

**THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE TELL
S.A. GROUP**

FOR THE PERIOD FROM 01 JANUARY 2011 TO 30 JUNE 2011

POZNAŃ, 3 AUGUST 2011

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01-30/06/2011	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 INTERIM STATEMENT OF FINANCIAL POSITION

	NOTES	2011 As at 30/06/2011	2010 As at 31/12/2010	2010 As at 30/06/2010
Assets				
Fixed assets		66,637	66,541	67,262
Intangible fixed assets	3,4,5	39,270	39,320	39,158
Goodwill of subsidiaries and associates	2.5	18,792	18,792	18,792
Tangible fixed assets	6	4,946	5,908	6,580
Shares	8	1,287		
Long-term receivables	10	1,212	1,258	1,111
Deferred income tax assets	27	802	874	1,168
Long-term prepayments	13	327	387	452
Current assets		62,639	81,592	71,949
Inventories	11	10,893	15,461	16,691
Trade receivables and other receivables	12	48,524	61,489	48,074
Prepayments	13	612	274	868
Financial assets	15	240	224	373
Cash and cash equivalents	14	2,370	4,145	5,942
Total assets		129,276	148,133	139,210
Equity & Liabilities				
Shareholder's equity		54,993	55,354	49,717
Share capital	16	1,262	1,262	1,262
Supplementary capital	18	36,999	36,396	36,396
Reserve capital	19	9,902	9,902	9,902
Retained profit		2,144	677	677
Net profit		4,686	7,117	1,480
Liabilities and provisions for liabilities		74,283	92,779	89,493
Deferred tax liabilities	27	5,095	4,251	3,766
Provision for retirement benefits and similar benefits	21	39	39	68
Other provisions	21	688	1,126	387
Long-term liabilities	22-25	4,695	6,051	7,241
Short-term liabilities	22-25	63,766	81,313	78,031
Total equity & liabilities		129,276	148,133	139,210

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CONSOLIDATED INTERIM COMPREHENSIVE INCOME STATEMENT

	Notes	2011 period from 01/01/2011 to 30/06/2011	2010 period from 01/01/2010 to 31/12/2010	2010 period from 01/01/2010 to 30/06/2010
Net revenues from sale		144,310	307,371	132,307
Net revenues from the sale of services	28	87,982	179,901	80,126
Net revenues from the sale of goods	28	56,328	127,469	52,181
Sale costs		108,073	234,451	100,373
Costs of services sold	30	52,868	108,639	49,436
Value of goods sold	30	55,206	125,812	50,937
Gross profit on sale		36,237	72,919	31,935
Sale costs	30	24,016	45,883	21,940
Administration costs	30	5,978	12,437	5,664
Other operating income	30	209	766	180
Other operating expense	30	248	3,028	377
Profit on operating activities		6,203	12,336	4,133
Financial income	29	83	223	140
Financial costs	29	405	2,328	1,441
Loss on account of control loss settlement			549	549
Gross profit		5,882	9,684	2,284
Income tax		1,195	2,566	804
a) current part		278	1,044	28
b) deferred part	27	917	1,523	776
Net profit on continued activities		4,686	7,117	1,480
Other comprehensive income				
Other comprehensive income after taxation				
Total comprehensive income	31	4,686	7,117	1,480

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CONSOLIDATED INTERIM CASH FLOW STATEMENT

	2011 period from 01/01/2011 to 30/06/2011	2010 period from 01/01/2010 to 31/12/2010	2010 period from 01/01/2010 to 30/06/2010
Cash flow from operating activities - indirect method			
Gross profit	5,882	9,684	2,284
Total adjustments	- 1,121	6,555	7,301
Amortisation and depreciation	1,192	2,498	1,260
Interest and share in profits (dividends)	319	764	354
Profit on investment activities	29	49	- 10
Change in provisions	- 438	261	- 448
Change in inventories	4,568	4,046	2,815
Change in receivables	13,011	-1,839	11,757
Change in short-term liabilities	- 18,706	152	- 8,784
Change in prepayments and accruals	- 278	244	- 415
Paid income tax	- 817	- 729	- 335
Adjustments		1,108	1,106
Net cash flows provided by operating activities	4,761	16,238	9,585
Cash flow from investing activity			
Inflows	201	1,023	545
Disposal of tangible fixed assets	149	547	250
From financial assets, including interest	48	39	34
Repayment of short-term loans granted	4	437	261
Outflows	- 1,655	- 10,757	- 9,653
Acquisition of intangible and tangible fixed assets	- 358	- 9,385	- 8,301
Acquisition of shares	- 1,287	-1,000	- 1,000
Settlement of the loss of control over Connex		- 339	- 339
Grant of a short-term loan	- 10	- 33	- 13
Net cash flows provided / (used) by investing activities	- 1,454	- 9,734	- 9,108
Cash flow from financial activity			
Inflows	843	405	6,519
Loans and advances	843	405	6,475
Interest			44
Outflows	- 5,925	- 8,945	- 7,234
Dividend payment	- 5,048	- 6,310	- 6,310
Repayment of loans and advances	- 500	-1,833	- 500
Interest	- 377	- 802	- 424
Net cash flows provided / (used) by financing activities	- 5,082	- 8,540	- 715
Total cash flow	- 1,774	- 2,036	- 238
Cash at the period beginning	4,145	6,181	6,181
Cash at period end, including:	2,370	4,145	5,942
- limited use cash			

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CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	2011 period from 01/01/2011 to 30/06/2011	2010 period from 01/01/2010 to 31/12/2010	2010 period from 01/01/2010 to 30/06/2010
Equity at period beginning	55,354	54,547	54,547
Equity at period beginning, after reconciliation of comparable data	55,354	54,547	54,547
Share capital at period beginning	1,262	1,265	1,265
Changes in share capital – redemption of treasury shares		- 3	- 3
Share capital at period end	1,262	1,262	1,262
Treasury shares at period beginning		- 3	- 3
Changes in treasury shares		3	3
a) decrease due to sale/redemption		3	3
Treasury shares at period end		0	0
Supplementary capital at period beginning	36,396	36,128	36,128
Changes in supplementary capital		268	268
a) increase (due to)	603	268	268
- from distribution of profits	603	268	268
b) decrease (due to)			
Supplementary capital at period end	36,999	36,396	36,396
Revaluation reserve at period beginning		- 677	- 677
Changes in revaluation reserve - presentation adjustment due to loss of control over Connex Sp. z o.o.		- 677	- 677
Revaluation reserve at period end		0	0
Reserve capitals at period beginning	9,902	9,902	9,902
Changes in reserve capitals			
a) increase (due to)			
b) decrease due to the purchase of treasury shares			
Reserve capitals at period end	9,902	9,902	9,902
Retained profit at period beginning	7,795	7,932	7,932
a) adjustment of fundamental errors			
Retained profit at period beginning, after data reconciliation	7,795	7,932	7,932
b) decrease (due to) profit distribution	5,651	7,255	7,255
- from distribution of profits	603	268	268
- dividend payment	5,048	6,310	6,310
- presentation adjustment due to loss of control over Connex Sp. z o.o.		677	677
Retained profit at period end	2,144	677	677
Net result	4,686	7,117	1,480
a) net profit	4,686	7,117	1,480
Equity at period end (CB)	54,993	55,354	49,717
Equity after the proposed profit distribution	54,993	55,354	49,717

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SELECTED FINANCIAL DATA CONVERTED INTO EUR

	in kPLN		in k EUR	
	1st Half-year of 2011 period from 01/01/2011 to 30/06/2011	1st Half-year of 2010 period from 01/01/2010 to 30/06/2010	1st Half-year of 2011 period from 01/01/2011 to 30/06/2011	1st Half-year of 2010 period from 01/01/2010 to 30/06/2010
I. Net revenues from the sale of products and goods	144,310	132,307	36,375	33,042
II. Operating profit (loss)	6,203	4,133	1,564	1,032
III. Gross profit (loss)	5,882	2,284	1,483	570
IV. Net profit (loss)	4,686	1,480	1,181	370
V. Net cash flows provided / (used) by operating activities	4,761	9,585	1,200	2,394
VI. Net cash flows provided / (used) by investing activities	-1,454	-9,108	-366	-2,275
VII. Net cash flows provided / (used) by financing activities	-5,082	-715	-1,281	-179
VIII. Total net cash flows	-1,774	-238	-447	-60
IX. Total assets	129,276	139,210	32,428	33,579
X. Liabilities and provisions for liabilities	74,283	89,493	18,633	21,586
XI. Long-term liabilities	4,695	7,241	1,178	1,747
XII. Short-term liabilities	63,766	78,031	15,995	18,822
XIII. Shareholder's equity	54,993	49,717	13,794	11,992
XIV. Share capital in PLN	1,261,924.60	1,261,924.60	316,542	304,386
XV. Average weighted number of shares (items)	6,309,623	6,309,623	6,309,623	6,309,623
XVI. Earnings per ordinary share (in PLN/EURO)	0.74	0.23	0.19	0.06
XVII. Diluted earnings per ordinary share (in PLN/EURO)	0.74	0.23	0.19	0.06
XVIII. Number of shares (items) less treasury shares	6,309,623	6,309,623	6,309,623	6,309,623
XIX. Book value per ordinary share (in PLN/EURO)	8.72	7.88	2.19	1.90
XX. Diluted book value per ordinary share (in PLN/EUR)	8.72	7.88	2.19	1.90
XXI. Declared or paid dividend per share (in PLN/EUR)				

The method of the calculation of the average PLN/EUR exchange rates in the reporting period is described in Note 2.23.

The consolidated interim financial statements of the Company were approved by the Management Board of the parent company on 03 August 2011 and signed by the Management Board:

Rafał Stempniewicz

Stanisław Górski

Robert Krasowski

 President of the Management Board Member of the Management Board Member of the Management Board

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INTRODUCTION TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM 01/01/2011 TO 30/06/2011 .

1. GENERAL

1.1. BASIC INFORMATION ABOUT THE PARENT COMPANY

Name:	Tell
Legal form:	Spółka Akcyjna (<i>Polish joint-stock company</i>)
Seat:	Poznań, ul. Forteczna 19a
Country of incorporation:	Poland
Basic objects of business:	<ul style="list-style-type: none"> - Telecommunications - Wholesale of telecommunications equipment on a fee or contract basis - Wholesale of office machinery and equipment - Retail sale of telecommunications equipment - Information technology - Advertising
Registration authority:	District Court Poznań- Nowe Miasto i Wilda, 8th Commercial Division of the National Court Register
Statistical number (REGON):	630822208

1.2. PRESENTED PERIODS

The consolidated interim financial statements contain data for the period from 01 January 2011 to 30 June 2011 and comparable data.

1.3. COMPOSITION OF THE GOVERNING BODIES OF THE PARENT COMPANY AS AT 30 JUNE 2011

Management Board:

Rafał Stempniewicz	- President of the Management Board
Stanisław Górski	- Member of the Management Board
Robert Krasowski	- Member of the Management Board

Changes in the Management Board:

In the financial year, the composition of the Management Board did not change.

Supervisory Board:

Paweł Turno	- Chairman of the Supervisory Board
Tomasz Grabiak	- Member of the Supervisory Board until 29/04/2011
Piotr Karmelita	- Member of the Supervisory Board
Mariola Więckowska	- Member of the Supervisory Board
Tomasz Buczak	- Member of the Supervisory Board
Marek Piątkowski	- Member of the Supervisory Board since 30/04/2011

Changes in the Supervisory Board:

During the financial year, there were some changes in the composition of the Supervisory Board. Mr Tomasz Grabiak resigned from running for the appointment for the next term of office. Mr Marek Piątkowski was appointed a member of the Supervisory Board.

1.4. CHARTERED AUDITORS

Grant Thornton Frąckowiak Sp. z o.o. Sp. k.
Plac Wiosny Ludów 2
61-831 Poznań

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1.5. QUOTATIONS AT THE REGULATED MARKET

1. General:

Stock Exchange: **The Warsaw Stock Exchange**
ul. Książęca 4
00-498 Warszawa

Symbol at the WSE: TEL

Sector at the WSE: retail sale

2. Depository-settlement system:

The National Depository for Securities (KDPW)
ul. Książęca 4
00-498 Warszawa

3. Contact with investors:

Tell S.A.
ul. Forteczna 19a
61-362 Poznań

1.6. TELL S.A. GROUP AS AT 30 JUNE 2011

The Tell S.A. Group is composed of Tell S.A. and its subsidiaries.

