

TELL S.A. GROUP

**THE CONSOLIDATED FINANCIAL STATEMENTS CONTAIN DATA FOR THE PERIOD FROM 01 JANUARY
2012 TO 31 DECEMBER 2012**

POZNAŃ, 15 MARCH 2013

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2012 – 31/12/2012	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

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CONSOLIDATED BALANCE SHEET

ASSETS	Notes	31/12/2012	31/12/2011
Fixed assets			
Goodwill	3	57,581	57,581
Intangible fixed assets	4	957	485
Tangible Fixed Assets	5	4,133	5,059
Investment properties			
Interests in subsidiaries	2	1,287	1,287
Interests in associates			
Receivables and loans	7	1,001	1,184
Financial derivatives			
Other long-term financial assets			
Long-term prepayments	17	235	304
Deferred income tax assets	8	999	888
Fixed assets		66,193	66,788
Current assets			
Inventories	9	10,744	12,744
Receivables from building services contracts			
Trade receivables and other receivables	10	47,757	52,804
Current tax assets		258	78
Loans	7	268	22
Financial derivatives	7		
Other short-term financial assets	7		
Short-term prepayments	17	377	321
Cash and cash equivalents	11	9,352	11,975
Assets classified as held for trading			
Current assets		68,757	77,943
Total assets		134,950	144,731

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CONSOLIDATED BALANCE SHEET (CONT.'D)

EQUITY AND LIABILITIES	Notes	31/12/2012	31/12/2011
Shareholder's equity			
<i>Equity - share of the shareholders of the parent company:</i>			
Share capital	13	1,136	1,262
Treasury shares (-)	13		
- Share premium	13	24,863	24,863
Other Capitals	13	1,186	9,902
Retained profits:			
- retained profit (loss)		23,705	14,279
- net profit (loss) - share of the parent company shareholders		9,316	9,426
Equity - share of the shareholders of the parent company		60,206	59,732
Non-controlling shares			
Shareholder's equity		60,206	59,732
Liabilities			
Long-term liabilities			
Loans, credits, other debt instruments	7	2,339	3,840
Financial lease	6		
Financial derivatives			
Other liabilities			
Deferred tax liabilities	8	6,720	5,837
Employee benefits liabilities	14	74	36
Other long-term provisions	4		
Long-term prepayments	4		
Long-term liabilities		9,133	9,712
Short-term liabilities			
Trade liabilities and other liabilities	16	57,747	70,708
Current tax liabilities	20	1,232	184
Loans, credits, other debt instruments	7	3,373	1,856
Financial lease			
Financial derivatives			
Employee benefits liabilities	14	3,163	2,329
Other short-term provisions	15	96	211
Short-term prepayments			
Liabilities related to assets held for trading			
Short-term liabilities		65,611	75,288
Total provisions		74,744	85,000
Total equity and liabilities		134,950	144,731

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CONSOLIDATED INCOME STATEMENT

	Notes	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011
Continued activities			
Sale revenues	18	293,165	287,668
Revenues from the sale of products			
Revenue from the sale of services		171,230	173,645
Revenue from the sale of goods and materials		121,935	114,023
Sale costs		229,582	221,523
Costs of products sold			
Costs of services sold		110,641	109,857
Cost of goods and materials sold		118,941	111,666
Gross profit (loss) on sales		63,582	66,145
Sale costs		40,177	41,289
Administration costs		9,345	11,721
Other operating income	18	510	1,055
Other operating expense	18	2,029	1,554
Profit (loss) on the sale of subsidiaries (+/-)			
Operating profit (loss)		12,541	12,636
Financial income	19	490	238
Financial costs	19	909	956
Share in the profit (loss) of companies measured using the equity method (+/-)			
Profit (loss) before taxation		12,122	11,917
Income Tax	20	2,806	2,492
Net profit (loss) on continued activities		9,316	9,426
Discontinued operations			
Net profit (loss) on discontinued operations			
Net profit (loss)		9,316	9,426
Net profit (loss) - share of:		9,316	9,426
- shareholders of the Parent Company		9,316	9,426
- non-controlling parties			

NET PROFIT (LOSS) PER ORDINARY SHARE (PLN)

	Notes	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011
<i>on continued operations</i>			
	21		
- basic		1.49	1.49
- diluted		1.49	1.49
<i>on continued and discontinued operations</i>			
- basic		1.49	1.49
- diluted		1.49	1.49

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CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

	Notes	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011
Net profit (loss)		9,316	9,426
Other comprehensive income			
Revaluation of tangible assets			
Available-for-sale financial assets:			
- income (loss) recognised in the period as other comprehensive income			
- recognised as profit or loss			
Cash flow hedging instruments:			
- income (loss) recognised in the period as other comprehensive income			
- recognised as profit or loss			
- amounts recognised in the initial value of the hedged items			
Exchange differences on the measurement of foreign operations			
Exchange differences recognised as profit or loss – sale of foreign operations			
Share in other comprehensive income of companies measured using the equity method			
Income tax referred to the other comprehensive income			
Other comprehensive income after taxation			
Comprehensive income		9,316	9,426
Comprehensive income - share of:		9,316	9,426
- shareholders of the Parent Company		9,316	9,426
- non-controlling parties			

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Equity - share of the parent company shareholders						Non-controlling shares	TOTAL EQUITY
		Core capital	Treasury shares (-)	Share premium	Other Capitals	Retained profits	Total		
As at 01/01/2012		1,262		24,863	9,902	23,705	59,732		59,732
Changes in accounting policies									
Adjustment of fundamental errors									
Balance after changes		1,262		24,863	9,902	23,705	59,732		59,732
Changes in equity in the period from 01/01 to 31/12/2012									
Redemption of treasury shares		-126			-8,716		-8,842		-8,842
Issue of shares in relation with the option exercise (share-based payment programme)									
Option measurement (share-based payment programme)									
Changes in the group structure - transactions with non-controlling parties									
Dividends									
Financial result recognised as equity									
Total transactions with shareholders		-126			-8,716		-8,842		-8,842
Net profit for the period from 01/01 to 31/12/2012						9,316	9,316		9,316
Other comprehensive income after taxation in the period from 01/01 to 31/12/2012									
Total comprehensive income						9,316	9,316		9,316
Transfer to retained profits (sale of revalued fixed assets)									
As at 31/12/2012		1,136		24,863	1,186	33,021	60,206		60,206

