

TELL S.A. GROUP

CONSOLIDATED REPORT FOR THE THIRD QUARTER OF 2014

POZNAŃ, 14 NOVEMBER 2014

Name of the group:	TELL S.A. GROUP		
Period covered by the financial statements:	01/01/2014 – 30/09/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	30/09/2014	30/09/2013	31/12/2013
Fixed assets			
Goodwill	57,581	57,581	57,581
Intangible fixed assets	578	883	779
Tangible fixed assets	4,811	3,933	4,400
Investment properties			
Interests in subsidiaries	1,287	1,287	1,287
Interests in associates			
Receivables	995	1,335	979
Financial derivatives			
Other long-term financial assets			
Long-term prepayments		161	129
Deferred income tax assets	998	974	1,133
Fixed assets	66,250	66,154	66,288
Current assets			
Inventories	9,786	8,999	11,477
Receivables from building services contracts			
Trade receivables and other receivables	34,020	33,684	44,054
Current tax assets	69	88	121
Loans	31	4	6
Financial derivatives			
Other short-term financial assets			
Short-term prepayments	432	409	285
Cash and cash equivalents	2,903	805	593
Fixed assets classified as held for trading			
Current assets	47,241	43,990	59,536
Total assets	113,491	110,144	122,823

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont.'d)

EQUITY AND LIABILITIES	30/09/2014	30/09/2013	31/12/2013
Shareholder's equity			
<i>Equity - share of the shareholders of the parent company:</i>			
Share capital	1,022	1,022	1,022
Treasury shares (-)			
- Share premium	24,863	24,863	24,863
Other Capitals	1,459	1,459	1,459
Retained profits:			
- retained profit (loss)	28,380	19,810	19,810
- net profit (loss) - share of the parent company shareholders	4,531	5,431	8,571
Equity - share of the shareholders of the parent company	60,256	52,586	55,725
Non-controlling shares			
Shareholder's equity	60,256	52,586	55,725
Liabilities			
Long-term liabilities			
Loans, credits, other debt instruments		1,042	460
Financial lease			
Financial derivatives			
Other liabilities			
Deferred income tax liabilities	7,235	6,998	7,017
Employee benefits liabilities	68	74	68
Other long-term provisions			
Long-term prepayments			
Long-term liabilities	7,302	8,113	7,545
Short-term liabilities			
Trade liabilities and other liabilities	42,692	43,008	47,081
Current tax liabilities	51	686	1,570
Loans, credits, other debt instruments	645	3,553	6,670
Financial lease			
Financial derivatives			
Employee benefits liabilities	2,545	2,198	4,231
Other short-term provisions			
Short-term prepayments			
Liabilities related to fixed assets held for trading			
Short-term liabilities	45,933	49,444	59,553
Total provisions	53,235	57,558	67,098
Total equity and liabilities	113,491	110,144	122,823

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	from 01/07 to 30/09/2014	from 01/01 to 30/09/2014	from 01/07 to 30/09/2013	from 01/01 to 30/09/2013
Continued activities				
Sale revenues	65,872	186,931	61,737	195,611
Revenues from the sale of products				
Revenue from the sale of services	35,221	105,232	35,298	114,649
Revenue from the sale of goods and materials	30,650	81,699	26,439	80,962
Sale costs	51,971	143,727	47,813	152,642
Costs of products sold				
Costs of services sold	21,714	63,092	22,156	73,015
Cost of goods and materials sold	30,257	80,635	25,657	79,627
Gross profit (loss) on sales	13,901	43,204	13,924	42,970
Sale costs	10,002	30,254	9,790	29,161
Administration costs	1,954	6,187	1,860	6,526
Other operating income	284	575	375	782
Other operating expense	117	650	67	732
Profit (loss) on the sale of subsidiaries (+/-)				
Operating profit (loss)	2,111	6,688	2,582	7,333
Financial income	26	62	15	124
Financial costs	487	1,123	157	559
Share in the profit (loss) of companies measured using the equity method (+/-)				
Profit (loss) before taxation	1,650	5,628	2,439	6,898
Income Tax	216	1,096	504	1,467
Net profit (loss) on continued activities	1,434	4,531	1,935	5,431
Discontinued operations				
Net profit (loss) on discontinued operations				
Net profit (loss)	1,434	4,531	1,935	5,431
Net profit (loss) - share of:				
- shareholders of the Parent Company	1,434	4,531	1,935	5,431
- non-controlling parties				

NET PROFIT (LOSS) PER ORDINARY SHARE (PLN)

	from 01/01 to 30/09/2014	from 01/01 to 30/09/2013
<i>on continued operations</i>		
- basic	0.89	0.99
- diluted		0.99
<i>on continued and discontinued operations</i>		
- basic	0.89	0.99
- diluted	0.89	0.99

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	from 01/07 to 30/09/2014	from 01/01 to 30/09/2014	from 01/07 to 30/09/2013	from 01/01 to 30/09/2013
Net profit (loss)	1,434	4,531	1,935	5,431
Other comprehensive income				
Items not carried as financial profit or loss				
Revaluation of tangible assets				
Income tax referred to items carried as financial profit or loss				
Items carried as financial profit or loss				
Available-for-sale financial assets:				
- profit (loss) recognised in the period as other comprehensive income				
- recognised as profit or loss				
Cash flow hedging instruments:				
- profit (loss) recognised in the period as other comprehensive income				
- recognised as profit or loss				
- amounts recognised in the initial value of the hedged items				
Exchange differences on the measurement of foreign operations				
Exchange differences recognised as profit or loss –				
sale of foreign operations				
Share in other comprehensive income of companies measured using the equity method				
Income tax referred to items carried as financial profit or loss				
Other comprehensive income after taxation				
Comprehensive income	1,434	4,531	1,935	5,431
Comprehensive income - share of:				
- shareholders of the Parent Company	1,434	4,531	1,935	5,431
- non-controlling parties				

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity - share of the parent company shareholders						Non-controlling shares	TOTAL EQUITY
	Share capital	Treasury shares (-)	Share premium	Other capitals	Retained profits	Total		
As at 01/01/2014	1,022	0	24,863	1,459	28,380	55,725		55,725
Changes in accounting policies								
Adjustment of fundamental errors								
Balance after changes	1,022	0	24,863	1,459	28,380	55,725		55,725
Changes in equity in the period from 01/01 to 30/09/2014								
Purchase of shares								
Redemption of treasury shares								
Option measurement (share-based payment programme)								
Changes in the group structure (transactions with non-controlling parties)								
Dividends								
Financial result recognised as other capital								
Total transactions with shareholders								
Net profit for the period from 01/01 to 30/09/2014					4,531	4,531		4,531
Other comprehensive income after taxation in the period from 01/01 to 30/09/2014								
Total comprehensive income					4,531	4,531		4,531
Transfer to retained profits (sale of revalued fixed assets)								
As at 30/09/2014	1,022	0	24,863	1,459	32,912	60,256		60,256

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont.'d)

	Equity - share of the parent company shareholders						Non-controlling shares	TOTAL EQUITY
	Share capital	Treasury shares (-)	Share premium	Other capitals	Retained profits	Total		
As at 01/01/2013	1,136		24,863	9,286	24,921	60,206		60,206
Changes in accounting policies								
Adjustment of fundamental errors								
Balance after changes	1,136		24,863	9,286	24,921	60,206		60,206
Purchase of shares		-7,941				-7,941		-7,941
Redemption of shares	-113	7,941		-7,827		0		0
Issue of shares in relation with the option exercise (share-based payment programme)								
Option measurement (share-based payment programme)								
Changes in the group structure (transactions with non-controlling parties)								
Dividends					-5,111	-5,111		-5,111
Financial result recognised as equity								
Total transactions with shareholders	-113	0		-7,827	-5,111	-13,052		-13,052
Net profit for the period from 01/01 to 30/09/2013					5,431	5,431		5,431
Other comprehensive income after taxation in the period from 01/01 to 30/09/2013								
Total comprehensive income					5,431	5,431		5,431
Transfer to retained profits (sale of revalued fixed assets)								
As at 30/09/2013	1,022	0	24,863	1,459	25,241	52,586		52,586

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont.'d)