Euro-Phone Sp. z o.o.

- Seat of the Company: ul. Puławska 40a, 05-500 Piaseczno,
- Basic objects of business: (Polish Classification of Economic Activities of 2007) 4618Z Agents specialised in the sale of other particular products,
- 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,
- The Company's share capital is PLN 2.550.000. In Euro-Phone Sp. z o.o., Tell S.A. holds 100% of shares.

PTI Sp. z o.o.

- Seat of the Company: ul. Glogera 5, 31-222 Kraków,
- Basic objects of business: (Polish Classification of Economic Activities of 2007) 4618Z Agents specialised in the sale of other particular products,
- Company's legal basis: The Company was established on 12 July 2007 - Notarised deed No. A 5675/2007. The registration authority is the District Court for Krakow - Śródmieście in Krakow, 11th Commercial Division of the National Court Register, KRS 0000286046. Incorporation date: 13 August 2007,
- The Company's share capital is PLN 1.900.000. In PTI Sp. z o.o., Tell S.A. holds 100% of shares.

Toys4Boys PI. Sp. z o.o.

- Seat of the Company: ul. Nowy Świat 11B, 80-299 Gdańsk,
- Basic objects 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 Gdańsk, 7th Commercial Division of the National Court Register, KRS 0000276286. Incorporation date: 12 March 2007.
- The Company's share capital is PLN 142,900. In Toys4Boys PI Sp. z o.o., Tell S.A. holds 30% of shares.

The financial statements of Toys4BoysPI. Sp. z o.o. is not material in terms of the consolidated financial statements of the Tell S.A. Group. By decision of the Management Board, it was decided that as of 30 June 2011 Toys4BoysPI Sp. z o.o. would not be consolidated.

Connex Sp. z o.o.

- Seat of the Company: ul. Forteczna 19A, 61-362 Poznań,
- Basic object of business: Other wholesale – Polish Classification of Economic Activities of 2007: 5190Z
- Company's legal basis: The Company was established on 06 July 2000 - Notarised deed No. A 4298/2000. Registration authority: District Court for Poznań – Nowe Miasto i Wilda in Poznań, 8th Commercial Division of the National Court Register, KRS 0000024020,

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- The Company's share capital is PLN 200.000. In Connex Sp. z o.o., Tell S.A. holds 100% of shares.

Connex Sp. z o.o. has been deconsolidated due to the loss of the possibility to manage the financial and operational policies so as to gain economic benefits on its operations. Currently, Connex Sp. z o.o. does not carry on any business activities. The loss of control over the entity was settled as at 01/01/2010.

1.7. DECLARATION OF THE PARENT COMPANY

Pursuant to the regulation of the Minister of Finance of 19 February 2009 on ongoing and periodical information to be given by issuers of securities, the Management Board of the Company hereby states and declares that, to the best of its knowledge, these consolidated interim financial statements and comparable data have been prepared in accordance with the accounting policies binding on the Group and they present the economic and financial situation of the Group as well as its financial result in a true, reliable and fair manner.

These consolidated interim financial statements have been prepared in accordance with the International Accounting Standard 34 Interim Financial Reporting as endorsed by the European Union and in the scope as required by the regulation of the Minister of Finance of 19 February 2009 on ongoing and periodical information to be provided by issuers of securities (*Journal of Laws* No. 33, item 259, as amended). These statements cover the period from 1 January to 30 June 2011 and comparable periods.

The Management Board hereby declares that the entity authorised to audit the financial statements that reviewed the consolidated interim financial statements has been appointed in accordance with the legal regulations and that this entity as well as the chartered auditors in charge of the audit, meet the requirements allowing them to issue an impartial and independent report on the review as per the applicable domestic laws and professional standards. In accordance with the corporate governance rules adopted by the Management Board, the chartered auditor was appointed by the Supervisory Board by virtue of the resolution of 23 May 2011 on the appointment of a chartered auditor. The Supervisory Board made the above appointment so as to guarantee full independence and objectivity of the appointment process as well as the performance of his duties by the chartered auditor.

1.8. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated interim financial statements were approved for publication by the Management Board on 03 August 2011.

1.9. COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS.

These consolidated interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard 34 *Interim Financial Reporting* as endorsed by the European Union.

As at the date of the approval of this statement for publication, considering the existing process of implementation of IFRS standards in the EU and the Group's operations, there are no differences between the IFRS standards that have come into effect and IFRS standards approved by the EU as regards the accounting principles applied by the Group. IFRS comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

1.10. SEASONALITY AND CYCLICITY OF OPERATIONS

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.

1.11. GOING CONCERN AND COMPARABILITY OF FINANCIAL STATEMENTS

The consolidated interim financial statements have been prepared in accordance with the going concern principle, i.e. an assumption that the Tell S.A. Group will continue its business for the period of 12 months after the last balance sheet date, i.e. after 30 June 2011. As at the day these financial statements were signed, the Parent Company's Management Board did not find any facts or circumstances, which would pose a threat to the going concern within the period of 12 months following the balance sheet date in consequence of any intended or mandatory liquidation or significant reduction of the present activities.

By the date of preparation of these consolidated interim financial statements for the first half of 2011 there have occurred no events that were not but should have been recognised in the accounting books of the reporting period. Additionally, these consolidated annual financial statements do not comprise any significant events concerning the previous years.

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1.12. CHANGE IN ACCOUNTING ESTIMATES

When compared to the consolidated financial statements of the Tell S.A. Group for 2010, there have been no changes in accounting estimates.

2. ACCOUNTING POLICIES APPLIED

2.1. ACCOUNTING POLICIES

The consolidated interim financial statements have been prepared at historical cost.

These interim financial statements were prepared in Polish zlotys ("PLN") and all values are given in thousands of PLN, unless otherwise indicated.

When preparing these consolidated interim financial statements, the same accounting principles have been applied as when preparing the consolidated financial statements for 2010.

2.2. CONSOLIDATION BASIS AND CONSOLIDATION PRINCIPLES

The consolidated interim financial statements contain the separate interim financial statements of the Parent Company and separate interim financial statements of subsidiaries made as at the balance sheet date.

As at the date of the acquisition, the acquired entity's assets and equity & liabilities are measured at fair value. The surplus of acquisition price over the fair value of identifiable net assets of the acquired company is recognised as goodwill. In case the acquisition price is lower than the fair value of identifiable net assets of the acquired entity, the difference is recognised as profit of the period in which the acquisition took place. Non-controlling interests are recognised in appropriate proportion of the fair value of the assets and equity. In subsequent periods, the loss attributable to non-controlling interests are allocated to the parent company's shareholders and non-controlling interests, even if the non-controlling interests become, in consequence, a negative value.

The financial results of entities acquired or sold during the year are recognised in the consolidated financial statement from/until the moment of their acquisition or disposal, as appropriate.

In case it is necessary, the financial statements of subsidiaries are adjusted as appropriate in order to standardise the accounting policies used by the subsidiary with the policies used by the parent company.

All transactions, balances, revenues and costs between the related parties subject to consolidation are excluded from consolidation.

2.3. MATERIAL VALUES BASED ON PROFESSIONAL JUDGEMENT AND ESTIMATIONS

In the application of accounting policies with regard to the below-mentioned issues, the most important was, besides the accounting estimates, the professional judgement of the management.

Below are discussed the basic assumptions concerning the future as well as other key sources of uncertainty as at the balance sheet date, to which related are material risks of significant adjustments of the carrying amounts of assets and liabilities in the next financial year.

a) Professional judgement

Classification of lease contracts

The Tell S.A. Group classifies leases as operating or financial on the basis of the assessment to what extent the risks and rewards incidental to the possession of the leased object appertain to the lessor and to what extent to the lessee. The assessment is based on the economic text of each transaction.

b) Estimation Uncertainty

Below are discussed the basic assumptions concerning the future as well as other key sources of uncertainty as at the balance sheet date, to which related are material risks of significant adjustments of the carrying amounts of assets and liabilities in the next financial year.

Impairment of assets

The Tell S.A. Group companies carried out goodwill impairment tests. This required an estimation of the value in use of the cash generating unit to which the given fixed assets belong. The estimation of the value in use consists in the determination of the future cash flows generated by the cash generating unit and requires a determination of the discount rate to be applied to calculate the present value of such flows. The increase on the applied discount rate by 1% would not necessitate the recognition of an additional impairment loss.

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Measurement of provisions

Provisions for employee benefits were measured using actuarial methods. A change in financial indicators constituting the basis for the estimates, i.e. a growth of the discount rate by 1% and a fall in the remuneration indicator by 1% would not lead to a decrease in the provision.

Deferred tax assets

The Tell S.A. Group companies recognise the deferred tax assets to the extent that it is probable that the future taxable profit would be available against which they could be utilised. Deterioration of the taxable results in the future may cause this assumption to be unjustified.

Fair value of financial instruments

The fair value of financial instruments for which there is no active market is measured using appropriate measurement techniques. When selecting the appropriate methods and assumptions, the Tell S.A. Group companies use their professional judgement.

Recognition of revenue

The revenue from sale are recognized - as per the International Accounting Standard 18 Revenue – in the fair value of the consideration received or receivable for products, goods and services delivered or rendered in the course of ordinary economic activities less discounts, value added tax and other sale-related taxes (excise tax).

Depreciation & amortisation rates

The depreciation and amortisation rates are established on the basis of the estimated useful economic life of the tangible and intangible assets. The Tell S.A. Group companies make annual verifications of the economic useful lives adopted.

2.4. INTANGIBLE FIXED ASSETS

An intangible asset is recognised in the balance sheet when it is an identifiable non-monetary asset without physical substance in the possession of the entity. Intangible assets comprise in particular: economic rights, neighbouring rights, licences, other rights - including the right to lease.

The intangible assets include the goodwill arising at the level of separate financial statements in consequence of the acquisition or organised businesses.

2.5. GOODWILL

The goodwill arising on consolidation results from the surplus as at the acquisition date of the payment made over the fair value of identifiable assets and equity & liabilities of the subsidiary, an associate or a joint venture as at the acquisition date.

The goodwill is recognised as an asset and is subject to tests for impairment at least once a year. Any impairment is immediately recognised as profit or loss and is not reversed in subsequent periods.

After the sale of a subsidiary, an associate or a joint venture, an appropriate value of the goodwill is accounted for when calculated the gains or losses on the disposal.

Costs related to the business combinations, i.e. financial consulting, financial and tax due diligence etc. are recognised as other financial costs.

2.6. TANGIBLE FIXED ASSETS

Plants and machinery, vehicles and other fixed assets are recognized in the balance sheet at historical cost less any accumulated depreciation and impairment.

All fixed assets except land and fixed assets in construction are depreciated over their estimated economic useful lives on the straight line basis, with the application of the following annual depreciation rates:

- plants and machinery, vehicles and other 10-60%

Gains or losses on the sale/liquidation or discontinuance of the use of fixed assets are determined as a difference between the revenue from the sale and the net value of such assets and are recognised as profit or loss.

2.7. LEASE

Financial lease contracts are contracts on the basis of which all risks and all potential rewards of the ownership are transferred on the lessee. All other lease types are treated as operating lease.

Assets used on the basis of financial lease contracts are treated equally as the Group's assets and are measured upon the lease contract inception at the lower of the fair value of the leased item and the present value of the minimum lease payments. Lease payments are split into the interest part and the principal amount so that the interest rate on the outstanding amount would be a fixed value.

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Lease payments under operating lease are recognised in profit or loss on the straight-line basis over the lease term.

2.8. INVENTORIES

Inventories are measured at the lower of the cost or the net realisable price. Inventories that lost their relevance or whose relevance has been reduced are impaired. Impairment charges are expensed as other operating costs

2.9. BORROWING COSTS

The borrowing costs directly related to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until it is put to use. These costs are decreased by income from temporary investments of funds acquired to produce the given asset.

All other borrowing costs are recognised directly as an expense in the period in which they are incurred.

2.10. FINANCIAL INSTRUMENTS

Financial assets and liabilities are on the Company's balance sheet when the Company becomes a party to the contract.

