PKF

Report supplementing the opinion
on the audit of the consolidated financial statements
of the TELL Spółka Akcyjna Group
in
POZNAŃ

for the period from 01/01/2010 to 31/01/2010

Poznań, March 2011

TABLE OF CONTENTS

A. GENERAL PART

I. DATA IDENTIFYING THE GROUP

- The audit concerns the Group where the parent company is Tell Spółka Akcyjna (*Polish joint-stock company)* with registered office in Poznań, which was established on the basis of a notarised deed No. A. 7307/2004 of 15/11/2004. The duration of the Company is unlimited.

  On 30/11/2004, the Parent Company was registered with the National Court Register under number KRS 0000222514.

  The principal place of business of the Parent Company is in Poznań, at ul. Forteczna 19 A.

  The Parent Company's shares are publicly traded, the latest quoted selling price of 18/03/2010 amounted to PLN 12.60.

- As at the end of the audited period, the Group holds;

- share capital	**kPLN 1,262**
- other equity	**kPLN 54,092**

As at 31/12/2010, the shareholding structure of the Parent Company - with regard to shareholders holding at least 5% of votes - is as follows (in PLN):

Shareholders	Number of shares	Number of votes	Nominal value	Share capital held
BBI Capital NFI S. A.	1,429,750	2,859,500	285,950	22.66
Havo Sp. z o.o.	675,000	675,000	135,000	10.70
Rafał Stempniewicz	297,280	472,280	59,456	4.71
AVIVA Investors FIO	423,549	423,549	84,710	6.71
Quercus Parasolowy SFIO,	888,235	888,235	177,647	14.08
TOTAL	**3,713,814**	**5,318,564**	**742,763**	**58.86**

On 26/04/2010, the Ordinary General Meeting of Shareholders of Tell S.A. adopted resolution No. 17/2010 concerning the redemption of 15,377 treasury shares and decrease of the share capital. The redemption of shares took place on 17 June 2010 upon the registration by the District Court for Poznań-Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register of the applicable change to the Articles of Association of the Company concerning the decrease of the share capital.

- The Parent Company has all necessary entries and registrations as required by law.
- Tell S.A. as the parent company has the following subsidiaries as at the end of the audited period:

Company name	Direct and indirect share in capital	Direct and indirect votes
Euro-Phone Sp. z o.o.	100%	100%
PTI Sp. z o.o.	100%	100%
Connex Sp. z o.o.	100%	100%

- The basic objects of the business of the Group are as follows:

Parent Company: Tell S.A.

- telecommunications,
- wholesale and consignment sale of telecommunication articles,
- wholesale of machines and equipment,
- retail sale of telecommunications equipment.

Consolidated subsidiaries:

- **Euro-Phone Sp. z o.o.:**
  - Agents specialising in the sale of other goods.

- **PTI Sp. z o.o.:**
  - Wholesale on a fee or commission basis.

- As at the opinion date, the Parent Company is managed by the following Management Board:

Given name and surname	***Function***
Rafał Maciej Stempniewicz	President of the Management Board
Robert Tomasz Krasowski	Member of the Management Board
Stanisław Jerzy Górski	Member of the Management Board

- The Chief Accountant of the Parent Company is Ms Jolanta Stachowiak

- The Group's average annual employment level is 743 persons.

II. DATA IDENTIFYING THE AUDITED FINANCIAL STATEMENTS

- The audited consolidated financial statements of the Group comprise separate financial statements of the Parent Company and subsidiary companies made as at 31/12/2010, all of which were audited and received an opinion (data in kPLN).

Company	Balance sheet total 31/12/2010	Net result for period 01/01-31/12/2010	Auditor and type of opinion received	Consolidation method
Tell S.A.	114,644	5,651	PKF Audyt Sp. z o.o. unqualified opinion	Consolidating company
Euro-Phone Sp. z o.o.	19,598	2,745	PKF Audyt Sp. z o.o. unqualified opinion	Full consolidation
PTI Sp. z o.o.	25,504	1,998	PKF Audyt Sp. z o.o. unqualified opinion	Full consolidation

- The relation between particular separate statements and the consolidated statements is as follows:

Company	Balance sheet total	Net result
Parent company	114,644	5,651
Subsidiary	45,102	4,744
TOTAL	**159,746**	**10,394**
Consolidation adjustments	-11,613	-3,277
Total consolidated statements	**148,133**	**7,117**

- Type of change of scope in consolidated subsidiaries:

  Connex Sp. z o.o. was deconsolidated due to the loss of possibilities to manage its financial and operating policies in order to gain economic benefits from its operations. Connex Sp. z o.o. as at this day does not carry out any economic activities. The loss of control was settled as at 01/01/2010.

- Beginning from 01/01/2005, pursuant to art. 55 of the Accounting Act, the Parent Company prepares the consolidated financial statements as per the IFRS as endorsed by the European Union.

- The audit concerned the consolidated financial statements characterised in the opinion.

- The consolidated financial statements were annexed a report on the activities of the Group in the financial year from 01/01/2010 to 31/12/2010.

III. INFORMATION about THE GROUP'S FINANCIAL STATEMENTS FOR THE PREVIOUS FINANCIAL YEAR

- The consolidated financial statements for the previous financial year, i.e. for the period from 01/01/2009 to 31/12/2009 were audited by PKF Audyt Sp. z o.o. and received an unqualified opinion.
- The 2009 financial statements were approved by the General Meeting of Shareholders on 26/04/2010 by resolution No. 7/2010.
- The approved consolidated financial statements for 2009 were:

  - filed with the National Court Register on 10/05/2010;

  - published in *Monitor Polski B* No. 1153 on 16/07/2010.

IV. DATA IDENTIFYING THE ENTITY AUTHORISED TO AUDIT CONSOLIDATED FINANCIAL STATEMENTS

- By Resolution of the Supervisory Board of 14/05/2010, PKF Audyt Sp. z o.o. was appointed to audit the consolidated financial statements for 2010; the audit agreement was made on 20/11/2011.
- PKF Audyt Sp. z o.o. with registered office in Warsaw, at ulica Elbląska 15/17,-is entered into the list of an entities authorised to audit financial statements under number 548. On its behalf, the audit was conducted by Marek Wojciechowski, key chartered auditor entered into the list of practising chartered auditors under number 10984, with the participation of assistant Anna Jakubiak.
- The authorised entity, the key auditor conducting the audit on its behalf as well as persons participating in the audit who are not chartered auditors, hereby state and declare that they were independent from the audited company within the meaning of art. 56 of the Act on Chartered Auditors, their Self-Government, Entities Authorised to Audit Financial Statements and Public Supervision (*Journal of Laws* of 2009 No. 77, item 649).
- The audit was conducted in the period from 01/03/2011 to 18/03/2011.