	Equity - share of the parent company shareholders						Non-controlling shares	TOTAL EQUITY
	Share capital	Treasury shares (-)	Share premium	Other capitals	Retained profits	Total		
As at 01/01/2013	1,136		24,863	9,286	24,921	60,206		60,206
Changes in accounting policies								
Adjustment of fundamental errors								
Balance after changes	1,136		24,863	9,286	24,921	60,206		60,206
Changes in equity in the period from 01/01 to 31/12/2013								
Purchase of shares		-7,941				-7,941		-7,941
Redemption of treasury shares	-113	7,941		-7,941		-113		-113
Option measurement (share-based payment programme)								
Changes in the group structure (transactions with non-controlling parties)								
Dividends					-5,111	-5,111		-5,111
Financial result recognised as other capital								
Total transactions with shareholders	-113	0		-7,941	-5,111	-13,052		-13,052
Net profit for the period from 01/01 to 31/12/2013					8,571	8,571		8,571
Other comprehensive income after taxation in the period from 01/01 to 31/12/2013								
Total comprehensive income					8,571	8,571		8,571
Transfer to retained profits (sale of revalued fixed assets)								
As at 31/12/2013	1,022	0	24,863	1,459	28,380	55,725		55,725

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CONSOLIDATED CASH FLOW STATEMENT

	from 01/07 to 30/09/2014	from 01/01 to 30/09/2014	from 01/07 to 30/09/2013	from 01/01 to 30/09/2013
Cash flow from operating activity				
Profit (loss) before taxation	1,650	5,628	2,439	6,898
Adjustments:				
Depreciation of tangible fixed assets	445	1,339	426	1,293
Change in the fair value of investment properties				
Change in the fair value of financial assets (liabilities) measured at fair value through profit or loss				
Cash flow hedging instruments transferred from equity				
Impairment loss on financial assets				
Profit (loss) on the sale of non-financial fixed assets	26	16	3	66
Profit (loss) on the sale of financial assets (other than derivatives)				
Exchange difference gains/losses				
Interest expense	39	241	88	279
Interest and dividend income	-8	-10		-36
Cost of share-based payments (incentive programmes)				
Share in the profit (loss) of associate companies				
Other adjustments	31	105	15	79
Total adjustments	533	1,691	532	1,681
Change in inventories	-701	1,691	-481	1,745
Change in receivables	6,109	10,022	4,772	13,739
Change in liabilities	653	-5,471	-2,954	-19,535
Change in provisions and prepayments	-10	-651	-266	-931
Change in building contracts				
Changes in working capital	6,051	5,591	1,071	-4,981
Inflows (outflows) from the settlement of derivatives				
Interest paid on operating activities				
Taxes paid	-479	-2,211	-152	-1,539
Net cash flow from operating activity	7,755	10,699	3,889	2,059

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CONSOLIDATED CASH FLOW STATEMENT (Cont.'d)

	from 01/07 to 30/09/2014	from 01/01 to 30/09/2014	from 01/07 to 30/09/2013	from 01/01 to 30/09/2013
Cash flow from investment activity				
Expenses to purchase fixed assets	-763	-1,686	-671	-1,204
Inflows from the sale of fixed assets	58	121	14	120
Expenses to purchase investment properties				
Inflows from the sale of investment properties				
Net expenses to purchase subsidiaries				
Net inflows from the sale of subsidiaries				
Received repayments of loans granted	5	16	269	269
Loans granted		-46	-266	-5
Expenses to purchase other financial assets				
Inflows from the sale of other financial assets				
Inflows from government subsidies received				
Interest income	19	20	1	36
Dividend income				
Net cash flow from investing activity	-681	-1,574	-654	-784
Cash flow from financial activity				
Net inflows from the issue of shares				
Purchase of treasury shares				-7,941
Transactions with non-controlling parties, with no loss of control				
Inflows from debt securities in issue				
Redemption of debt securities				
Inflows from loans and credits contracted				
Repayment of loans and advances	-5,873	-6,497	-3,488	-1,507
Repayment of financial lease liabilities				
Interest paid	-53	-318	-117	-373
Dividends paid				
Net cash flow from financial activity	-5,926	-6,815	-3,605	-9,821
Net change in cash and cash equivalents	1,148	2,310	-370	-8,546
Cash and cash equivalents at period beginning	1,755	593	1,175	9,352
Exchange differences				
Cash and cash equivalents at period end	2,903	2,903	805	805

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EXPLANATORY NOTES TO THE CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS

1. General information

The parent company of the Tell S.A. Group [hereinafter referred to as the 'Group'] is Tell Spółka Akcyjna, hereinafter referred to as the 'Parent Company'.

The parent company was established in consequence of a transformation of Tell Sp. z o.o. on the basis of a Resolution of the Extraordinary General Meeting of Shareholders No. 1 of 15 November 2004. The parent company is entered into the register of companies of the National Court Register maintained by the District Court for Poznań-Nowe Miasto i Wilda in Poznań - VIII Commercial Division, under number KRS 0000222514. The Company received the following statistical identification number (REGON): 630822208.

The principal place of business of the parent company is at ul. Forteczna 19a, in Poznań 61-362. The seat of the parent company is also the principal place of business of the Group.

The basic objects of business of the parent company and its subsidiaries are as follows:

- Other telecommunications activities,
- Retail sale of telecommunications equipment,
- Retail sale of computers, peripheral equipment and software in specialised stores,
- Wholesale and retail sale of electronic and telecommunications equipment and parts,
- Wholesale of computers, peripheral equipment and software,
- Other retail sale not in stores, stalls or markets,
- Computer facilities management activities,
- Other business and management consultancy activities.

The consolidated quarterly financial statements comprise the parent company and the following subsidiaries:

Name of subsidiary	Registered office	Percentage share of the Group in the share capital:		
		30/09/2014	30/09/2013	31/12/2013
Euro-Phone Sp. z o.o.	Piaseczno	100%	100%	100%
PTI Sp. z o.o.	Poznań	100%	100%	100%

2. Drawing up basis and accounting rules

2.1. Drawing up basis

The consolidated quarterly financial statements of the Group cover the period of 9 months ended on 30/09/2014 and have been made in accordance with IAS 34 *Interim Financial Reporting*.

In order to ensure a better understanding of the financial and economic position of the Group, additionally, comparable data from the consolidated balance sheet made as at 31/12/2013 were provided, even though there is no such requirement in IAS 34.

The consolidated quarterly financial statements do not contain all the information that is disclosed in the annual consolidated financial statements prepared in accordance with IFRS. These consolidated quarterly financial statements should be read together with the consolidated financial statements of the Group for the year 2013.

The reporting currency of these consolidated quarterly financial statements is Polish zloty (PLN) and all the amounts are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated).

The consolidated quarterly financial statements were prepared in accordance with the going concern principle. As at the date of the approval of these consolidated quarterly financial statements for publication there are no circumstances which may pose a risk to the going concern assumption with regard to the Group companies.

2.2. Accounting policies

In the period from 1 January to 30 September 2014, there were no changes to the accounting principles (rules) as regards the measurement of assets and equity & liabilities and the measurement of the financial result. These consolidated quarterly interim financial statements have been prepared in accordance with the accounting principles (rules) applied in the last consolidated financial statements of the Group for the year ended on 31 December 2013.

No amendments to the published standards or interpretations that entered into force on or after 01 January 2014 have had any influence on these interim financial statements.

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2.3. Estimation Uncertainty

When preparing these consolidated quarterly financial statements, the Parent Company's Management Board uses its best judgement to make the estimates and assumptions that influence the accounting policies (rules) applied and the presented values of assets, liabilities, revenue and costs. The actually realised values may differ from the estimates made by the Management Board.

Information about the estimates and assumptions that are material for the consolidated financial statements have been presented in the consolidated financial statements for the year 2013.

3. Significant Events and Transactions

In the period covered by these consolidated quarterly financial statements, there occurred no events that were not but should have been recognised in the accounting books of the reporting period. Additionally, these consolidated quarterly financial statements do not comprise any significant events concerning the previous years.

4. Seasonality of business

The seasonal character of sales of mobile phone services is visible mainly in the growth of sale in the fourth quarter, particularly in December. Sometimes, this natural seasonal character is modified owing to marketing activities of operators, however in the reporting period the Issuer's Management Board did not note any significant diversions from standard pattern.

5. Earnings per share

The basic earnings per share is calculated in accordance with the formula: net profit attributable to the Parent Company's shareholders divided by average weighted number of ordinary shares in the given period.

The calculation of earnings per share has been presented below:

	from 01/01 to 30/09/2014	from 01/01 to 30/09/2013	from 01/01 to 31/12/2013
Number of shares inserted in the denominator of the formula			
Average weighted number of ordinary shares	5,110,847	5,493,124	5,396,769
Dilution effect of options convertible into shares			
Average weighted diluted number of ordinary shares	5,110,847	5,493,124	5,396,769
Continued activities			
Net profit (loss) on continued activities	4,531	5,431	8,571
Basic profit (loss) per share (PLN)	0.89	0.99	1.59
Diluted profit (loss) per share (PLN)	0.89	0.99	1.59
Discontinued operations			
Net profit (loss) on discontinued operations			
Basic profit (loss) per share (PLN)			
Diluted profit (loss) per share (PLN)			
Continued and discontinued operations			
Net profit (loss)	4,531	5,431	8,571
Basic profit (loss) per share (PLN)	0.89	0.99	1.59
Diluted profit (loss) per share (PLN)	0.89	0.99	1.59

6. Operating segments

The Group does not identify operating segments, because all the Tell S.A. Group companies carry out uniform economic activities related to intermediation in the sale of mobile communications services. However, due to formal requirements of particular mobile phone operators, the Group conducts its business through separate subsidiaries.

