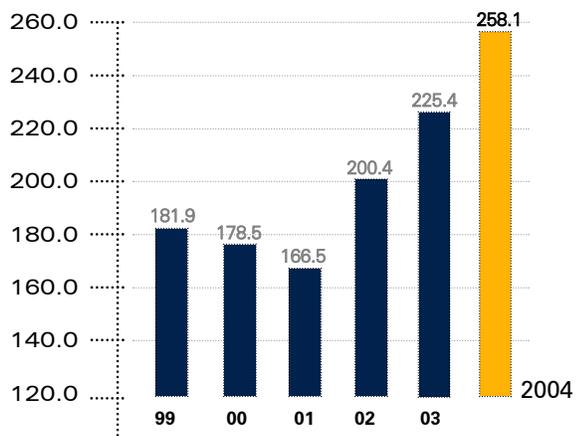
Selected Balance Sheet Items:

Total assets	\$153,607	\$170,019
Long-term debt, net of current portion	78	5,533
Stockholders' equity	\$133,000	\$136,883
Long-term debt to total assets	0.05%	3.25%
Book value per basic share	\$9.34	\$9.47
Weighted average shares outstanding (basic)	14,243,273	14,454,747
Weighted average shares outstanding (diluted)	14,623,066	14,779,889

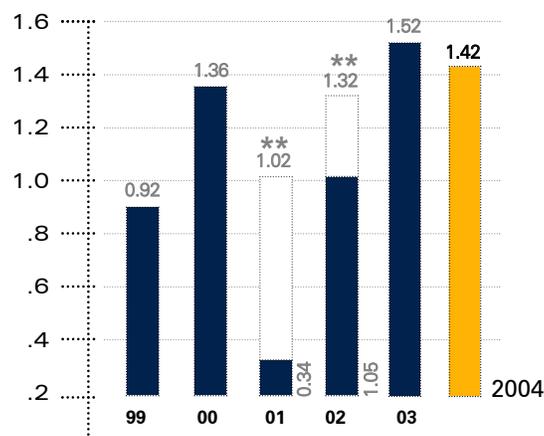
*In 2002, these results include the loss on impaired investments of \$6.2 million or \$0.27 per diluted earnings per share.

† These results are adjusted from previously filed Forms 10-Q and 10-K due to the sale of StarTek Europe, LTD on September 30, 2004, which is now presented as discontinued operations, as discussed in Note 17 to our audited consolidated financial statements.

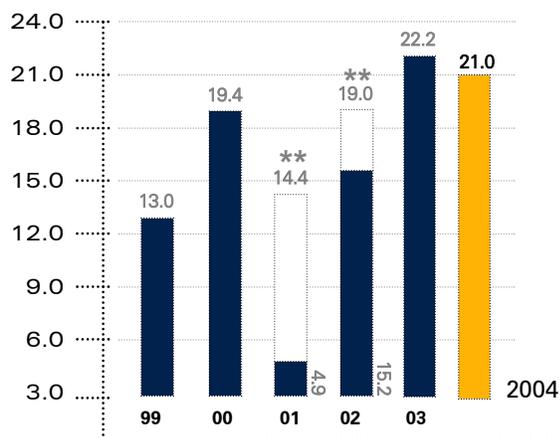
PERFORMANCE CHARTS



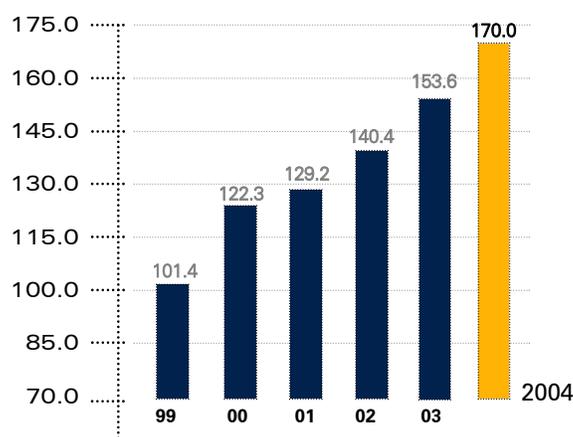
*Revenue - dollars in millions



Net Income Per Share



Net Income - dollars in millions



Total Assets - dollars in millions

*These results are adjusted from previously filed Forms 10-Q and 10-K due to the sale of StarTek Europe, LTD on September 30, 2004, which is now presented as discontinued operations, as discussed in Note 17 to our audited consolidated financial statements.