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Notes	Equity - share of the parent company shareholders						Non-controlling shares	TOTAL EQUITY
		Core capital	Treasury shares (-)	Share premium	Other Capitals	Retained profits	Total		
As at 01/01/2011		1,262		24,863	9,902	19,327	55,354		55,354
Changes in accounting policies									
Adjustment of fundamental errors									
Balance after changes		1,262		24,863	9,902	19,327	55,354		55,354
Changes in equity in the period from 01/01 to 31/12/2011									
Issue of shares									
Issue of shares in relation with the option exercise (share-based payment programme)									
Option measurement (share-based payment programme)									
Changes in the group structure - transactions with non-controlling parties									
Dividends						-5,048	-5,048		-5,048
Financial result recognised as equity									
Total transactions with shareholders						-5,048	-5,048		-5,048
Net profit for the period from 01/01 to 31/12/2011						9,426	9,426		9,426
Other comprehensive income after taxation in the period from 01/01 to 31/12/2011									
Total comprehensive income						9,426	9,426		9,426
Transfer to retained profits (sale of revalued fixed assets)									
As at 31/12/2011		1,262		24,863	9,902	23,705	59,732		59,732

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CONSOLIDATED CASH FLOW STATEMENT

	Notes	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011
Cash flow from operating activity			
Profit (loss) before taxation		12,122	11,917
Adjustments:	22		
Depreciation of tangible fixed assets		1,754	2,088
Change in the fair value of investment properties			
Change in the fair value of financial assets (liabilities measured at fair value through profit or loss)			
Cash flow hedging instruments transferred from equity			
Impairment loss on financial assets			
Profit (loss) on the sale of non-financial fixed assets		219	350
Profit (loss) on the sale of financial assets (other than derivatives)			
Exchange difference gains/losses			7
Interest expense		676	705
Interest and dividend income		-309	-44
Cost of share-based payments (incentive programmes)			
Share in the profit (loss) of associate companies			
Other adjustments			-1
Total adjustments		2,340	3,105
Change in inventories		1,999	2,717
Change in receivables	22	5,230	8,758
Change in liabilities	22	-12,845	-7,048
Change in provisions and prepayments		657	184
Change in building contracts			
Changes in working capital		-4,959	4,611
Inflows (outflows) from the settlement of derivatives			
Interest paid on operating activities			
Taxes paid		-1,167	-1,397
Net cash flow from operating activity		8,336	18,236

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CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	Notes	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011
Cash flow from investment activity			
Expenses to purchase fixed assets		-1,716	-1,845
Inflows from the sale of fixed assets		197	304
Expenses to purchase investment properties			
Inflows from the sale of investment properties			
Net expenses to purchase related parties			-1,287
Net inflows from the sale of subsidiaries			
Received repayments of loans granted		534	2,415
Loans granted		-781	-2,236
Expenses to purchase other financial assets			
Inflows from the sale of other financial assets			
Inflows from government subsidies received			
Interest income		311	68
Dividend income			
Net cash flow from investing activity		-1,455	-2,581
Cash flow from financial activity			
Net inflows from the issue of shares			
Purchase of treasury shares		-8,842	
Transactions with non-controlling parties, with no loss of control			
Inflows from debt securities in issue			
Redemption of debt securities			
Inflows from loans and credits contracted		3,939	
Repayment of loans and advances		-3,937	-2,066
Repayment of financial lease liabilities			
Interest paid		-663	-705
Dividends paid			-5,048
Net cash flow from financial activity		-9,504	-7,819
Net change in cash and cash equivalents		-2,623	7,837
Cash and cash equivalents at period beginning		11,975	4,145
Exchange differences			-7
Cash and cash equivalents at period end		9,352	11,975

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SUPPLEMENTARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General

a) Basic information about the Parent Company

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

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

The shares of the parent company are listed at the Warsaw Stock Exchange.

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

b) Composition of the Management Board and the Supervisory Board of the Parent Company

The composition of the Management Board of the parent company as at the day of approval of the consolidated financial statements for publication, 15 March 2013, was the following:

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

In the period from 01 January 2012 to 15 March 2013, the composition of the Management Board of the Company did not change.

The Supervisory Board of the Parent Company as at 15 March 2013 was as follows:

- Paweł Turno – Chairman of the Supervisory Board,
- Piotr Karmelita – Member of the Supervisory Board,
- Mariola Więckowska -Member of the Supervisory Board,
- Adam Wojacki - Member of the Supervisory Board,
- Łukasz Kręski – Member of the Supervisory Board.

In the period from 1 January 2012 to 15 March 2013, the composition of the Supervisory Board did not change.

c) Business of the Group

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

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

d) Information about the Group

The consolidated financial statements of the Tell S.A. Group comprise the parent company and the following subsidiaries:

Name of subsidiary	Seat	Percentage share of the Group in the share capital:	
		31/12/2012	31/12/2011
Euro-Phone Sp. z o.o.	Piaseczno	100%	100%
PTI Sp. z o.o.	Poznań	100%	100%

In the period covered by the consolidated financial statements there were no changes in the organisation of the Group.

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e) Approval for publication

The consolidated financial statements made for the year ended on 31 December 2012 (including comparable data) have been approved for publication by the Parent Company's Management Board on 15 March 2013.

f) Declaration of the Management Board 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 Parent Company hereby states and declares that, to the best of its knowledge, these consolidated 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 Company as well as its financial result in a true, reliable and fair manner and that the report on the activities of the issuer present a true picture of the development, achievement and situation of the issuer, including a description of basic risks and threats.

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 opinion on the audit as per the applicable 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 04 June 2012 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.

Drawing up basis and accounting rules

a) Basis for the preparation of the consolidated financial statements

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards ('IFRS') as approved by the European Union valid as at 31 December 2012.

