

**THE CONSOLIDATED FINANCIAL STATEMENT OF THE TELL S.A.  
GROUP**

**FOR THE PERIOD FROM 01 JANUARY 2010 TO 31 DECEMBER 2010**

**POZNAŃ , 15 MARCH 2011**

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	2010 As at 31/12/2010	2009 As at 31/12/2009
<b>A s s e t s</b>			
Fixed assets		66,541	59,591
Intangible fixed assets	3.4	39,320	32,449
Goodwill of subsidiaries and associates	2	18,792	17,792
Tangible fixed assets	3	5,908	6,721
Long-term receivables	9	1,258	940
Deferred income tax assets	29	874	1,172
Long-term prepayments	12	387	516
Current assets		81,592	91,412
Stocks	10	15,461	19,755
Trade receivables and other receivables	11	61,489	64,246
Prepayments	12	274	601
Financial assets	14	224	630
Cash and cash equivalents	13	4,145	6,181
<b>T o t a l a s s e t s</b>		<b>148,133</b>	<b>151,003</b>
<b>E q u i t y &amp; L i a b i l i t i e s</b>			
Shareholder's equity		55,354	54,547
Share capital	15	1,262	1,265
Own shares	16		- 3
Supplementary capital	17	36,396	36,128
Revaluation reserve	19		- 677
Reserve capital	18	9,902	9,902
Retained profit	19	677	1,146
Net profit		7,117	6,786
Liabilities and provisions for liabilities		92,779	96,456
Deferred income tax liabilities	29	4,251	3,025
Provision for retirement benefits and similar benefits	21	39	32
Other provisions	21	1,126	1,548
Long-term liabilities	22-27	6,051	6,855
Short-term liabilities	22-27	81,313	84,997
<b>T o t a l e q u i t y &amp; l i a b i l i t i e s</b>		<b>148,133</b>	<b>151,003</b>

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

### CONSOLIDATED ANNUAL COMPREHENSIVE INCOME STATEMENT

	Notes	2010 period from 01/01/2010 to 31/12/2010	2009 period from 01/01/2009 to 31/12/2009
Net revenues from sale		307,371	277,403
Net revenues from the sale of services	30	179,901	171,075
Net revenues from the sale of goods	30	127,469	106,327
Sale costs		234,451	203,248
Costs of services sold		108,639	99,061
Value of goods sold		125,812	104,186
Gross profit on sale		72,919	74,155
Sale costs	32	45,883	46,962
Administration costs	32	12,437	14,434
Other operating income	32	766	847
Other operating expense	32	3,028	1,993
Profit on operating activities		12,336	11,613
Financial income	31	223	476
Financial costs	31	2,328	1,151
Impairment of related parties' goodwill	33		1,583
Loss on account of control loss settlement	33	549	
Gross profit		9,684	9,354
Income tax		2,566	2,568
a) current part	28	1,044	1,392
b) deferred part	29	1,523	1,177
Net profit on continued activities		7,117	6,786
Other comprehensive income			
Other comprehensive income after taxation			
Total comprehensive income		7,117	6,786

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

## CONSOLIDATED ANNUAL CASH FLOW STATEMENT

	2010 period from 01/01/2010 to 31/12/2010	2009 period from 01/01/2009 to 31/12/2009
Cash flow from operating activities - indirect method		
Gross profit	9,684	9,354
Total adjustments	6,555	2,775
Amortisation and depreciation	2,498	3,023
Goodwill impairment		1,583
Interest and share in profits (dividends)	764	604
Profit on investment activities	49	186
Change in provisions	261	1,050
Change in inventories	4,046	5,036
Change in receivables	-1,839	1,620
Change in short-term liabilities	152	- 8017
Change in prepayments and accruals	244	- 12
Paid income tax	- 729	- 1,648
Adjustments	1,108	- 650
Net cash flows provided by operating activities	16,238	12,129
Cash flow from investing activity		
Inflows	1,023	3,769
Disposal of tangible fixed assets	547	830
From financial assets, including interest	39	83
Repayment of short-term loans granted	437	2,856
Outflows	- 10,757	- 17,666
Acquisition of intangible and tangible fixed assets	- 9,385	- 1,134
Acquisition of shares	-1,000	- 13,832
Settlement of the loss of control over Connex	- 339	
Grant of a short-term loan	- 33	- 2,700
Net cash flows provided / (used) by investing activities	- 9,734	-13,897
Cash flow from financial activity		
Inflows	405	5,470
Loans and advances	405	5,440
Interest		30
Outflows	- 8,945	- 7,044
Purchase of treasury shares		- 832
Dividend payment	- 6,310	- 3,155
Repayment of loans and advances	-1,833	- 2,435
Interest	- 802	- 622
Other financial expenses		
Net cash flows provided / (used) by financing activities	- 8,540	-1,574
Total cash flow	- 2,036	- 3,342
Cash at the period beginning	6,181	9,522
Cash at period end, including:	4,145	6,181
- limited use cash		

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

## CONSOLIDATED ANNUAL STATEMENT OF CHANGES IN EQUITY

	2010 period from 01/01/2010 to 31/12/2010	2009 period from 01/01/2009 to 31/12/2009
Equity at period beginning	54,547	49,026
Equity at period beginning, after reconciliation of comparable data	54,547	49,026
Share capital at period beginning	1,265	1,265
Changes in share capital – redemption of treasury shares	- 3	
Share capital at period end	1,262	1,265
Treasury shares at period beginning	- 3	- 73
Changes in treasury shares		70
a) increase due to acquisition		- 27
a) decrease due to sale/redemption	3	90
Treasury shares at period end	0	- 3
Supplementary capital at period beginning	36,128	32,028
Changes in supplementary capital	268	4,099
a) increase (due to)	268	4,099
- issue of shares above par value		189
- from distribution of profits	268	3,910
b) decrease (due to)		
Supplementary capital at period end	36,396	36,128
Revaluation reserve at period beginning	- 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	- 677
Reserve capitals at period beginning	9,902	7,595
Changes in reserve capitals		2,307
a) increase (due to)		3,112
- sale of treasury shares		3,112
b) decrease due to the purchase of treasury shares		805
Reserve capitals at period end	9,902	9,902
Retained profit at period beginning	7,932	8,211
a) adjustment of fundamental errors		
Retained profit at period beginning, after data reconciliation	7,932	8,211
b) decrease (due to) profit distribution	7,255	7,065
- from distribution of profits	268	7,065
- dividend payment	6,310	
- presentation adjustment due to loss of control over Connex Sp. z o.o.	677	
Retained profit at period end	677	1,146
Net result	7,117	6,786
a) net profit	7,117	6,786
Equity at period end (CB)	55,354	54,547
Equity after the proposed profit distribution	55,354	54,547

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

## SELECTED FINANCIAL DATA CONVERTED INTO EUR

	in kPLN		in k EURO	
	2010 period from 01/01 to 31/12/2010	2009 period from 01/01 to 31/12/2009	2010 period from 01/01 to 31/12/2010	2009 period from 01/01 to 31/12/2009
I. Net revenues from the sale of products and goods	307,371	277,403	76,759	63,908
II. Profit on operating activities	12,336	11,613	3,081	2,675
III. Gross profit	9,684	9,354	2,418	2,155
IV. Net profit	7,117	6,786	1,777	1,563
V. Net cash flows provided / (used) by operating activities	16,238	12,129	4,055	2,794
VI. Net cash flows provided / (used) by investing activities	-9,734	-13,897	-2,431	-3,202
VII. Net cash flows provided / (used) by financing activities	-8,540	-1,574	-2,133	-363
VIII. Total net cash flows	-2,036	-3,342	-508	-770
IX. Total assets	148,133	151,003	37,154	35,761
X. Liabilities and provisions for liabilities	92,778	96,456	23,270	22,843
XI. Long-term liabilities	6,051	6,855	1,518	1,623
XII. Short-term liabilities	81,313	84,997	20,394	20,129
XIII. Shareholder's equity	55,354	54,547	13,884	12,918
XIV. Share capital in PLN	1,261,925	1,265,000	316,510	299,578
XV. Average weighted number of shares (items)	6,309,623	6,157,121	6,309,623	6,157,121
XVI. Earnings per ordinary share (in PLN/EURO)	1.13	1.10	0.28	0.25
XVII. Diluted earnings per ordinary share (in PLN/EURO)	1.13	1.10	0.28	0.25
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)	8.77	8.65	2.20	2.05
XX. Diluted book value per ordinary share (in PLN/EUR)	8.77	8.65	2.20	2.05
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 2.24.

The consolidated financial statements of the Company were approved by the Management Board of the parent company on 15 March 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

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

## INTRODUCTION TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD FROM 01/01/2010 TO 31/12/2010 .

### 1. GENERAL

#### 1.1. BASIC INFORMATION ABOUT THE PARENT COMPANY

Name:	<b>Tell</b>
Legal form:	<b>Spółka Akcyjna (Polish joint-stock company)</b>
Seat:	<b>Poznań, ul. Forteczna 19a</b>
Country of incorporation:	<b>Poland</b>
Basic objects of business:	<ul style="list-style-type: none"> <li>- Telecommunications</li> <li>- Wholesale of telecommunications equipment on a fee or contract basis</li> <li>- Wholesale of office machinery and equipment</li> <li>- Retail sale of telecommunications equipment</li> <li>- Information technology</li> <li>- Advertising</li> </ul>
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 annual financial statements contain data for the period from 01 January 2010 to 31 December 2010. The comparable data are presented as at 31 December 2009 in case of the statement of financial position, for the period from 01 January 2009 to 31 December 2009 in case of the statement of comprehensive income, cash flow statement and statement of changes in equity.