V. STATEMENTS OF THE COMPANY AND AVAILABILITY OF DATA

- On 18/03/2011, the Management Board of the Parent Company made a statement concerning the completeness, reliability and correctness of the consolidated financial statements submitted to the audit, disclosure in the supplementary notes of all contingent liabilities existing as at 31/12/2010 as well as the lack of events until the statement date that would materially influence the data disclosed in the consolidated financial statements for the audited year.
- During the audit of the consolidated financial statements the Parent Company made available all documents and information necessary to express the opinion and preparation of the report.

VI. OTHER INFORMATION

- The audit was not aimed at identification and explanation of unlawful events as well as irregularities outside the accounting system.

B. ASSESSMENT OF THE ECONOMIC AND FINANCIAL SITUATION

- The analysis below covers three latest reporting periods:
  - from 01/01/2008 to 31/12/2008
  - from 01/01/2009 to 31/12/2009
  - from 01/01/2010 to 31/12/2010

In 2010, Connex Sp. z o.o. was deconsolidated. Additionally, PTI Sp. z o.o. acquired on 18/03/2011 an organised business of Maksimum Sp. z o.o. The organised business was taken over on 31/05/2010, when all conditions precedent were met by the parties. The acquisition comprised 41 authorised sale outlets where the services of Polkomtel S.A. are sold.

- All data presented in the tables are expressed in kPLN, and the symbols used have the following meaning:
  - CB - closing balance - PREV - previous period
  - OB - opening balance - PRES - present period

- The values in the table, in the Change column, are in PLN.

- The structure of particular items presented in the tables below is calculated as follows:
  - with reference to the item on the consolidated statement of financial position - with reference to the total on the statement of financial position;
  - with reference to revenue items on the consolidated income statement - with reference to total revenue;
  - with reference to cost items on the consolidated income statement - with reference to total costs;
  - with reference to result items on particular levels and to taxes - with reference to net result,
  - with reference to consolidated comprehensive income items - with reference to total comprehensive income.

I. CHANGE IN AND STRUCTURE OF MAIN ITEMS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS		As at			Structure			Change (CB * OB) / OB
		31/12/2008	31/12/2009 (OB)	31/12/2010 (CB)	2008	2009	2010	
A.	**FIXED ASSETS**	**45,049**	**59,591**	**66,541**	**34.6%**	**39.5%**	**44.9%**	**11.7%**
I.	Tangible fixed assets	7,450	6,721	5,908	5.7%	4.5%	4.0%	-12.1%
II.	Intangible assets	33,272	32,449	39,320	25.5%	21.5%	26.5%	21.2%
III.	Goodwill of subsidiaries	1,583	17,792	18,792	1.2%	11.8%	12.7%	5.6%
IV.	Investment properties	0	0	0	0.0%	0.0%	0.0%	X
V.	Long-term investments	0	0	0	0.0%	0.0%	0.0%	X
VI.	Long-term receivables	1,070	940	1,258	0.8%	0.6%	0.8%	33,9%
VII.	Available-for-sale financial assets	0	0	0	0.0%	0.0%	0.0%	X
VIII.	Other financial assets	0	0	0	0.0%	0.0%	0.0%	X
IX.	Deferred tax assets	1,028	1,172	874	0.8%	0.8%	0.6%	-25.4%
X.	Other fixed assets	646	516	387	0.5%	0.3%	0.3%	-25.0%
B.	**CURRENT ASSETS**	**85,281**	**91,412**	**81,592**	**65.4%**	**60.5%**	**55.1%**	**-10.7%**
I.	Inventories	22,440	19,755	15,461	17.2%	13.1%	10.4%	-21.7%
II.	Trade receivables	51,693	62,526	61,039	39.7%	41.4%	41.2%	-2.4%
III.	Current tax assets	0	0	0	0.0%	0.0%	0.0%	X
IV.	Other receivables	433	1,720	450	0.3%	1.1%	0.3%	-73.9%
V.	Available-for-sale financial assets	0	0	0	0.0%	0.0%	0.0%	X
VI.	Financial assets carried at fair value through profit or loss	0	0	0	0.0%	0.0%	0.0%	X
VII.	Other financial assets	760	629	224	0.6%	0.4%	0.2%	-64.5%
VIII.	Prepayments	433	601	274	0.3%	0.4%	0.2%	-54.4%
IX.	Cash and cash equivalents	9,522	6,181	4,145	7.3%	4.1%	2.8%	-32,9%
X.	Assets classified as held for trading	0	0	0	0.0%	0.0%	0.0%	X
	TOTAL ASSETS	**130,331**	**151,003**	**148,133**	**100,0%**	**100.0%**	**100.0%**	**-1.9%**