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

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

b) Change of Standards and Interpretations

Amendments to the standards and interpretations in force and applied by the Group from 2012

New or amended standards and interpretations that have been effective since 01 January 2012:

- Amendment to IFRS 7 *Financial Instruments: Disclosure* - effective for annual periods beginning on or after 01 July 2011. This amendment introduces additional disclosures concerning the transfer of financial assets, both those that result in derecognition as well as those that lead to the occurrence of a corresponding liability.
- Amendment to IAS 1 *First-time Adoption of International Financial Reporting Standards* - effective for annual periods beginning on or after 01 July 2011. So far, IFRS 1 made dependent the possibility of the use of certain exemptions and exclusions on the fact whether the transaction occurred before or after 1 January 2004. The amendment to IFRS 1 concerns the replacement of this date by the date of the adoption of the IFRS. Additionally, one introduced principles related to a situation when an entity operated in circumstances of severe hyperinflation, when the price indexes were not achievable and there was no stable foreign currency.
- Amendment to IAS 12 *Income Tax* - effective for annual periods beginning on or after 01 January 2012. The amended standard concerns the manner of calculation of deferred tax in cases when the tax law treats the recovery of the value of investment property by its use (lease rents) differently from the disposal and the entity does not plan to dispose the same. The amendment to IAS 12 results in the withdrawal of SIC 12, because its regulations have been included in this standard. This amendment will not have a material impact on the consolidated financial statements.

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The above-mentioned amendments to the standards and interpretations valid since 1 January 2012 do not have any influence on the consolidated financial statements.

The standards and interpretations in force in the version published by the IASB but not approved by the European Union are indicated below in the item concerning standards and interpretations that have not come into force and effect/

Application of a standard or interpretation before their effective date

No voluntary earlier application of any standard or interpretation was made in these consolidated financial statements.

Standards and interpretations published but not effective as at 31 December 2012 and their influence on the Group's statements

By the date of these consolidated financial statements, the following new or amended standards and interpretations effective for annual periods beginning after 2012 have been published:

- IFRS 9 *Financial Instruments: Classification and Measurement* - effective for annual periods beginning on or after 1 January 2015 (not endorsed by the European Commission). This standard is to eventually replace the present IAS 39. Part of the so far published standard IFRS 9 contains regulations concerning the classification and measurement of financial assets, classification and measurement of financial liabilities as well as derecognition of financial assets and liabilities. The Group is currently assessing the impact of this change on its consolidated financial statements.
- IFRS 10 *Consolidated Financial Statements* - effective for annual periods beginning on or after 01 January 2014 (endorsed by the European Commission). The new standard replaces most of IAS 27 *Consolidated and Separate Financial Statements*. IFRS 10 introduces a new definition of control, but the consolidation rules and procedures remain unchanged. In the Group's assessment these changes may have an impact on those entities whose consolidation in accordance with the present regulations was not clearly mandatory. The Group is currently assessing the impact of the new regulations.
- IFRS 11 *Joint Arrangements* - effective for annual periods beginning on or after 01 January 2014 (endorsed by the European Commission). IFRS 11 replaces IAS 31 *Interests in Joint Ventures*. In the new standard, the accounting approach to joint arrangement results from its economic content, i.e. rights and obligations of parties. Additionally, IFRS 11 eliminates the possibility to settle interest in joint ventures by means of a proportionate consolidation. These investments are settled using the equity method as currently applied for associated parties. In the Group's assessment the new standard may have an impact on the consolidated financial statements. The Group is currently assessing the impact of the new regulations.
- IFRS 12 *Disclosure of Interests in Other Entities* - effective for annual periods beginning on or after 01 January 2014 (endorsed by the European Commission). The new IFRS 12 defines requirements concerning the disclosures of information on consolidated and non-consolidated entities in which the reporting entity holds significant interests. It will allow investors to assess the risk to which a company creating special purpose entities and other similar structures is exposed. In the Group's assessment this standard will result in extending the scope of disclosures in the consolidated financial statements.
- Amendment to IAS 27 - *Separate Financial Statements* and amendment to IAS 28 *Investments in Associates and Joint Ventures* - effective for annual periods beginning on or after 01 January 2014 (endorsed by the European Commission). Amendments to IAS 27 and 28 are a consequence of the introduction of IFRS 10, IFRS 11 and IFRS 12. IAS 27 will concern exclusively the separate financial statements, while IAS 28 will cover investments in joint ventures.
- IFRS 13 *Fair Value Measurement* - effective for annual periods beginning on or after 01 January 2013 (endorsed by the European Commission). The new standard unifies the term of fair value in all IFRS and IAS and introduces guidelines and rules that were dispersed in various standards. This amendment will not have a material impact on the consolidated financial statements.
- Amendment to IAS 19 *Employee Benefits* - effective for annual periods beginning on or after 01 January 2013 (endorsed by the European Commission). This document introduces a few amendments, the most important ones concerning the defined benefit plans: elimination of the 'corridor' method and presentation of the effects of revaluation in other comprehensive income. This amendment does not have any impact on the consolidated financial statements.
- Amendment to IAS 1 *Presentation of Financial Statements* - effective for annual periods beginning on or after 01 July 2012 (endorsed by the European Commission). The requirement of the presentation of other comprehensive income was amended. In accordance with the amended IAS 1, other comprehensive income should be divided into two groups:
 - elements to be at a later stage reclassified to the financial result (e.g. effects of the measurement of hedging instruments) and
 - elements that will not be reclassified to the result (e.g. the measurement of fixed assets at fair value, which is later recognised in retained profits, omitting the result).

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The amended IAS 1 will impact the scope of disclosures in the consolidated financial statements. The amendment will not impact the recognition and measurement of other comprehensive income.

- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* - effective for annual periods beginning on or after 01 January 2013 (endorsed by the European Commission). The International Financial Reporting Interpretations Committee published an interpretation that concerned the accounting approach to costs of stripping activities in surface mines to gain access to deeper mineral ore deposits. In accordance with the interpretation, these costs should be activated with a breakdown into stripping activity inventories (in the part falling to the mined ore) and stripping activity assets (in the part falling to gaining access to deeper deposits). In the Group's assessment, this amendment will have no impact on the consolidated financial statements.
- Amendment to IFRS 7 *Financial Instruments: Disclosures* - effective for annual periods beginning on or after 01 January 2013 (endorsed by the European Commission). Amendments to this standard provide for a necessity to disclose information about financial assets and financial liabilities which in the statement of financial position are recognised in net amounts. One should disclose in supplementary notes the net and gross amounts of assets and liabilities subject to setoffs. This amendment will not have a material impact on the consolidated financial statements.
- Amendment to IAS 32 *Financial Instruments: Presentation* - effective for annual periods beginning on or after 01 January 2014 (endorsed by the European Commission). This amendment to IAS 32 introduces detailed explanation of the application of conditions concerning the presentation of financial assets and liabilities in net amounts. This amendment will not have a material impact on the consolidated financial statements.
- Amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards* - effective for annual periods beginning on or after 01 January 2013 (not endorsed by the European Commission). This amendment will not have a material impact on the consolidated financial statements. The amendment to the IFRS 1 allows first-time IFRS adopter to recognise loans received from the state at preferential terms and existing as at the transfer date in accordance with one method selected by the entity from two available:
 - in accordance with the value resulting from the accounting rules applied so far or
 - in accordance with the value resulting from the retrospect application of applicable standards that require a particular manner of recognition of a government subsidy (IAS 20 and IFRS 9 or IAS 39) - on condition that there did exist information allowing an appropriate measurement as at the loan recognition date.
- Amendments to IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34 resulting from the 'Annual Improvements 2009-2011 Cycle', which are effective for annual periods beginning on or after 1 January 2013 (not endorsed by the European Commission). Apart from amendments to the presentation rules resulting from IAS 1, the amended standards will not have a material impact on the consolidated financial statements. Amendments to the standards include:
 - IFRS 1 *First-time Adoption of International Financial Reporting Standards*: regulation of proceedings in case an entity applied the IFRS, then switched to other GAAP and consequently returned to the IFRS. In accordance with the amendment, the return to the IFRS may take place either on the basis of IFRS 1 or IAS 8.
 - IFRS 1 „*First-time Adoption of International Financial Reporting Standards*: pursuant to the amendment, when adopting the IFRS, the entity may recognize as at the IFRS adoption date the value of activated borrowing costs determined in accordance with the previous GAAP. After this date, IAS 23 should be applied.
 - IAS 1 *Presentation of Financial Statements*: the amendment consists in the resignation from the requirement to provide notes to the third balance sheet, which is presented in the statements in case of changes to the accounting principles or to the presentation.
 - IAS 1 *Presentation of Financial Statements*: more detailed definition of the presentation by an entity of additional periods or days (above the ones required in the standard) in the financial statements was provided, however the entity does not have to present them with regard to all statement elements (e.g. it may present only an additional balances sheet without an additional statement of comprehensive income), it must, however, provide in the supplementary notes a special note concerning the additional period or day.
 - IAS 16 *Tangible Fixed Assets*: an inconsistency leading to the fact that a part of the IAS 16 adopters was of the opinion that spare parts should be classified as inventories was eliminated. In accordance with the amended standard, they should be recognised as fixed assets or inventories as per the general criteria defined for assets in IAS 16.
 - IAS 32 *Financial Instruments: Presentation*: a more detailed definition stipulating that the tax effects of payments to the shareholders and costs of capital transactions should be recognized in accordance with IAS 12.
 - IAS 34 *Interim Financial Statements*: unification of requirements concerning the disclosure of information about the assets and liabilities of segments with those in IFRS 8.
- IFRS 10 (amendment) - *Consolidated Financial Statements*, IFRS 11 (amendment) *Joint Arrangements* and IFRS 12 (amendment) *Disclosure of Interests in Other Entities* - effective for annual periods

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beginning on or after 1 January 2013 (not endorsed by the European Commission). Amendments to the newly issued standards concerning consolidation introduce more clear transitional provisions and some exemptions with regard to the presentation of comparable data. The Group is currently assessing the impact of the new regulations.

- IAS 10 (amendment) *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 27 (amendment) *Separate Financial Statements* - effective for annual periods beginning on or after 01 January 2014 (not endorsed by the European Commission). The amendment consists in the introduction of an exemption from the consolidation obligation for investment entities. The investment entity is an entity that meets the following definition:
 - receives funds from one or more investors in order to provide to such investors the investment management services,
 - undertakes before the investors that its business objective is investing funds exclusively with a view to gaining returns from the growth in the investment value and/or from dividends,
 - assesses the effectiveness of its investments on the basis of their fair value.

The Group is currently assessing the impact of the new regulations.

The Group intends to implement the above regulation within the deadlines as set in the standard or interpretation.

c) Accounting policies

These consolidated financial statements were prepared in accordance with the historical cost method.

Presentation of the financial statements

The presented consolidated financial statements are compliant with IAS 1. The Group prepares a separate consolidated income statement which is placed directly before the consolidated statement of comprehensive income.

The consolidated income statement is presented in the functional classification, and the consolidated cash flow statement has been prepared using the indirect method.

In case of a retrospective introduction of amendments to the accounting policies or adjustment of errors, the Group additionally presents a balance sheet made as at the beginning of the comparative period.

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.

Consolidation

The consolidated financial statements comprise the financial statements of the parent company and the financial statements of companies controlled by the Group, i.e. subsidiaries, made as at 31 December 2012. The control is understood as the possibility to influence the financial and operating policies of the subsidiary in order to gain economic benefits from its business.

The financial statements of the parent company and the subsidiaries subject to consolidation are made as at the same balance sheet date, i.e. 31 December. If 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 Group.

Excluded from consolidation may be companies whose financial statements are immaterial from the perspective of the consolidated financial statements of the Group.

Subsidiaries are consolidated using the full consolidation method.