#### 1.3. COMPOSITION OF THE BODIES OF THE PARENT COMPANY AS AT 31 DECEMBER 2010.

##### 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
Piotr Karmelita	- Member of the Supervisory Board
Mariola Więckowska	- Member of the Supervisory Board
Tomasz Buczak	- Member of the Supervisory Board

##### Changes in the Supervisory Board:

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

#### 1.4. CHARTERED AUDITORS

PKF Audyt Sp. z o.o.  
ul. Elbląska 15/1  
701-747 Warszawa

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

## 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

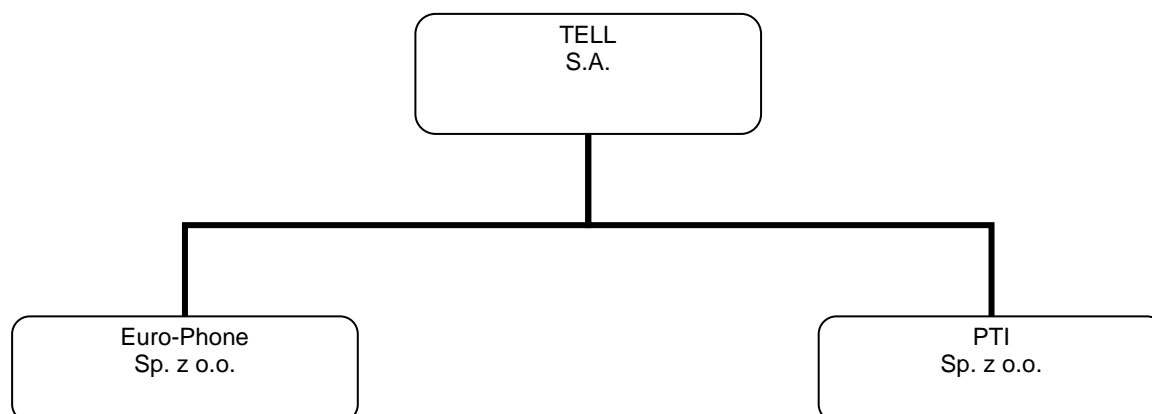
### 2. Depository-settlement system:

**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 31 DECEMBER 2010



### **Euro-Phone Sp. z o.o.**

- Seat of the Company: ul. Taneczna 18c, 02-829 Warszawa,
- 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.



Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

#### **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,
- 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 annual 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 annual financial statements have been prepared in accordance with the accounting principles compliant with the International Financial Reporting Standards 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 31 December 2010 and comparable periods.

The Management Board hereby declares that the entity authorised to audit the financial statements that audited the consolidated 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 audit 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 14 May 2010 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 annual financial statements were approved for publication by the Management Board on 15 March 2011.

#### **1.9. COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS.**

These consolidated annual financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRS") and IFRS approved by the EU. 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. SEASONAL AND CYCLIC CHARACTER OF THE ACTIVITIES**

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 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. 31/12/2010. 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.

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

By the date of these consolidated 2010 financial statements 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.

## 2. ACCOUNTING POLICIES APPLIED

### 2.1. ACCOUNTING POLICIES

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

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

### 2.2. CONSOLIDATION BASIS AND CONSOLIDATION PRINCIPLES

The consolidated financial statements contain the separate financial statements of the Parent Company and separate 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.

##### 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.

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

#### 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.

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

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

## 2.8. STOCKS

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.

## 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).

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

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.

ERA 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 ERA 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 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.

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

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 31/12/2009, the following exchange rate was applied: EUR 1 = PLN 4.1082, in accordance with conversion table of the National Bank of Poland No. 255/A/NBP/2009 of 31/12/2009.
- for conversion of balance sheet data as at 31.12.2010, the following exchange rate was applied: EUR 1 = PLN 3.9603, in accordance with conversion table of the National Bank of Poland No. 255/A/NBP/2010 of 31/12/2010.

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

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 2009, the following exchange rate was applied: EUR 1 = PLN 4.3406, 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 12 months covered by the statements, i.e.

$$\frac{4.4392 + 4.6578 + 4.7013 + 4.3838 + 4.4588 + 4.4696 + 4.1605 + 4.0998 + 4.2226 + 4.243 + 4.1431 + 4.1082}{12} = 4.3406$$

- to determine the income statement and cash flow statement data for 2010, the following exchange rate was applied: EUR 1 = PLN 4.0044, 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 12 months covered by the statements, i.e.

$$\frac{4.0616 + 3.9768 + 3.8622 + 3.9020 + 4.0770 + 4.1458 + 4.008 + 4.0038 + 3.9870 + 3.9944 + 4.0734 + 3.9603}{12} = 4.0044$$

## 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 2010.

### IFRS 2 (Amended) "Share-based Payments"

IFRS 2 (amended) was published by the International Accounting Standards Board on 23 March 2010 and entities are obliged to apply the amendments to this standard from the first financial year after 31 December 2009.

This standard is not applied with reference to transactions in result of which an entity acquires goods as part of net assets acquired in result of a business combination as per the definition in IFRS3 Business Combinations (revised in 2008), with regard to business combinations of entities or businesses under common control as defined in IFRS 3 paragraphs B1-B4, nor with reference to the contribution of a venture when establishing joint ventures as defined in IAS 31 Interests in Joint Ventures. In relation with the above, equity instruments issued as part of a business combination in exchange for control over the acquired entity are not included in the scope of this standard. However, the scope of this standard includes equity instruments granted to entity employees (and therefore they are included in the scope of this standard).

Additionally, IFRS 3 (revised in 2008) and changes to IRFS issued in April 2009 amended paragraph 5 of IFRS 2. These changes are effective for financial years beginning on or after 1 July 2009. Earlier application is allowed. If the entity applies IFRS 3 (revised in 2008) with regard to the earlier period, the changes will also be effective for such earlier period.

The Group shall start the application of this standard from financial statements for financial years beginning on or after 1 January 2010.

### Amendments to IFRS 2 "Share-based Payments"

Amendments to IFRS 2 "Share-based Payments" were published by the International Accounting Standards Board on 18 June 2009 and are effective for financial years beginning on or after 1 January 2010. These amendments clarify the book recognition of group cash-settled share-based payment transactions. The amendments specify the scope of IFRS 2 and govern the joint application of IFRS 2 and other standards. The amendments incorporate in this standard the issues regulated earlier in IFRIC 8 and IFRIC 11 interpretations. The Group shall start the application of this standard from financial statements for financial years beginning on or after 1 January 2010.

### IFRS 3 (amended) Business Combinations

The amended IFRS 3 was published by the International Accounting Standards Board on 10 January 2008 and is effective for financial years beginning on or after 01 July 2009. The amended standard still applies the purchase method to business combinations, however there are some material changes. For example, all payments made for the acquisition of a business should be recognised at fair value as at the acquisition date, whereby the contingent payments classified as liabilities are subject to subsequent remeasurement as profit or loss. Additionally, the amended standard contains new guidelines for the purchase method application, including the treatment of transaction costs as costs of the period in which they were incurred. Moreover, the changes made allow for the possibility of selecting the method of recognition of minority interest (non-controlling interest) either at fair value or at their proportional share in identified net assets of the acquired entity.

The Group shall start the application of this standard from financial statements for financial years beginning on or after 1 January 2010.

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

#### IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operation"

The amended IFRS 5 was published by the International Accounting Standards Board on 23 March 2010 and is effective for financial years beginning on or after 01 January 2010. Earlier application is allowed. Earlier application is permitted. When the entity applies this amendment with regard to an earlier period, this fact is duly disclosed.

The amendments introduced define the disclosures that are required with regard to certain non-current assets (or disposal groups) classified as held for sale or as discontinued operation.

#### IFRS 8 (amended) "Operating Segments"

The amended IFRS 8 was published by the International Accounting Standards Board on 23 March 2010 and is effective for financial years beginning on or after 01 January 2010. Earlier application is allowed. When the entity applies this amendment with regard to an earlier period, this fact is duly disclosed.

The amendments include changes in disclosures related to profit or loss, assets and liabilities.

The Group shall start the application of this standard from financial statements for financial years beginning on or after 1 January 2010.

#### IAS 27 (amended) Consolidated and Separate Financial Statements

The amended IFRS 27 was published by the International Accounting Standards Board on 10 January 2008 and is effective for financial years beginning on or after 01 July 2009. This Standard requires that effects of transactions with minority interests were recognized directly in equity, provided that control over the entity is maintained by the existing parent. The Standard also specifies the way of recognition in case of a loss of control over a subsidiary, i.e. requires the reclassification of the remaining shares to fair value and the recognition of the difference as profit or loss.

The Group applies the amended IAS 27 prospectively to transactions with minority interest (holders of non-controlling interest) from the financial statements for financial periods beginning on or after 01 January 2010.