Name of the group:	TELL S.A. GROUP		
Period covered by the financial statements:	01/01/2014 – 30/09/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

The Group is not in a position to assign reliably the costs and assets to the below-presented revenue, therefore it was decided to provide information only about the revenue from the sale as broken down into particular service types (item 7 in the table "The value and volume structure of sales of the Tell S.A. Group").

The Group's Management Board manages the Group focusing on the value of margins generated at particular Group levels jointly for all co-operating operators. The information concerning the profitability of particular activity levels are given in the statement of profit or loss.

The Group conducts its operating activities on a single geographic area, i.e. the territory of Poland.

7. Brief description of the issuer's successes or failures in the period this report refers to, with an indication of the most important events concerning the issuer

Size of the Sale Network.

The average number of Orange outlets where the sale of Orange Polska S.A. services is conducted amounted to 167 in the third quarter of 2014 (as at 30/09/2014 - 159 outlets), when compared to the average number of the third quarter of 2013 being 177 outlets (as at 30/09/2013 - 175 outlets).

The number of outlets run by subsidiaries where the services of other operators are sold amounted to, as at the end of 30/09/2014, 165 outlets, when compared to 173 outlets as at the end of 30/09/2013. Among the above-mentioned outlets, there were 81 outlets (82 respectively as at the end of the third quarter of 2013) offering the services of Polkomtel Sp. z o.o. (PLUS operator) and 84 outlets (respectively, 91 as at the end of the third quarter of 2013) offering the services of T-Mobile Polska S.A. (T-Mobile operator).

Consolidated results of TELL S.A. Group on current operations.

In the third quarter of 2014, the revenue from the sale in the TELL S.A. Group amounted to kPLN 65.875 and was higher by 6.7% than in the corresponding period of previous year. After three quarters of 2014, the YTD revenue from the sale amounted to kPLN 186.931 and decreased by 4.4% when compared to the three quarters of 2013.

The operating profit for the third quarter of 2014 amounted to kPLN 2.111 and was lower by 18.2% than in the corresponding period of previous year. After three quarters of 2014, the YTD operating profit amounted to kPLN 6,688 and was lower by 8.8% than in the corresponding period of 2013.

EBITDA of the third quarter of 2014 amounted to kPLN 2.556 and was lower by 15.0% than in the previous year. After three quarters of 2014, the YTD EBITDA amounted to kPLN 8.026 and was lower by 6.9% than in the corresponding period of 2013.

The growth in financial costs in the third quarter of 2014 results mainly from the sales of debts related to the performance of the factoring agreement entered into between Orange Polska S.A. and Tell S.A. The sale of debts in the quarterly basis amounted to kPLN 363 and on an accruing basis after three quarters of 2014 - kPLN 623. At the same time, the operator granted remuneration in the amount equal to the costs incurred, which was recognised in the revenues from the sale of telecommunications services.

The net profit of the third quarter of 2014 was kPLN 1.434 and was lower than in corresponding period of the previous year by 25.9%. After three quarters of 2014, the YTD net profit amounted to kPLN 4,531 and decreased by 16.6 % when compared to the three quarters of 2013.

The value and volume structure of sales of the Tell S.A. Group:

Revenue from the sale of products and goods (in kPLN)	2014 Q1-Q3	2013 Q1-Q3	Change Q1-Q3 2014 /Q1 - Q3 2013	Q3 2014	Q3 2013	Change Q3.2013 /Q3 2014
Revenue from the sale of telecommunication services	71,290	74,293	95.96%	23,677	23,213	102.00%
Sets and pre-paid refillments	12,201	14,958	81.56%	3,960	5,188	76.34%
Postpaid contract phones	96,290	99,053	97.21%	35,971	31,042	115.88%
Other revenue	7,151	7,307	97.86%	2,263	2,294	98.63%
Total	186,931	195,611	95.56%	65,872	61,737	106.70%

Name of the group:	TELL S.A. GROUP		
Period covered by the financial statements:	01/01/2014 – 30/09/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Service sale volume	2014 Q1-Q3	2013 Q1-Q3	Change Q1-Q3 2014 /Q1 - Q3 2013	Q3 2014	Q3 2013	Change Q3.2013 /Q3 2014
Postpaid activations	406,424	435,464	93.33%	136,366	141,714	96.23%
Prepaid activations	89,748	122,779	73.10%	34,378	58,178	59.09%
Total	496,172	558,243	88.88%	170,744	199,892	85.42%

8. Goodwill

The table below presents changes in the goodwill in particular reporting periods:

	from 01/01 to 30/09/2014	from 01/01 to 30/09/2013	from 01/01 to 31/12/2013
Gross value	57,581	57,581	57,581
As at period beginning	57,581	57,481	57,481
Business combinations			
Sale of subsidiaries (-)			
Net exchange differences on conversion			
Other adjustments			
Gross value at period end	57,581	57,581	57,581
Impairment charges			
As at period beginning			
Loss expensed as cost in the period			
Net exchange differences on conversion			
Other changes			
Impairment loss at period end			
Goodwill - carrying amount at period end	57,581	57,581	57,581

9. Intangible fixed assets

The table below presents the acquisitions and disposals as well as impairment charges concerning intangible assets:

	Software licences	Other	Total
for the period from 01/01 to 30/09/2014			
Net carrying amount as at 01/01/2014	392	387	779
Acquisition by a business combination			
Increase (acquisition, production, lease)	15		15
Decrease (disposal, liquidation) (-)			
Depreciation and amortisation (-)	-117	-98	-216
Impairment loss (-)			
Reversal of impairment charges			
Net exchange differences on conversion (+/-)			
Net carrying amount as at 30/09/2014	290	289	578
for the period from 01/01 to 31/09/2013			
Net carrying amount as at 01/01/2013	387	571	957
Acquisition by a business combination			
Increase (acquisition, production, lease)	170		170
Decrease (disposal, liquidation) (-)		-8	-8

Name of the group:	TELL S.A. GROUP		
Period covered by the financial statements:	01/01/2014 – 30/09/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Depreciation and amortisation (-)	-137	-100	-237
Impairment loss (-)			
Reversal of impairment charges			
Net exchange differences on conversion (+/-)			
Net carrying amount as at 30/09/2013	420	463	883
for the period from 01/01 to 31/12/2013			
Net carrying amount as at 01/01/2013	387	571	957
Acquisition by a business combination			
Increase (acquisition, production, lease)	180		180
Sale of a subsidiary (-)			
Decrease (disposal, liquidation) (-)		-8	-8
Revaluation to fair value (+/-)			
Depreciation and amortisation (-)	-175	-176	-351
Impairment loss (-)			
Reversal of impairment charges			
Net exchange differences on conversion (+/-)			
Net carrying amount as at 31/12/2013	392	387	779

10. Tangible fixed assets

The table below presents the acquisitions and disposals as well as impairment charges concerning tangible fixed assets:

	Plants and machinery	Vehicles	Other fixed assets	In construction	Total
for the period from 01/01 to 30/09/2014					
Net carrying amount as at 01/01/2014	1,033	1,059	2,276	33	4,400
Acquisition by a business combination					
Increase (acquisition, production, lease)	442	545	420	419	1,826
Sale of a subsidiary (-)					
Decrease (disposal, liquidation) (-)	-18	-87	-28	-159	-292
Revaluation to fair value (+/-)					
Depreciation and amortisation (-)	-318	-300	-505		-1,123
Impairment loss (-)					
Reversal of impairment charges					
Net exchange differences on conversion (+/-)					
Net carrying amount as at 30/09/2014	1,139	1,217	2,163	292	4,811
for the period from 01/01 to 30/09/2013					
Net carrying amount as at 01/01/2013	686	1,388	2,032	26	4,133
Acquisition by a business combination					
Increase (acquisition, production, lease)	479	134	187	291	1,091
Sale of a subsidiary (-)					
Decrease (disposal, liquidation) (-)	-6	-87	-82	-57	-232
Revaluation to fair value (+/-)					
Depreciation and amortisation (-)	-256	-317	-487		-1,059
Impairment loss (-)					
Reversal of impairment charges					
Net exchange differences on conversion (+/-)					