The full consolidation method consists in the compiling the financial statements of the parent company and of subsidiaries by adding up particular items of assets, liabilities, equity, revenue and costs. In order to present the Group in a manner as if it constituted a single economic entity, the following exclusions are made:

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- as at the moment of acquisition of control, the goodwill or profits are recognised in accordance with IFRS 3,
- non-controlling shares are defined and presented separately,
- balances of settlements and transactions between the Group companies (revenues, costs, dividends) are excluded in whole,
- excluded are profits and losses on transactions made within the Group, which are recognised in such balance sheet asset items as inventories and fixed assets. Losses on Group's internal transactions are analysed in terms of the impairment of assets from the Group's perspective,
- recognised is the deferred tax on temporary differences resulting from the exclusion of profits and losses on Group's internal transactions (in accordance with IAS 12).

Business combinations

Business combination transactions covered by IFRS 3 are settled using the acquisition method.

As at the day of taking control, the acquiree's assets and liabilities are substantially carried at fair value and in accordance with IFRS 3 the assets and liabilities are identified, irrespective of the fact whether or not they have been disclosed in the financial statements of the entity prior to the acquisition.

The payment made in exchange for the control comprises the acquired assets, liabilities incurred as well as equity instruments issued - carried at fair value as at the acquisition day. The payment element is also a conditional payment measured at fair value as at the acquisition day. Costs related to the acquisition (advisory, appraisal etc.) do not constitute a payment for the acquisition but are recognised as cost on the day they have been incurred.

The goodwill (profit) is calculated as a difference between two values:

- the total payment made in exchange for the control, non-controlling shares and the fair value of shares held in the acquiree before the acquisition date, and
- the fair value of identifiable acquired net assets of the entity.

The surplus of the total calculated in the above-mentioned manner over the fair value of the identifiable acquired net assets of the entity is recognised in the assets of the consolidated balance sheet as goodwill. The goodwill corresponds to the payment made by the acquirer in expectation of future economic benefits from the assets that cannot be identified individually or recognised separately. After the initial recognition, the goodwill is carried at cost less accumulated impairment loss.

In case the above-mentioned total is lower than the fair value of identifiable acquired net assets of the entity, the difference is immediately recognised as profit or loss. The Group recognises the profit on acquisition in other operating income.

By 1 January 2010, with regard to business combinations the Group applied the acquisition method in the manner as defined in the IFRS 3 version (2004).

Interests in associates

Associates are entities not controlled by the Parent Company but over which it does have a significant influence, participating in the determination of the financial and operating policies.

Investments in associates are initially recognised at cost, and thereafter measured using the equity method. Upon the moment of arising a significant inflow, the goodwill is determined as a difference between the investment's cost and the fair value of net assets attributable to the investor. The goodwill is recognised in the carrying amount of the investment in associates.

The carrying amount of the investment in associates is increased or decreased by:

- the share of the Parent Company in the profits or losses in the associate,
- share of the Parent Company in other comprehensive income of the associate resulting from, without limitation, the revaluation of tangible fixed assets and exchange differences on the conversion of foreign operations. These amounts are disclosed in correspondence with the appropriate item of the "consolidated comprehensive statement of comprehensive income",
- profits and losses on transactions between the Group and the associate, which are subject to exclusion up to the level of the share held,
- received payments from profits generated by the associate, which lower the investment's carrying amount.

The financial statements of the parent company and the associates subject to consolidation in accordance with the equity method are made as at the same balance sheet date, i.e. 31 December.

Transactions in Foreign Currencies

The consolidated financial statements are presented in Polish zloty (PLN), which is also the functional currency of the Parent Company.

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Borrowing Costs

The borrowing costs that can be directly allocated to the acquisition, construction or generation of an adjusted asset, are activated as part of the cost of such an asset. The borrowing costs comprise interest and exchange difference gains or losses up to the amount corresponding to the adjusted interest expense. The above principles are applied by the Group prospectively, starting from 1 January 2009.

Goodwill

The goodwill is initially recognized in accordance with IFRS 3 (cf. the above item concerning business combinations). The goodwill is not subject to amortisation, however it is annually tested for impairment as per IAS 36 (cf. the item concerning the impairment of non-financial fixed assets).

Intangible Fixed Assets

The intangible fixed assets comprise licences, software as well as other intangible assets that meet the recognition criteria defined in IAS 38. This item also contains intangible assets which have not been put to use yet (intangible fixed assets in production).

The intangible fixed assets as at the balance sheet day are recognised at cost less accumulated depreciation and accumulated impairment charge. The intangible fixed assets with a determined useful life are amortized in accordance with the straight-line method over their entire useful economic life. The useful lives of particular intangible assets are subject to annual verification and, if need be, are adjusted as of the beginning of the next financial year.

The estimated useful lives for particular groups of intangible assets are as follows:

Group	Period
Licences	5 years
Software	5 years
Other intangible assets	5 years

The costs related to the maintenance of software incurred in later periods are recognised as cost of the period in which they are incurred.

Gains or losses on the disposal of intangible fixed assets are determined as a difference between the revenue from the sale and the net value of such intangible assets and are recognised as profit or loss in the item other operating revenue or costs.

Tangible Fixed Assets

The tangible fixed assets are initially recognised at cost. The acquisition price is increased by all costs directly related to the purchase and adjustment of the asset to its use.

After initial recognition, the tangible fixed assets, with the exception of lands, are recognised at cost less accumulated depreciation and accumulated impairment charge. The tangible fixed assets in construction are not depreciated before the end of the construction or assembly and before being put to use.

The depreciation is made in accordance with the straight-line method over the estimated useful life of the given asset. Such lives for particular groups of assets are the following:

Group	Period
Plants and machinery	2-5 years
Vehicles	2 - 5 years
Other fixed assets	2-10 years

The depreciation starts in the month in which the given fixed asset is available for use. The useful economic lives and the depreciation methods are verified annually, leading to depreciation charge adjustments, if any, in subsequent years.