#### Amendments to IFRIC 9 and IAS 39 "Embedded Derivatives"

Amendments to IFRIC 9 and IAS 39 "Embedded Derivatives" were published by the International Accounting Standards Board on 12 March 2009 and are effective for financial years beginning on or after 30 June 2009.

The changes specify amendments to IFRIC 9 and IAS 39 issued in October 2008 with regard to embedded instruments. The changes specify that as part of the reclassification from a financial asset from the asset recognized at fair value through profit or loss all embedded derivatives must be measured and, if necessary, presented separately in the financial statements.

The Group has applied changes to IFRIC 9 and IAS 39 since 01 January 2010.

#### Amendments to IFRS 2009

The International Accounting Standards Board published on 16 April 2009 "Amendments to IFRS 2010", which change 12 standards. The amendments concern presentation, recognition and measurement as well as contain terminological and editing changes. Most amendments shall be effective for financial years starting on or after 01 January 2010.

#### IAS 1 "Presentation of Financial Statements"

The amended IAS 1 was published by the International Accounting Standards Board on 23 March 2010 and is effective for financial years beginning on or after 01 January 2010. Earlier application is allowed. When the entity applies this amendment with regard to an earlier period, this fact is duly disclosed.

The amendments concern the classification of liabilities as short-term liabilities.

The Group shall start the application of this standard from financial statements for financial years beginning on or after 1 January 2010.

#### IAS 7 Cash Flow Statements

The amended IFRS 7 was published by the International Accounting Standards Board on 23 March 2010 and is effective for financial years beginning on or after 01 January 2010. Earlier application is allowed. When the entity applies this amendment with regard to an earlier period, this fact is duly disclosed.

The amendments extend the standard by information that only those expenses that result in assets recognised in the statements of financial position may be classified as investing activities.

The Group shall start the application of this standard from financial statements for financial years beginning on or after 1 January 2010.

#### IAS 17 Leases

The amended IAS 17 was published by the International Accounting Standards Board on 23 March 2010 and is effective for financial years beginning on or after 01 January 2010. Earlier application is allowed. When the entity applies this amendment with regard to an earlier period, this fact is duly disclosed.

The amendments concern the classification of lease contracts in a situation when the contract concerns both the land and buildings.

The Group shall start the application of this standard from financial statements for financial years beginning on or after 1 January 2010.



Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

#### IAS 36 Impairment of Assets

The amended IAS 36 was published by the International Accounting Standards Board on 23 March 2010 and is effective for financial years beginning on or after 01 January 2010. Earlier application is allowed. When the entity applies this amendment with regard to an earlier period, this fact is duly disclosed.

The amendments concern the allocation of goodwill to cash generating units.

The Group shall start the application of this standard from financial statements for financial years beginning on or after 1 January 2010.

#### IAS 38 (Amended) Intangible Assets

The amended IAS 38 was published by the International Accounting Standards Board on 23 March 2010 and is effective for financial years beginning on or after 01 January 2010. Earlier application is allowed. When the entity applies this amendment with regard to an earlier period, this fact is duly disclosed.

The amendments concern the recognition and measurement of intangible assets acquired in result of a business combination. The amounts recognised in relation with the intangible assets and the goodwill resulting from the business combinations in previous periods are not adjusted. If the entity applies IFRS 3 (revised in 2008) with regard to the earlier period, the changes will also be effective for such earlier period and such fact will be disclosed.

The Group shall start the application of this standard from financial statements for financial years beginning on or after 1 January 2010.

#### IAS 39 Financial Instruments: Recognition and Measurement

The amended IAS 39 was published by the International Accounting Standards Board on 23 March 2010 and is effective for financial years beginning on or after 01 January 2010. Earlier application is allowed. When the entity applies this amendment with regard to an earlier period, this fact is duly disclosed.

The amendments concern the scope of the standard, the qualification of items as hedged items and cash flow hedging.

The Group shall start the application of this standard from financial statements for financial years beginning on or after 1 January 2010.

#### IFRIC 9 Reassessment of Embedded Derivatives

The amended IFRS 9 was published by the International Accounting Standards Board on 23 March 2010 and is effective for financial years beginning on or after 01 January 2010. If the entity applies IFRS 3 (revised in 2008) with regard to the earlier period, the changes will also be effective for such earlier period and such fact will be disclosed.

The amendments concern the scope of the standard. The interpretation does not apply to embedded derivatives acquired in result of:

- a) business combination (as per the definition in IFRS 3 Business combinations (revised in 2008);
- b) combination of entities or businesses under common control as defined in IFRS 3 paragraphs B1-B4 (revised in 2008)
- c) establishment of a joint venture as defined in IAS 31 Interests in Joint Ventures or their possible reassessment as at the acquisition date.

The Group shall start the application of IFRIC 9 from financial statements for financial years beginning on or after 1 January 2010.

#### IFRIC 12 Service Concession Arrangements

The IFRIC 12 interpretation was published by the International Financial Reporting Interpretations Committee on 30 November 2006 and is effective for financial years beginning on or after 29 March 2009. This interpretation provides guidance as to the application of the existing standards by entities participating in concession arrangements between the public sector and the private sector. IFRIC 12 concerns arrangements when the grantor controls or regulates what services the operator must provide using the assets, to whom and at what price.

The Group shall start the application of IFRIC 12 from financial statements for financial years beginning on or after 1 January 2010.

#### IFRIC 15 "Arrangements for the Construction of Real Estates"

The IFRIC 15 interpretation was published by the International Financial Reporting Interpretations Committee on 03 July 2008 and is effective for financial years beginning on or after 01 January 2010. The interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and whether the revenue from the construction should be recognised. Additionally, IFRIC 15 determines when the revenue from the construction should be recognized.

The Group shall start the application of IFRIC 15 from financial statements for financial years beginning on or after 1 January 2010.

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

#### IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"

The IFRIC 16 interpretation was published by the International Financial Reporting Interpretations Committee on 03 July 2008 and is effective for financial years beginning on or after 01 July 2009. This interpretation provides guidance as to whether risk arises from the foreign currency exposure to the functional currencies of the foreign operation and the presentation currency for the needs of the parent entity's consolidated financial statements. Additionally, IFRIC 16 clarifies which entity within a group can hold a hedging instrument in a hedge of a net investment in a foreign operation and in particular whether the parent entity holding the net investment in a foreign operation must also hold the hedging instrument. IFRIC 16 clarifies also how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item when the entity disposes of the investment.

The Group shall start the application of IFRIC 16 from financial statements for financial years beginning on or after 1 January 2010.

#### IFRIC 16 (amended) Hedges of a Net Investment in a Foreign Operation

The amended IFRIC 16 interpretation was published by the International Accounting Standards Board on 23 March 2010 and is effective for financial years beginning on or after 01 January 2010. An earlier application of the interpretation and amendments is allowed. If the entity applies this interpretation with regard to a period beginning before 1 October 2008 or the amendment to paragraph 14 before 1 July 2009, this fact will be disclosed.

The amendment to the interpretation concerns the possession of a hedging instrument by an entity within a group. Both a derivative and a non-derivative instrument (or a combination of derivative and non-derivative financial instruments) may be designated as a hedging instrument in a net investment in a foreign operation. The hedging instrument(s) may be held by any entity or entities within a group as long as the requirements of IAS 39 paragraph 88 concerning the formal designation, documentation and effectiveness in hedging net investments are met. In particular the hedging strategy of a group should be clearly documented due to the possibility of a different designation at various group levels.

The Group shall start the application of IFRIC 16 from financial statements for financial years beginning on or after 1 January 2010.

#### IFRIC 17 "Distributions of Non-cash Assets to Owners"

The IFRIC 17 interpretation was published by the International Financial Reporting Interpretations Committee on 27 November 2008 and is effective for financial years beginning on or after 01 July 2009. The interpretation provides guidance concerning the moment of dividend recognition, the dividend measurement and the recognition of difference between the dividend paid and the carrying amount of net assets distributed.

The Group shall start the application of IFRIC 17 from financial statements for financial years beginning on or after 1 January 2010.

#### IFRIC 18 "Transfers of Assets from Customers"

The IFRIC 18 interpretation was published by the International Financial Reporting Interpretations Committee on 29 January 2009 and is effective for financial years beginning on or after 01 July 2009. The interpretation provides guidance concerning the recognition of assets transferred from customers, namely situations when the definition of an asset is met, the identification of separately identifiable services (services in exchange for the transferred asset), the recognition of revenue and recognition of cash transferred from customers.

The Group shall start the application of IFRIC 18 from financial statements for financial years beginning on or after 1 January 2010.

### 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.

#### Amendments to IFRS 1

On 23 July 2009, the International Accounting Standards Board (IASB) published amendments to the International Financial Reporting Standard 1 (IFRS 1) "First-time Adoption of International Financial Reporting Standards", hereinafter referred to "amendments to IFRS 1". In accordance with the amendments to IFRS 1, entities from the oil and gas sector adopting IFRS may apply with reference to oil and gas assets the carrying amounts determined in accordance with their old GAAP. Entities electing this exemption should be required to measure their liabilities related to the withdrawal from mining, reclamation and similar liabilities with reference to oil and gas assets as per IAS 37 Provisions, Contingent Liabilities and Contingent Assets and that they accounted for the given liability in retained profits. The amendments to IFRS 1 also concern the determination of whether an arrangement contains a lease.