Investments in securities are classified as instruments measured at fair value through profit or loss or available-for-sale and are measured as at the balance sheet date at fair value. When the securities were classified as measured at fair value through profit or loss, the gains or losses due to the change in fair value are recognised as profit or loss of the given period. In case of available-for-sale assets, the gains and losses due to the change in fair value are recognised directly in equity until the sale of the asset or its impairment. Then, the accumulated gains and losses previously recognised in equity are recognised as profit or loss of the given year.

2.11. TRADE RECEIVABLES

Trade receivables are measured at cost less impairment. In case of receivables falling due within 12 months of the balance sheet date, due to insignificant differences, they are measured at nominal value.

Provisions for receivables are set up for receivables from debtors in liquidation or bankruptcy, receivables from debtors in case a motion for their bankruptcy has been filed, receivables questioned by the debtors, receivables vindicated in court and past due receivables.

2.12. FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

The financial liabilities and equity instruments are classified depending on the economic text of their underlying contracts. Equity instrument is a contract that gives the right to participate in the Group's assets less all its liabilities.

2.13. BANK LOANS

Interest bearing bank loans are recognised at cost corresponding to the fair value of cash received. In subsequent periods the loans are measured at amortised cost using the effective interest method.

2.14. TRADE LIABILITIES

Trade liabilities are measured at cost less impairment. In case of liabilities falling due within 12 months of the balance sheet date, due to insignificant differences, they are measured at nominal value.

2.15. EQUITY INSTRUMENTS

Equity instruments issued by the Parent Company are recognized in the value of inflows received less direct issue costs.

2.16. PROVISIONS

The Group Companies recognise a provision on their balance sheet when they have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

2.17. COSTS OF ACQUISITION OF NEW ENTITIES

Costs related to the business combinations, i.e. financial consulting, financial and tax due diligence etc. are recognised as other financial costs.

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2.18. SALE REVENUES

The revenue from sale are recognized - as per the International Accounting Standard 18 Revenue – in the fair value of the consideration received or receivable for products, goods and services delivered or rendered in the course of ordinary economic activities less discounts, value added tax and other sale-related taxes (excise tax).

The sale of goods is recognized upon the goods delivery and the transfer of ownership title.

Interest income is recognized gradually upon accrual with regard to the principal amount using the effective interest method.

Dividend income is recognized upon the determination of the shareholders' right to receive them.

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 - PTK Centertel Sp. z o.o.

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 - Polska Telefonia Cyfrowa Sp. z o.o.

The sale system similar to the one described above is also in place with regard to the T-Mobile network operator. In relation with the above, the revenue and costs related to the sale of mobile phones are registered in promotional prices.

PLUS network operator – Polkomtel S.A.

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.

2.19. COSTS OF FUTURE RETIREMENT BENEFITS

Payments to defined contribution pension plans are recognized as profit or loss when they become payable. Payments to state plans are treated equally as defined contribution plans.

In case of defined benefit plans, the benefit cost is determined using the projected unit credit method, the actuarial measurement being carried out as at each balance sheet date. Actuarial gains and losses are

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recognized in total in the period when incurred. They are recognized outside the profit and loss and are presented in the profit and loss recognized.

Past service costs are recognized immediately to the extent that they concern already acquired benefits, otherwise they are amortized using the straight line method over the mean period during which the benefits are acquired.

Pension benefit liabilities are presented in the balance sheet in fair value of the defined benefit liability after adjustment by unrecognised past service costs and less the fair value of the plan assets. In case of excess of assets over liabilities, an asset is recognized in the balance sheet up to the level of past service cost increased by the present value of available refunds and discounts concerning future plan contributions.

2.20. TAXES

The taxes comprise current tax and deferred tax.

The current tax is calculated on the basis of the tax result (taxation basis) of the given financial year. The tax profit (loss) is different from the net book profit (loss) in relation with the exclusion of taxable income and tax deductible costs of subsequent years as well as non-taxable costs and revenue. The taxes are calculated on the basis of tax rates in force in the given financial year.

The deferred tax is measured for all taxable temporary differences as at the balance sheet date between the carrying value of assets and liabilities and their taxable value.

The deferred tax liability is recognised for all taxable temporary differences and the deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the recognized deductible temporary differences can be utilised. There is no tax asset or liability when the temporary difference arises in relation with the goodwill or an initial recognition of another asset or liability in a transaction that does not influence the tax result or the book result.

The deferred tax liability is recognised for all temporary tax differences arising in consequence of investments into subsidiaries, associates and joint ventures, unless the Group is capable of controlling the moment of temporary difference reversal and it is probable that the temporary difference will not reverse in the foreseeable future.

The deferred tax asset is analysed as at each balance sheet date and when the expected future taxable profit will not be sufficient to realize an asset or its part, it is impaired.

The deferred tax is measured using the tax rates that are expected to apply to the period when the asset is realized or a liability is settled. The deferred tax is recognized as profit or loss save when it concerns the items recognized directly as equity. In the last case, also the deferred tax is settled directly in equity.

2.21. THE COMPANY'S SOCIAL BENEFIT FUND

The Company's Social Benefit Fund Act of 04 March 1997, as amended, stipulates that the Company's Social Benefit Fund is set up by employers employing more than 20 persons. The Group companies created such Fund and make periodical contributions thereto on the basis of a basic appropriation. The purpose of the Fund is to finance the social activities for the benefit of employees.

The cash in the Fund's bank account are set off against all liabilities to the Fund. The Fund's assets do not meet the definition of an asset and are not disclosed in the Company's balance sheet.

2.22. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The items in the consolidated financial statements are measured in the currency of the basic economic environment in which the Group operates ("functional currency"). The financial statements are presented in Polish zlotys (PLN), a currency that is the Tell S.A. Group's functional and presentation currency.

Transactions expressed in foreign currencies are converted into the functional currency as per the exchange rate on the transaction date. Transaction settlement exchange gains and losses as well as the balance sheet measurement of cash assets and liabilities expressed in foreign currencies are recognized as profit or loss, unless they are deferred as equity when they qualify as cash flow hedges or security for shares in net assets.

2.23. BALANCE SHEET, INCOME STATEMENT AND CASH FLOW STATEMENT ITEMS CONVERSION PRINCIPLES

In order to express particular balance sheet items in EURO, a conversion of the values in domestic currency was made at the exchange rate as at the period end:

- for conversion of balance sheet data as at 30/06/2010, the following exchange rate was applied: EUR 1 = PLN 4.1458,

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in accordance with conversion table of the National Bank of Poland No. 125/A/NBP/2010 of 30/06/2010.

- for conversion of balance sheet data as at 30/06/2011, the following exchange rate was applied: EUR 1 = PLN 3.9866, in accordance with conversion table of the National Bank of Poland No. 125/A/NBP/2011 of 30/06/2011.

The income statement and cash flow statement data expressed in EUR were converted by dividing the data in Polish currency by the average exchange rate in the given period:

- to determine the income statement and cash flow statement data for the first half of 2010, the following exchange rate was applied: EUR 1 = PLN 4.0042, which is an arithmetical average of exchange rates announced by the National Bank of Poland as at the last day of each one of the 6 months covered by the statements, i.e.

$$\frac{4.0616 + 3.9768 + 3.8622 + 3.9020 + 4.0770 + 4.1458}{6} = 4.0042$$

- to determine the income statement and cash flow statement data for the first half of 2011, the following exchange rate was applied: EUR 1 = PLN 3.9673, which is an arithmetical average of exchange rates announced by the National Bank of Poland as at the last day of each one of the 6 months covered by the statements, i.e.

$$\frac{3.9345 + 3.9763 + 4.0119 + 3.9376 + 3.9569 + 3.9866}{6} = 3.9673$$

2.24. CHANGES IN ACCOUNTING POLICIES

Below are presented the new IFRIC standards and interpretations published by the International Accounting Standards Board and effective for financial years beginning on or after 01 January 2011.

- Amendments to IFRS 1 – *First-Time Adoption of International Financial Reporting Standards* - Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (effective for annual periods beginning on or after 1 July 2010),
- Amendments to IAS 24 *Related Party Disclosures* - Relief for state-controlled entities and clarification of definition of related parties (effective for annual periods beginning on or after 1 January 2011),
- Amendments to IAS 32 *Financial Instruments: Presentation* - Classification of Issue Rights (effective for annual periods beginning on or after 1 February 2010),
- Amendments to various standards and interpretations *Revisions of IFRS (2010)* - amendments made as part of the procedure of implementation of annual amendments to IFRS as published on 6 May 2010 (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13) aimed mainly at solving inconsistencies and clarification of terminology (effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, depending on standard/interpretation),
- Amendments to IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction: Prepayments of a Minimum Funding Requirements* (effective for annual periods beginning on or after 1 January 2011),
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* (effective for annual periods beginning on or after 1 July 2010).

According to the Management Board of the Company, the introduction of the above standards and interpretations will not have a significant impact on the accounting policies applied by the Company, save additional or new disclosures. The Company is currently analysing the consequences and the impact of the application of the above new standards and interpretations on the financial statements.

2.25. NEW STANDARDS PENDING IMPLEMENTATION BY THE COMPANY

Below are presented the new standards and IFRIC interpretations published by the International Accounting Standards Board that are not effective for the current reporting periods.

- IFRS 9 *Financial Instruments* (effective for annual periods beginning on or after 1 January 2013),
- IFRS 10 *Consolidated Financial Statements* (effective for annual periods beginning on or after 1 January 2013),
- IFRS 11 *Joint Arrangements* (effective for annual periods beginning on or after 1 January 2013),
- IFRS 12 *Disclosure of Interests in Other Entities* (effective for annual periods beginning on or after 1 January 2013),

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- IFRS 13 *Fair Value Measurement* (effective for annual periods beginning on or after 1 January 2013),
- IAS 27 (revised in 2011) *Separate Financial Statements* (effective for annual periods beginning on or after 1 January 2013),
- IAS 28 (revised in 2011) *Investments in Associates and Joint Ventures* (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IFRS 1 – *First-Time Adoption of International Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* (effective for annual periods beginning on or after 1 July 2011),
- Amendments to IFRS 7 *Financial Instruments: Disclosures - Transfer of Financial Assets* (effective for annual periods beginning on or after 1 July 2011),
- Amendments to IAS 1 *Presentation of Financial Statements - Presentation of items of Other Comprehensive Income* (effective for annual periods beginning on or after 1 July 2012),
- Amendments to IAS 12 *Income Taxes - Deferred Tax: Recovery of Underlying Assets* (effective for annual periods beginning on or after 1 January 2012),
- Amendments to IAS 19 *Employee Benefits - Post-Employment Benefits - Comprehensive Reconsideration* (effective for annual periods beginning on or after 1 January 2013),

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3. SUPPLEMENTARY NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE NO. 1. OPERATING SEGMENTS

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

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.

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 comprehensive income.

The Group conducts its operating activities on a single geographic area, i.e. the territory of Poland. Subject to the trade secrecy clause, no information concerning the value of sales to a particular customers, whose volume exceeds 10% of total sales, has been presented.

Table No. 1

Revenue from the sale of products and goods (in kPLN)	2011 1st half	2010 1st half	Change 2011/2010
Revenue from the sale of telecommunication services	65,039	59,081	110.08%
Sets and pre-paid refillments	14,385	14,617	98.41%
Postpaid contract phones	59,242	53,034	111.71%
Other revenue	5,644	5,575	101.24%
Total	144,310	132,307	109.07%

Service sale volume	2011 1st half	2010 1st half	Change 1st half of 2011 /1st half of 2010
Postpaid activations	330,694	335,743	98.50%
Prepaid activations	82,505	88,186	93.56%
Total	413,199	423,929	97.47%

NOTE NO. 2. GOODWILL OF SUBSIDIARIES AND ASSOCIATES

List of consolidated entities' goodwill as at 30 June 2011 – table 2 and 3.