The tangible fixed assets are divided into component parts constituting items of material value, to which separate useful economic lives can be assigned. Component parts are also the costs of general overhauls as well as significant spare parts and accessories, if they will be used for a period of time longer than one year. The current maintenance costs incurred after the date an asset has been put to use, such as repair and maintenance costs, are charged as profit or loss upon their incurring.

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A given tangible fixed asset may be derecognised when disposed of or when no future economic benefits from further use of the given asset are expected. 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, in other cases - as operating income or costs.

Leased assets

Lease contracts on the basis of which the lessee substantially retains all the risks and rewards incidental to ownership are operating lease contracts. The lease payments under operating lease are recognised in profit or loss on the straight-line basis over the lease term.

Impairment of non-financial fixed assets

The following assets are subject to the annual test for impairment:

- goodwill, whereby the first test for impairment is made at the end of the period during which the combination took place,

The remaining intangible assets and tangible assets are tested for indications of impairment. In case any events or circumstances may indicate difficulties in recovering the carrying amount of the given asset, it is tested for impairment.

For the purposes of the impairment test, the assets are grouped at the lowest level at they generate cash flows independent of other cash flows by other assets or groups of assets (so-called cash-generating units). The assets that independently generate cash flows are tested independently.

The goodwill is allocated to those cash generating unit from which the benefits of synergy resulting of business combination are expected, whereby the cash-generating units are at least operating segments.

If the carrying amount exceeds the estimated recoverable amount of assets of cash generating units to which the assets belong, the carrying amount is lowered to the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use. In measuring the value in use, the estimated future cash flows are discounted to the present value using the discount rate reflecting the actual market assessment of the time value of money and risk related to the given asset.

The impairment loss is first allocated to goodwill. The remaining charge proportionally lowers the carrying amount of assets comprised in the cash generating unit.

The impairment loss is recognised as profit or loss in the "Other operating costs" item.

The goodwill impairment is not reversed in subsequent periods. In case of other assets, the evidence indicating the possibility of reversing the impairment charge is reviewed at subsequent balance sheet dates. The charge reversal is recognised as profit or loss in the "Other operating income" item.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial asset or a financial liability is disclosed in the balance sheet when the Group becomes a party to this instrument. Standard financial asset and liability buying and selling transactions are recognised at the transaction date.

A financial asset is derecognised in case when the contractual rights to economic benefits and resulting risks have been realized, expired of the Group waived them.

The Group derecognises a financial liability when it is extinguished – i.e. the obligation specified in the contract is discharged or cancelled or expired.

The Group measures the financial assets and liabilities at fair value as at the acquisition date, i.e. most often in accordance with the fair value of the consideration paid in case of an asset or received in case of a liability. The transaction costs are included by the Group in the initial measurement of all financial assets and liabilities, except for the category of assets and liabilities carried at fair value through profit or loss.

As at the balance sheet date, the financial assets and liabilities are measured in accordance with the principles presented below.

Financial assets

For the purpose of the measurement after the initial recognition, the financial assets other than the hedging derivatives are classified by the Group as follows:

- loans and receivables,
- financial instruments at fair value through profit or loss,
- held-to-maturity investments.

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These categories determine the measurement principles as at the balance sheet date and the recognition of measurement gains or losses in the financial income or in other comprehensive income. The profits or losses recognized in the financial result are presented as financial income or expense, except for the trade receivables impairment charges that are presented as other operating expenses.

All financial assets except those carried at fair value through profit or loss are tested for indications of impairment at each balance sheet date. A financial asset is subject to a write-down when there is any objective evidence of its impairment. The impairment indications are analysed separately for each category of financial assets as presented below.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method. The short-term receivables are measured at required payment amount due to the insignificant discount effects.

Financial assets qualified to the loans and receivables category are disclosed in the balance sheet as:

- long-term assets in the item "Receivables and loans" and
- short-term assets in the items "Loans", "Trade receivables and other receivables" and "Cash and cash equivalents".

The provisions for bad receivables are set up when the recovery of a full amount is no longer probable. Significant receivables balances are subject to individual review in case of defaulting debtors or when there is objective evidence that the debtor may not be able to discharge his obligations (e.g. difficult financial position of the debtor, court case pending against the debtor, changes in the economic environment that are unfavourable to the debtor). In case of receivables not subject to individual review, the indications of impairment are analysed in groups of assets determined on the basis of credit risk (resulting from, for example: the sector, region or structure of clients). The impairment rate for particular groups is based on trends in repayment difficulties experienced by debtors and observed in recent past.

Financial Liabilities

Financial liabilities other than hedging derivatives are disclosed in the following balance sheet items:

- loans, credits, other loan instruments,
- trade liabilities and other liabilities.

After the initial recognition the financial liabilities are measured at amortised cost using the effective interest method, with the exception of financial liabilities for trading or designated at fair value through profit or loss. The category of financial liabilities carried at fair value through profit or loss includes derivatives other than hedging instruments. Short-term trade liabilities are measured at required payment amount due to the insignificant discount effects.

The gains and losses on financial liability measurement are recognised as profit or loss from financial activities.

Inventories

The inventories are measured at the lower of the cost or net realisable price. The cost comprise the acquisition costs and other costs incurred in order to ensure that the inventories are at their present location and in their present state.

The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents are cash on hand and cash in bank, demand deposits as well as short-term, highly liquid investments (up to 3 months) readily convertible to cash, which are subject to an insignificant risk of changes in value.

Shareholder's equity

The share capital is recognised in the nominal value of shares issued, in accordance with the Articles of Association of the Parent Company and the entry in the National Court Register.

The treasury shares of the Parent Company - purchased and retained by the Parent Company - decrease the shareholders' equity. The treasury shares are measured at cost.

The share premium arises from the surplus of the issue price over the nominal value of shares less the costs of issue.

Retained profits contain the results from previous years (also those transferred to the capital on the basis of shareholders' resolutions) as well as the financial result of the current year.

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All transactions with the shareholders of the Parent Company are presented separately in the "Consolidated Statement of Changes in Equity".

Short-term employee benefits

The value of short-term employee benefits is determined without discount and disclosed in the balance sheet in their due amount.