Name of the group:	TELL S.A. GROUP		
Period covered by the financial statements:	01/01/2014 – 30/09/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Net carrying amount as at 30/09/2013	903	1,119	1,650	261	3,933
for the period from 01/01 to 31/12/2013					
Net carrying amount as at 01/01/2013	686	1,388	2,032	26	4,133
Acquisition by a business combination					
Increase (acquisition, production, lease)	721	178	1,020	848	2,797
Sale of a subsidiary (-)					
Decrease (disposal, liquidation) (-)	-7	-87	-158		-252
Other changes (reclassification, transfers)				-848	-848
Depreciation and amortisation (-)	-367	-421	-648		-1,436
Impairment loss (-)					
Reversal of impairment charges					
Net exchange differences on conversion (+/-)					
Net carrying amount as at 31/12/2013	1,033	1,059	2,276	33	4,400

11. Fair value of financial instruments

Changes in the fair value of financial assets and liabilities

The comparison of the carrying amount of the financial assets and liabilities with the fair value of the same is as follows (this comparison comprises all the financial assets and liabilities, irrespective of the fact whether they are carried in the consolidated financial statements at amortised cost or at fair value):

Class of financial instrument	30/09/2014		30/09/2013		31/12/2013	
	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount
Assets:						
Loans	35	35	4	4	6	6
Trade receivables and other	34,774	34,774	34,978	34,978	43,704	43,704
Financial derivatives						
Debt securities						
Listed shares						
Non-listed shares and participations*						
Investment fund units						
Remaining classes of other financial assets						
Cash and cash equivalents	2,903	2,903	805	805	593	593
Liabilities:						
Loan facilities			3,037	3,037	2,313	2,313
Overdraft facilities	645	645	1,558	1,558	4,817	4,817
Loans						
Debt securities						
Financial lease						
Financial derivatives						
Trade liabilities and other	41,306	41,306	35,773	35,773	44,966	44,966

*This item does not comprise shares and participations carried at cost because there is no reliable method to determine their fair value

The method of determination of fair value of financial instruments was presented in the latest annual consolidated financial statements of the Group.

Reclassification of financial assets

The Group did not make any reclassification of financial assets which would lead to a change in the measurement of these assets carried at fair value, at cost or at amortised cost.

Name of the group:	TELL S.A. GROUP		
Period covered by the financial statements:	01/01/2014 – 30/09/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

12. Impairment charges

Impairment of inventories:

	from 01/01 to 30/09/2014	from 01/01 to 30/09/2013	from 01/01 to 31/12/2013
As at period beginning	1,013	647	647
Loss expensed as cost in the period	19	121	366
Reversal of impairments in the period (-)	-100	-120	
Other changes (net exchange differences on conversion)			
At period end	932	648	1,013

Impairment of receivables and loans:

	from 01/01 to 30/09/2014	from 01/01 to 30/09/2013	from 01/01 to 31/12/2013
As at period beginning	5,444	4,875	4,875
Loss expensed as cost in the period	301	192	679
Reversal of impairments carried as revenue in the period (-)	-20	-38	-38
Provisions used (-)	-20	-69	-72
Other changes (net exchange differences on conversion)			
At period end	5,706	4,960	5,444

13. Share capital

Detailed information on the issue of the Parent Company's shares is given in the tables below.

Share capital as at the balance sheet day:

	30/09/2014	30/09/2013	31/12/2013
Number of shares	5,110,847	5,110,847	5,110,847
Par value of shares (PLN)	0.20	0.20	0.20
Share capital	1,022,169.40	1,022,169.40	1,022,169.40

14. Dividends

The General Meeting of Shareholders held on 24 October 2014 adopted resolution No. 3/2014 concerning the distribution of the 2013 net profit for PLN 9,801,796.85 and decided to allocate the net profit to:

- the payment of dividend in an amount of PLN 1 per one share in the Company,
- the supplementary capital in an amount remaining after the payment of the dividend.

The dividend day was determined to be 11 December 2014, and the dividend payment date - 29 December 2014. The number of shares entitling to the dividend is 5,110,847 and the dividend amount is PLN 5,110,847.00. The amount of PLN 4,690,949.85 was transferred to the supplementary capital.

15. Issue and redemption of debt securities

There has been no issue or redemption of debt securities.

16. Provisions

The value of provisions recognised in the abbreviated consolidated financial statements and changes thereto in particular periods have been as follows:

Name of the group:	TELL S.A. GROUP		
Period covered by the financial statements:	01/01/2014 – 30/09/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

	Provisions for long-term employee benefits	Other provisions, including provisions for:				total
		Accrued holidays	Costs of remuneration	Other expenses	Other benefits	
for the period from 01/01 to 30/09/2014						
As at period beginning	68	1,106	680			1,786
Provision increase carried as expense in the period		63				
Write-back of provisions recognised as the revenue in the period (-)			-680			
Utilisation of provisions (-)						
Increase by business combinations						
Other changes (net exchange differences after conversion)						
Provisions as at 30/09/2014	68	1,168				1,168
for the period from 01/01 to 30/09/2013						
As at period beginning	74	962	834	96		1,892
Provision increase carried as expense in the period		3	193			196
Write-back of provisions recognised as the revenue in the period (-)		-56	-210	-15		-281
Utilisation of provisions (-)			-817	-81		-898
Increase by business combinations						
Other changes (net exchange differences after conversion)						
Provisions as at 30/09/2013	74	910	0	0		910
for the period from 01/01 to 31/12/2013						
As at period beginning	74	962	834	96		1,892
Provision increase carried as expense in the period		158	680			838
Write-back of provisions recognised as the revenue in the period (-)	-6	-14	-29	-15		-58
Utilisation of provisions (-)			-805	-81		-886
Increase by business combinations						
Other changes (net exchange differences after conversion)						
Provisions as at 31/12/2013	68	1,106	680	0		1,786

17. Contingent Liabilities

The value of contingent liabilities as at the end of particular periods (including provisions concerning related parties) is as follows:

	30/09/2014	30/09/2013	31/12/2013
To related parties not subject to consolidation:			
Liability payment guarantee			
Guarantees originated			
Guarantees originated in relation with the building services contracts			
Disputed cases and cases in court			
Other Contingent Liabilities			

Name of the group:	TELL S.A. GROUP		
Period covered by the financial statements:	01/01/2014 – 30/09/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Total related parties not subject to consolidation			
To associated parties:			
Liability payment guarantee			
Guarantees originated			
Guarantees originated in relation with the building services contracts			
Disputed cases and cases in court			
Other Contingent Liabilities			
Total associates			
To other parties:			
Liability payment guarantee	30,885	33,425	34,105
Guarantees originated			
Guarantees originated in relation with the building services contracts			
Disputed cases and cases in court			
Disputed cases and cases in court related to the IRS			
Other Contingent Liabilities			
Total other parties			
Total contingent liabilities	30,885	33,425	34,105

18. Litigations in Court

Both the Parent Company and the subsidiaries are parties to legal proceedings in courts of law, however none of such proceedings concerns liabilities or receivables whose value constitutes at least 10 % of the equity of the Parent Company. Similarly, the total value of, respectively, liabilities and receivables litigated in court does not constitute at least 10 % of the equity of the issuer.

There are no proceedings with the participation of the Parent Company or its subsidiaries before any arbitration court.

19. Transactions with related parties

Transactions between the Group companies that have been eliminated during the consolidation process are presented in separate financial statements of particular companies.

Below are presented transactions with related parties not recognised in the abbreviated consolidated financial statements of the Group:

	Revenue from operating activity			Receivables		
	from 01.01 to 30/09/2014	from 01.01 to 30/09/2013	from 01.01 to 31/12/2013	30/09/2014	30/09/2013	31/12/2013
Sales to:						
The parent company						
A subsidiary	374	459	625	0	0	0
An associate						
A joint venture						
Key management personnel						
Other related parties						
Total	374	459	625	0	0	0

	30/09/2014		30/09/2013		31/12/2013	
	Originated in the period	Accumulated balance	Originated in the period	Accumulated balance	Originated in the period	Accumulated balance

Name of the group:	TELL S.A. GROUP		
Period covered by the financial statements:	01/01/2014 – 30/09/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Loans granted:						
to the parent company						
to a subsidiary	8,050	9,782	10,330	9,327	11,230	6,582
to an associate						
to a joint venture						
to a person from the key management						
to other related parties						
Total	8,050	9,782	10,330	9,327	11,230	6,582

20. Events after the Balance Sheet Date

In the period covered by these consolidated quarterly financial statements, there occurred no events that were not but should have been recognised in the accounting books of the reporting period. Additionally, these consolidated quarterly financial statements do not comprise any significant events concerning the previous years.