EQUITY & LIABILITIES		As at			Structure			Change
		31/12/2008	31/12/2009 (OB)	31/12/2010 (CB)	2008	2009	2010	(CB - OB) / OB
A.	**SHAREHOLDER'S EQUITY**	49,026	54,547	55,354	37.6%	36.1%	37.4%	1.5%
	Equity of Parent Company's shareholders	49,026	54,547	55,354	37.6%	36.1%	37.4%	1.5%
I.	Share capital	1,265	1,265	1,262	1.0%	0.8%	0.9%	-0.2%
II.	Supplementary capital	32,028	36,128	36,396	24.6%	23.9%	24.6%	0.7%
III.	Treasury shares	-73	-3	0	-0.1%	0.0%	0.0%	-100.0%
IV.	Other Capitals	0	9,902	9,902	0.0%	6.6%	6.7%	0.0%
V.	Revaluation reserve	7,595	-677	0	5.8%	-0.4%	0.0%	-100.0%
VI.	Retained profit	2,561	1,146	677	2.0%	0.8%	0.5%	-40.9%
VII.	Financial result of the current period	5,650	6,786	7,117	4.3%	4.5%	4.8%	-4.9%
VIII.	Appropriation of the net profit during the financial year	0	0	0	0.0%	0.0%	0.0%	x
A.II	**Minority interests**	0	0	0	0.0%	0.0%	0.0%	x
B.	**LONG-TERM LIABILITIES**	5,701	9,907	10,334	4.4%	6.6%	7.0%	4.3%
I.	Loans and advances	3,750	6,850	6,051	2.9%	4.5%	4.1%	-11.7%
II.	Other financial liabilities	0	0	0	0.0%	0.0%	0.0%	x
III.	Other long-term liabilities	0	0	0	0.0%	0.0%	0.0%	x
IV.	Deferred tax liabilities	1,941	3,025	4,251	1.5%	2.0%	2.9%	40.5%
V.	Accruals	0	0	0	0.0%	0.0%	0.0%	x
VI	Provision for retirement benefits and similar benefits	10	27	33	0.0%	0.0%	0.0%	22.7%
VII.	Other provisions	0	0	0	0.0%	0.0%	0.0%	x
C.	**SHORT-TERM LIABILITIES**	**75,603**	**86,550**	**82,444**	**58.0%**	**57.3%**	**55.7%**	**-4.7%**
I.	Loans and advances	2,435	2,339	1,711	1.9%	1.5%	1.2%	-26.8%
II.	Other financial liabilities	0	0	0	0.0%	0.0%	0.0%	x
III.	Trade liabilities	66,817	77,173	74,458	51.3%	51.1%	50.3%	-3.5%
IV.	Current tax liabilities	0	0	0	0.0%	0.0%	0.0%	x
V.	Other liabilities	5,951	5,485	5,143	4.6%	3.6%	3.5%	-6.2%
VI.	Accruals	0	0	0	0.0%	0.0%	0.0%	x
VII.	Provision for retirement benefits and similar benefits	0	5	151	0.0%	0.0%	0.1%	2947.7%
VIII.	Other provisions	400	1,548	980	0.3%	1.0%	0.7%	-36.7%
IX.	Liabilities directly related to assets classified as held for trading	0	0	0	0.0%	0.0%	0.0%	x
	TOTAL EQUITY AND LIABILITIES	**130,331**	**151,003**	**148,133**	**100.0%**	**100.0%**	**100.0%**	**-1.9%**

II. CHANGE IN AND STRUCTURE OF MAIN ITEMS OF THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

item	Details	For the period 01/01 -31/ 12/			Structure			Change
		2008	2009 (PREV)	2010 (PRES)	2008	2009	2010	(PRES-PREV) PREV
A.	**Sale revenues**	**180,970**	**277,403**	**307,371**	**98.4%**	**99.5%**	**99.7%**	**10.8%**
I.	Revenue from the sale of products and services	95,416	171,075	179,901	51.9%	61.4%	58.3%	5.2%
II.	Revenue from the sale of goods and materials	85,554	106,327	127,469	46.5%	38.1%	41.3%	19.9%
B.	**Costs of products, goods and materials sold**	**120,084**	**203,248**	**234,451**	**68.0%**	**75.9%**	**78.6%**	**15.4%**
I.	Costs of products and services sold	37,507	99,061	108,639	21.2%	37.0%	36.4%	9.7%
II.	Value of goods and materials sold	82,577	104,186	125,812	46.8%	38.9%	42.2%	20.8%
C.	***Gross sale profit (loss)***	***60,886***	***74,155***	***72,919***	***1078%***	***1093%***	***1025%***	***-1.7%***
I.	Other operating income	2,606	847	766	1.4%	0.3%	0.2%	-9.6%
II.	Sale costs	43,852	46,963	45,883	24.8%	17.5%	15.4%	-2.3%
III.	Administration costs	8,594	14,434	12,437	4.9%	5.4%	4.2%	-13.8%
VI.	Other operating expense	3,396	1,993	3,028	1.9%	0.7%	1.0%	52.0%
D.	***Operating profit (loss)***	***7,650***	***11,613***	***12,336***	***135.4%***	***171.1%***	***173.3%***	***6.2%***
I	Financial income	301	476	223	0.2%	0.2%	0.1%	-53.1%
II.	Financial costs	600	1,152	2,328	0.3%	0.4%	0.8%	102.1%
III.	Result on control loss settlement	0	-1,583	-549	0.0%	-23.3%	-7.7%	-65.4%
E.	***EBIT***	***7,351***	***9,354***	***9,684***	***130.1%***	***137.9%***	***136.1%***	***3.5%***
I	Income tax	1,701	2,568	2,566	30.1%	37.9%	36.1%	-0.1%
F.	***Net profit (loss) on continued activities***	***5,650***	***6,786***	***7,117***	***100.0%***	***100.0%***	***100.0%***	***-4.9%***
G.	***Profit (loss) on discontinued operations***	**0**	**0**	**0**	***0.0%***	***0.0%***	***0.0%***	***0***
H.	Profit (loss) allocated to minority interests	**0**	**0**	**0**	***0.0%***	*0.0%*	*0.0%*	*0*
I.	***Net profit (loss)***	***5,650***	***6,786***	***7,117***	***100.0%***	***100.0%***	***100.0%***	***4.9%***
J.	*Other comprehensive income*	*0*	*0*	*0*	*0.0%*	*0.0%*	*0.0%*	*0*
K.	***Total comprehensive income***	***5,650***	***6,786***	***7,117***	***100.0%***	***100.0%***	***100.0%***	***4.9%***