Provisions for accrued holidays

The Group sets up a provision for the costs of accumulated payable holidays which it will have to pay in result of the employee's failure to use their entitlement accrued as at the balance sheet day. The provision for accrued holidays is a short-term provision and is not subject to discounting.

Retirement benefits

In accordance with the pay systems in force in the Group, the employees of the Group companies are entitled to retirement benefits. Retirement benefits are paid on a one-off basis upon the employee's retirement. The retirement benefit amount depends on the length of service and the average remuneration of the employee.

The Group creates a provision for future retirement benefit liabilities in order to allocate the costs to the employees' entitlement acquisition periods.

Provisions, contingent liabilities and assets

The Group recognises a provision on its balance sheet when it has 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. The date of incurring and the amount to be settled may be uncertain.

Provisions are created for the following purposes, without limitation:

- court proceedings in course and matters in dispute.

No provisions are set up for future operating losses.

Provisions are recognised in the amounts of estimated expenditures necessary to fulfil the present obligation on the basis of the most reliable evidence available as at the date of the consolidated financial statements, including those concerning the risk and degree of uncertainty. When the time value of money is material, the provision is measured by discounting the estimated future cash flows to the present value by applying the discount rate reflecting the actual assessment of the time value of money and the possible risk related to the given liability. When a discounting method has been applied, the provision increase with the passage of time is recognised as financial expense.

When the Group expects that the provision-covered costs will be returned, e.g. on the basis of insurance contract, the return is recognised as a separate asset, but only when it is practically sure that the return will effectively take place. However, the value of this asset may not exceed the amount of provision.

In case the outflow of resources to settle the present obligation is not probable, the contingent liability is not recognised, with the exception of contingent liabilities identifiable in the process of business combinations as per IFRS 3.

Information about contingent liabilities is disclosed in the descriptive part of the consolidated financial statements in Note No. 24. The Group also presents information about contingent liabilities from payments under operating lease contracts (Note No. 6).

The possible inflows of resources embodying economic benefits for the Group, which do not meet yet the recognition criteria as assets, constitute contingent assets, which are not recognised in the balance sheet. The information about contingent assets is disclosed in the supplementary notes.

Prepayments and accruals

The Group discloses prepaid costs concerning future reporting periods, mainly lease rents, in the "Prepayments" item.

Sale revenues

The revenue from sale are recognized in the fair value of the consideration received or receivable for goods and services delivered or rendered in the course of ordinary economic activities less discounts, value added tax and other sale-related taxes (excise tax). The revenue is recognised in an amount it is probable that the Group will obtain economic benefits associated with a given transaction and the given amount of revenue can be measured reliably.

Sale of goods

The revenues from the sale of goods are recognised if the following conditions have been met:

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- the Group has transferred onto the buyer the significant risks and rewards of ownership of the goods. The condition is considered met upon the undisputed delivery of goods or products to the consignee.
- the amount of revenue can be measured reliably.
- it is probable that the Group will obtain economic benefits associated with the given transaction, and
- the costs incurred and to be incurred in connection with transaction can be measured reliably.

Rendering of Services

The Tell S.A. Group companies conduct a uniform business activity related to mobile communications. However, due to formal requirements of particular mobile phone operators, the Group conducts its business through separate subsidiaries.

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

ORANGE network operator - PTK Centertel Sp. z o.o.

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

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

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

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

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

T-Mobile network operator - Polska Telefonia Cyfrowa Sp. z o.o.

Until the end of June 2011, the revenue and costs related to the sale of mobile phones were registered in promotional prices. Since 1 July 2011, in relation with the amended contract with the operator, the Company has maintained a system identical to the system of settlements between Tell S.A. and PTK Centertel Sp. z o.o.

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.

If all Group companies settled the value of subsidised phones in the same way as Tell S.A, the Group's revenue would amount to in 2012 and 2011, respectively, kPLN 215.996 and kPLN 226.673. The costs of sale in 2012 and 2011 would be, respectively, kPLN 152.414 and kPLN 163.528.

There is no possibility at present to simulate the values of the Group's revenues and costs with the application of the settlement model in force between PTI Sp. z o.o. and Polkomtel SA because until June 2011 Euro-Phone registered the revenues and costs of mobile phone sales only in promotional prizes (no data about their market values). The change of the settlement system between Euro-Phone and PTC that took place in July 2011 will

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allow, with time, to prepare a presentation of simulated revenues of the Group both in accordance with the model applied by Tell SA and Euro-Phone Sp. z o.o. as well as the model applied by PTI Sp. z o.o.

Interest and dividends

Interest income is recognized gradually upon accrual using the effective interest method. The dividends are recognised when the shareholder's right to receive payment is established.

Operating costs

The operating costs are recognised in the income statement in accordance with the principle of matching of costs with revenues. The Group presents the costs in the consolidated financial statements as per the places they were generated.

Income tax (including the deferred tax)

The taxation on the financial result comprises the current income tax as well as the deferred income tax that has not been recognised in other comprehensive income or directly in equity.

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 gross book profit (loss) in relation with the temporary shift of taxable income and tax deductible costs of subsequent periods as well as exclusion of 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. No assets or liabilities are recognised when the temporary difference results from the initial recognition of the asset or liability in a transaction that is not a business combination and that, when occurred, does not have any influence on the tax result or the book result. No deferred tax liability is recognised on the goodwill, which is not amortisable in accordance with the tax regulations. 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 based on the tax rates (and tax laws) that have been enacted at the balance sheet date.

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.

Subjective Assessments of the Management Board and Uncertainty of Estimates

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

Useful economic lives of fixed assets

The Management Board of the Parent Company annually verifies the useful economic lives of fixed assets subject to depreciation/amortisation. As at 31/12/2012, the Management Board confirmed that the useful lives of assets as assumed by the Group for depreciation/amortisation purposes reflect the expected time distribution of economic benefits from these assets in the future. However, the actual time distribution of economic benefits from these assets may be different from the assumptions, also because of their technical ageing. The carrying amount of fixed assets subject to depreciation/amortisation is presented in Notes No. 4 and 5.