21. Purchase of treasury shares of the parent company

The Company did not buy its shares in 2014. Last purchase took place in 2013.

22. Other significant changes in assets, liabilities, revenue and costs

In the reporting period, there were no significant changes in assets, liabilities, revenue and costs.

23. Other information required by law (selected financial data converted into EUR)

In the periods covered by these abbreviated quarterly financial statements, the following exchange rates of PLN and EUR published by the National Bank of Poland were used:

- the exchange rate in force on the last day of the reporting period: 30/09/2014 4.1755 PLN/EUR, 30/09/2013 4.2163 PLN/EUR,
- average exchange rate in the period, calculated as an arithmetic mean of the exchange rates in force on the last day of each month in the period: from 01/01 to 30/09/2014 - 4.1803 PLN/EUR, from 01/01 to 30/09/2013 – 4.2231 PLN/EUR.

The basic items of the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income as well as the consolidated cash flow statements as converted into EUR are presented in the table:

	from 01/01 to 30/09/2014	from 01/01 to 30/09/2013	from 01/01 to 30/09/2014	from 01/01 to 30/09/2013
	in k PLN		in k EUR	
Statement of financial position and other comprehensive income				
Sale revenues	186,931	195,611	44,717	46,319
Operating profit (loss)	6,688	7,333	1,600	1,736
Profit (loss) before taxation	5,628	6,898	1,346	1,633
Net profit (loss)	4,531	5,431	1,084	1,286
Net profit (loss) - share of the shareholders of the parent company	4,531	5,431	1,084	1,286
Earnings per share (PLN; EUR)	0.89	0.99	0.21	0.23
Diluted earnings per share (PLN; EUR)	0.89	0.99	0.21	0.23
Average exchange rate PLN / EUR in the period	X	X	4.1803	4.2231
Cash flow statement				
Net cash flow from operating activity	10,699	2,059	2,559	488
Net cash flow from investing activity	-1,574	-784	-377	-186
Net cash flow from financial activity	-6,815	-9,821	-1,630	-2,326
Net change in cash and cash equivalents	2,310	-8,546	553	-2,024
Average exchange rate PLN / EUR in the period	X	X	4.1803	4.2231

Name of the group:	TELL S.A. GROUP		
Period covered by the financial statements:	01/01/2014 – 30/09/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

	30/09/2014		30/09/2013	
	in k PLN		in k EUR	
Statement of financial position				
Assets	113,491	110,144	27,180	26,123
Long-term liabilities	7,302	8,113	1,749	1,924
Short-term liabilities	45,933	49,444	11,001	11,727
Shareholder's equity	60,256	52,586	14,431	12,472
Equity - share of the parent company shareholders	60,256	52,586	14,431	12,472
PLN / EUR exchange rate at period end	X	X	4.1755	4.2163

REMAINING INFORMATION TO THE REPORT FOR THE THIRD QUARTER OF 2014

24. Description of the organisation of the Group and indication of consolidated entities

The Tell S.A. Group is composed of the parent company Tell S.A. and related companies.

Euro-Phone Sp. z o.o.

Seat of the Company: ul. Puławska 40a, 05-500 Piaseczno,

Basic object of business: Agents specialised in the sale of other particular products (Polish Classification of Economic Activities of 2007 - 4618Z),

Company's legal basis: The Company was established on 19 March 1998 (Notarised deed No. A 2699/98). The registration authority is the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, KRS 0000010796. Incorporation date: 25 May 2001.

In Euro-Phone Sp. z o.o., Tell S.A., holds 100% of shares.

PTI Sp. z o.o.

Seat of the Company: ul. Forteczna 19A, 61-362 Poznań,

Basic object of business: Agents specialised in the sale of other particular products (Polish Classification of Economic Activities of 2007 - 4618Z),

Company's legal basis: The Company was established on 12 July 2007 (Notarised deed No. A 5675/2007).

Registration authority: District Court for Poznań Nowe Miasto i Wilda, VIII Commercial Division of the National Court Register, KRS 0000286046. Incorporation date – 13 August 2007.

In PTI Sp. z o.o., Tell S.A., holds 100% of shares.

Toys4Boys Pl. Sp. z o.o.

Seat of the Company: ul. Nowy Świat 11B, 80-299 Gdańsk,

Basic object of business: Retail sale via mail order houses or via Internet (Polish Classification of Economic Activities of 2007 – 4791Z),

Company's legal basis: The Company was established on 16 February 2007 (Notarised deed No. A 5029/2007). Registration authority: District Court for Gdańsk-Północ in Gdansk, 7th Commercial Division of the National Court Register, KRS 0000276286. Incorporation date: 12 March 2007.

In Toys4Boys.pl Sp. z o.o., Tell S.A., holds 30% of shares.

The financial statements of Toys4Boys.pl Sp. z o.o. are immaterial from the perspective of the consolidated financial statements of the Tell S.A. Group. By decision of the Management of the Company, Toys4Boys.pl Sp. z o.o. is not subject to consolidation as at 30 September 2014.

Tell S.A. holds shares in Connex Sp. z o.o., which is not consolidated. As at the date of these financial statements, Connex Sp. z o.o. does not conduct any business.

The consolidation covers Euro-Phone Sp. z o.o. and PTI Sp. z o.o.

25. Indication of consequences of changes in the structure of the entity, including the resulting mergers, take-overs or sales of the issuer's Group companies, long-term investments, divisions, restructuring or business discontinuations;

No changes in the company's structure.

Name of the group:	TELL S.A. GROUP		
Period covered by the financial statements:	01/01/2014 – 30/09/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

26. Statement of the Management Board concerning the possibility of achieving the earlier published forecasts of results for the given year in the light of results presented in the quarterly statements (as compared to the forecasts)

The Management Board of Tell S.A. did not publish any forecasts of results for 2013.

27. Indication of shareholders holding, directly or indirectly through subsidiary entities, at least 5% of total votes at the general meeting of shareholders of the issuer as at the date of publication of the quarterly statements, indication of the number of shares held, their percentage of share capital, number of votes resulting and percentage of total votes at the general meeting of shareholders and indication of changes in the structure of significant blocks of shares in the issuer in the period from the publication of the previous quarterly statements

As at 30/09/2014, the share capital of the Company amounted to kPLN 1,022 (2013: kPLN 1,022) and was divided into 5,110,847 shares (2013: 5,110,847) of the nominal value of PLN 0.20 each. All shares have been fully paid up.

All shares equally participate in the dividend distribution. The shares are divided into ordinary bearer shares, which entitle to one vote at the General Meeting of Shareholders, and preferential shares, where 1 preferential share entitle to two votes.

Shareholders holding at least 5% of votes at the General Meeting of Shareholders as at the date of the publication of the statements for the third quarter of 2014.

	Total shares	Total votes	Percentage of share capital	% of votes
Neo Fund 1 Sp. z o. o.*	1,279,860*	2,501,564	25.04%	38.53%
Waldemar Ziomek	453,648	613,256	8.88%	9.45%
AVIVA Investors FIO** AVIVA Investors SFIO	657,672	657,672	12.87%	10.13%
Quercus Parasolowy SFIO, Quercus Absolute Return FIZ	877,179	877,179	17.16%	13.51%
MS Investment Sp. z o.o. sk	530,032	530,032	10.37%	8.16%
total	3,798,391	5,179,703	74.32%	79.78%

* Shares acquired indirectly by Neo Investment spółka akcyjna.

** number of shares held by Funds represented at the Ordinary General Meeting of Shareholders on 28/04/2011.

Shareholders holding at least 5% of votes at the General Meeting of Shareholders as at the date of the publication of the statements for the first quarter of 2014.

	Total shares	Total votes	Percentage of share capital	% of votes
Neo Fund 1 Sp. z o. o.*	1,279,860*	2,501,564	25.04%	38.537%
V Group S.A.	529,093	529,093	10.35%	8.15%
Waldemar Ziomek	453,648	613,256	8.88%	9.45%
AVIVA Investors FIO** AVIVA Investors SFIO	657,672	657,672	12.87%	10.13%
Quercus Parasolowy SFIO, Quercus Absolute Return FIZ	877,179	877,179	17.16%	13.51%
total	3,797,452	5,178,764	74.30%	79.77%

* Shares acquired indirectly by Neo Investment spółka akcyjna.

** number of shares held by Funds represented at the Ordinary General Meeting of Shareholders on 28/04/2011.

The above statements were made in the basis of information given to the Company by the shareholders, in particular in the form of notifications about considerable blocks of shares, taking into account changes in the amount and structure of the Company's share capital, including changes related to the share issue, division, conversion or redemption.