The Group shall start the application of this standard from financial statements for financial years beginning on or after 01 January 2011.

#### Amendments to IFRS 2 "Share-based Payments"

On 18 June 2009, the International Accounting Standards Board (IASB) published amendments to the International Financial Reporting Standard 2 (IFRS 2) Share-based Payments. The amendments to IFRS 2 clarify

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

the recognition of share-based payment transactions when the payment to the goods or service provider is made in cash and the liability is incurred by another entity within a group (share-based payment transaction settled in cash within a group).

The Group shall start the application of this standard from financial statements for financial years beginning on or after 01 January 2011.

#### Amendments to IFRS 7

On 28 January 2010, the International Accounting Standards Board (IASB) published a document entitled *Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*, containing an amendment to the International Financial Reporting Standard 1 (IFRS 1). In view of the fact that first time adopters of IFRSs do not have a possibility to use the exemption from the provision of enhanced disclosures about fair value measurements and liquidity risk as per IFRS 7 for comparative periods ended before 31 December 2009, the objective of the amendment to IFRS 1 is also to provide such optional exemption also to such entities. As per the amendments to IFRS 7, an entity does not have to provide disclosures in case of:

(a) annual periods or mid-annual periods, including the statements of financial position presented during a comparative annual period ended before 31 December 2009, or

(b) statements of financial position presented at the beginning of the earliest comparative period by 31 December 2009.

Earlier application is permitted. When the entity applies this amendment with regard to an earlier period, this fact is duly disclosed.

The Group shall start the application of this standard from financial statements for financial years beginning on or after 01 January 2011.

#### Amendments to IFRS 8 Operating Segments

The amendments to IFRS 8 "Operating Segments" were published in 2009 by the International Accounting Standards Board (IASB). The amendments to IFRS 8 concern the disclosure of information on how dependent an entity is on its main customers. If the revenues from transactions with an external single customer constitute 10 per cent or more of the total revenue of an entity, the entity will disclose this fact, the total amount of revenue earned from each such customer and will indicate the segment or segments where such revenue was generated. The entity is not obliged to disclose the identity of the client nor determine the amount of revenue each of such segments generates in relation with this client. It is, however, necessary to determine whether a government (national, state, provincial, territorial, local or foreign, including government agencies or similar local, domestic or international bodies) and entities which, according to the knowledge of the reporting entity are under the control of such government, are considered as one customer. When determining this, the reporting entity accounts for the scope of economic integration between such entities. The disclosure of information about related parties (revised in 2009) amends paragraph 34 with regard to annual periods beginning on or after 01 January 2011.

The Group shall start the application of this standard from financial statements for financial years beginning on or after 01 January 2011.

#### IAS 24 Related Party Disclosures

On 04 November 2009, the International Accounting Standards Board (IASB) published the revised International Accounting Standard 24 (IAS 24) Related Party Disclosures. The objective of the amendments introduced in the revised IAS 24 is the simplification of the definition of a related party and elimination of certain internal incoherences, as well as the exemption of government-related entities from certain disclosure requirements concerning related party transactions. The entity applies this standard retrospectively with regard to annual periods beginning on or after 01 January 2011. Earlier application – of the entire standard or the partial exemption concerning government-related entities - is permitted. If the entity applies the entire standard or only the partial exemption with regard to a period beginning before 01 January 2011, this fact is duly disclosed.

The Group shall start the application of this standard from financial statements for financial years beginning on or after 01 January 2011.

#### Amendments to IFRIC 14 Prepayments for Minimum Funding Requirements

In November 2009, the International Accounting Standards Board amended the IFRIC 14 interpretation so as to correct the unintended consequences resulting from the treatment of future contribution prepayments in certain circumstances when there are minimum funding requirements. The entity applies these amendments to annual periods beginning on or after 01 January 2011. Earlier application is permitted. In case of an application of these amendments to an earlier period, this fact is duly disclosed.

The Group shall start the application of this standard from financial statements for financial years beginning on or after 01 January 2011.

#### IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

On 26 November 2009, the International Financial Reporting Interpretations Committee (IFRIC) published IFRIC 19 interpretation "Extinguishing Financial Liabilities with Equity Instruments", hereinafter referred to as "IFRIC 19". The objective of IFRIC 19 is to provide guidance concerning the recognition by the debtor of equity instruments issued by him in consequence of a renegotiation of the financial liability conditions in order to extinguish all or part of such liability. The interpretation concerns the recognition of transactions by entities in case of renegotiation of

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

financial liability conditions, in consequence of which the entity issues equity instruments for the creditor in order to settle all or part of its financial liability. It does not address the accounting by the creditor (lender). The entity applies these amendments to annual periods beginning on or after 01 July 2010. Earlier application is permitted. In case of an application of this interpretation to a period beginning before 01 July 2010, the entity duly discloses this fact. The entity applies the amendment to accounting policies as per IAS 8 from the beginning of the earliest presented comparable period.

The Group shall start the application of this standard from financial statements for financial years beginning on or after 01 January 2011.

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

### 3. SUPPLEMENTARY NOTES TO THE CONSOLIDATED ANNUAL 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)	2010	2009	Change 2010/2009
Revenue from the sale of telecommunication services	130,825	126,630	103.31%
Sets and pre-paid refillments	30,580	34,135	89.59%
Postpaid contract phones	133,937	102,937	130.12%
Other revenue	12,029	13,701	87.79%
Total	307,371	277,403	110.80%

Service sale volume	2010	2009	Change 2010/2009
Postpaid activations	720,403	672,883	107.06%
Prepaid activations	190,130	226,421	83.97%
Total	910,533	899,304	101.25%

#### NOTE NO. 2 GOODWILL OF SUBSIDIARIES AND ASSOCIATES

List of consolidated entities' goodwill as at 31 December 2010 – table 2 and 3.

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Table No. 2

GOODWILL OF SUBSIDIARIES AND ASSOCIATES	2010 As at 31/12/2010	2009 As at 31/12/2009
Euro-Phone Sp. z o.o.	8,732	8,732
PTI Sp. z o.o. (Impol Sp. z o.o.)	10,061	9,061
Goodwill of subsidiaries and associates	18,792	17,792

Table No. 3

CHANGE IN GOODWILL – SUBSIDIARIES AND ASSOCIATES	2010 As at 31/12/2010	2009 As at 31/12/2009
a) gross goodwill at period beginning	17,792	1,583
b) increase (due to)		17,792
- acquisition of 100% in Impol Sp. z o.o. with registered office in Krakow		9,061
- acquisition of 100% in Euro-Phone Sp. z o.o. with registered office in Warsaw		8,732
- additional payment of the price for shares in Impol Sp. z o.o.	1,000	
c) decrease (due to)		
d) gross goodwill at period end	18,792	19,375
e) goodwill impairment at period beginning		
f) goodwill impairment in the period (due to)		1,583
- impairment of shares in Connex Sp. z o.o.		1,583
e) goodwill impairment at period end		1,583
h) net goodwill at period end	18,792	17,792

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
Stocks	622	502
Receivables	5,160	5,160

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

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
<b>Net asset value</b>	<b>446</b>	<b>326</b>
<b>Share of parent company in net assets</b>	<b>100%</b>	<b>100%</b>

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:

Details	31/03/2009
Acquisition price, including:	<b>9,057</b>
- 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.

#### **IMPOL 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 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
Stocks	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

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Prepayments	0	0
<b>Net asset value</b>	<b>1,934</b>	<b>2,067</b>
<b>Share of parent company in net assets</b>	<b>100%</b>	<b>100%</b>

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:	<b>11,128</b>
- 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 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	2010 As at 31/12/2010	2009 As at 31/12/2009
a) acquired concessions, patents, licences and similar assets, including:	3,254	3,393
- software	3,254	3,393
b) other intangible assets	5,328	5,058
c) goodwill	44,362	37,483
Total gross intangible assets	52,944	45,933

Table No. 5

INTANGIBLE ASSETS IN THE PERIOD FROM 01/01 TO 31/12/2009				
Details 2009	Software (licences)	Other (lease rights)	Goodwill	Total
Gross value - as at 01/01/2009	2,790	4,884	31,809	39,482
Increase in gross value (due to):	108			108
- acquisition	108			108
Decrease in gross value (due to):	26	28		54
- sale	11	28		38
- liquidation	16			16
Increase - company merger	521	201	5,674	6,396
Gross value - as at 31/12/2009	3,393	5,058	37,483	45,934
Amortisation - as at 01/01/2009	2,380	3,831		6,210

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Increase in amortisation (due to):	133	779		911
- amortisation charges	133	779		911
Decrease in amortisation (due to):	26	7		34
- sale	5			5
- liquidation	21	7		28
Redemption - company merger	521	201	5,674	6,396
Amortisation - as at 31/12/2009	3,007	4,803	5,674	13,484
Net value - as at 01/01/2009	410	1,053	31,809	33,273
Net value - as at 31/12/2009	386	255	31,809	32,449

Table No. 6

INTANGIBLE ASSETS IN THE PERIOD FROM 01/01 TO 31/12/2010				
Details	Software (licences)	Other (lease rights)	Goodwill	Total
Gross value - as at 01/01/2010 before adjustment	3,393	5,058	37,483	45,934
Adjustment – deconsolidation of Connex Sp. z o.o.	- 200			- 200
Gross value - as at 01/01/2010 after adjustment	3,192	5,058	37,483	45,733
Increase in gross value (due to):	100	270	6,879	7,249
- acquisition	67	270	6,879	7,217
- other	33			33
Decrease in gross value (due to):	39			39
- liquidation	39			39
Gross value - as at 31/12/2010	3,254	5,328	44,362	52,944
Redemption - as at 01/01/2010 before adjustment	3,007	4,803	5,674	13,484
Adjustment – deconsolidation of Connex Sp. z o.o.	- 91			- 91
Redemption - as at 01/01/2010 after adjustment	2,916	4,803	5,674	13,393
Increase in amortisation (due to):	137	132		269
- amortisation charges	111	132		243
- other	27			27
Decrease in amortisation (due to):	39			39
- liquidation	39			39
Amortisation - as at 31/12/2010	3,015	4,935	5,674	13,623
Net value - as at 31/12/2009 before adjustment	386	255	31,809	32,449
Adjustment – deconsolidation of Connex Sp. z o.o.	- 109			- 109
Net value - as at 01/01/2010 after adjustment	277	255	31,809	32,340
Net value - as at 31/12/2010	239	393	38,689	39,320

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.



Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

### 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 10,511.

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 the balance sheet date. 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.

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

### 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.

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	2010 As at 31/12/2010	2009 As at 31/12/2009
a) fixed assets, including:	14,990	14,840
- plants and machinery	3,674	3,674
- vehicles	2,319	2,701
- other fixed assets	8,996	8,464
b) fixed assets in construction	6	33
Total tangible fixed assets	14,997	14,873

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Table No. 8

TANGIBLE FIXED ASSETS IN THE PERIOD FROM 01/01 TO 31/12/2009					
Details 2009	Land	Plants and machinery	Vehicles	Other fixed assets	Total
Gross value - as at 01/01/2009	45	2,495	2,355	8,861	13,756
Increase in gross value (due to):		840	592	83	1,515
- acquisition		840	592	661	2,092
Decrease in gross value (due to):	45	425	918	2,748	4,136
- sale	45	148	918	862	1,973
- liquidation		277		1,886	2,163
Increase - company merger		765	672	1,691	3,128
Gross value - as at 31/12/2009		3,674	2,701	8,464	14,840
Amortisation - as at 01/01/2009		1,943	811	4,335	7,089
Increase in amortisation (due to):		338	527	1,293	2,158
- amortisation charges		338	527	1,293	2,158
Decrease in amortisation (due to):		409	689	1,868	2,967
- sale		137	689	375	1,202
- liquidation		272	0	1,493	1,765
Redemption - company merger		261	584	927	1,871
Amortisation - as at 31/12/2009		2,232	1,233	4,686	8,152
Net value - as at 01/01/2009	45	956	1,632	5,290	7,923
Net value - as at 31/12/2009		1,442	1,468	3,778	6,688

Table No. 9

TANGIBLE FIXED ASSETS IN THE PERIOD FROM 01/01 TO 31/12/2010				
Details	Plants and machinery	Vehicles	Other fixed assets	Total
Gross value - as at 01/01/2010 before adjustment	3,674	2,701	8,464	14,840
Adjustment – deconsolidation of Connex Sp. z o.o.	- 163	- 132		- 296
Gross value - as at 01/01/2010 after adjustment	3,511	2,569	8,464	14,544
Increase in gross value (due to):	297	785	1,120	2,202
- acquisition	286	785	1,120	2,191
- other	11			11
Decrease in gross value (due to):	134	1,035	587	1,756
- sale	46	991	259	1,295
- liquidation	89	44	328	460
Gross value - internal transfers	1		-1	0
Gross value - as at 31/12/2010	3,674	2,319	8,996	14,990
Amortisation - as at 01/01/2010	2,232	1,233	4,686	8,152
Adjustment – deconsolidation of Connex Sp. z o.o.	- 146	- 26		-172
Redemption - as at 01/01/2010 after adjustment	2,086	1,207	4,686	7,980
Increase in amortisation (due to):	708	493	1,231	2,432
- amortisation charges	708	493	1,231	2,432
Decrease in amortisation (due to):	131	731	461	1,323
- sale	42	726	202	970
- liquidation	89	5	259	353
Depreciation - internal transfer	1		-1	0
Amortisation - as at 31/12/2010	2,664	969	5,455	9,088
Net value - as at 01/01/2010 before adjustment	1,442	1,468	3,778	6,688
Adjustment – deconsolidation of Connex Sp. z o.o.	- 17	- 106		-124
Net value - as at 01/01/2010 after adjustment	1,425	1,362	3,778	6,564
Net value - as at 31/12/2010	1,011	1,350	3,541	5,902

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Table No. 10

BALANCE SHEET FIXED ASSETS (OWNERSHIP STRUCTURE)	2010 As at 31/12/2010	2009 As at 31/12/2009
a) own	14,997	14,873
b) used on the basis of a lease, rental or similar contract, including:		
Total balance sheet fixed assets	14,997	14,873

The fixed assets are recognised at cost. This concerns assets that were purchased. The tangible fixed assets used on the basis of a finance lease contract are recognised in the present value of minimum lease payments.

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.

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%
Connex Sp. z o.o.	Poznań	trade	direct subsidiary	No control	30/06/2003	150	150	0	100.00%	100.00%

#### **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 tables 12 and 13.

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Table No. 12

LONG-TERM RECEIVABLES	2010 As at 31/12/2010	2009 As at 31/12/2009
a) from related parties		
b) from other parties – deposits	1,258	940
c) impairment charges		
Total gross short-term receivables	1,258	940

Table No. 13

CHANGE IN LONG-TERM RECEIVABLES (TITLES)	2010 As at 31/12/2010	2009 As at 31/12/2009
a) as at period beginning	940	1,070
- deposits paid	940	1,070
b) increase (due to)	390	269
- additional payment	390	269
c) decrease (due to)	71	399
- return	71	348
- reclassification to short-term receivables		51
a) as at period end	1,258	940

#### NOTE NO. 11 INVENTORIES

Information on inventories is presented in table 14.

Table No. 14

INVENTORIES	2010 As at 31/12/2010	2009 As at 31/12/2009
a) materials		
b) semi-products and work in progress		
c) finished products		
d) goods	16,070	20,574
e) advances for deliveries		
Total gross inventories	16,070	20,574
b) impairment of goods	609	891
Total net inventories	15,461	19,755

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 15 to 17.

Table No. 15

SHORT-TERM RECEIVABLES	2010 As at 31/12/2010	2009 As at 31/12/2009
a) receivables from other parties	61,489	64,246
- trade receivables falling due within 12 months	61,039	62,526
- tax, social security and medical insurance receivables, including:	189	651
corporate income tax		208

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

- other	261	1,070
Total net short-term receivables	61,489	64,246
b) impairment of receivables	3,083	3,261
Total gross short-term receivables	64,572	67,507

Table No. 16

CHANGE IN IMPAIRMENT OF SHORT-TERM RECEIVABLES	2010 As at 31/12/2010	2009 As at 31/12/2009
As at period beginning	3,261	1,638
a) increase (due to)	1,584	1,628
- impairment of Tell's receivables	1,241	311
- impairment of Euro-Phone's receivables	289	1,154
- impairment of PTI's receivables	53	163
b) decrease (due to)	1,762	5
- impairment of Tell's receivables	4	5
- impairment of Euro-Phone's receivables	356	
- impairment of PTI's receivables	7	
- impairment of Connex's receivables – deconsolidation	1,396	
Impairment of short-term receivables	3,083	3,261

Table No. 17

SHORT-TERM RECEIVABLES (CURRENCY STRUCTURE) GROSS	2010 As at 31/12/2010	2009 As at 31/12/2009
a) in PLN	64,572	67,507
b) in foreign currencies as converted into PLN		
Total short-term receivables	64,572	67,507

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 Company 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 18.

Table No. 18

SHORT-TERM PREPAYMENTS	2010 As at 31/12/2010	2009 As at 31/12/2009
a) Long-term prepayments, including:	387	516
- rental fee	387	516
a) Short-term prepayments, including:	274	601
- property insurance costs	130	127
- rental fee	129	129
- other deferred costs	15	345

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

**NOTE NO. 14  
CASH AND CASH EQUIVALENTS**

Information on cash and cash equivalents is presented in tables 19 and 20.

Table No. 19

CASH	2010 As at 31/12/2010	2009 As at 31/12/2009
Cash in hand	356	443
Cash at bank	3,789	5,738
Total cash	4,145	6,181

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

Table No. 20

CASH AND OTHER CASH ASSETS (CURRENCY STRUCTURE)	2010 As at 31/12/2010	2009 As at 31/12/2009
a) in PLN	4,145	6,181
b) in foreign currencies as converted into PLN		
Total cash and other cash assets	4,145	6,181

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

Information on other financial assets is presented in table 21.

Table No. 21

OTHER SHORT-TERM FINANCIAL ASSETS	2010 As at 31/12/2010	2009 As at 31/12/2009
a) Loans granted	224	630
- BBI Capital NFI S.A. – significant investor	224	630
Total other short-term financial assets	224	630

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

Information on share capital structure is presented in table 22.