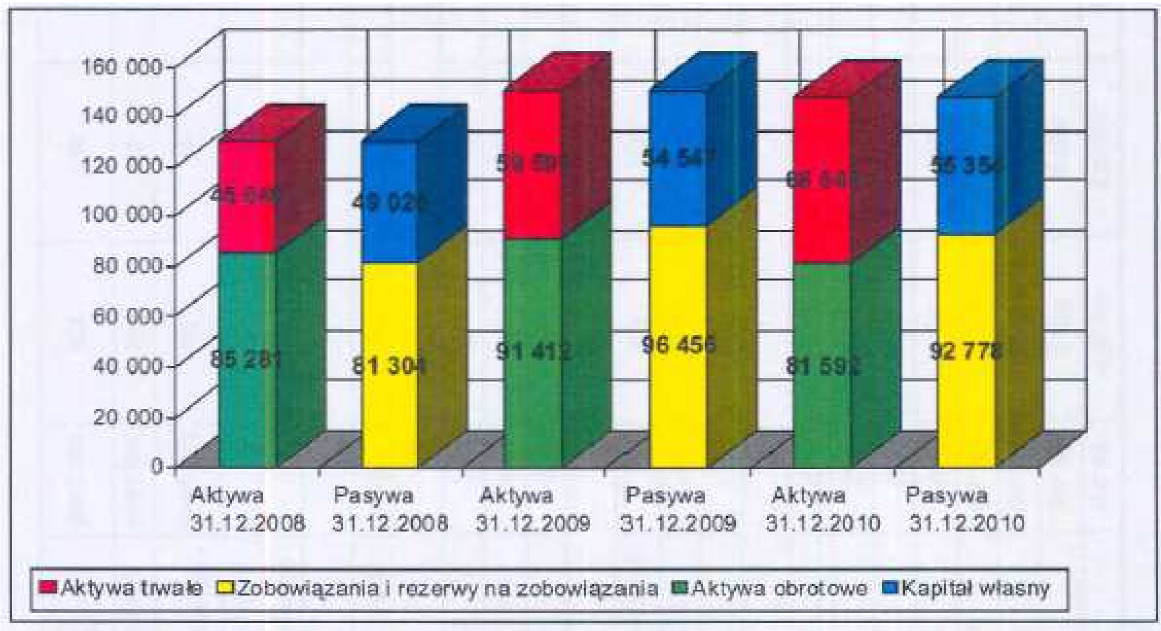
III. KEY RATIOS CHARACTERISING THE GROUP'S ACTIVITIES

Details		Unit	2008	2009	2010
Basic structural values and ratios					
Balance sheet total		kPLN	130,331	151,003	148,133
Net result (+/-)		kPLN	5,650	6,786	7,117
Sale revenue	net revenue from sale	kPLN	180,970	277,403	307,371
Permanent capital	equity + long-term liabilities	kPLN	54,727	64,454	65,689
Asset structure indicator	(fixed assets / current assets) *100	%	52.8	65.2	81.6
Equity & liabilities structure indicator (sources of financing)	(equity / total debt) *100	%	60.3	56.6	59.7
Equity to fixed assets ratio	(equity / fixed assets) *100	%	108.8	91.5	83.2
Permanent capital to fixed assets ratio	(permanent capital / fixed assets) *100	%	121.5	108.2	98.7
Liquidity ratios					
Liquidity I	(current assets/current liabilities)		1.1	1.1	1.0
Liquidity II	((current assets - inventories) / current liabilities)		0.8	0.8	0.8
Liquidity III	((cash and cash equivalents) / current liabilities)		0.1	0.1	0.1
Profitability ratios					
Return on Assets	(net result / average assets) *100	%	4	5	5
Return on Equity	(net result / average equity) *100	%	12	13	13
Return on the sale of products, goods and materials	(sale result / revenue from sale)* 100	%	34	27	24
Debt ratio					
Total debt ratio	(total liabilities / total assets) *100 (excl. Company's Social Benefit Fund)	%	52	64	63
Effectiveness ratios					
Fixed asset turnover ratio	revenue from the sale / average tangible fixed asset level		24	39	49
Current asset turnover ratio	revenue from the sale / average tangible fixed asset level		2	3	4
Inventory turnover speed	(aver. inventory *t) / operating costs	Number of days	68	38	27
Trade receivables turnover speed	(aver. trade receivables *t) / revenue from sale	Number of days	104	75	73
Trade and other liabilities turnover speed	(aver, trade and other liabilities *t) / costs of products, goods and materials sold	number of days	221	140	126

IV. OVERALL ASSESSMENT OF ACTIVITIES

1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DYNAMICS AND STRUCTURE (Values in kPLN)



Legend:

Aktywa – Assets	*Pasywa – Equity & Liabilities*
Aktywa trwałe – Fixed Assets	*Zobowiązania długo i krótkoterminowe – LT & ST liabilities*
Aktywa oborotowe – Current assets	*Kapitał własny - Equity*

In 2010, after the growth noted in the previous financial year, there was a fall in the balance sheet total by 1.9% to kPLN 148,133.

During the audited period, the share of balance sheet totals of particular companies in the total balance sheet amount before consolidation was as follows:

- Tell S.A. – 72%
- PTI Sp. z o.o. – 16%
- Euro-Phone Sp. z o.o. – 12%

The decrease in the Group's assets was the effect of the fall in the current assets value (by 11%), mainly in relation with:

- a fall by 21% (by kPLN 4,294) in inventories – including mainly the goods of the parent company Tell S.A.
- decrease in other receivables by 74 % (by kPLN 1,270) caused mainly by the deconsolidation of Connex Sp. z o.o.,
- decrease in cash by 33% (by kPLN 2,036) mainly due to high cash flows from operating activities (gross profit, amortisation/depreciation, fall in inventories)., owing to which it was possible to cover the negative flows from investment and financial activities,
- In the audited period, one should also note the growth up on 2009 in intangible assets in relation with the growth in the goodwill resulting from the acquisition by subsidiary PTI Sp. z o.o. of an organised business of Maksimum Sp. z o.o. on the basis of contract of 08/04/2010. The goodwill arising on this transaction amounted to kPLN 6,879,
- decrease in the value of share capital by kPLN 3 due to the redemption of treasury shares in accordance with resolution No. 17 of the General Meeting of Shareholders (as at 31/12/2010 the Company does not have treasury shares),

The most important asset items in the Group were, similarly as in previous years:

- trade receivables with a 41% share in total assets – decrease by 0.2 percentage point when compared to 2009;
- intangible assets with a 27% share – increase by 5 percentage points when compared to 2009;
- goodwill of subsidiaries with a 13% share in the balance sheet total

As regards the structure of financing, the proportion between the own and external sources of funds did not change, and the structure of equity & liabilities is still dominated by short- and long-term liabilities with a 63% share (64% in 2009).

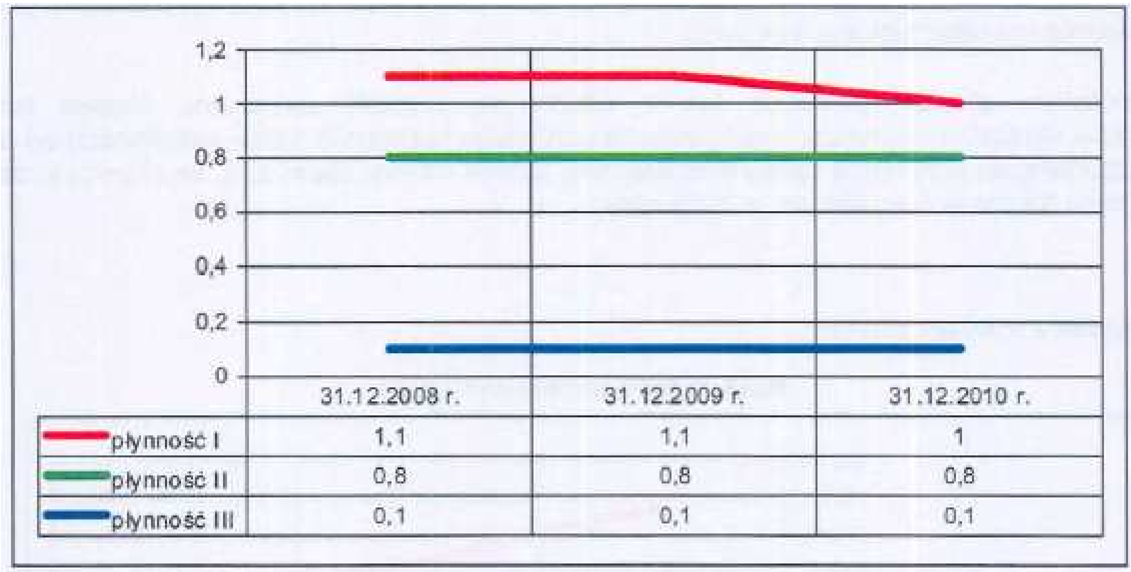
Important items in the structure of equity and liabilities in the audited period were: trade liabilities (50% share) and supplementary capital (25% share).