Table No. 2

GOODWILL OF SUBSIDIARIES AND ASSOCIATES	2011 As at 30/06/2011	2010 As at 31/12/2010	2010 As at 30/06/2010
Euro-Phone Sp. z o.o.	8,732	8,732	8,732
PTI Sp. z o.o. (Impol Sp. z o.o.)	10,061	10,061	10,061
Goodwill of subsidiaries and associates	18,792	18,792	18,792

Table No. 3

CHANGE IN GOODWILL – SUBSIDIARIES AND ASSOCIATES	2011 As at 30/06/2011	2010 As at 31/12/2010	2010 As at 30/06/2010
a) gross goodwill at period beginning	18,792	17,792	17,792
b) increase (due to)			
- additional payment of the price for shares in Impol Sp. z o.o.		1,000	1,000

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c) decrease (due to)			
d) gross goodwill at period end	18,792	18,792	18,792
e) goodwill impairment at period beginning			
f) goodwill impairment in the period (due to)			
e) goodwill impairment at period end			
h) net goodwill at period end	18,792	18,792	18,792

The companies whose shares were acquired in 2009 were merged with the Tell S.A. Group companies.

Euro-Phone took-over ETI Sp. z o.o. The took-over was registered on 01 October 2009. The merger consisted in the transfer of all the assets of the acquired Company on the acquiring Company.

Impol Sp. z o.o. was taken over by PTI Sp. z o.o. The took-over was registered on 01 September 2009. The merger consisted in the transfer of all the assets of the acquired Company on the acquiring Company.

Euro – Phone Sp. z o.o.

The parent company holds 100% ordinary shares in the capital of Euro-Phone Sp. z o.o., giving it 100% votes at the meeting of shareholders and full control over the Company (full consolidation).

On 13 March 2009, Cyfrowe Centrum Serwisowe, Jerzy Maciej Zygmunt and Tell S.A. entered into the share sale agreement concerning 100 % of shares in the capital of Euro-Phone Sp. z o.o. with registered office in Warsaw. The company has an agency agreement with PTC Sp. z o.o. concerning the distribution of mobile phone services offered by PTC. The contract also concerned the sale by Tell SA of 485,540 treasury shares to Cyfrowe Centrum Serwisowe S.A. The legal consequence of the contract in the form of an obligation to transfer the title to the shares and the obligation to pay the price took effect upon the fulfilment of conditions precedent, i.e. on 10/04/2009.

The fair value of the identifiable assets and liabilities of Euro – Phone Sp. z o.o. as at the acquisition date is as follows:

Details	Direct carrying amount before take-over	Goodwill at the acquisition
Tangible fixed assets	671	671
Intangible fixed assets	12	12
Long-term investments	0	0
Deferred tax assets	292	292
Inventories	622	502
Receivables	5,160	5,160
Cash and cash equivalents	37	37
Prepayments	11	11
Deferred tax liabilities	8	8
Other provisions	0	0
Trade liabilities	5,442	5,442
Debt due to loans	0	0
Other liabilities	803	803
Prepayments	107	107
Net asset value	446	326
Share of parent company in net assets	100%	100%

Goodwill of identifiable assets as at the acquisition date exceeds the book net value of assets by kPLN 120. This surplus results from the update of the value of inventories in the acquired company.

Subject to IFRS 3, the excess of fair value of the identifiable net assets over the net book value of assets was accounted for in the acquisition transaction settlement and increases the goodwill.

The transaction of acquisition of 100% shares in Euro – Phone Sp. z o.o. was settled as follows:

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01-30/06/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Details	31/03/2009
Acquisition price, including:	9,057
- cash	9,000
- acquisition costs	57
Share in net assets as at the acquisition date	326
Goodwill	8,732

The impairment test conducted as at 31/12/2010 did not indicate a need to make goodwill impairment charges.

PTI Sp. z o.o. (IMPOL Sp. z o.o.)

The parent company holds 100% ordinary shares in the capital of Impol Sp. z o.o., giving it 100% votes at the meeting of shareholders and full control over the Company (full consolidation).

On 02 March 2009, all conditions precedent agreed between the parties in the share sale contract of 20 October 2008 were met, and in consequence Krzysztof Januszkiewicz and Winered Investments Limited with registered office in Nicosia (seller) and Tell S.A. (buyer) concluded a contract for the transfer of the total of 1,000 shares of the nominal value of PLN 500 each, total nominal value of kPLN 500, representing 100% of share capital in Impol Sp. z o.o. with registered office in Krakow.

The fair value of the identifiable assets and liabilities of Impol Sp. z o.o. as at the acquisition date is as follows:

Details	Direct carrying amount before take-over	Goodwill at the acquisition
Tangible fixed assets	306	555
Intangible fixed assets	0	0
Long-term investments	0	0
Deferred tax assets	13	14
Inventories	1,850	1,850
Receivables	8,851	8,309
Cash and cash equivalents	2,940	2,929
Prepayments	61	16
Deferred tax liabilities	0	47
Other provisions	0	6
Trade liabilities	11,726	11,266
Debt due to loans	0	0
Other liabilities	360	285
Prepayments	0	0
Net asset value	1,934	2,067
Share of parent company in net assets	100%	100%

Goodwill of identifiable assets as at the acquisition date exceeds the book net value of assets by kPLN 133.

Subject to IFRS 3, the excess of fair value of the identifiable net assets over the net book value of assets was accounted for in the acquisition transaction settlement and increases the goodwill.

The transaction of acquisition of 100% shares in IMPOL Sp. z o.o. was settled as follows:

Details	28/02/2009
Acquisition price, including:	11,128
- cash	10,836
- acquisition costs	292
Share in net assets as at the acquisition date	2,067
Goodwill	9,061
The goodwill after the additional payment	10,061

The contract for the sale of shares in Impol Sp. z o.o. stipulated that the agreed share selling price should be increased depending on the commission received by Impol Sp. z o.o. from Polkomtel S.A. on the basis of agency contract of 22 December 2004, provided that from the share selling date and 28 February 2010, the commission

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01-30/06/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

received from Polkomtel S.A. would be higher than the base amount, i.e. PLN 11.514.680. The total price increase could not, as per the detailed contract provisions, exceed the amount of PLN 1,000,000.

After commission settlement, Tell S.A. was obliged to make an additional payment of PLN 1,000,000. The price was paid on 11 May 2010.

The consolidation goodwill was increased by the value of additional payment.

The impairment test conducted as at 31/12/2010 did not indicate a need to make goodwill impairment charges.

NOTE NO. 3. INTANGIBLE ASSETS

Information about intangible assets concerning the carrying amounts, amortisation, and classification was presented in tables 4 to 6.

Table No. 4

GROSS OTHER INTANGIBLE ASSETS	2011 As at 30/06/2011	2010 As at 31/12/2010	2010 As at 30/06/2010
a) acquired concessions, patents, licences and similar assets, including:			
- software	3,283	3,254	3,253
b) other intangible assets	5,325	5,328	5,058
c) goodwill	44,462	44,362	44,362
Total gross intangible assets	53,073	52,944	52,673

Table No. 5

INTANGIBLE ASSETS IN THE PERIOD FROM 01/01 TO 30/06/2010				
Details	Software (licences)	Other (lease rights)	Goodwill	Total
Gross value - as at 01/01/2010	3,192	5,058	37,483	45,733
Increase in gross value (due to):	62		6,879	6,942
- acquisition	62		6,879	6,942
Decrease in gross value (due to):	1			1
- liquidation	1			1
Gross value - as at 30/06/2010	3,253	5,058	44,362	52,673
Amortisation - as at 01/01/2010	2,916	4,803	5,674	13,393
Increase in amortisation (due to):	54	70		124
- amortisation charges	54	70		124
Decrease in amortisation (due to):	1			1
- liquidation	1			1
Amortisation - as at 30/06/2010	2,968	4,873	5,674	13,515
Net value - as at 01/01/2010	277	255	31,809	32,340
Net value - as at 30/06/2010	285	185	38,689	39,158

Table No. 6

INTANGIBLE ASSETS IN THE PERIOD FROM 01/01 TO 30/06/2011				
Details	Software (licences)	Other (lease rights)	Goodwill	Total
Gross value - as at 01/01/2011	3,254	5,328	44,362	52,944
Increase in gross value (due to):	34		100	134
- acquisition	34		100	134
Decrease in gross value (due to):	4			4
- liquidation	4			4
Gross value - as at 30/06/2011	3,283	5,328	44,462	53,073
Amortisation - as at 01/01/2011	3,015	4,935	5,674	13,623
Increase in amortisation (due to):	60	124		184
- amortisation charges	60	124		184
Decrease in amortisation (due to):	4			4

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01-30/06/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

- liquidation	4			4
Amortisation - as at 30/06/2011	3,070	5,059	5,674	13,803
Net value - as at 01/01/2011	239	393	38,689	39,320
Net value - as at 30/06/2011	213	269	38,789	39,270

The Group uses intangible assets it purchased.

The useful life is specified and amounts to, respectively:

- software 2 years
- Maxebiznes financial & accounting programme 5 years
- cost of acquisition of lease rights (other assets) 5 years

The intangible assets are amortised over their useful life.

NOTE NO. 4.

GOODWILL AT THE LEVEL OF SEPARATE FINANCIAL STATEMENTS

Taurus

In 2006, Tell S.A. acquired an organised business of Taurus Sp. z o.o. comprising a network of thirteen selling outlets, which allowed it to carry out economic activities consisting in the provision of services to PTK Centertel. The transaction was closed on 31 August 2006. As at the take-over date, the goodwill was recognised as a asset that will bring the Company economic benefits in subsequent periods.

The acquirerer measured the combination cost at the sum of:

- goodwill of assets acquired plus
- all costs that could have been directly allocated to the combination.

The merger costs amounted to kPLN 113. The value of assets acquired in result of the merger amounted to kPLN 121. The carrying value of the goodwill is kPLN 1,202.

As at 31 December 2010, the Parent Company conducted a goodwill impairment test that did not disclose a necessity to recognise an impairment loss.

Havo

In 2007, Tell S.A. acquired an organised business of Havo Sp. z o.o. by contract of 20 November 2006.

The organised business was finally taken over on 01 February 2007, when all conditions precedent agreed between the parties had been met.

The take-over concerned 105 PTK Centertel service distribution outlets, a sale structure with business consultants, comprising approx. 40 sellers active outside the distribution outlets, receivables from future commissions. The contract contained the Buyer's obligation to adopt a resolution on the issue of 135,000 new shares and offering them to the Seller in exchange for a cash contribution. The total agreed selling price was kPLN 20,175, whereby part of it was paid by a transfer and part was set-off with the buyer's amounts due from the payment of a cash contribution in exchange for shares.

The acquirerer measured the combination cost at the sum of:

- goodwill of assets acquired plus
- all costs that could have been directly allocated to the combination.

In relation with the adopted way of qualification of revenue, the total amount of expenses to acquire the organised business was decreased by the value of tangible fixed assets taken over, and the remaining part was recognised as goodwill. It was assumed that goodwill constituted future economic benefits from assets that cannot be separately identified or recognised.

The merger costs amounted to kPLN 689. The value of assets acquired in result of the merger amounted to kPLN 768. The carrying value of the goodwill is kPLN 20,096.

As at 31 December 2010, the Parent Company Tell S.A. conducted a goodwill impairment test that did not disclose a necessity to recognise an impairment loss.

Solex

In 2008, the subsidiary ETI Sp. z o.o. acquired an organised business of PUH Solex by contract dated 28 May 2008. The organised business was taken over on 01 July 2008, when all the conditions precedent agreed between the parties were met. The acquisition concerned 61 authorised Polska Telefonía Cyfrowa Sp. z o.o. service sale outlets, the Operator's service sale structure via Authorised Business Advisors, comprising approx. 40 sellers operating mainly in 3 Authorised Business Centres and 2 Commercial Offices. The agreed total acquisition price is kPLN 10,700 net.

In relation with the adopted way of qualification of revenue, the total amount of expenses to acquire the organised business was decreased by the value of tangible fixed assets taken over, and the remaining part was recognised as goodwill. It was assumed that goodwill constituted future economic benefits from assets that cannot be separately identified or recognised.

The merger costs amounted to kPLN 40. The value of assets acquired in result of the merger amounted to kPLN 36. The carrying value of the goodwill is kPLN 10.611.

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01-30/06/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

As at 31 December 2010, Euro-Phone Sp. z o.o. conducted a goodwill impairment test that did not disclose a necessity to recognise an impairment loss.

Maksimum

In 2010, the subsidiary PTI Sp. z o.o. acquired an organised business of Maksimum Sp. z o.o. by contract dated 08 April 2010. The organised business was taken over on 31 May 2010, when all the conditions precedent agreed between the parties were met. The acquisition concerned 41 authorised Polkomtel S.A. service sale outlets. The agreed total acquisition price is kPLN 9.660 net.