Table No. 22

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%	33.94%
Havo Sp. z o.o.		675,000	675,000		675,000	675,000	10.70%	8.01%
Rafał Stempniewicz	175,000	122,280	297,280	350,000	122,280	472,280	4.71%	5.60%
AVIVA Investors FIO		423,549	423,549		423,549	423,549	6.71%	5.03%
Quercus Parasolowy SFIO, Quercus Absolute Return FIZ		888,235	888,235		888,235	888,235	14.08%	10.54%
	1,604,750	2,109,064	3,713,814	3,209,500	2,109,064	5,318,564	58.86%	63.12%

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

On 26 April 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.

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:

2,116,625 series A registered preferential shares (one share entitles to two votes)

4,192,998 ordinary bearer shares.

The nominal value of each share is PLN 0.20.

Total number of votes from all issued shares is 8,426,248.

#### **NOTE NO. 17 TREASURY SHARES**

Information on treasury shares is presented in table 23.

Table No. 23

VALUE OF TREASURY SHARES	2010 As at 31/12/2010	2009 As at 31/12/2009
As at period beginning	3	73
a) shares purchased during the period		27
a) shares sold during the period		-97
c) shares redeemed	3	
As at period end, total	0	3

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

#### **NOTE NO. 18 SUPPLEMENTARY CAPITAL**

Information on supplementary capital is presented in table 24.

Table No. 24

VALUE OF SUPPLEMENTARY CAPITAL	2010 As at 31/12/2010	2009 As at 31/12/2009
a) share premium	24,863	24,863
b) established in accordance with the statutes/articles of association above the statutory (minimum) value	11,533	11,265
Total supplementary capital	36,396	36,128

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 268 due to the distribution of profits of the Parent Company for 2009 remaining after dividend payment.

#### **NOTE NO. 19 RESERVE CAPITALS**

Information on reserve capitals is presented in table 25.



Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Table No. 25

VALUE OF RESERVE CAPITAL	2010 As at 31/12/2010	2009 As at 31/12/2009
Reserve capital at period beginning	9,902	7,595
a) from the transfer from supplementary capital		
b) cost of purchase of treasury shares above par value		- 805
b) sale of treasury shares above par value		3,112
Total reserve capitals	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.

**NOTE NO. 20  
REVALUATION RESERVE**

Information on revaluation reserve is presented in table 26.

Table No. 26

REVALUATION RESERVE	2010 As at 31/12/2010	2009 As at 31/12/2009
a) Connex revaluation reserve		- 677
Total reserve capitals	0	- 677

Connex Sp. z o.o. made an application for bankruptcy liquidation on 01 March 2010, therefore, assuming no going concern as at 31/12/2009, a provision of kPLN 677 was set up for estimated costs and losses resulting from the discontinuation.

In result of consolidation adjustments related to the loss of control over a subsidiary, the value of revaluation reserve was reclassified as retained profit/loss as at 01/01/2010.

**NOTE NO. 21  
INFORMATION ON THE DIVIDENDS PAID (OR DECLARED), IN TOTAL AND AS DIVIDED PER SHARE, WITH A BREAKDOWN INTO ORDINARY AND PREFERENTIAL SHARES.**

The General Meeting of Shareholders of Tell S.A. decided to distribute the net profit disclosed in the 2009 financial statements in an amount of PLN 6,577,711.08 as follows:

- payment of dividend in an amount of PLN 1.00 per one share in the Company (excluding treasury shares),
- supplementary capital in an amount remaining after the payment of the dividend.

The dividend day was determined to be 14 May 2010, and the dividend payment date - 31 May 2010.

The total value of dividend was PLN 6,309,623.00.

**NOTE NO. 22  
PROVISIONS**

Information about provisions was presented in tables 27, 28 and 29.

Table No. 27

CHANGE IN LONG-TERM PROVISION FOR RETIREMENT BENEFITS AND SIMILAR BENEFITS (TITLES)	2010 As at 31/12/2010	2009 As at 31/12/2009
a) as at period beginning	27	10
- provision for retirement benefits	27	10
b) increase (due to)	7	17
- provision for retirement benefits	7	17
c) as at period end	34	27
- provision for retirement benefits	34	27

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Table No. 28

CHANGE IN SHORT-TERM PROVISION FOR RETIREMENT BENEFITS AND SIMILAR BENEFITS (TITLES)	2010 As at 31/12/2010	2009 As at 31/12/2009
a) as at period beginning	5	
- provision for retirement benefits	5	
b) increase (due to)		5
- provision for retirement benefits		5
c) as at period end	5	5
- provision for retirement benefits	5	5

Table No. 29

CHANGE IN OTHER SHORT-TERM PROVISIONS (TITLES)	2010 As at 31/12/2010	2009 As at 31/12/2009
a) As at period beginning, per title:	1,548	400
- provision for accrued holidays	418	200
- provision for payroll costs	400	200
- provision for financial statements audit cost	53	
- provision for other costs	677	
b) increase (due to)	793	1,348
- provision for accrued holidays	320	218
- provision for payroll costs	391	400
- provision for financial statements audit cost	55	53
- provision for other costs	27	677
c) utilisation (due to)	453	200
- payment of salaries/wages	400	150
- payment for audit	53	50
d) reversal due to the disappearance of the underlying reason	762	
- provision for accrued holidays	85	
- loss of control	677	
e) As at period end, per title:	1,126	1548
- provision for accrued holidays	653	418
- provision for payroll costs	391	400
- provision for financial statements audit cost	55	53
- provision for other costs	27	677

**NOTE NO. 23**  
**TRADE LIABILITIES AND OTHER LIABILITIES**

Information on trade liabilities and other liabilities is presented in tables 30 to 33.

Table No. 30

LONG-TERM LIABILITIES	2010 As at 31/12/2010	2009 As at 31/12/2009
To other parties	6,051	6,855
- Bank DnB Nord Polska S.A.	1,917	2,750
- Alior Bank S.A.	4,134	4,100
- other		5
Total long-term liabilities	6,051	6,855

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Table No. 31

LONG-TERM LIABILITIES, WITH MATURITIES FALLING DUE AFTER THE BALANCE SHEET DATE	2010 As at 31/12/2010	2009 As at 31/12/2009
a) above 1 year to 3 years	6,051	6,355
b) above 3 year to 5 years		500
Total long-term liabilities	6,051	6,855

Table No. 32

SHORT-TERM LIABILITIES	2010 As at 31/12/2010	2009 As at 31/12/2009
a) to other parties	81,313	84,997
- loans and advances, including:	1,711	2,340
- long-term in the repayment period	1,711	2,200
- trade liabilities falling due within 12 months	74,458	77,172
- tax, customs, customs, social insurance liabilities:	3,112	3,497
- including CIT liabilities	584	390
- payroll	1,577	1,443
- other (by type)	454	545
Total short-term liabilities	81,313	84,997

Table No. 33

SHORT-TERM LIABILITIES (CURRENCY STRUCTURE)	2010 As at 31/12/2010	2009 As at 31/12/2009
a) in PLN	81,313	84,997
b) in foreign currencies (as per currency and after conversion into PLN)		
Total short-term liabilities	81,313	84,997

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. 24 LOANS AND ADVANCES

Information on loan liabilities is presented in tables 34 to 38.

Table No. 34

LONG-TERM LOAN LIABILITIES TELL S.A.					
Name of company	Seat	Loan amount per contract	Loan amount outstanding as at	Interest terms	Repayment date
			31/12/2009		
ALIOR BANK S.A.	Warszawa	6,000	5,300	WIBOR 1M +bank margin	30/05/2014
			4,100		

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 insurance policy concerning the inventories for a sum not lower than 120% of the credit exposure.

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	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

LONG-TERM LOAN LIABILITIES TELL S.A.					
Name of company	Seat	Loan amount per contract	Loan amount outstanding as at	Interest terms	Repayment date
			31/12/2009		
ALIOR BANK S.A.	Warszawa	2,000	0	WIBOR 1M +bank margin	30/05/2014
			1,745		

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 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. 36

LONG-TERM LOAN LIABILITIES Euro-Phone Sp. z o.o.					
Name of company	Seat	Loan amount per contract	Loan amount outstanding as at	Interest terms	Repayment date
			31/12/2009		
BANK DnB NORD POLSKA S.A.	Warszawa	5,000	3,750	WIBOR 1M +bank margin	30/09/2013
			1,917		

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.

Table No. 37

SHORT-TERM LOAN LIABILITIES TELL S.A.					
Name of company	Seat	Loan amount per contract	Loan amount outstanding as at	Interest terms	Repayment date
			31/12/2009		
BANK DnB NORD POLSKA S.A.	Warszawa	5,000	0	WIBOR 1M +bank margin	30/04/2011
			0		
ALIOR BANK S.A.	Warszawa	2,000	140	WIBOR 1M + bank margin	22/03/2011
			0		

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 180% of the debt limit,
- assignment of rights under insurance policy.

Alior Bank S.A.:

- 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 of PTI Sp. z o.o.