**The company recognized investment impairments in 2001 and 2002. The lighter area represents the reduction in net income or earnings per share relating to the impairment losses.

Market Price of Common Stock

	2001		2002		2003		2004	
	High	Low	High	Low	High	Low	High	Low
First Quarter	19.98	11.45	24.95	16.10	30.91	21.51	43.15	33.38
Second Quarter	23.00	13.08	27.20	21.46	28.85	22.60	37.30	31.17
Third Quarter	27.00	15.55	26.76	20.90	37.10	25.67	35.91	28.74
Fourth Quarter	19.99	14.80	28.00	20.25	42.80	31.55	32.48	26.59

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 INTERNAL CONTROL REPORT

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our Chief Financial Officer and acting Chief Executive Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2004, based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2004.

Management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2004, has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included elsewhere herein.



AUDITOR'S REPORT

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of StarTek, Inc.

We have audited management's assessment, included in the accompanying Management's Report on Internal Control over Financial Reporting, that StarTek, Inc. maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). StarTek Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

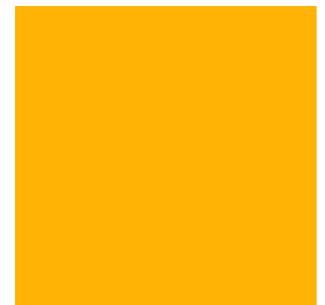
Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that StarTek, Inc. maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, StarTek, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004 based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of StarTek, Inc. and subsidiaries as of December 31, 2003 and 2004, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2004 and our report dated March 15, 2005 expressed an unqualified opinion thereon.

Ernst + Young LLP

Denver, Colorado
March 15, 2005





AUDITOR'S REPORT

Report of Independent Registered Public Accounting Firm on Condensed Consolidated Financial Statements

The Board of Directors and Stockholders of StarTek, Inc.

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of StarTek, Inc. and subsidiaries at December 31, 2003 and 2004 and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2004 (not presented separately herein) and in our report dated March 15, 2005, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived.

Ernst & Young LLP

Denver, Colorado
March 15, 2005

StarTek, Inc. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations

Dollars in thousands, except per share data

Year Ended December 31,	2002*	2003*	2004
Revenue	\$200,370	\$225,408	\$258,120
Cost of services	150,271	166,310	195,863
Gross profit	50,099	59,098	62,257
Selling, general and administrative expenses	20,510	25,797	27,878
Operating profit	29,589	33,301	34,379
Net interest income and other	1,986	4,048	3,532
Loss on impaired investments	(6,210)	--	--
Income before income taxes	25,365	37,349	37,911
Income tax expense	9,385	13,915	14,370
Income from continuing operations (A)	15,980	23,434	23,541
Loss on discontinued operations, net of tax (B)	(814)	(1,236)	(2,565)
Net income (C)	\$15,166	\$22,198	\$20,976
Weighted average shares of common stock (D)	14,140,765	14,243,273	14,454,747
Dilutive effect of stock options	244,624	379,793	325,142
Common stock and common stock equivalents (E):	14,385,389	14,623,066	14,779,889
Net income per share from continuing operations:			
Basic (A/D)	\$1.13	\$1.65	\$1.63
Diluted (A/D)	\$1.11	\$1.60	\$1.59
Net income/(loss) per share from discontinued operations:			
Basic (A/B)	\$(0.06)	\$(0.09)	\$(0.18)
Diluted (A/C)	\$(0.06)	\$(0.08)	\$(0.17)
Net income per share:			
Basic (A/B)	\$1.07	\$1.56	\$1.45
Diluted (A/C)	\$1.05	\$1.52	\$1.42

* These results are adjusted from previously filed Forms 10-Q and 10-K due to the sale of StarTek Europe, LTD on September 30, 2004, which is now presented as discontinued operations, as discussed in Note 17 to our audited consolidated financial statements.