Name of the group:	TELL S.A. GROUP		
Period covered by the financial statements:	01/01/2014 – 30/09/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

28. List of issuer's shares and entitlements thereto held by persons managing or supervising the issuer upon the date of the publication of the quarterly statements, indication of changes thereto in the period from the publication of the previous quarterly report, separately for each such person

List of shares held by persons managing or supervising the issuer as at the date of publication of this report for the third quarter of 2014.

	Total shares	Total votes	Percentage of share capital	% of votes
Members of the Supervisory Board				
Paweł Turno	30,000	30,000	0.59%	0.46%
Management Board				
Rafał Stempniewicz	94,590	94,590	1.85%	1.46%
Stanisław Górski	2,319	2,319	0.05%	0.04%
Robert Krasowski	4,924	4,924	0.10%	0.08%

List of shares held by persons managing or supervising the issuer as at the date of publication of this report for the first quarter of 2014.

	Total shares	Total votes	Percentage of share capital	% of votes
Members of the Supervisory Board				
Paweł Turno	30,000	30,000	0.59%	0.46%
Management Board				
Rafał Stempniewicz	94,590	94,590	1.85%	1.46%
Stanisław Górski	2,319	2,319	0.05%	0.04%
Robert Krasowski	4,924	4,924	0.10%	0.08%
total	131,833	131,833	2.58%	2.03%

29. Indication of court, arbitration or public administration proceedings

Both Tell S.A. and its subsidiaries are parties to legal proceedings in courts of law, however none of such proceedings concerns liabilities or receivables whose value constitutes at least 10 % of the equity of the issuer. Similarly, the total value of, respectively, liabilities and receivables litigated in court does not constitute at least 10 % of the equity of the issuer.

There are no proceedings with the participation of the Company or its subsidiaries before any arbitration court.

30. Information on the conclusion by the issuer or its subsidiary of one or more transactions with related parties when such transactions individually or taken together are material and were not entered at arm's length, excluding transactions entered into by an issuer being a fund with a related party, including indication of the value(s) of such transactions, whereby, the information on particular transactions may be grouped by type, excluding the case when information on such particular transactions is necessary for the understanding of their impact on the economic or financial position of the issuer or its financial result

All transactions between the Group companies are at arm's length transactions. Information on such transactions was provided in the supplementary notes to the consolidated quarterly financial statements - item 18.

31. Information on the grant by the issuer or its subsidiary of a loan collateral or guarantee to one entity or subsidiary of such entity (jointly) if the total value of the existing collaterals or guarantees is equivalent to at least 10 % of the issuer's equity

Information was provided in the supplementary notes to the consolidated quarterly financial statements - item 17.

Name of the group:	TELL S.A. GROUP		
Period covered by the financial statements:	01/01/2014 – 30/09/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

32. Other information, which in the issuer's opinion is important for the assessment of its personnel, economic, financial position and the financial result, as well as changes thereto; information that is important for the assessment of the issuer's obligation discharge possibilities

The statements contain basic information that is important for the assessment of the Tell S.A. Group's situation, whereby, in order to complete the picture, the system of registering revenue and costs related to the postpaid mobile phone services are presented below.

Methods of settling subsidies to postpaid phones in contracts with particular operators

In order to ensure the correct interpretation of the separate and consolidated financial results of the Tell S.A. Group companies, it is necessary to explain different ways of recognition in the books of the Group companies of subsidiaries for the sale of mobile phones by particular operators and the impact of such operations on revenue and costs items. Irrespective of a different way of mobile phone sale settlement by particular operators, the result on such operations is neutral.

ORANGE network operator – Orange Polska S.A.

Tell S.A. acquires phones from the Operator at market prices. After the purchase, the Company incurs a liability in an amount equal to the market price of the phone. At the same time, the Company recognised in its assets an inventory stock valued at the phones' market prices. The Company sells such phones in two variants:

- a sale of the phone directly to the client in a sale outlet

In this case, the sale is made at the promotional price (allowing for a subsidy at the level agreed with the Operator). Thus, the Company makes a temporary loss on this particular transaction. However, immediately after the promotional sale, in accordance with the procedures agreed with the Operator in the contract, the Operator issues corrective invoices decreasing the original phone purchase price for the Company to the promotional price (allowing for the subsidy level). Thus, in effect, the transaction has a neutral effect on the Company's financial result.

- sale of the phone to a sub-agent, who then sells it to a client in a sale outlet

In this case, the sale is made at the original Operator's purchase price and then the process is analogous as above, whereby it is the Company that issues a corrective invoice to the sub-agent, adjusting the original selling price.

T-Mobile network operator – T-Mobile Polska S.A.

Until the end of June 2011, the revenue and costs related to the sale of mobile phones were registered in promotional prices.

Between 1 July 2011 and March 2013, the Company had in place a system identical to the system of settlements between Tell S.A. and Orange Polska S.A.

This system was changed in March 2013. Currently, the Company receives phones from the Operator as held in trust and has 45 to sell them. If not sold within such period of 45 days, the phones are automatically bought and an invoice is made to the name of Euro-Phone Sp. z o.o. If, consequently, the phone (purchased by the Company after the expiry of the 45 day period) is sold to the client in a selling outlet, the difference between the purchase price and the promotional price is reimbursed on the basis of a correction invoice, i.e. in accordance with the same procedure as before the system change. Transactions with sub-agents are a replication of the operations between the Company and the operator, with a difference that the Company is a party to them and not the Operator.

PLUS network operator - Polkomtel Sp. z o.o.

PTI Sp. z o.o. acquires phones from the Operator at market prices. After the purchase, the Company incurs a liability in an amount equal to the market price of the phone. At the same time, the Company recognised in its assets an inventory stock valued at the phones' market prices. The Company sells such phones in two variants:

- a sale of the phone directly to the client in a sale outlet

In this case, the sale is made at the promotional price (allowing for a subsidy at the level agreed with the Operator). Thus, the Company makes a loss on this particular transaction. However, immediately after the promotional sale, as agreed with the Operator in the contract, the Operator grants the company a commission in an amount equal to the value of loss incurred at the given transaction. In effect, the transaction has a neutral effect on the Company's financial result, however, it shows a much higher revenue and costs from a similar transaction than other Group companies.

- sale of the phone to a sub-agent, who then sells it to a client in a sale outlet

In this case the sale is made at the original price of purchase from the Operator, but then the process is similar as the one described above, whereby it is the company that sets off the sub-agent's loss on the mobile phone sale transaction to a client by paying an appropriate commission (received earlier from the Operator).

In consequence of such recognition, the phone sale results in relatively high revenue from the sale and high costs of sale when compared to other Group companies.

Name of the group:	TELL S.A. GROUP		
Period covered by the financial statements:	01/01/2014 – 30/09/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

If all Group companies settled the value of subsidised phones in the same way as Tell S.A, the Group's revenue would amount to in 2014 and 2013, respectively, kPLN 141.790 and kPLN 141.734. The costs of sale in Q3/2014 and Q3/2013 would be, respectively, kPLN 98.586 and kPLN 98.765.

33. Indication of factors which, in the issuer's opinion, will have an influence on its results within the perspective of at least next quarter

The basic factors which will influence the results to be achieved by the Tell S.A. Group in the nearest future include the demand for mobile phone services, in particular its seasonality (cf. item 4 above) as well as the related level of sale plan performance imposed on the Group Companies by mobile phone operators.

QUARTERLY FINANCIAL INFORMATION OF TELL S.A.