Additionally, the decrease in the value of equity & liabilities when compared to 2009 is caused by:

- decrease in the value of loans and advances by kPLN 1,427;
- decrease in the value of trade liabilities by kPLN 2,714.

Changes in the proportions between particular items of the structure of assets and of equity & liabilities caused further decrease in the assets to permanent capital ratio value. In the audited period, this ratio for the first time slightly went below 100% (99% vs. 109% in 2009), which indicates that the equity and long-term sources of financing generally cover the fixed assets.

LIQUIDITY RATIOS



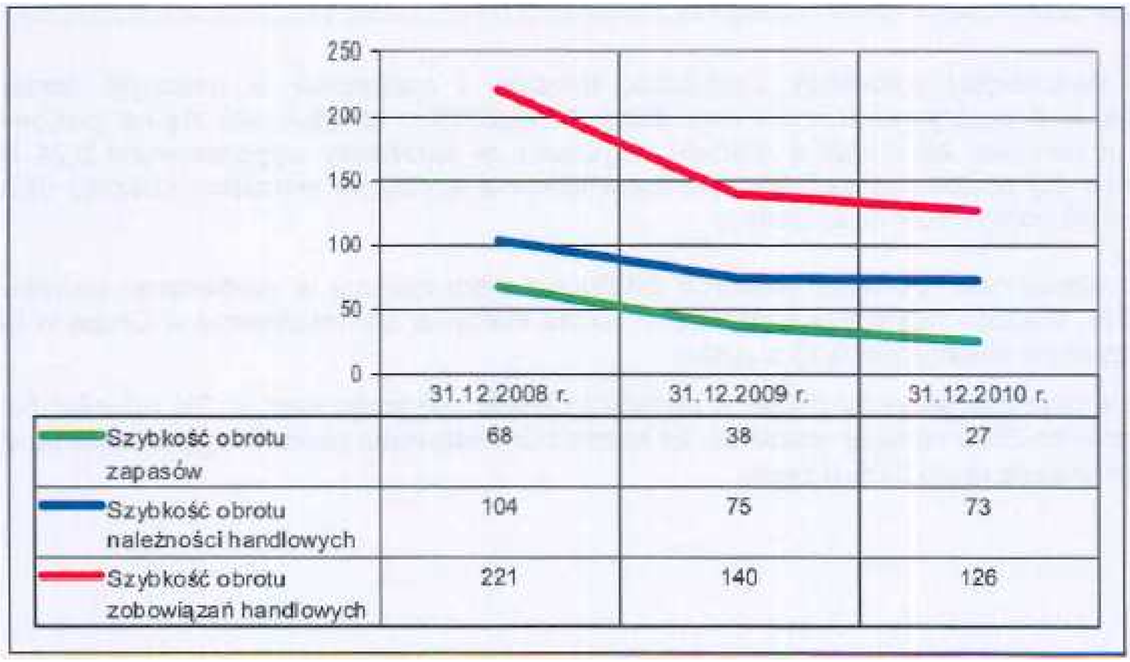
Legend:

Płynność - Liquidity

Over the audited period (2008-2010), there were no significant changes in the value of liquidity ratios of the Group.

- the value of current liquidity (I) amounted to 1, which indicates that current assets cover current liabilities in 100%,
- the value of quick liquidity (II) amounted to 0.8, which shows that the Group's short-term receivables, short-term investments and short-term prepayments cover 80% of current liabilities,
- the value of liquidity (III) was 0.1, which means that short-term investments (cash) cover 10% of current liabilities.

TURNOVER RATIOS in days



Legend:

Szybkość obrotu zapasów – Inventories turnover

Szybkość obrotu należności handlowych – Trade receivables turnover

Szybkość obrotu zobowiązań handlowych i innych – Trade and other liabilities turnover

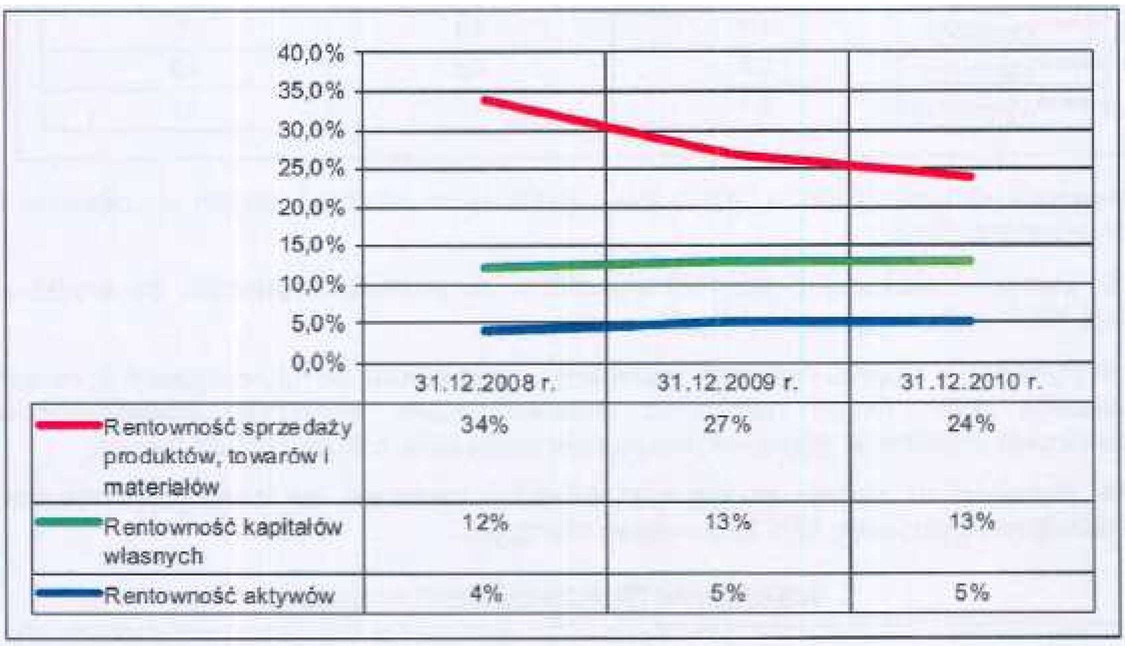
The consolidated financial statement data allow us to conclude that in the audited period there were generally positive changes in the values of turnover ratio/efficiency ratio in the audited Group:

- the inventories turnover speed ratio in the analysed period went down by 21 days to 27 days, which means that the Group shortened the average inventory storing period to approx. one months,
- the trade receivables turnover ratio fell by 2 days in the analysed period to 73 days. It indicates that the Group on average receives payments with a two and a half month delay,
- the trade and other liabilities turnover cycle shortened by 14 days and amounted to 126 days, which indicates that the Group discharges its trade liabilities on average with a three month delay (which results from the character of the business it conducts and not from past-due payments).

In the analysed period, similarly as in the previous years, the dependence of longer client crediting periods (receivables payment rapidity) on the liability payment periods (liability repayment rapidity was maintained). It must, however be noted, that the difference in the audited period amounts to 53 days vs. 100 days in 2009.

2. INCOME STATEMENT

PROFITABILITY RATIOS



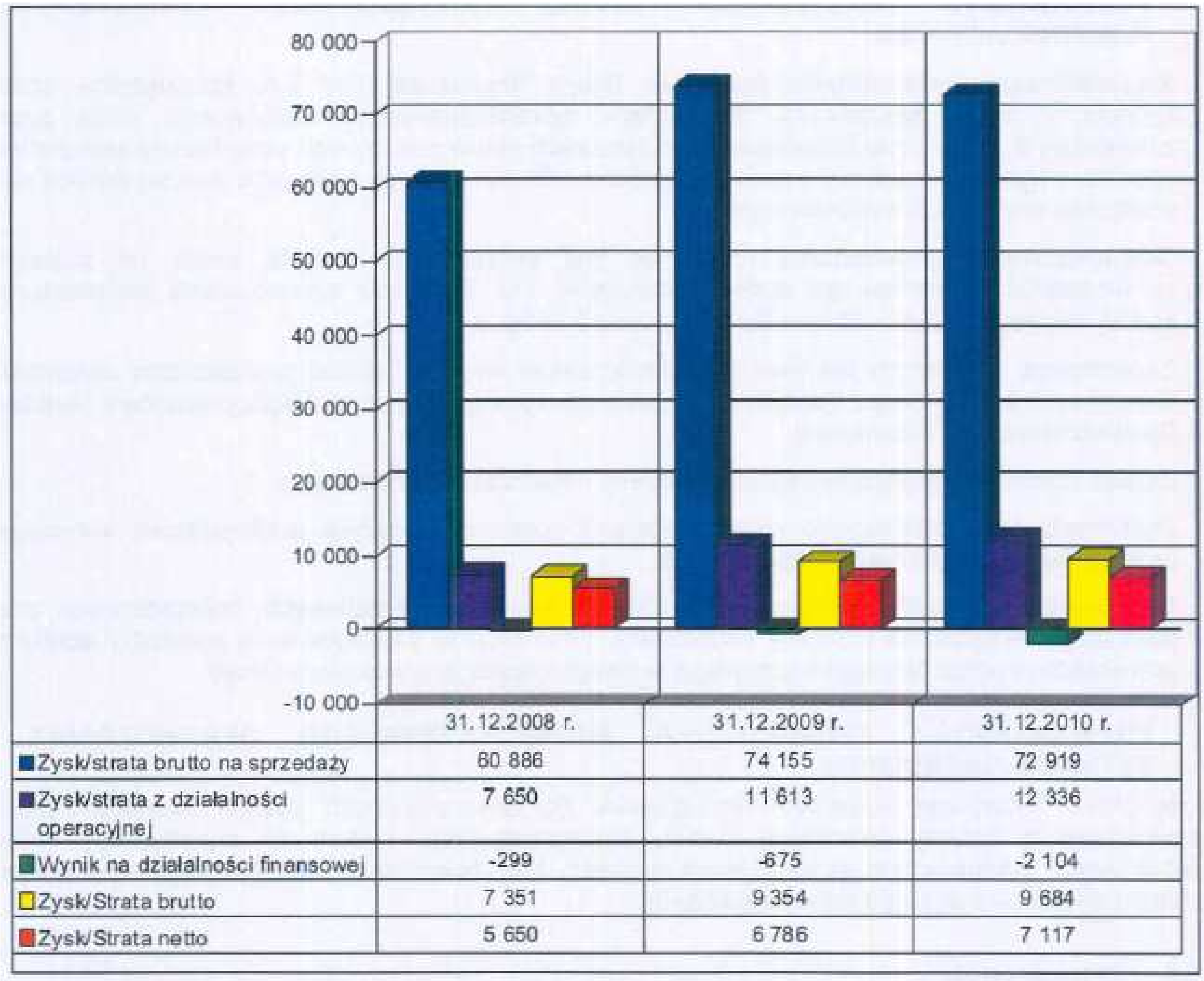
Legend
Rentowność sprzedaży produktów, towarów i materiałów – ROS
Rentowność kapitałów własnych – ROE
Rentowność aktywów - ROA

In the analysed period, ROS went slightly down by 3 percentage points and as at 31/12/2010 was at the level of 24%. The achieved value means that each PLN 1 of revenue from sale generated a gross profit on sale of PLN 0.24. A decrease in this ratio was caused by the higher growth of operating costs than revenue on sale.

ROE did not change when compared to 2009 and amounted to 13%. It means that each PLN 1 invested in the Group generated in the audited period a profit of approx. PLN 0.13.

ROA in the audited period amounted to 5% (also here there were no changes when compared to 2009), which means that each PLN 1 invested by the Group in the assets it holds generated a profit of approx. PLN 0.05.