In relation with the adopted way of qualification of revenue, the total amount of expenses to acquire the organised business was decreased by the value of tangible fixed assets taken over, and the remaining part was recognised as goodwill. It was assumed that goodwill constituted future economic benefits from assets that cannot be separately identified or recognised.

The merger costs were kPLN 651 and were expensed as costs of the period. The value of fixed assets taken over in result of the combination was kPLN 621, the value of commercial goods purchased - kPLN 2,160. The carrying value of the goodwill is kPLN 6.879.

As at 31 December 2010, PTI Sp. z o.o. conducted a goodwill impairment test that did not disclose a necessity to recognise an impairment loss.

NOTE NO. 5. GOODWILL IMPAIRMENT TEST

The Company conducted goodwill impairment tests as at 31 December 2010. The test procedures did not indicate any goodwill impairment. The recoverable amount of particular cash generating units was established on the basis of calculated value in use.

The total goodwill item appeared in result of the take-over of control over the Group companies (or the take-over of an organised business). The allocation of goodwill to particular cash generating units was described in notes 2 and 4.

Cash generating unit

The value in use was calculated in each instance on the basis of cash flow forecasts based on the financial budgets covering the period of 5 years. The forecasts reflect the management's existing experience related to the business and an analysis of external indications. The material assumptions concerning the discount rate and the assumed growth rate after the detailed forecast period are presented in the table below:

2010

No.	Name	Euro-Phone	Impol	Taurus	Havo	Solex	Maksimum
1.	Forecast period	5 years	5 years	5 years	5 years	5 years	5 years
2.	Discount rate	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%
3.	Growth rate after the budget period	0%	0%	0%	0%	0%	0%

Other key assumptions used for the calculation of the value in use

The estimation of the value in use of a cash generating unit is sensitive to the following variables:

- cash flows;
- discount rate;
- market share in a budget year;
- growth rate applied when estimating cash flows outside the scope of budgeted periods.

Cash flows – are made on the basis of values achieved in the periods preceding the budget period and on the prudent estimates concerning the future derived from them.

Discount rate – reflects the estimation of risk typical for Tell S.A. made by the management. This is an indication used by the management in order to estimate the operational effectiveness (results) and future investment proposals.

The discount rate and the growth rate of future cash flows assumed for the determination of the recoverable amount was expressed in real values, i.e. disregarding the inflation. The cash flow and the discount rate are compliant with the IAS 36 methodology, i.e. they do not include the income tax paid by the Company. Had the tax effect been accounted for in the discount rate, it would amount to 10.92%.

Assumptions concerning the market shares – these assumptions are material because the management assesses the ways in which the economic and financial position of Tell S.A. may change during the budget period with respect to competitors. The management expects that the market share of Tell S.A. will be stable in the budget year.

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01-30/06/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Estimated growth rate - not assumed.

Sensitivity to changes of assumptions

In case of the estimation of the value in use, the management is convinced that no reasonably possible change of any key assumption made above would result in exceeding by the carrying amount of such unit of its recoverable amount adjusted by the book value of net assets.

NOTE NO. 6. TANGIBLE FIXED ASSETS

Information on tangible fixed assets was presented in tables 7 to 10.

Table No. 7

GROSS TANGIBLE FIXED ASSETS	2011 As at 30/06/2011	2010 As at 31/12/2010	2010 As at 30/06/2010
a) fixed assets, including:	14,412	14,990	15,226
- plants and machinery	3,698	3,674	3,728
- vehicles	2,045	2,319	2,461
- other fixed assets	8,669	8,996	9,036
b) fixed assets in construction	12	6	182
Total tangible fixed assets	14,423	14,997	15,408

Table No. 8

TANGIBLE FIXED ASSETS IN THE PERIOD FROM 01/01 TO 30/06/2010				
Details	Plants and machinery	Vehicles	Other fixed assets	Total
Gross value - as at 01/01/2010	3,511	2,569	8,464	14,544
Increase in gross value (due to):	234	354	675	1,264
- acquisition	234	354	675	1,264
Decrease in gross value (due to):	17	462	103	582
- sale	17	462	38	517
- liquidation			65	65
Gross value - internal transfers	1		-1	
Gross value - as at 30/06/2010	3,728	2,461	9,036	15,226
Amortisation - as at 01/01/2010	2,086	1,207	4,686	7,980
Increase in amortisation (due to):	342	253	620	1,215
- amortisation charges	340	241	620	1,200
- impairment	2	13	0	14
Decrease in amortisation (due to):	15	260	92	367
- sale	15	260	27	302
- liquidation			65	65
Depreciation - internal transfer	1		-1	
Amortisation - as at 30/06/2010	2,413	1,201	5,214	8,828
Net value - as at 01/01/2010	1,425	1,362	3,778	6,564
Net value - as at 30/06/2010	1,315	1,261	3,823	6,398

Table No. 9

TANGIBLE FIXED ASSETS IN THE PERIOD FROM 01/01 TO 30/06/2011				
Details	Plants and machinery	Vehicles	Other fixed assets	Total
Gross value - as at 01/01/2011	3,674	2,319	8,996	14,990
Increase in gross value (due to):	101	22	118	241
- acquisition	101	22	118	241
Decrease in gross value (due to):	77	296	446	820

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01-30/06/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

- sale	76	296	164	536
- liquidation	2		282	284
Gross value - as at 30/06/2011	3,698	2,045	8,669	14,412
Amortisation - as at 01/01/2011	2,664	969	5,455	9,088
Increase in amortisation (due to):	294	209	506	1009
- amortisation charges	294	209	506	1009
Decrease in amortisation (due to):	64	192	364	620
- sale	63	192	99	353
- liquidation	1		265	267
Amortisation - as at 30/06/2011	2,894	987	5,597	9,477
Net value - as at 01/01/2011	1,011	1,350	3,541	5,902
Net value - as at 30/06/2011	804	1,059	3,071	4,934

Table No. 10

BALANCE SHEET FIXED ASSETS (OWNERSHIP STRUCTURE)	2011 As at 30/06/2011	2010 As at 31/12/2010	2010 As at 30/06/2010
a) own	14,423	14,997	15,408
b) used on the basis of a lease, rental or similar contract, including:			
Total balance sheet fixed assets	14,423	14,997	15,408

The fixed assets are recognised at cost. This concerns assets that were purchased.

Adopted useful lives:

- plants and machinery from 10 years to 2 years
- vehicles from 2.5 years to 5 years
- expenditure on fixed assets of third parties 10 years
- equipment and furniture 5 years

The depreciable tangible assets are depreciated over their useful life.

The Group does not have any fixed assets held for sale.

**NOTE NO. 7.
INVESTMENT PROPERTIES**

None.

**NOTE NO. 8.
SUBSIDIARIES**

Below are presented the equity shares of the Parent Company Tell S.A.

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01-30/06/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Table No. 11

Name of entity, legal form, registered office	Registered office	Object of the business	Type of relation	Consolidation method	Date of control take-over	Value of shares at cost	Impairment adjustment (total)	Shares at carrying amount	Percentage of share capital held	% of votes at the General Meeting of Shareholders
Euro-Phone Sp.z o.o.	Warszawa	trade	direct subsidiary	full consolidation	12/07/2007	11,025		11,025	100.00%	100.00%
PTI Sp. z o.o.	Kraków	trade	direct subsidiary	full consolidation	28/06/2007	13,324		13,324	100.00%	100.00%
Toys4Boys.PI Sp. z o.o.	Gdańsk	Trade	associate	equity method	01/04/2011	1,287		1,287	30%	30%
Connex Sp. z o.o.	Poznań	trade	direct subsidiary	no control	30/06/2003	150	150	0	100.00%	100.00%

On 15 March 2011, Tell S.A. acquired 30% of shares in the increased share capital of Toys4Boys.PI Sp. z o.o. with registered office in Gdańsk for PLN 1,287,000. The investment contract also provides for the acquisition from the previous shareholders of further shares for the total of PLN 900,000. Such shareholding, including the previously acquired shares, would give 51% of the share capital and 51% of votes at the general meeting of shareholders.

The Company is the leader on the market of gifts and gadgets. It runs 13 stores located in shopping malls and an Internet shop. The transaction is an element of the strategy of diversification of the issuer's revenue.

NOTE NO. 9.
FINANCIAL ASSETS AVAILABLE-FOR-SALE AND MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

There are no available-for-sale financial assets not financial assets held for trading.

NOTE NO. 10.
LONG-TERM RECEIVABLES

Information on long-term receivables is presented in table 11 and 12.

Table No. 11

LONG-TERM RECEIVABLES	2011 As at 30/06/2011	2010 As at 31/12/2010	2010 As at 30/06/2010
a) from related parties			
b) from other parties – deposits	1,212	1,258	1,111
c) impairment charges			
Total gross short-term receivables	1,212	1,258	1,111

Table No. 12

CHANGE IN LONG-TERM RECEIVABLES (TITLES)	2011 As at 30/06/2011	2010 As at 31/12/2010	2010 As at 30/06/2010
a) as at period beginning	1,258	940	940
- deposits paid	1,258	940	940
b) increase (due to)	41	390	231

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01-30/06/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

- additional payment	41	390	231
c) decrease (due to)	87	71	60
- return	87	71	60
- reclassification to short-term receivables			
a) as at period end	1,212	1,258	1,111

**NOTE NO. 11.
INVENTORIES**

Information on inventories is presented in table 13.

Table No. 13

INVENTORIES	2011 As at 30/06/2011	2010 As at 31/12/2010	2010 As at 30/06/2010
a) materials			
b) semi-products and work in progress			
c) finished products			
d) goods	11,507	16,070	17,511
e) advances for deliveries			
Total gross inventories	11,507	16,070	17,511
b) impairment of goods	614	609	819
Total net inventories	10,893	15,461	16,691

The inventories comprised goods purchased and held for sale. The inventories are recognised at cost, not higher than the costs to sell. The inventories of the parent company Tell S.A. constitute a security for the loan granted to the Company by Bank DnB Nord Polska S.A. and Alior Bank Polska S.A. The inventories of PTI Sp. z o.o. constitute a security for the loans granted by Alior Bank S.A. to Tell S.A.

**NOTE NO. 12.
TRADE RECEIVABLES AND OTHER RECEIVABLES**

Information on trade receivables and other receivables is presented in tables 14 to 16.

Table No. 14

SHORT-TERM RECEIVABLES	2011 As at 30/06/2011	2010 As at 31/12/2010	2010 As at 30/06/2010
a) receivables from other parties	48,524	61,489	48,074
- trade receivables falling due within 12 months	48,416	61,039	47,798
- tax, social security and medical insurance receivables, including:	40	189	37
corporate income tax			33
- other	68	261	239
Total net short-term receivables	48,524	61,489	48,074
b) impairment of receivables	3,190	3,083	1,953
Total gross short-term receivables	51,714	64,572	50,027

Table No. 15

CHANGE IN IMPAIRMENT OF SHORT-TERM RECEIVABLES	2011 As at 30/06/2011	2010 As at 31/12/2010	2010 As at 30/06/2010
As at period beginning	3,083	3,261	3,261
a) increase (due to)	116	1,584	213
- impairment of Tell's receivables	116	1,241	180
- impairment of Euro-Phone's receivables		289	33

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01-30/06/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

- impairment of PTI's receivables		53	
b) decrease (due to)	9	1,762	1,396
- impairment of Tell's receivables		4	
- impairment of Euro-Phone's receivables	9	356	
- impairment of PTI's receivables		7	
- impairment of Connex's receivables – deconsolidation		1,396	1,396
Impairment of short-term receivables	3,190	3,083	1,953

Table No. 16

GROSS SHORT-TERM RECEIVABLES (CURRENCY STRUCTURE)	2011 As at 30/06/2011	2010 As at 31/12/2010	2010 As at 30/06/2010
a) in PLN	51,714	64,572	50,027
b) in foreign currencies as converted into PLN			
Total short-term receivables	51,714	64,572	50,027

Trade receivables do not bear interest and usually have a 21-day maturity in case of wholesalers, in case of retail sale - the payment is made in cash. The Group has in place a policy of selling only to verified wholesale customers. Therefore, there is no additional credit risk, higher than the level determined by the provision for bad receivables.