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Table No. 38

SHORT-TERM LOAN LIABILITIES PTI Sp. z o.o.					
Name of company	Seat	Loan amount per contract	Loan amount outstanding as at	Interest terms	Repayment date
			31/12/2009		
ALIOR BANK S.A.	Warszawa	3,000	0	WIBOR 1M +bank margin	29/11/2011
			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. 25  
OPERATING LEASE AND FINANCIAL LEASE CONTRACT CONTINGENT LIABILITIES**

No Group company is at present a party to a lease contract.

**NOTE NO. 26  
OTHER CONTINGENT LIABILITIES OF TELL S.A.**

Table No. 39

Entity/Bank	Type of liability	Value as at	Security
		in kPLN 31/12/2010	
PTC Sp. z o.o.	merchant's loan	up to the debt amount	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.	Liability due to a limit for guarantee-type products	1,500	guarantee for PTI Sp. z o.o.

**NOTE NO. 27  
LIABILITIES OF 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 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. 28  
INCOME TAX**

The income tax specification in the reporting period is presented in table 40.

Table No. 40

CURRENT INCOME TAX RECOGNISED AS PROFIT OR LOSS	2010 As at 31/12/2010	2009 As at 31/12/2009
- recognised as profit or loss	1,044	1,392
- recognised as equity		
Total current income tax	1,044	1,392

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

**NOTE NO. 29  
DEFERRED INCOME TAX**

The deferred income tax is presented in tables 41 and 42.

Table No. 41

CHANGE IN DEFERRED TAX ASSETS	2010 As at 31/12/2010	2009 As at 31/12/2009
1. Deferred income tax assets as at period beginning, including:	1,172	1,028
a) recognised as profit or loss	962	689
- provision for holidays and retirement benefits	86	40
- salaries and wages	90	274
- social insurance contributions payable by the employer	80	95
- other provisions for costs	166	110
- impairment of inventories	156	86
- impairment of receivables	362	84
- amortisation	22	
b) recognised as profit or loss of the period in relation with the tax loss	210	339
2. Increases	298	714
a) recognised as financial profit or loss in relation with deductible temporary difference (due to)	298	714
- provision for holidays and retirement benefits	62	46
- salaries and wages	79	90
- social insurance contributions payable by the employer	63	80
- other provisions for costs	67	128
- impairment of inventories	1	70
- impairment of receivables		278
- amortisation	26	22
b) recognised as profit or loss of the period in relation with the tax loss		
3. Decreases	596	571
a) recognised as financial profit or loss in relation with deductible temporary difference (due to)	386	441
- provision for holidays and retirement benefits	16	
- salaries and wages	88	274
- social insurance contributions payable by the employer	72	95
- other provisions for costs	156	72
- impairment of inventories	41	
- impairment of receivables	13	1
- amortisation		
b) recognised as profit or loss of the period in relation with the tax loss	210	129
4. Deferred income tax assets as at period end, including:	874	1,172
a) recognised as financial profit or loss in relation with deductible temporary difference (due to)	874	962
- provision for holidays and retirement benefits	131	86
- salaries and wages	82	90
- social insurance contributions payable by the employer	72	80
- other provisions for costs	77	166
- impairment of inventories	116	156
- impairment of receivables	349	362
- amortisation	48	22
b) recognised as profit or loss of the period in relation with the tax loss		210

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Table No. 42

CHANGE IN DEFERRED TAX LIABILITIES	2010 As at 31/12/2010	2009 As at 31/12/2009
1. Deferred income tax liabilities as at period beginning, including:	3,025	1,941
a) recognised as financial profit or loss	3,025	1,941
- provision for accrued interest	50	96
- provision for goodwill	2,870	1,661
- provision for amortisation/depreciation costs	106	183
2. Increases	1,324	1,281
a) recognised as financial profit or loss in relation with taxable temporary difference (due to)	1,324	1,209
- provision for accrued interest	4	1
- provision for goodwill	1,252	1,209
- provision for amortisation/depreciation costs	68	
b) recognised as equity in relation with taxable temporary differences		71
3. Decreases	99	196
a) recognised as financial profit or loss in relation with taxable temporary differences (due to)	99	196
- reversal of temporary differences - amortisation and depreciation	57	144
- reversal of temporary differences - interest	42	52
4. Total deferred income tax liabilities as at period end	4,251	3,025
- provision for accrued interest	12	50
- provision for goodwill	4,122	2,870
- provision for amortisation/depreciation costs	117	106

**NOTE NO. 30  
REVENUE FROM SALE IN THE REPORTING PERIOD**

The revenue from the sale is presented in tables 43 to 44.

Table No. 43

NET REVENUES FROM SALE	2010 period from 01/01/2010 to 31/12/2010	2009 period from 01/01/2009 to 31/12/2009
Sale revenues:	307,371	277,403
- revenue from the sale of telecommunication services	130,825	126,630
- sets and pre-paid refillments	30,580	34,135
- postpaid contact phones	133,937	102,937
- other revenue	12,029	13,701
Total net revenue from the sale	307,371	277,403

Table No. 44

NET REVENUES FROM SALE (TERRITORIAL STRUCTURE)	2010 period from 01/01/2010 to 31/12/2010	2009 period from 01/01/2009 to 31/12/2009
a) Poland	307,371	277,403
b) export		
Total net revenue from the sale	307,371	277,403

**NOTE NO. 31  
FINANCIAL INCOME AND EXPENSES**

The financial income and expenses are presented in tables 45 to 49.

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Table No. 45

FINANCIAL INCOME FROM INTEREST	2010 period from 01/01/2010 to 31/12/2010	2009 period from 01/01/2009 to 31/12/2009
a) due to loans granted	37	105
- from a significant investor	37	105
b) other interest	162	133
- from other parties	162	133
Total financial income from interest	199	237

Table No. 46

OTHER FINANCIAL INCOME	2010 period from 01/01/2010 to 31/12/2010	2009 period from 01/01/2009 to 31/12/2009
a) other financial income:	24	239
- from other parties, including:	24	239
- default interest		5
- assignment of receivables		199
- cash bonus	24	34
Total other financial income	24	239

Table No. 47

FINANCIAL COSTS DUE TO INTEREST	2010 period from 01/01/2010 to 31/12/2010	2009 period from 01/01/2009 to 31/12/2009
a) on loans and advances	944	1,001
- to related parties, including:		
- to a significant investor		
- to other parties	944	1,001
b) other interest	5	
Total financial costs due to interest	949	1,001

Table No. 48

IMPAIRMENT OF FINANCIAL ASSETS	2010 period from 01/01/2010 to 31/12/2010	2009 period from 01/01/2009 to 31/12/2009
a) loans and advances	560	
- granted to related parties – Connex Sp. z o.o.	560	
b) other		
Total financial costs due to impairment of financial assets	560	

Table No. 49

OTHER FINANCIAL COSTS	2010 period from 01/01/2010 to 31/12/2010	2009 period from 01/01/2009 to 31/12/2009
a) other, including:	819	150
- default interest - deliveries	3	
- lease interest		
- other bank fees	162	145
- realised exchange differences		
- interest expense paid to the government		5
- other	3	
- costs of acquisition of the organised business of Maksimum	651	
Total other financial costs	819	150



Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

**NOTE NO. 32  
OPERATING REVENUE AND COSTS**

Information on operating revenue and costs is presented in tables 50 to 53.

The consolidated statement of comprehensive income for 2009 was adjusted for presentation purposes, namely the costs of services sold was adjusted by kPLN 41,438.

The adjustment did not affect the net profit of 2009. The adjustments are presented below in table 50.

Table No. 50

	2009 period from 01/01/2009 to 31/12/2009		2009 period from 01/01/2009 to 31/12/2009
	Before adjustment	Adjustment	After adjustment
Net revenues from sale	277,403		277,403
Sale costs	161,810	41,438	203,248
Costs of services sold	57,623	41,438	99,061
Value of goods sold	104,186		104,186
Gross profit on sale	115,593	- 41,438	74,155
Sale costs	88,401	- 41,438	46,962
Administration costs	14,434		14,434
Other operating income	847		847
Other operating expense	1,993		1,993
Profit on operating activities	11,613	0	11,613
Financial income	476		476
Financial costs	1,151		1,151
Result of the control loss settlement	1,583		1,583
Gross profit	9,354	0	9,354
Income tax	2,568		2,568
a) current part	1,392		1,392
b) deferred part	1,177		1,177
Net profit on continued activities	6,786		6,786
Other comprehensive income			
Other comprehensive income after taxation			
Total comprehensive income	6,786	0	6,786

Table No. 51

COSTS PER TYPE	2010 period from 01/01/2010 to 31/12/2010	2009 period from 01/01/2009 to 31/12/2009
a) depreciation and amortisation	2,498	3,023
b) consumption of materials and energy	2,503	2,790
c) contracted services	127,854	121,354
d) taxes and fees	148	257
e) payroll	24,923	25,030
f) social insurance and other benefits	5,176	5,080
g) other costs per type (title)	3,720	3,194
Total costs per type	166,822	160,726
Change in inventories, products and prepayments	138	- 268

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Costs of sale (negative value)	- 45,883	-46,962
Costs of general administration (negative value)	- 12,437	-14,434
Costs of products sold (negative value)	- 108,639	- 99,061