RESULTS AT PARTICULAR OPERATIONS LEVELS (Values in k PLN**)**



Legend:
Zysk/strata brutto na sprzedaży – Gross profit/loss on sale
Zysk/strata z działalności operacyjnej – Operating profit/loss
Wynik na działalności finansowej – Result from financial activities
Zysk/strata brutto – Gross profit/loss
Zysk/strata netto – Net profit/loss

The dominating item in the structure of revenues of the Group in the audited period constitute revenue from the sale of services, amounting to 58% of total revenue, and revenue from the sale of goods and materials, amounting to 41.3% of total revenue.

As regards costs, the dominating items are: costs of products and services sold - 36%, value of goods sold - 42% and costs of sale 15% of total costs.

The increase in revenue from ordinary activity in 2010 by 11% was accompanied by a parallel increase in the cost of materials sold by 15%. The higher dynamics of the cost growth resulted in decreasing the gross profit on sale by 2% (by kPLN 1,236) when compared to 2009.

The simultaneous decrease in the value of costs of sale (by 2.3%) and administration costs (by 14%), even despite the considerable rise in the value of other operating costs (by 52%, i.e. kPLN 1,035), allowed the Group to generate an operating profit of kPLN 12,336, which is 6.2% higher than in 2009 (by kPLN 723).

The decrease in the gross profit resulted from the loss on financial activities (kPLN 2,104, previous year: kPLN 675), as well as the loss of control over Connex in the amount of kPLN 549.

Summarising, the Group made a gross profit of kPLN 9,684, i.e. higher by kPLN 331 than in 2009. After current tax and deferred tax, the Group's net profit of 2010 was kPLN 7,117, i.e. 5% higher than in the previous period.

3. THREATS TO THE GOING CONCERN

The audit of the financial statements and the financial analysis did not reveal any threats to the going concern of the company.

C. DETAILED PART

I. CORRECTNESS OF THE CONSOLIDATION RULES AND CONSOLIDATION DOCUMENTATION

- The consolidate financial statements of the Tell S.A. Group were prepared in accordance with the International Financial Reporting Standards as endorsed by the European Union and in the matters not regulated therein, in accordance with the Accounting Act of 29 September 1994 and its executive regulations.
- The consolidated financial statements were prepared on the full consolidation principle on the basis of the separate financial statements of the parent company Tell S.A. and separate financial statements of subsidiaries – Euro-Phone Sp. z o.o. and PTI Sp. z o.o.
- The consistency of measurement principles and financial statement preparation principles was ensured in material respects as required by the International Financial Reporting Standards.
- The Management Board of the Parent Company correctly determined consolidation principles.
- The consolidation documentation contains a full set of statements of consolidated companies as well as opinions and reports from the audit thereof.
- The consolidation documentation contains a full set of supplementary notes prepared by particular companies for the purposes of consolidation. These notes are agreed between the companies and confirmed by the auditor in charge of the audit of the Group's consolidated financial statements.

II. CORRECTNESS OF THE PREPARATION OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Detailed information in figures and description of particular items of the consolidated statement of financial position were presented in the supplementary notes attached thereto as integral part. No material irregularities concerning the measurement and presentation of balance sheet items were found.

1. FIXED ASSETS

The items influencing the financial result were recognised by the Company on a complete and correct basis in all material aspects with regard to the entire financial statements. The structure of revenue and costs was presented correctly in the supplementary notes to the financial statements.

No	ASSETS	As at 31/12/2009	As at 31/12/2010 total before adjustment	Consolidation adjustments	As at 31/12/2010 after adjustments
I	Tangible fixed assets	6,721	5,908		5,908
II	Intangible fixed assets	32,449	39,320		39,320
III	Goodwill of subsidiaries	17,792		18,792	18,792
IV	Investment real estates				
V	Long-term investments		24,349	-24,349	
VI	Long-term receivables	940	1,258		1,258
VII	Available-for-sale financial assets				
VIII	Other financial assets				
IX	Deferred tax assets	1,172	1,026	-151	874
X	Other fixed assets	516	387		387

The following operations were conducted correctly:

- Elimination of the value of shares in subsidiaries held by the parent company,
- Separation of the item "goodwill" that arose in relation with the acquisition of IMPOL Sp. z o.o. in the amount of kPLN 10,061 and of Euro-Phone Sp. z o.o. in the amount of kPLN

8,732, and resulting from the excess of the cost over the fair value of identifiable assets and equity & liabilities of the subsidiary.

- Elimination of deferred tax assets related to the interest accrued on loans granted within the Group

2. CURRENT ASSETS

No	ASSETS	As at 31/12/2009	As at 31/12/2010 total before adjustment	Consolidation adjustments	As at 31/12/2010 after adjustments
I	Inventories	19,755	15,461		15,461
II	Trade receivables	62,526	61,065	-26	61,039
III	Current tax receivables				
IV	Other receivables	1,720	450		450
V	Available-for-sale financial assets				
VI	Financial assets carried at fair value through profit or loss				
VII	Other financial assets	629	6,103	-5,879	224
VIII	Prepayments	601	274		274
IX	Cash and cash equivalents	6,181	4,145		4,145
X	Assets classified as held for trading	0	0	0	0

The following operations were conducted correctly:

- Elimination of mutual trade receivables between the Group companies in the amount of kPLN 26.
- Elimination of the balances of loans between the Group companies in the amount of kPLN 5,879.

3. EQUITY

No	EQUITY AND LIABILITIES	As at 31/12/2009	As at 31/12/2010 total before adjustment	Consolidation adjustments	As at 31/12/2010 after adjustments
	Equity of shareholders of the Parent Company	**54,547**	**62,430**	**-7,075**	**55,354**
I	Share capital	1,265	5,712	-4,450	1,262
II	Supplementary capital	36,128	36,421	-26	36,396
III	Treasury shares	-3			
IV	Other capitals	9,902	9,902		9,902
V	Revaluation reserve	-677			
VI	Retained profit	1,146		677	677
VII	Financial result of the current period	6,786	10,394	-3,277	7,117
VIII	Appropriations of the net profit during the financial year		-1,519	1,519	
	Minority interests	**0**	**0**	**0**	**0**

From the legal perspective, the equity of the Group is equal to the equity of the Parent Company.

The capital items related to the transactions of settlement of acquisitions of Group companies were eliminated correctly.

4. LONG-TERM LIABILITIES

No	EQUITY AND LIABILITIES	As at 31/12/2009	As at 31/12/2010 total before adjustment	Consolidation adjustments	As at 31/12/2010 after adjustments
I	Loans and advances	6,850	6,051		6,051
II	Other financial liabilities				
III	Other long-term liabilities	5			
IV	Deferred tax liabilities	3,025	4,402	-151	4,251
V	Accruals				
VI	Provision for retirement benefits and similar benefits	27	33		33
VII	Other provisions	0	0	0	0

The following operations were conducted correctly:

- Elimination of provision for deferred tax related to the interest accrued on loans granted within the Group.
- Elimination of mutual trade liabilities and loans between the Group companies.