Past-due amounts are presented in the balance sheet in net values. The carrying amount of receivables corresponds to their fair value.

NOTE NO. 13. PREPAYMENTS

Information on prepayments is presented in table 17.

Table No. 17

SHORT-TERM PREPAYMENTS	2011 As at 30/06/2011	2010 As at 31/12/2010	2010 As at 30/06/2010
a) Long-term prepayments, including:	327	387	452
- rental fee	327	387	452
a) Short-term prepayments, including:	612	274	868
- property insurance costs	98	130	119
- Company's Social Benefit Fund	357		284
- rental fee	129	129	129
- other deferred costs	28	15	335

NOTE NO. 14. CASH AND CASH EQUIVALENTS

Information on cash and cash equivalents is presented in tables 18 and 19.

Table No. 18

CASH	2011 As at 30/06/2011	2010 As at 31/12/2010	2010 As at 30/06/2010
Cash in hand	334	356	454
Cash at bank	2,036	3,789	5,488
Total cash	2,370	4,145	5,942

The credit risk related to liquid funds is limited, because the other transaction parties are banks having high credit quality class.

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01-30/06/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Table No. 19

CASH AND OTHER CASH ASSETS (CURRENCY STRUCTURE)	2011 As at 30/06/2011	2010 As at 31/12/2010	2010 As at 30/06/2010
a) in PLN	2,370	4,145	5,942
b) in foreign currencies as converted into PLN			
Total cash and other cash assets	2,370	4,145	5,942

**NOTE NO. 15.
OTHER HELD-TO-MATURITY FINANCIAL ASSETS**

Information on other financial assets is presented in table 20.

Table No. 20

OTHER SHORT-TERM FINANCIAL ASSETS	2011 As at 30/06/2011	2010 As at 31/12/2010	2010 As at 30/06/2010
a) Loans granted	240	224	373
- BBI Capital NFI S.A. – significant investor	234	224	365
- CCT s.c. – other parties			5
- Karotel – other parties			3
- Abit Anna Bauer – other parties	6		
Total other short-term financial assets	240	224	373

**NOTE NO. 16.
SHARE CAPITAL OF THE PARENT COMPANY**

Information on share capital structure is presented in table 21.

Table No. 21

Shareholder	Number of registered shares	Number of bearer shares	Total shares	Number of votes per registered shares	Number of votes per bearer shares	Total votes	% of share capital	% of votes
BBI Capital NFI S.A.	1,429,750		1,429,750	2,859,500		2,859,500	22.66%	34.22%
Havo Sp. z o.o.		675,000	675,000		675,000	675,000	10.70%	8.08%
Rafał Stempniewicz	175,000	122,280	297,280	350,000	122,280	472,280	4.71%	5.65%
AVIVA Investors FIO* AVIVA Investors SFIO		657,672	657,672		657,672	657,672	10.42%	7.87%
Quercus Parasolowy SFIO, Quercus Absolute Return FIZ		888,235	888,235		888,235	888,235	14.08%	10.63%
	1,604,750	2,343,187	3,947,937	3,209,500	2,343,187	5,552,687	62.57%	66.45%

* Number of shares held by the Funds represented at the Ordinary General Meeting of Shareholders on 28 April 2011.

In the 1st half of 2011, there was a change in the shareholding structure and voting rights. Pursuant to the request of a shareholder, 70,000 series A registered shares were converted into bearer shares. The converted shares were preferential in terms of voting rights; each share entitled to two votes. In consequence of conversion, this preference expired. After the conversion, the total votes at the general meeting of shareholders is 8,356,248. After the conversion, the value of the share capital did not change and amounts to PLN 1,261,924.60.

As at the balance sheet date, the value of share capital of Tell S.A. amounts to PLN 1,261,924.60 and is divided into:

- 2,046,625 series A registered preferential shares (one share entitles to two votes)
- 4,262,998 ordinary bearer shares.

The nominal value of each share is PLN 0.20.

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01-30/06/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Total number of votes from all issued shares is 8.356.248.

**NOTE NO. 17.
TREASURY SHARES**

Information on treasury shares is presented in table 22.

Table No. 22

VALUE OF TREASURY SHARES	2011 As at 30/06/2011	2010 As at 31/12/2010	2010 As at 30/06/2010
As at period beginning	0	3	3
a) shares purchased during the period			
a) shares sold during the period			
c) shares redeemed		3	3
As at period end, total	0	0	0

As at the date of these interim consolidated statements, the Parent Company does not have any treasury shares.

**NOTE NO. 18.
SUPPLEMENTARY CAPITAL**

Information on supplementary capital is presented in table 23.

Table No. 23

VALUE OF SUPPLEMENTARY CAPITAL	2011 As at 30/06/2011	2010 As at 31/12/2010	2010 As at 30/06/2010
a) share premium	24,863	24,863	24,863
b) established in accordance with the statutes/articles of association above the statutory (minimum) value	12,135	11,533	11,533
Total supplementary capital	36,999	36,396	36,396

The supplementary capital is created from the share premium and from retained profits generated by Group companies.

The value of the supplementary capital rose by kPLN 603 due to the distribution of profits of the Parent Company for 2010 remaining after the dividend payment.

**NOTE NO. 19.
RESERVE CAPITALS**

Information on reserve capitals is presented in table 24.

Table No. 24

VALUE OF RESERVE CAPITAL	2011 As at 30/06/2011	2010 As at 31/12/2010	2010 As at 30/06/2010
Reserve capital at period beginning	9,902	9,902	9,902
a) from the transfer from supplementary capital			
b) cost of purchase of treasury shares above par value			
b) sale of treasury shares above par value			
Total reserve capitals	9,902	9,902	9,902

In accordance with Resolution No. 2 of the Extraordinary General Meeting of Shareholders of Tell S.A. of 10 October 2008, it was resolved to establish a reserve capital and to allocate there an amount of PLN 10,000,000 from the supplementary capital. The changes in the value of reserve capitals were due to the purchase and sale of treasury shares in 2009.

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01-30/06/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

**NOTE NO. 20.
INFORMATION ON THE DIVIDENDS PAID (OR DECLARED), IN TOTAL AND AS DIVIDED PER SHARE, WITH A BREAKDOWN INTO ORDINARY AND PREFERENTIAL SHARES.**

By virtue of resolution No. 16/2011 of 28 April 2011, the General Meeting of Shareholders of Tell S.A. resolved to distribute the net profit disclosed in the 2010 financial statements in an amount of PLN 5,650,775.48 as follows:

- payment of the dividend in an amount of PLN 0.80 per one share in the Company,
- supplementary capital in an amount remaining after the payment of the dividend.

The dividend day was determined to be 18 May 2011, and the dividend payment date - 01 June 2011.

The number of shares entitling to the dividend is 6,309,623, and the dividend amounts to PLN 5,047,698.40.

**NOTE NO. 21.
PROVISIONS**

Information about provisions is presented in tables 25, 26 and 27.

Table No. 25

CHANGE IN LONG-TERM PROVISION FOR RETIREMENT BENEFITS AND SIMILAR BENEFITS (TITLES)	2011 As at 30/06/2011	2010 As at 31/12/2010	2010 As at 30/06/2010
a) as at period beginning	34	27	27
- provision for retirement benefits	34	27	27
b) increase (due to)		7	2
- provision for retirement benefits		7	2
c) as at period end	34	34	29
- provision for retirement benefits	34	34	29

Table No. 26

CHANGE IN SHORT-TERM PROVISION FOR RETIREMENT BENEFITS AND SIMILAR BENEFITS (TITLES)	2011 As at 30/06/2011	2010 As at 31/12/2010	2010 As at 30/06/2010
a) as at period beginning	5	5	5
- provision for retirement benefits	5	5	5
b) increase (due to)			34
- provision for retirement benefits			34
c) as at period end	5	5	39
- provision for retirement benefits	5	5	39

Table No. 27

CHANGE IN OTHER SHORT-TERM PROVISIONS (TITLES)	2011 As at 30/06/2011	2010 As at 31/12/2010	2010 As at 30/06/2010
a) As at period beginning, per title:	1,126	1,548	1,548
- provision for accrued holidays	653	418	418
- provision for payroll costs	391	400	400
- provision for financial statements audit cost	55	53	53
- provision for other costs	27	677	677
b) increase (due to)	35	793	
- provision for accrued holidays		320	
- provision for payroll costs	25	391	
- provision for financial statements audit cost	10	55	
- provision for other costs		27	
c) utilisation (due to)	473	453	453
- payment of salaries/wages	391	400	400
- payment for audit	55	53	53
- payment for costs	27		

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01-30/06/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

d) reversal due to the disappearance of the underlying reason		762	709
- provision for accrued holidays		85	32
- loss of control		677	677
e) As at period end, per title:	688	1,126	387
- provision for accrued holidays	653	653	387
- provision for payroll costs	25	391	
- provision for financial statements audit cost	10	55	
- provision for other costs		27	

NOTE NO. 22.
TRADE LIABILITIES AND OTHER LIABILITIES

Information on trade liabilities and other liabilities is presented in tables 28 to 31.

Table No. 28

LONG-TERM LIABILITIES	2011 As at 30/06/2011	2010 As at 31/12/2010	2010 As at 30/06/2010
To other parties	4,695	6,051	7,241
- Bank DnB Nord Polska S.A.	1,417	1,917	2,248
- Alior Bank S.A.	3,279	4,134	4,989
- other			5
Total long-term liabilities	4,695	6,051	7,241

Table No. 29

LONG-TERM LIABILITIES, WITH MATURITIES FALLING DUE AFTER THE BALANCE SHEET DATE	2011 As at 30/06/2011	2010 As at 31/12/2010	2010 As at 30/06/2010
a) above 1 year to 3 years	4,695	6,051	7,241
b) above 3 year to 5 years			
Total long-term liabilities	4,695	6,051	7,241

Table No. 30

SHORT-TERM LIABILITIES	2011 As at 30/06/2011	2010 As at 31/12/2010	2010 As at 30/06/2010
a) to other parties	63,766	81,313	78,031
- loans and advances, including:	3,410	1,711	7,926
- long-term in the repayment period	1,711	1,711	2,711
- trade liabilities falling due within 12 months	55,464	74,458	66,070
- tax, customs, customs, social insurance liabilities:	3,145	3,112	2,135
- including CIT liabilities	45	584	28
- payroll	1,385	1,577	1,545
- other	362	454	354
Total short-term liabilities	63,766	81,313	78,031

Table No. 31

SHORT-TERM LIABILITIES (CURRENCY STRUCTURE)	2011 As at 30/06/2011	2010 As at 31/12/2010	2010 As at 30/06/2010
a) in PLN	63,766	81,313	78,031
b) in foreign currencies (as per currency and after conversion into PLN)			
Total short-term liabilities	63,766	81,313	78,031

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01-30/06/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Trade liabilities do not bear interest and are usually settled within the deadlines set by the creditors, i.e. 14 days in case of service providers and 21 days in case of goods suppliers.
Liabilities related to bank loan interest are settled on a monthly basis.

**NOTE NO. 23.
LOANS AND ADVANCES**

Information on loan liabilities is presented in tables 32 to 36.

Table No. 32

LONG-TERM LOAN LIABILITIES TELL S.A.						
Name of company	Registered office	Loan amount per contract	Loan amount outstanding as at		Interest terms	Repayment date
			30/06/2010	30/06/2011		
ALIOR BANK S.A.	Warszawa	6,000	4,700	3,500	WIBOR 1M +bank margin	30/05/2014

Loan security:

- power of attorney to debit the borrower's accounts,
- registered pledge on shares in PTI Sp. z o.o.
- power of attorney to debit accounts of PTI Sp. z o.o.
- registered pledge on inventories
- assignment of rights under the insurance policy concerning inventories.

Table No. 33

LONG-TERM LOAN LIABILITIES TELL S.A.						
Name of company	Registered office	Loan amount per contract	Loan amount outstanding as at		Interest terms	Repayment date
			30/06/2010	30/06/2011		
ALIOR BANK S.A.	Warszawa	2,000	2,000	1,489	WIBOR 1M +bank margin	30/05/2014

Loan security:

- power of attorney to debit the borrower's accounts,
- power of attorney to debit accounts of PTI Sp. z o.o.
- registered pledge on 100% of shares in PTI Sp. z o.o.
- registered pledge on inventories of PTI Sp. z o.o.
- assignment of rights under the insurance policy concerning inventories.