Table No. 52

OTHER OPERATING REVENUE	2010 period from 01/01/2010 to 31/12/2010	2009 period from 01/01/2009 to 31/12/2009
a) profit on the disposal of non-financial fixed assets	81	75
- revenue from the disposal of non-financial fixed assets	547	868
- value of non-financial fixed assets disposed (negative value)	- 466	- 794
b) reversal of provision (due to)	316	38
- provision – discontinuation of underlying reason	316	38
c) other, including:	369	734
- indemnities received	13	118
- court fees		4
- rewards		68
- liabilities written-off	1	1
- inventory surplus	6	101
- visualisation		71
- cash bonuses	48	
- subsidies from the Polish Fund for the Rehabilitation of the Disabled	54	
- other	246	371
Total other operating revenue	766	847

Table No. 53

OTHER OPERATING COSTS	2010 period from 01/01/2010 to 31/12/2010	2009 period from 01/01/2009 to 31/12/2009
a) loss on the disposal of non-financial fixed assets		24
- revenue from the disposal of non-financial fixed assets (negative value)		- 39
- value of non-financial fixed assets disposed		63
b) set up of provisions (due to)	2,576	1,071
- impairment of receivables	1,584	407
- impairment of goods	8	329
- provision for holidays	322	96
- provision for costs	663	239
c) other, including:	452	898
- donation	23	33
- receivables written-off	20	126
- court fees		7
- legal enforcement fees	11	
- damage and shortages	131	112
- fines and penalties	57	24
- liquidation of tangible fixed assets	104	499
- other	105	27
- visualisation		71
Total other operating costs	3,028	1,993

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	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**  
**DISCONTINUED OPERATIONS**

Connex Sp. z o.o. has been deconsolidated due to the limited possibility of the Parent Company to manage its financial and operational policies so as to gain economic benefits on its operations. Connex Sp. z o.o. does not carry on any business activities. The value of net assets of Connex Sp. z o.o. as at 01 January 2010 amounted to PLN 548,527.42.

In relation with the settlement of the loss of control over Connex Sp. z o.o., a loss of PLN 548,527.42 equal to the equity of the Company as at 01/01/2010 was recognised in the consolidated financial statements.

Table No. 54

Details	01/01/2010
<b>Assets</b>	
Intangible fixed assets	109.03
Tangible fixed assets	123.78
Stocks	248.67
Trade receivables	4,070.17
Accruals	212.08
Cash	338.99
<b>Liabilities</b>	
Liabilities	3,877.28
Provisions	676.91

The net cash flows are as follows

Details	01/01/2010
Total flows from operating activities	540.62
Change in provisions	-676.91
Change in inventories	248.67
Change in receivables	4,070.17
Change in liabilities	-3,313.40
Change in prepayments and accruals	212.08
Cash at the period beginning	338.99

**NOTE NO. 34**  
**EARNINGS PER SHARE OF THE PARENT COMPANY**

Information on earnings per share is presented in table 55.

Table No. 55

	2010 period from 01/01/2010 to 31/12/2010	2009 period from 01/01/2009 to 31/12/2009
Net profit (in PLN)	5,650,775.48	6,577,711.08
Average weighted number of ordinary shares (items)	6,309,623	6,195,560
Earnings per ordinary share (in PLN)	0.90	1.06
Average weighted diluted number of ordinary shares	6,309,623	6,195,560
Diluted earnings per ordinary share (in PLN)	0.90	1.06

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.

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	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**  
**BOOK VALUE OF ONE SHARE OF THE PARENT COMPANY**

Information on book value of one share is presented in table 56.

Table No. 56

	2010 period from 01/01/2010 to 31/12/2010	2009 period from 01/01/2009 to 31/12/2009
Book value (in PLN)	53,051,543.01	53,710,390.53
Number of ordinary shares (items) less 15,377 treasury/redeemed shares	6,309,623	6,309,623
Book value per one share (in PLN)	8.41	8.51
Diluted number of shares	6,309,623	6,309,623
Diluted book value per one share (in PLN)	8.41	8.51

**NOTE NO. 36**  
**CASH FLOW STATEMENT**

Table No. 57

DETAILS	2010 current year	2009 previous year
<b>Cash in the balance sheet</b>	<b>4,145</b>	<b>6,181</b>
Exchange differences from balance sheet measurement		
Cash assets qualified as cash equivalents for the cash flow statement		
<b>Total cash and cash equivalents disclosed on the cash flow statement</b>	<b>4,145</b>	<b>6,181</b>
DETAILS	2010 current year	2009 previous year
<b>Amortisation and depreciation:</b>	<b>2,498</b>	<b>3,023</b>
amortisation of intangible assets	242	896
depreciation of tangible assets	2,256	2,127
<b>Profit (loss) from investing activities results from:</b>	<b>49</b>	<b>186</b>
revenue from the sale of tangible fixed assets	- 546	- 830
net value of tangible fixed assets sold	595	1,016
<b>Change in provisions results from:</b>	<b>261</b>	<b>1,049</b>
balance sheet change in provisions for liabilities	-416	1,170
value of provisions acquired in result of the take-over (state of provisions of the subsidiary as at the control take-over date is negative "-")		-121
value of provisions excluded in consequence of the loss of control over Connex Sp. z o.o	676	
<b>Change in inventories results from:</b>	<b>4,045</b>	<b>5,036</b>
balance sheet change in inventories	4,294	2,685
receivables acquired in consequence of the take-over of control over IMPOL		1,850
receivables acquired in consequence of the take-over of control over EuroPhone		502
value of inventories excluded in consequence of the loss of control over Connex Sp. z o.o	-249	
<b>Change in receivables results from:</b>	<b>- 1839</b>	<b>1,619</b>

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

change in receivables resulting from the balance sheet	2,439	-11,990
adjustment by Impol's income tax receivables	-208	208
receivables acquired in consequence of the take-over of control over IMPOL		8,309
receivables acquired in consequence of the take-over of control over EuroPhone		5,160
other adjustments		-107
receivables excluded due to loss of control over Connex Sp. z o.o.	- 4,070	
<b>Change in short-term liabilities, save financial liabilities, results from:</b>	<b>152</b>	<b>- 8,017</b>
change in short-term liabilities resulting from the balance sheet	- 3,059	9,793
adjustment of income tax liabilities	-106	
adjustment by repaid loan		96
other adjustments		27
adjustment by the change in TELL's income tax liabilities		35
receivables acquired in consequence of the take-over of control over IMPOL		-11,547
receivables acquired in consequence of the take-over of control over EuroPhone		-6,421
liabilities excluded due to loss of control over Connex Sp. z o.o.	3,318	
<b>The "other adjustments" item comprises:</b>	<b>1,108</b>	<b>-650</b>
provision set in in Connex for liquidation costs		-677
consequences of Impol's adoption of IAS		27
revaluation of the value of short-term financial assets - loan	560	
Equity of Connex Sp. z o.o. – settlement of loss resulting from the loss of control	548	

**NOTE NO. 37  
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 14.

**NOTE NO. 38  
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. 58

	2010 current year	2009 previous year
Members of the Supervisory Board	76	75
Members of the Management Board	1,388	1,523
total	1,464	1,598

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

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

**NOTE NO. 39**  
**STRUCTURE OF EMPLOYMENT OF THE GROUP**

The employment as at the end of 2010 is presented in table 59.

Table No. 59

	2010 current year	2009 previous year
Management Board	6	7
Managers	204	186
White collar	523	546
Blue collar	10	8

**NOTE NO. 40**  
**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. 41**  
**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. 60

in kPLN	Increase/decrease by percentage points	Impact on the accounting result
Balance sheet date 31/12/2010		
PLN	+ 1%	78
PLN	- 1%	-78
Year ended on 31/12/2009		
PLN	+ 1%	8
PLN	- 1%	- 8

**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.

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Table No. 61 Maximum exposure to credit risk:

	Carrying amount	Risk exposure value
31/12/2010		
Trade receivables	61,039	61,039
Loans granted	224	224
Cash and cash equivalents	4,145	4,145
31/12/2009		
Trade receivables	62,526	62,526
Loans granted	630	630
Cash and cash equivalents	6,181	6,181

### 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. 62

	Sight	> 3 months	From 3 to 12 months	From 1 to 5 years	> 5 years
31/12/2010	74,458	675	1,036	6,051	
Interest-bearing loans and advances		675	1,036	6,051	
Convertible preferential shares					
Trade liabilities and other liabilities	79,601				
Derivatives					
31/12/2009	82,797		2,200	6,850	
Interest-bearing loans and advances	140		2,200	6,850	
Convertible preferential shares					
Trade liabilities and other liabilities	82,657				
Derivatives					

### NOTE NO. 42 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. 43 LITIGATIONS IN COURT

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

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

Name of company:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2010-31/12/2010	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

**NOTE NO. 44**  
**INFORMATION ON TRANSACTIONS WITH THE AUDITOR OF THE FINANCIAL STATEMENTS**

Table No. 63

REMUNERATION PAID OR DUE FOR THE FINANCIAL YEAR	2010	2009
- for the audit of the separate and consolidated financial statements	71	67
- for other attestation services, including the review of the separate and consolidated financial statements	59	46
- for tax advisory services		
- for other services		29
Total	130	142

The consolidated financial statements were approved by the Management Board of the Parent Company on 15 March 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