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StarTek, Inc. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

Dollars in thousands

Year Ended December 31,

2003

2004

ASSETS

Current assets:

Cash and cash equivalents and investments	\$47,767	\$39,394
Trade accounts receivable, net	43,388	51,291
Inventories	1,720	430
Income tax receivable	805	12,344
Other current assets	3,157	5,055

Total current assets

96,837 108,514

Property, plant and equipment, net

54,563 59,760

Long-term deferred tax assets

1,743 1,521

Other

464 224

Total assets

\$153,607 \$170,019

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable and accrued liabilities	\$19,227	\$18,303
Other current liabilities	384	5,616

Total current liabilities

19,611 23,919

Long-term debt, less current portion

78 5,533

Other

918 3,684

Stockholders' equity

133,000 136,883

Total liabilities and stockholders' equity

\$153,607 \$170,019

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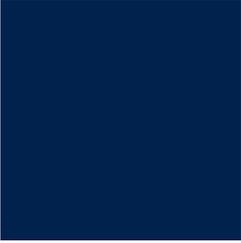
StarTek, Inc. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

Dollars in thousands

Year Ended December 31,	2002	2003	2004
Net income	\$15,166	\$22,198	\$20,976
Adjustments to net income, primarily net purchases of trading securities, changes in net operating assets, depreciation and amortization, and taxes	5,975	5,209	2,123
Net cash provided by operating activities	21,141	27,407	23,099
Net cash used in investing activities	(18,962)	(19,564)	(5,416)
Net cash used in financing activities	(3,739)	(14,881)	(9,084)
Effect of exchange rate changes on cash	421	(150)	55
Net increase (decrease) in cash and cash equivalents	(1,139)	(7,188)	8,654
Cash and cash equivalents at beginning of year	14,282	13,143	5,955
Cash and cash equivalents at end of year	\$13,143	\$5,955	\$14,609

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OFFICERS & DIRECTORS

A. Emmet Stephenson, Jr.
Chairman of the Board and Director
StarTek, Inc.
President
Stephenson and Company

Steve Butler
Executive Vice President
Interim Chief Executive Officer
Chief Financial Officer
StarTek, Inc.

Lance Zingale
Executive Vice President
Chief Operating Officer
StarTek, Inc.

Ed Zschau
Vice Chairman and Director
StarTek, Inc.
Visiting Lecturer
Princeton University

Albert C. Yates
Director
StarTek, Inc.
President Emeritus
Colorado State University

Kay Norton
Director
StarTek, Inc.
President
University of Northern Colorado



STOCKHOLDER INFORMATION

Headquarters

StarTek, Inc.
100 Garfield Street
Denver, Colorado 80206
Telephone: (303) 262-4500

Internet Address

www.StarTek.com

Auditors

Ernst & Young LLP
Denver, Colorado

Transfer Agent

UMB Bank
P.O. Box 410064
Kansas City, Missouri 64141

SEC Form 10-K

The Annual Report, the SEC Form 10-K and periodic reports on SEC Form 10-Q are available at our website, www.StarTek.com, as soon as practicable after the reports are filed with the SEC. These reports are also available free of charge by written request to:

Director of SEC Reporting and Compliance

StarTek, Inc.
44 Cook Street
Denver, CO 80206

Stock Listing

Symbol: SRT
New York Stock Exchange

Proxy Statement and Form 10-K

In an effort to provide stockholders with more effective financial communication, StarTek has provided selected financial data in the summary Annual Report.

Complete Consolidated Financial Statements (including unaudited quarterly data), Management's Discussion and Analysis of Financial Condition and Results of Operations, Quantitative and Qualitative Disclosure about Market Risk and our Dividend Policy can be found in the accompanying Proxy Statement or in the Form 10-K, which is available (without exhibits) without charge upon request to the office of the Chairman at (303) 262-4500.

Officer Certifications

We have filed the certifications required under Section 302 of the Sarbanes-Oxley Act of 2002 as Exhibit 31 to our Annual Report on Form 10-K for the year ended December 31, 2004. In 2004, we also filed with the New York Stock Exchange our CEO's certification regarding our compliance with NYSE corporate governance listing standards, as required by NYSE Rule 303A.12(a).