Table No. 34

LONG-TERM LOAN LIABILITIES Euro-Phone Sp. z o.o.						
Name of company	Registered office	Loan amount per contract	Loan amount outstanding as at		Interest terms	Repayment date
			30/06/2010	30/06/2011		
BANK DnB NORD POLSKA S.A.	Warszawa	5,000	3,250	1,417	WIBOR 1M +bank margin	30/09/2013

Security for the loan from BANK DnB NORD POLSKA S.A.:

- corporate guarantee from TELL S.A.
- subordination of receivables of TELL S.A.
- registered pledge on shares in Euro-Phone Sp. z o.o.

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01-30/06/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Table No. 35

SHORT-TERM LOAN LIABILITIES TELL S.A.					
Name of company	Registered office	Loan amount per contract	Loan amount outstanding as at	Interest terms	Repayment date
			30/06/2010		
BANK DnB NORD POLSKA S.A.	Warszawa	5,000	4,581	WIBOR 1M +bank margin	30/05/2012
			1,505		
ALIOR BANK S.A.	Warszawa	2,000	621	WIBOR 1M + bank margin	04/04/2012
			194		

Loan security:

BANK DnB NORD POLSKA S.A.:

- power of attorney to debit the borrower's accounts,
- registered pledge on the borrower's inventories with a book value not lower than 150% of the debt limit,
- assignment of rights under insurance policy.

Alior Bank S.A.:

- power of attorney to debit the borrower's accounts,
- power of attorney to debit accounts of PTI Sp. z o.o.,
- registered pledge on movable property of PTI Sp. z o.o. for the amount of kPLN 4.000,
- assignment of receivables from the movable property insurance policy for a sum of kPLN 2.000

Table No. 36

SHORT-TERM LOAN LIABILITIES PTI Sp. z o.o.					
Name of company	Registered office	Loan amount per contract	Loan amount outstanding as at	Interest terms	Repayment date
			30/06/2010		
ALIOR BANK S.A.	Warszawa	3,000	0	WIBOR 1M +bank margin	29/11/2012
			0		

Loan security:

- power of attorney to debit the borrower's accounts,
- registered pledge on movable property for the amount of kPLN 25,892.8
- assignment of receivables from the movable property insurance policy for a sum of kPLN 1,500 minimum
- civil law guarantee by Tell S.A.
- power of attorney to the current bank account and other bank accounts of Tell S.A.

NOTE NO. 24.
OTHER CONTINGENT LIABILITIES OF TELL S.A.

Table No. 37

Entity/Bank	Type of liability	Value as at in kPLN	Security
		30/06/2011	
PTC Sp. z o.o.	merchant's loan	6,300	guarantee for Euro-Phone Sp. z o.o
Bank DnD Nord Polska S.A.	guarantee line facility	1,600	guarantee for Euro-Phone Sp. z o.o.
Bank DnD Nord Polska S.A.	loan	7,500	guarantee for Euro-Phone Sp. z o.o.
Alior Bank S.A.	guarantee line facility	1,500	guarantee for PTI Sp. z o.o.
Alior Bank S.A.	loan	3,000	guarantee for PTI Sp. z o.o.

NOTE NO. 25.
LIABILITIES OF THE COMPANY'S SOCIAL BENEFIT FUND

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01-30/06/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

The Company's Social Benefit Fund Act of 04 March 1997, as amended, stipulates that the Company's Social Benefit Fund is set up by employers employing more than 20 persons. The Parent Company has created such Fund and makes periodical contributions thereto on the basis of a basic appropriation. The purpose of the Fund is to finance the social activities for the benefit of employees.

The cash in the Fund's bank account are set off in the balance sheet against all liabilities to the Fund.

**NOTE NO. 26.
INCOME TAX**

The income tax specification in the reporting period is presented in table 38.

Table No. 38

CURRENT INCOME TAX RECOGNISED AS PROFIT OR LOSS	2011 As at 30/06/2011	2010 As at 31/12/2010	2010 As at 30/06/2010
- recognised as profit or loss	278	1,044	28
- recognised as equity			
Total current income tax	278	1,044	28

**NOTE NO. 27.
DEFERRED INCOME TAX**

The deferred income tax is presented in tables 39 and 40.

Table No. 39

CHANGE IN DEFERRED TAX ASSETS	2011 As at 30/06/2011	2010 As at 31/12/2010	2010 As at 30/06/2010
1. Deferred income tax assets as at period beginning, including:	874	1,172	1,172
a) recognised as profit or loss	874	962	962
- provision for holidays and retirement benefits	131	86	86
- salaries and wages	82	90	90
- social insurance contributions payable by the employer	72	80	80
- other provisions for costs	77	166	166
- impairment of inventories	116	156	156
- impairment of receivables	349	362	362
- amortisation	48	22	22
b) recognised as profit or loss of the period in relation with the tax loss		210	210
2. Increases	83	298	353
a) recognised as financial profit or loss in relation with deductible temporary difference (due to)	83	298	171
- provision for holidays and retirement benefits		62	
- salaries and wages	3	79	16
- social insurance contributions payable by the employer	51	63	83
- other provisions for costs	28	67	16
- impairment of inventories	1	1	
- impairment of receivables			6
- amortisation		26	51
b) recognised as profit or loss of the period in relation with the tax loss			182
3. Decreases	156	596	356
a) recognised as financial profit or loss in relation with deductible temporary difference (due to)	156	386	191
- provision for holidays and retirement benefits		16	

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01-30/06/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

- salaries and wages	16	88	7
- social insurance contributions payable by the employer	63	72	88
- other provisions for costs	74	156	86
- impairment of inventories	1	41	9
- impairment of receivables	2	13	
- amortisation	1		
b) recognised as profit or loss of the period in relation with the tax loss		210	166
4. Deferred income tax assets as at period end, including:	802	874	1,168
a) recognised as financial profit or loss in relation with deductible temporary difference (due to)	802	874	942
- provision for holidays and retirement benefits	131	131	86
- salaries and wages	69	82	99
- social insurance contributions payable by the employer	59	72	75
- other provisions for costs	31	77	96
- impairment of inventories	117	116	147
- impairment of receivables	347	349	368
- amortisation	46	48	73
b) recognised as profit or loss of the period in relation with the tax loss			226

Table No. 40

CHANGE IN DEFERRED TAX LIABILITIES	2011 As at 30/06/2011	2010 As at 31/12/2010	2010 As at 30/06/2010
1. Deferred income tax liabilities as at period beginning, including:	4,251	3,025	3,025
a) recognised as financial profit or loss	4,251	3,025	3,025
- provision for accrued interest	12	50	50
- provision for goodwill	4,122	2,870	2,870
- provision for amortisation/depreciation costs	117	106	106
2. Increases	862	1,324	847
a) recognised as financial profit or loss in relation with taxable temporary difference (due to)	862	1,324	847
- provision for accrued interest	2	4	
- provision for goodwill	748	1,252	647
- provision for amortisation/depreciation costs	3	68	50
- income reserve	109		151
b) recognised as equity in relation with taxable temporary differences			
3. Decreases	17	99	107
a) recognised as financial profit or loss in relation with taxable temporary differences (due to)	17	99	107
- reversal of temporary differences - amortisation and depreciation	17	57	12
- reversal of temporary differences - interest		42	95
4. Total deferred income tax liabilities as at period end	5,095	4,251	3,766
- provision for accrued interest	14	12	5
- provision for goodwill	4,870	4,122	3,516
- provision for amortisation/depreciation costs	102	117	94
- income reserve	109		151

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01-30/06/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

**NOTE NO. 28.
REVENUE FROM SALE IN THE REPORTING PERIOD**

The revenue from the sale is presented in tables 41 to 42.

Table No. 41

NET REVENUES FROM SALE	2011 from 01/01/2011 to 30/06/2011	2010 from 01/01/2010 to 31/12/2010	2010 from 01/01/2010 to 30/06/2010
Sale revenues:	144,310	307,371	132,307
- revenue from the sale of telecommunication services	65,039	130,825	59,081
- sets and pre-paid refillments	14,385	30,580	14,617
- postpaid contact phones	59,242	133,937	53,034
- other revenue	5,644	12,029	5,575
Total net revenue from the sale	144,310	307,371	132,307

Table No. 42

NET REVENUES FROM SALE (TERRITORIAL STRUCTURE)	2011 from 01/01/2011 to 30/06/2011	2010 from 01/01/2010 to 31/12/2010	2010 from 01/01/2010 to 30/06/2010
a) Poland	144,310	307,371	132,307
b) export			
Total net revenue from the sale	144,310	307,371	132,307

**NOTE NO. 29.
FINANCIAL INCOME AND EXPENSES**

The financial income and expenses are presented in tables 43 to 47.

Table No. 43

FINANCIAL INCOME FROM INTEREST	2011 from 01/01/2011 to 30/06/2011	2010 from 01/01/2010 to 31/12/2010	2010 from 01/01/2010 to 30/06/2010
a) due to loans granted		37	16
- from a significant investor		37	16
b) other interest	83	162	124
- from other parties	83	162	124
Total financial income from interest	83	199	140

Table No. 44

OTHER FINANCIAL INCOME	2011 from 01/01/2011 to 30/06/2011	2010 from 01/01/2010 to 31/12/2010	2010 from 01/01/2010 to 30/06/2010
a) other financial income:		24	
- from other parties, including:		24	
- cash bonus		24	
Total other financial income		24	

Table No. 45

FINANCIAL COSTS DUE TO INTEREST	2011 from 01/01/2011 to 30/06/2011	2010 from 01/01/2010 to 31/12/2010	2010 from 01/01/2010 to 30/06/2010

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01-30/06/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

a) on loans and advances	405	944	493
- to related parties, including:			
- to a significant investor			
- to other parties	405	944	493
b) other interest		5	
Total financial costs due to interest	405	949	493

Table No. 46

IMPAIRMENT OF FINANCIAL ASSETS	2011 from 01/01/2011 to 30/06/2011	2010 from 01/01/2010 to 31/12/2010	2010 from 01/01/2010 to 30/06/2010
a) loans and advances		560	560
- granted to related parties – Connex Sp. z o.o.		560	560
b) other			
Total financial costs due to impairment of financial assets		560	560

Table No. 47

OTHER FINANCIAL COSTS	2011 from 01/01/2011 to 30/06/2011	2010 from 01/01/2010 to 31/12/2010	2010 from 01/01/2010 to 30/06/2010
a) other, including:		819	389
- default interest - deliveries		3	1
- other bank fees		162	62
- interest for the state authorities			1
- other		3	
- costs of acquisition of the organised business of Maksimum		651	325
Total other financial costs		819	389

NOTE NO. 30. OPERATING REVENUE AND COSTS

Information on operating revenue and costs is presented in tables 48 to 51.

The consolidated interim statement of comprehensive income for the first half of 2010 was adjusted for presentation purposes, namely the costs of services sold was adjusted by PLN 21,127.

The adjustment did not affect the net profit of the first half of 2010. The adjustments are presented below in table 48.