STATEMENT OF FINANCIAL POSITION

ASSETS	30/09/2014	30/09/2013	31/12/2013
Fixed assets			
Goodwill	21,298	21,298	21,298
Intangible fixed assets	306	464	424
Tangible fixed assets	3,437	2,401	2,794
Investment properties			
Interests in subsidiaries	25,636	25,636	25,636
Interests in associates			
Receivables	352	370	348
Financial derivatives			
Other long-term financial assets			
Long-term prepayments		161	129
Deferred income tax assets	466	310	537
Fixed assets	51,496	50,640	51,168
Current assets			
Inventories	7,221	6,162	7,562
Receivables from building services contracts			
Trade receivables and other receivables	18,764	17,837	25,655
Current tax assets			
Loans	9,782	9,327	6,582
Financial derivatives			
Other short-term financial assets			
Short-term prepayments	365	323	222
Cash and cash equivalents	689	420	226
Fixed assets classified as held for trading			
Current assets	36,821	34,068	40,248
Total assets	88,317	84,708	91,415

Name of the group:	TELL S.A. GROUP		
Period covered by the financial statements:	01/01/2014 – 30/09/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

STATEMENT OF FINANCIAL POSITION (Cont.'d)

EQUITY AND LIABILITIES	30/09/2014	30/09/2013	31/12/2013
Shareholder's equity			
<i>Equity - share of the shareholders of the parent company:</i>			
Share capital	1,022	1,022	1,022
Treasury shares (-)			
- Share premium	24,863	24,863	24,863
Other Capitals	1,459	1,459	1,459
Retained profits:			
- retained profit (loss)	28,025	18,223	18,223
- net profit (loss) - share of the parent company shareholders	4,084	6,935	9,802
Equity - share of the shareholders of the parent company	59,453	52,503	55,369
Non-controlling shares			
Shareholder's equity	59,453	52,503	55,369
Liabilities			
Long-term liabilities			
Loans, credits, other debt instruments			
Financial lease			
Financial derivatives			
Other liabilities			
Deferred income tax liabilities	4,047	4,047	4,047
Employee benefits liabilities	40	40	40
Other long-term provisions			
Long-term prepayments			
Long-term liabilities	4,087	4,087	4,087
Short-term liabilities			
Trade liabilities and other liabilities	23,131	24,644	25,773
Current tax liabilities	25	686	1,570
Loans, credits, other debt instruments	13	1,407	1,653
Financial lease			
Financial derivatives			
Employee benefits liabilities	1,607	1,382	2,962
Other short-term provisions			
Short-term prepayments			
Liabilities related to fixed assets held for trading			
Short-term liabilities	24,777	28,118	31,959
Total provisions	28,863	32,205	36,045
Total equity and liabilities	88,317	84,708	91,415

Name of the group:	TELL S.A. GROUP		
Period covered by the financial statements:	01/01/2014 – 30/09/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

STATEMENT OF PROFIT OR LOSS

	from 01/07 to 30/09/2014	from 01/01 to 30/09/2014	from 01/07 to 30/09/2013	from 01/01 to 30/09/2013
Continued activities				
Sale revenues	24,724	70,149	19,736	61,102
Revenues from the sale of products				
Revenue from the sale of services	13,763	43,542	13,887	46,713
Revenue from the sale of goods and materials	10,961	26,607	5,849	14,389
Sale costs	15,518	40,952	10,661	31,587
Costs of products sold				
Costs of services sold	4,780	14,843	5,274	17,928
Cost of goods and materials sold	10,738	26,110	5,387	13,659
Gross profit (loss) on sales	9,206	29,197	9,075	29,515
Sale costs	7,070	21,147	6,485	19,623
Administration costs	1,246	4,041	1,367	4,382
Other operating income	207	231	192	319
Other operating expense	95	462	52	533
Profit (loss) on the sale of subsidiaries (+/-)				
Operating profit (loss)	1,001	3,778	1,363	5,296
Financial income	165	1,749	186	3,089
Financial costs	413	817	99	292
Share in the profit (loss) of companies measured using the equity method (+/-)				
Profit (loss) before taxation	753	4,709	1,450	8,092
Income Tax	24	626	301	1,157
Net profit (loss) on continued activities	728	4,084	1,149	6,935
Discontinued operations				
Net profit (loss) on discontinued operations				
Net profit (loss)	728	4,084	1,149	6,935
Net profit (loss) - share of:				
- shareholders of the Parent Company	728	4,084	1,149	6,935
- non-controlling parties				

NET PROFIT (LOSS) PER ORDINARY SHARE (PLN)

		from 01/01 to 30/09/2014		from 01/01 to 30/09/2013
<i>on continued operations</i>				
- basic		0.80		1.26
- diluted		0.80		1.26
<i>on continued and discontinued operations</i>				
- basic		0.80		1.26
- diluted		0.80		1.26

Name of the group:	TELL S.A. GROUP		
Period covered by the financial statements:	01/01/2014 – 30/09/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	from 01/07 to 30/09/2014	from 01/01 to 30/09/2014	from 01/07 to 30/09/2013	from 01/01 to 30/09/2013
Net profit (loss)	728	4,084	1,149	6,935
Other comprehensive income				
Items not carried as financial profit or loss				
Revaluation of tangible assets				
Income tax referred to items carried as financial profit or loss				
Items carried as financial profit or loss				
Available-for-sale financial assets:				
- profit (loss) recognised in the period as other comprehensive income				
- recognised as profit or loss				
Cash flow hedging instruments:				
- profit (loss) recognised in the period as other comprehensive income				
- recognised as profit or loss				
- amounts recognised in the initial value of the hedged items				
Exchange differences on the measurement of foreign operations				
Exchange differences recognised as profit or loss –				
sale of foreign operations				
Share in other comprehensive income of companies measured using the equity method				
Income tax referred to items carried as financial profit or loss				
Other comprehensive income after taxation				
Comprehensive income	728	4,084	1,149	6,935
Comprehensive income - share of:				
- shareholders of the Parent Company	728	4,084	1,149	6,935
- non-controlling parties				

Name of the group:	TELL S.A. GROUP		
Period covered by the financial statements:	01/01/2014 – 30/09/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY

	Equity - share of the parent company shareholders						Non-controlling shares	TOTAL EQUITY
	Share capital	Treasury shares (-)	Share premium	Other capitals	Retained profits	Total		
As at 01/01/2014	1,022	0	24,863	1,459	28,025	55,369		55,369
Changes in accounting policies								
Adjustment of fundamental errors								
Balance after changes	1,022	0	24,863	1,459	28,025	55,369		55,369
Changes in equity in the period from 01/01 to 30/09/2014								
Purchase of shares								
Redemption of treasury shares								
Option measurement (share-based payment programme)								
Changes in the group structure (transactions with non-controlling parties)								
Dividends								
Financial result recognised as other capital								
Total transactions with shareholders								
Net profit for the period from 01/01 to 30/09/2014					4,084	4,084		4,084
Other comprehensive income after taxation in the period from 01/01 to 30/09/2014								
Total comprehensive income					4,084	4,084		4,084
Transfer to retained profits (sale of revalued fixed assets)								
As at 30/09/2014	1,022	0	24,863	1,459	32,109	59,453		59,453

Name of the group:	TELL S.A. GROUP		
Period covered by the financial statements:	01/01/2014 – 30/09/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY (Cont.'d)

	Equity - share of the parent company shareholders						Non-controlling shares	TOTAL EQUITY
	Share capital	Treasury shares (-)	Share premium	Other capitals	Retained profits	Total		
As at 01/01/2013	1,136		24,863	9,286	23,334	58,619		58,619
Changes in accounting policies								
Adjustment of fundamental errors								
Balance after changes	1,136		24,863	9,286	23,334	58,619		58,619
Purchase of shares		-7,941				-7,941		-7,941
Redemption of shares	-113	7,941		-7,827		0		0
Option measurement (share-based payment programme)								
Changes in the group structure (transactions with non-controlling parties)								
Profit distribution					-5,111	-5,111		-5,111
Financial result recognised as equity								
Total transactions with shareholders	-113	0		-7,827	-5,111	-13,052		-13,052
Net profit for the period from 01/01 to 30/09/2013					6,935	6,935		6,935
Other comprehensive income after taxation in the period from 01/01 to 30/09/2013								
Total comprehensive income					6,935	6,935		6,935
Transfer to retained profits (sale of revalued fixed assets)								
As at 30/09/2013	1,022	0	24,863	1,459	25,158	52,503		52,503

Name of the group:	TELL S.A. GROUP		
Period covered by the financial statements:	01/01/2014 – 30/09/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY (Cont.'d)

	Equity - share of the parent company shareholders					Non-controlling shares	TOTAL EQUITY
	Share capital	Treasury shares (-)	Share premium	Other capitals	Retained profits		
As at 01/01/2013	1,136		24,863	9,286	23,334		58,619
Changes in accounting policies							
Adjustment of fundamental errors							
Balance after changes	1,136		24,863	9,286	23,334		58,619
Changes in equity in the period from 01/01 to 31/12/2013							
Issue of shares		-7,941				-7,941	-7,941
Redemption of shares	-113	7,941		-7,827		0	0
Option measurement (share-based payment programme)							
Changes in the group structure (transactions with non-controlling parties)							
Dividends					-5,111	-5,111	-5,111
Financial result recognised as other capital							
Total transactions with shareholders	-113	0		-7,827	-5,111	-13,052	-13,052
Net profit for the period from 01/01 to 31/12/2013					9,802	9,802	9,802
Other comprehensive income after taxation in the period from 01/01 to 31/12/2013							
Total comprehensive income					9,802	9,802	9,802
Transfer to retained profits (sale of revalued fixed assets)							
As at 31/12/2013	1,022	0	24,862	1,459	28,025	55,369	55,369