5. SHORT-TERM LIABILITIES

No	EQUITY AND LIABILITIES	As at 31/12/2009	As at 31/12/2010 total before adjustment	Consolidation adjustments	As at 31/12/2010 after adjustments
I	Loans and advances	2,339	1,711		1,711
II	Other financial liabilities				
III	Trade liabilities	77,173	74,484	-26	74,458
IV	Current tax liabilities				
V	Other liabilities	4,485	11,022	-5,879	5,143
VI	Accruals				
VII	Provision for retirement benefits and similar benefits	5	151		151
VIII	Other provisions	1,548	980		980
IX	Liabilities directly related to assets classified as held for trading	0	0	0	0

The elimination of mutual trade liabilities and loans between the Group companies was performed correctly.

II. CORRECTNESS OF THE PREPARATION OF THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The items influencing the financial result the Company recognised in full and correctly in all material respects with regard to all consolidated financial statements. The structure of revenue and costs was correctly presented in the supplementary notes to the financial statements.

1. GROSS RESULT ON SALE

No	Details	As at 31/12/2009	As at 31/12/2010 total before adjustment	Consolidation adjustments	As at 31/12/2010 after adjustments
A.	**Revenue from sale**	**277,403**	**308,085**	**-715**	**307,371**
I	Revenue from the sale of products and services	171,075	180,513	-611	179,901
III	Revenue from the sale of goods and materials	106,327	127,573	-103	127,469
B.	**Costs of products, goods and materials sold**	**203,248**	**235,166**	**-715**	**234,451**
I	Costs of products and services sold	99,061	109,250	-611	108,639
II	Value of goods and materials sold	104,186	125,915	-103	125,812
C.	**Gross profit (loss) on sale**	**74,155**	**72,919**		**72,919**

The elimination of mutual revenues and costs between the Group companies was performed correctly.

2. RESULT ON OTHER OPERATIONS LEVELS

No	Details	As at 31/12/2009	As at 31/12/2010 total before adjustment	Consolidation adjustments	As at 31/12/2010 after adjustments
I	Other operating revenues	847	806	-40	766
II	Costs of sale	46,963	45,883		45,883
III	Administration costs	14,434	12,437		12,437
IV	Other operating costs	1,993	3,069	-40	3,028
D.	**Operating profit (loss)**	**11,613**	**12,336**	**0**	**12,336**
I	Financial income	476	3,528	-3,305	223
II	Financial costs	1,152	2,972	-644	2,328
III	Result on the control loss settlement	0		-549	-549
IV	Impairment of goodwill	-1,583			
E.	**EBIT**	**9,354**	**12,893**	**-3,209**	**9,684**
I	Income tax	2,568	2,499	68	2,566
F.	**Net profit (loss) on continued operations**	**6,786**	**10,394**	**-3,277**	**7,117**
G.	**Net profit (loss) on discontinued operations**				
H.	Profit (loss) allocated to minority interests				
I.	**Net profit (loss)**	**6,786**	**10,394**	**-3,277**	**7,117**
J.	Other comprehensive income				
K.	**Total comprehensive income**	**6,786**	**10,394**	**-3,277**	**7,117**

The adjustment of revenue and costs at other operations levels, in particular the elimination of dividends and advances for dividends paid within the Group as well as interest income and costs related to loans between the Group companies, was performed correctly. The deferred tax assets and liabilities set up in relation with the interest accrued on loans granted within the Group were correctly eliminated.

IV. CORRECTNESS OF THE PREPARATION OF THE STATEMENT OF CHANGES IN THE CONSOLIDATED EQUITY

The statement of changes in the consolidated equity was prepared in accordance with the International Accounting Standard 1, legal regulations, elements of the financial statements as well as data taken directly from the books and analysis of the chart of accounts.

V. CORRECTNESS OF THE PREPARATION OF THE CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow statement was correctly prepared in accordance within the scope required by the International Accounting Standard 7 - on the basis of: the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, supplementary notes (and it is compliant with data therein contained) and on the basis of data taken directly from the books and analysis of the chart of accounts.

VI. CORRECTNESS OF THE PREPARATION OF THE SUPPLEMENTARY NOTES

The supplementary notes constitute integral part of the consolidated financial statements. The data contained in the supplementary notes were presented by the Company in all material respects in accordance with the International Accounting Standard 1 and the requirements concerning disclosures contained in particular Standards.

VII. CORRECTNESS OF THE PREPARATION OF THE REPORT ON THE ACTIVITIES OF THE GROUP IN THE FINANCIAL YEAR

The Management Board of the Parent Company prepared a written report on the activities of the Group and the information therein contained is compliant with the data in the audited consolidated financial statements. The report contains information required by art. 49 of the Accounting Act and the regulation of the Minister of Finance of 19 February 2009 on current and periodical information to be disclosed by security issuers and on conditions of recognition of information required by the laws of a state that is not a member-state.

D. INFORMATION ON MATERIAL BREACHES OF LAW

In result of the audit procedures we did not find any breaches of the law or the Articles of Association of the Company.

E. EVENTS AFTER THE BALANCE SHEET DATE

There were no significant economic operations documented after the end of the financial year but concerning the audited period.

F. AUDIT SUMMARY

1. PKF Audyt Sp. z o.o. prepared for TELL S.A. reports on mid-year separate financial statements of TELL S.A., Euro - phone Sp. z o.o. and PTI Sp. z o.o. as well as consolidated financial statements of the TELL S.A. Group for the period from 01/01/2010 to 30/06/2010. The agreement on the audit of consolidated financial statements includes additional matters, namely the audit of the separate financial statements of TELL S.A. made as at 31/12/2010, which requires the preparation of a separate report.
2. During the audit we did not use the results of work of any independent specialists.
3. The assessment of the financial statements is contained in the opinion constituting a separate document.
4. This report contains 19 numbered pages, each initialled by the chartered auditor.

Marek Wojciechowski

/-/ illegible signature

Chartered auditor No. 10 984

key chartered auditor conducting the
audit on behalf of PKF Audyt Sp. z o.o. -
an entity authorised to audit financial
statements No. 548
ul. Elbląska 15/17 01-747 Warszawa

Poznań, 18 March 2011