Table No. 48

	2010 from 01/01/2010 to 30/06/2010		2010 from 01/01/2010 to 30/06/2010
	Before adjustment	Adjustment	After adjustment
Net revenues from sale	132,307		132,307
Sale costs	79,245	21,127	100,373
Costs of services sold	28,309	21,127	49,436
Value of goods sold	50,937		50,937
Gross profit on sale	53,062	- 21,127	31,935
Sale costs	43,067	- 21,127	21,940
Administration costs	5,664		5,664
Other operating income	180		180
Other operating expense	377		377

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01-30/06/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Profit on operating activities	4,133		4,133
Financial income	140		140
Financial costs	1,441		1,441
Result of the control loss settlement	549		549
Gross profit	2,284		2,284
Income tax	804		804
a) current part	28		28
b) deferred part	776		776
Net profit on continued activities	1,480		1,480
Other comprehensive income			
Other comprehensive income after taxation			
Total comprehensive income	1,480	0	1,480

Table No. 49

COSTS PER TYPE	2011 from 01/01/2011 to 30/06/2011	2010 from 01/01/2010 to 31/12/2010	2010 from 01/01/2010 to 30/06/2010
a) depreciation and amortisation	1,192	2,498	1,260
b) consumption of materials and energy	1,233	2,503	1,166
c) contracted services	64,193	127,854	58,102
d) taxes and fees	94	148	94
e) payroll	12,171	24,923	12,095
f) social insurance and other benefits	2,866	5,176	2,813
g) other costs per type (title)	1,290	3,720	1,717
Total costs per type	83,039	166,822	77,247
Change in inventories, products and prepayments	- 178	138	207
Costs of sale (negative value)	- 24,016	- 45,883	- 21,940
Costs of general administration (negative value)	- 5,978	- 12,437	- 5,664
Costs of products sold (negative value)	- 52,868	- 108,639	- 49,436

Table No. 50

OTHER OPERATING REVENUE	2011 from 01/01/2011 to 30/06/2011	2010 from 01/01/2010 to 31/12/2010	2010 from 01/01/2010 to 30/06/2010
a) profit on the disposal of non-financial fixed assets	21	81	14
- revenue from the disposal of non-financial fixed assets	126	547	233
- value of non-financial fixed assets disposed (negative value)	- 105	- 466	- 219
b) reversal of provision (due to)	9	316	49
- provision – discontinuation of underlying reason	9	316	49
c) other, including:	179	369	117
- indemnities received	36	13	8
- liabilities written-off		1	
- inventory surplus		6	4
- cash bonuses		48	
- subsidies from the Polish Fund for the Rehabilitation of the Disabled	63	54	
- other	80	246	104
Total other operating revenue	209	766	180

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01-30/06/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Table No. 51

OTHER OPERATING COSTS	2011 from 01/01/2011 to 30/06/2011	2010 from 01/01/2010 to 31/12/2010	2010 from 01/01/2010 to 30/06/2010
a) loss on the disposal of non-financial fixed assets	33		
- revenue from the disposal of non-financial fixed assets (negative value)	- 23		
- value of non-financial fixed assets disposed	34		
- value of non-financial fixed assets liquidated	22		
b) set up of provisions (due to)	121	2,576	213
- impairment of receivables	116	1,584	213
- impairment of goods	5	8	
- provision for holidays		322	
- provision for costs		663	
c) other, including:	94	452	164
- donation	1	23	9
- receivables written-off		20	9
- legal enforcement fees		11	
- damage and shortages	1	131	10
- fines and penalties	21	57	45
- liquidation of tangible fixed assets	37	104	35
- other	34	105	56
Total other operating costs	248	3,028	377

**NOTE NO. 31.
EARNINGS PER SHARE**

Information on earnings per share is presented in table 52.

Table No. 52

	2011 from 01/01/2011 to 30/06/2011	2010 from 01/01/2010 to 31/12/2010	2010 from 01/01/2010 to 30/06/2010
Net profit (in PLN)	4,686,325.11	7,117,121.58	1,479,877.51
Average weighted number of ordinary shares (items)	6,309,623	6,309,623	6,309,623
Earnings per ordinary share (in PLN)	0.74	1.13	0.23
Average weighted diluted number of ordinary shares	6,309,623	6,309,623	6,309,623
Diluted earnings per ordinary share (in PLN)	0.74	1.13	0.23

The earnings per share are calculated as a quotient of net profit of the financial year and the average weighted number of shares present in the given financial year.

**NOTE NO. 32.
BOOK VALUE OF ONE SHARE**

Information on book value of one share is presented in table 53.

Table No. 53

	2011 from 01/01/2011 to 30/06/2011	2010 from 01/01/2010 to 31/12/2010	2010 from 01/01/2010 to 30/06/2010
Book value (in PLN)	54,992,905.98	55,354,279.28	49,717,035.15
Number of ordinary shares (items)	6,309,623	6,309,623	6,309,623
Book value per one share (in PLN)	8.72	8.77	7.88
Diluted number of shares	6,309,623	6,309,623	6,309,623
Diluted book value per one share (in PLN)	8.72	8.77	7.88

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01-30/06/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

**NOTE NO. 33.
CASH FLOW STATEMENT**

Table No. 54

DETAILS	1st half of 2011	2010	1st half of 2010
Cash in the balance sheet	2,370	4,145	5,942
Total cash and cash equivalents disclosed on the cash flow statement	2,370	4,145	5,942
DETAILS	1st half of 2011	2010	1st half of 2010
Amortisation and depreciation:	1,192	2,498	1,260
amortisation of intangible assets	184	242	124
depreciation of tangible assets	1,009	2,256	1,136
Profit (loss) from investing activities results from:	29	49	- 10
revenue from the sale of tangible fixed assets	- 149	- 546	- 233
net value of tangible fixed assets sold	139	595	243
value of tangible fixed assets liquidated	39		
Change in provisions results from:	- 438	261	- 448
balance sheet change in provisions for liabilities	- 438	-416	- 1,161
balance sheet change in provisions for employee benefits			36
value of provisions excluded in consequence of the loss of control over Connex Sp. z o.o.		676	676
Change in inventories results from:	4,568	4,045	2,815
balance sheet change in inventories	4,568	4,294	3,064
value of inventories excluded in consequence of the loss of control over Connex Sp. z o.o.		-249	- 249
Change in receivables results from:	13,011	- 1839	11,757
change in receivables resulting from the balance sheet	13,011	2,439	16,001
adjustment by change in income tax receivables		-208	- 174
receivables excluded due to loss of control over Connex Sp. z o.o.		- 4,070	- 4070
Change in short-term liabilities, save financial liabilities, results from:	- 18,706	152	- 8,784
change in short-term liabilities resulting from the balance sheet	- 19,245	- 3,059	- 12,360
adjustment of income tax liabilities	539	-106	269
other adjustments			- 6
liabilities excluded due to loss of control over Connex Sp. z o.o.		3,318	3,318
The "other adjustments" item comprises:		1,108	1,106
Adjustment of liabilities under loans			- 2
revaluation of the value of short-term financial assets - loan		560	560
Equity of Connex Sp. z o.o. – settlement of loss resulting from the loss of control		548	548

**NOTE NO. 34.
INFORMATION ON RELATED ENTITIES**

Transactions between the Parent Company and subsidiaries were eliminated upon consolidation and were not presented in this note. These transactions were disclosed in the separate financial statements of the Parent Company. Information concerning a loan to the significant investor is presented in note 20.

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01-30/06/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

**NOTE NO. 35.
REMUNERATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD OF THE
PARENT COMPANY (KAY MANAGEMENT PERSONNEL)**

Information on the remuneration of the Supervisory Board and Management Board is presented in table 58.

Table No. 55

	2011 from 01/01/2011 to 30/06/2011	2010 from 01/01/2010 to 31/12/2010	2010 from 01/01/2010 to 30/06/2010
Members of the Supervisory Board	36	76	38
Members of the Management Board	835	1,388	493
total	871	1,464	531

Besides the above-mentioned remunerations, there were no other significant transactions concerning the related parties within the understanding of IAS 24.

**NOTE NO. 36.
STRUCTURE OF EMPLOYMENT OF THE GROUP**

The employment as at the end of the first half of 2011 is presented in table 59.

Table No. 56

	30/06/2011	31/12/2010	30/06/2010
Management Board	4	6	6
Managers	183	204	210
White collar	505	523	576
Blue collar	9	10	10

**NOTE NO. 37.
EVENTS AFTER THE BALANCE SHEET DATE**

There were no events after the balance sheet date that would have an impact on the current activities of the Tell S.A. Group

**NOTE NO. 38.
GOALS AND PRINCIPLES OF CREDIT RISK MANAGEMENT**

The main financial instruments used by the Group are bank loans, cash and short-term deposits. The main objective of these instruments is to provide funds to finance the Company's operations. The Group also has other financial instruments, such as trade receivables and liabilities, that arise directly in the course of its business. The main types of risks related to the Group's financial instruments are the interest rate risk, liquidity risk and credit risk. The Management Board validates and agrees the management policies related to each type of risk – these policies were briefly discussed below.

Interest rate risk

The Group's exposure to interest rate risk fluctuations concerns mainly long-term financial liabilities. The Group uses only variable interest loans based on 1M WIBOR plus margin.

Table No. 57

in kPLN	Increase/decrease by percentage points	Impact on the accounting result
Balance sheet date 30/06/2011		
PLN	+ 1%	81
PLN	- 1%	- 81
Year ended on 30/06/2010		
PLN	+ 1%	150
PLN	- 1%	- 150

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01-30/06/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Credit risk

The Group enters into transactions only with renowned entities with a good credit standing. All clients wishing to take advantage of the merchant's credit are subject to a pre-verification procedure. Additionally, owing to an on-going monitoring of the receivables, the exposure to bad receivables risk is insignificant.

With regard to other financial assets, such as cash and cash equivalents, available-for-sale financial assets, the credit risk arises in relation with the contractor's inability to make the payment, and the maximum exposure to this risk is equal to the carrying amount of such instruments.

Table No. 58 Maximum exposure to credit risk:

	Carrying amount	Risk exposure value
30/06/2011		
Trade receivables	48,416	48,416
Loans granted	240	240
Cash and cash equivalents	2,370	2,370
30/06/2010		
Trade receivables	47,798	47,798
Loans granted	373	373
Cash and cash equivalents	5,942	5,942

Liquidity risk

The Group's objective is to maintain the balance between the financing continuity and flexibility by using various sources of finances, such as overdraft facilities, bank loans.

Table No. 58

	Sight	> 3 months	From 3 to 12 months	From 1 to 5 years	> 5 years
30/06/2011					
Interest-bearing loans and advances	1,699	428	1,283	4,695	
Convertible preferential shares					
Trade liabilities and other liabilities	60,356				
Derivatives					
30/06/2010					
Interest-bearing loans and advances	5,219	678	2,033	7,237	
Convertible preferential shares					
Trade liabilities and other liabilities	70,105				
Derivatives					

NOTE NO. 39. CAPITAL MANAGEMENT – IAS 1.124A

The main objective of the Group's capital management is to maintain a good credit rating and safe capital ratios, that would support the operating activities of the Group and increase its value for shareholders of its parent company.

The Parent Company of the Group manages the capital structure and after economic changes improves it as necessary. In order to maintain or adjust the capital structure the Parent Company may change the payment of dividends to shareholders, return the capital to the shareholders or issue new shares. By the reporting date, there were no changes as to the objectives, principles and processes in force in this area.

NOTE NO. 40. 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.

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01-30/06/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

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

**NOTE NO. 41.
CHANGES IN THE BUSINESS ENVIRONMENT AND THE ECONOMIC SITUATION THAT INFLUENCE THE FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES OF THE COMPANY, IRRESPECTIVE OF THE FACT WHETHER OR NOT SUCH ASSETS OR LIABILITIES ARE RECOGNISED AT FAIR VALUE OR AT AMORTISED COST**

There were no changes in the business environment and the economic situation that would influence the fair value of financial assets and financial liabilities of the company, irrespective of the fact whether or not such assets or liabilities are recognised at fair value or at amortised cost.

**NOTE NO. 42.
NON-REPAID LOANS OR DEFAULTING LOAN AGREEMENTS WITH REGARD TO WHICH NO REMEDYING ACTIONS HAVE BEEN UNDERTAKEN UNTIL THE END OF THE REPORTING PERIOD**

There were no defaulting loan agreements.

**NOTE NO. 43.
MOVEMENTS BETWEEN PARTICULAR LEVELS OF THE FAIR VALUE HIERARCHY THAT IS APPLIED TO THE PURPOSES OF MEASURING THE FAIR VALUE OF FINANCIAL INSTRUMENTS**

In the first half of 2011 there was no such a situation.

**NOTE NO. 44.
CHANGE IN THE CLASSIFICATION OF FINANCIAL INSTRUMENTS IN RESULT OF A CHANGE IN THE PURPOSE OF USE OF SUCH ASSETS**

In the first half of 2011 there was no such a situation.

**NOTE NO. 45.
DESCRIPTION OF NON TYPICAL FACTORS AND EVENTS**

In the first half of 2011 there were no non-typical events.

The consolidated interim financial statements of the Company were approved by the Management Board of the parent company on 3 August 2011 and signed by the Management Board:

Rafał Stempniewicz

Stanisław Górski

Robert Krasowski

President of the Management Board

Member of the Management Board

Member of the Management Board