Name of the group:	TELL S.A. GROUP		
Period covered by the financial statements:	01/01/2014 – 30/09/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

CASH FLOW STATEMENT

	from 01/07 to 30/09/2014	from 01/01 to 30/09/2014	from 01/07 to 30/09/2013	from 01/01 to 30/09/2013
Cash flow from operating activity				
Profit (loss) before taxation	753	4,709	1,450	8,092
Adjustments:				
Depreciation of tangible fixed assets	281	858	272	806
Change in the fair value of investment properties				
Change in the fair value of financial assets (liabilities) measured at fair value through profit or loss				
Cash flow hedging instruments transferred from equity				
Impairment loss on financial assets				
Profit (loss) on the sale of non-financial fixed assets	-1	-2	10	28
Profit (loss) on the sale of financial assets (other than derivatives)				
Exchange difference gains/losses				
Interest expense	16	112	99	292
Interest and dividend income	-165	-1,749	-186	-3,089
Cost of share-based payments (incentive programmes)				
Share in the profit (loss) of associate companies				
Other adjustments				
Total adjustments	132	-781	195	-1,963
Change in inventories	-904	341	-89	1,354
Change in receivables	4,317	6,887	2,634	8,865
Change in liabilities	-1,503	-3,338	-961	-10,985
Change in provisions and prepayments	-53	-674	-32	-649
Change in building contracts				
Changes in working capital	1,857	3,217	1,552	-1,415
Inflows (outflows) from the settlement of derivatives				
Interest paid on operating activities				
Taxes paid	-299	-2,099	-119	-1,550
Net cash flow from operating activity	2,442	5,046	3,078	3,164

Name of the group:	TELL S.A. GROUP		
Period covered by the financial statements:	01/01/2014 – 30/09/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

CASH FLOW STATEMENT (CONT.'D)

	from 01/07 to 30/09/2014	from 01/01 to 30/09/2014	from 01/07 to 30/09/2013	from 01/01 to 30/09/2013
Cash flow from investment activity				
Expenses to purchase fixed assets	-589	-1,459	-476	-865
Inflows from the sale of fixed assets	57	78	6	58
Expenses to purchase investment properties				
Inflows from the sale of investment properties				
Net expenses to purchase subsidiaries				
Net inflows from the sale of subsidiaries				
Received repayments of loans granted	700	4,850	3,350	8,530
Loans granted	-3,500	-8,050	-2,650	-10,330
Expenses to purchase other financial assets				
Inflows from the sale of other financial assets				
Inflows from government subsidies received				
Interest income	165	471	146	535
Dividend income		1,278		2,509
Net cash flow from investing activity	-3,167	-2,832	376	437
Cash flow from financial activity				
Net inflows from the issue of shares				
Purchase of treasury shares				-7,941
Transactions with non-controlling parties, with no loss of control				
Inflows from debt securities in issue				
Redemption of debt securities				
Inflows from loans and credits contracted	13			
Repayment of loans and advances		-1,640	-3,139	-1,017
Repayment of financial lease liabilities				
Interest paid	-16	-112	-99	-292
Dividends paid				
Net cash flow from financial activity	-3	-1,752	-3,238	-9,249
Net change in cash and cash equivalents	-728	463	217	-5,649
Cash and cash equivalents at period beginning	1,417	226	203	6,068
Exchange differences				
Cash and cash equivalents at period end	689	689	420	420

Name of the group:	TELL S.A. GROUP		
Period covered by the financial statements:	01/01/2014 – 30/09/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

EXPLANATORY NOTES TO THE QUARTERLY SEPARATE FINANCIAL STATEMENTS

1. BRIEF DESCRIPTION OF THE ISSUER'S SUCCESSES OR FAILURES IN THE PERIOD THIS REPORT REFERS TO, WITH AN INDICATION OF THE MOST IMPORTANT EVENTS CONCERNING THE ISSUER

Size of the Sale Network.

The average number of Orange outlets where the sale of Orange Polska S.A. services is conducted amounted to 167 in the third quarter of 2014 (as at 30/09/2014 - 159 outlets), when compared to the average number of the third quarter of 2013 being 177 outlets (as at 30/09/2013 - 175 outlets).

Separate results of TELL S.A. on current operations.

The revenue from sale of TELL SA in the third quarter of 2014 amounted to kPLN 24,724 and were 25.3% higher than in the corresponding period of the previous year, whereby the growth is a result of the increase in the revenue from the sale of subscription phones - non-margin sale. After three quarters of 2014, the YTD revenue from the sale amounted to kPLN 70.149 and decreased by 14.8% when compared to the three quarters of 2013.

The operating profit for the third quarter of 2014 amounted to kPLN 1.001 and was lower by 26.5% than in the corresponding period of previous year. After three quarters of 2014, the YTD operating profit amounted to kPLN 3.778 and was lower by 28.7% than in the corresponding period of 2013.

EBITDA of the third quarter of 2014 amounted to kPLN 1.283 and was lower by 21.6% than in the previous year. After three quarters of 2014, the YTD EBITDA amounted to kPLN 4.635 and was lower by 24.0% than in the corresponding period of 2013.

The growth in financial costs in the third quarter of 2014 results mainly from the sales of debts related to the performance of the factoring agreement entered into between Orange Polska S.A. and Tell S.A. The sale of debts in the quarterly basis amounted to kPLN 363 and on an accruing basis after three quarters of 2014 - kPLN 623. At the same time, the operator granted remuneration in the amount equal to the costs incurred, which was recognised in the revenues from the sale of telecommunications services.

The net profit of the third quarter of 2014 was kPLN 728 and was lower than in corresponding period of the previous year by 36.6%. After three quarters of 2014, the YTD net profit amounted to kPLN 4.084 and decreased by 41.1% when compared to the three quarters of 2013.

2. Other information required by law (selected financial data converted into EUR)

In the periods covered by these abbreviated quarterly financial statements, the following exchange rates of PLN and EUR published by the National Bank of Poland were used:

- the exchange rate in force on the last day of the reporting period: 30/09/2014 4.1755 PLN/EUR, 30/09/2013 4.2163 PLN/EUR,
- average exchange rate in the period, calculated as an arithmetic mean of the exchange rates in force on the last day of each month in the period: from 01/01 to 30/09/2014 - 4.1803 PLN/EUR, from 01/01 to 30/09/2013 – 4.2231 PLN/EUR.

The basic items of the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income as well as the consolidated cash flow statements as converted into EUR are presented in the table:

	from 01/01 to 30/09/2014	from 01/01 to 30/09/2013	from 01/01 to 30/09/2014	from 01/01 to 30/09/2013
	in k PLN		in k EUR	
Statement of financial position and other comprehensive income				
Sale revenues	70,149	61,102	16,781	14,468
Operating profit (loss)	3,778	5,296	904	1,254
Profit (loss) before taxation	4,709	8,092	1,127	1,916
Net profit (loss)	4,084	6,935	977	1,642
Net profit (loss) - share of the shareholders of the parent company	4,084	6,935	977	1,642

Name of the group:	TELL S.A. GROUP		
Period covered by the financial statements:	01/01/2014 – 30/09/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Earnings per share (PLN; EUR)	0.80	1.26	0.19	0.30
Diluted earnings per share (PLN; EUR)	0.80	1.26	0.19	0.30
Average exchange rate PLN / EUR in the period	X	X	4.1803	4.2231
Cash flow statement				
Net cash flow from operating activity	5,046	3,164	1,207	749
Net cash flow from investing activity	-2,832	437	-677	103
Net cash flow from financial activity	-1,752	-9,249	-419	-2,190
Net change in cash and cash equivalents	463	-5,649	111	-1,338
Average exchange rate PLN / EUR in the period	X	X	4.1803	4.2231
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	in k PLN		in k EUR	
Statement of financial position				
Assets	88,317	84,708	21,151	20,091
Long-term liabilities	4,087	4,087	979	969
Short-term liabilities	24,777	28,118	5,934	6,669
Shareholder's equity	59,438	52,503	14,235	12,452
Equity - share of the parent company shareholders	59,438	52,503	14,235	12,452
PLN / EUR exchange rate at period end	X	X	4.1755	4.2163

3. Approval for publication

The consolidated quarterly financial statements made for the period of 9 months ended on 30/09/2014 (including comparable data) have been approved for publication by the Parent Company's Management Board on 14 November 2014.

Signatures of all Management Board Members

Date	Name and surname	Position	Signature
14 November 2014	Rafał Stempniewicz	President of the Management Board	
14 November 2014	Stanisław Górski	Member of the Management Board	
14 November 2014	Robert Krasowski	Member of the Management Board	