Provisions

Provisions for employee benefits comprise retirement benefits.

Deferred tax assets

The probability of settling a deferred tax asset by future tax profits is based on the budgets of Group companies as approved by the Management Board of the Parent Company. If the anticipated financial results suggest that the Group companies will generate taxable income, the deferred tax assets are recognised in full.

Impairment of Non-financial Assets

In order to determine the value in use, the Management Board estimates the forecast cash flows as well as the rate by which the flows are discounted to their present value (cf. item concerning the impairment of non-financial assets). During the measurement of the present value of future flows, assumptions concerning the forecast financial results are made. These assumptions concern future events and circumstances. The actually realised

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values may differ from the estimates, which may lead, in subsequent reporting periods, to significant adjustments of the value of Group's assets.

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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 intermediation in the sale of mobile communications services. However, due to formal requirements of particular mobile phone operators, the Group conducts its business through separate subsidiaries.

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.

The Group's largest contractor is still PTK Centertel Sp. z o.o. with registered office in Warsaw. Assuming the revenue from the sale of telecommunications services as the basis, this operator's share in Group's revenue amounted to 53% in 2012. In 2011, the share was at the level of 58%. The share of two remaining operators, i.e. Polkomtel Sp. z o.o. and Polska Telefonia Cyfrowa S.A. in the revenue from the sale of telecommunications services is also significant and exceeds 10% for each of them.

The tables below present the sale as broken down into ranges offered by Group companies and sale volumes in the main revenue lines.

Revenue from the sale of products and goods (in kPLN)	2012	2011	Change 2012/2011
Revenue from the sale of telecommunication services	113,469	128,621	88.22%
Sets and pre-paid refills	22,812	28,028	81.39%
Postpaid contract phones	146,261	119,359	122.54%
Other revenue	10,623	11,659	91.11%
Total	293,165	287,668	101.91%

Service sale volume	2012	2011	Change 2012/2011
Postpaid activations	565,464	653,187	86.57%
Prepaid activations	146,300	161,020	90.86%
Total	711,764	814,207	87.42%

2. Interests in related parties

Interests in related parties

The table below presents a list of investments in subsidiaries, which were excluded from the consolidation. The measurement of this investment by the Group is made in accordance with the acquisition price model as per IAS 27.

	Seat of subsidiary	Share capital held	31/12/2012		31/12/2011	
			Acquisition price	Accumulated impairment	Acquisition price	Accumulated impairment
Toys4BoysPL Sp. z o.o.	Gdańsk	30%	1,287		1,287	
Total			1,287		1,287	
Carrying amount of the investment			1,287		1,287	

The value of investments in subsidiaries is subject to a test for impairment made annually or more often, if there are indications of such impairment. In case of indications of impairment, the Group determines the investment's recoverable amount. This amount is the value in use estimated on the basis of discounted future cash flows. In 2012, the Group did not make any impairment charges with regard to the above-mentioned investments.

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In the opinion of the Management Board of the Parent Company, the financial data of subsidiary companies not covered by consolidation are immaterial from the perspective of the consolidated financial statements. The total value of assets of subsidiaries excluded from consolidation amounts to 2.4% of the Group's assets in 2012, and the total value of revenue from the sale of these companies in 2012 amounts to 3.2% of the Group's revenue. The basic 2012 financial data of subsidiaries not subject to consolidation are as follows:

	Assets	Liabilities	Shareholder's equity	Net financial profit	Sale revenues
Toys4BoysPL Sp. z o.o.	3,223	1,224	1,984	17	9,368
Total	3,223	1,224	1,984	17	9,368

3. Goodwill

Changes in the carrying amount of goodwill in periods covered by the consolidated financial statements are presented in the table below:

	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011
Gross value		
As at period beginning	57,581	57,481
Business combination		
Sale of subsidiaries (-)		
Net exchange differences on conversion		
Other adjustments		100
Gross value at period end	57,581	57,581
Impairment loss		
As at period beginning		
Loss expensed as cost in the period		
Net exchange differences on conversion		
Other changes		
Impairment loss at period end		
Goodwill - carrying amount at period end	57,581	57,581

The goodwill presented in the assets of the consolidated balance sheet concerns the acquisition of the following subsidiaries:

	31/12/2012	31/12/2011
Taurus	1,202	1,202
Havo	20,096	20,096
Euro-Phone Sp. z o.o.	8,732	8,732
Solex	10,611	10,611
PTI Sp. z o.o. (Impol Sp. z o.o.)	10,061	10,061
Maksimum	6,879	6,879
Total goodwill	57,581	57,581

The Group conducted internal 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.

In accordance with paragraph 99 of IAS 36 the most recent detailed calculation of recoverable amount of a cash generating unit to which goodwill has been allocated made in the preceding period may be used in the impairment test of that unit in the current period provided all of the following criteria are met:

- the assets and liabilities making up the unit have not changed significantly since the most recent recoverable amount calculation,
- the most recent recoverable amount calculation resulted in an amount that exceeded the carrying amount of the unit by a substantial margin; and
- based on an analysis of events that have occurred and circumstances that have changed since the most recent recoverable amount calculation, the likelihood that a current recoverable amount determination would be less than the current carrying amount of the unit is remote.

In relation with the fact that these conditions were met in 2012 for the goodwill disclosed in the consolidated financial statements, the impairment test were made using the recoverable amount determined in 2011. The disclosures concerning the recoverable amount determination presented in the ensuing part of the financial statements concern the data obtained in 2010.

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Period covered by the financial statements:	01/01/2012 – 31/12/2012	Reporting currency:	Polish zloty (PLN)
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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 the table above.

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:

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.

4. Intangible Fixed Assets

The intangible fixed assets used by the Group comprise licences, computer software as well as other intangible assets.

	Licences Software	Other intangible assets	Total
As at 31/12/2012			
Gross carrying amount	3,420	5,763	9,183
Accumulated depreciation/amortisation and impairment charges	-3,033	-5,192	-8,225
Net carrying amount	387	571	957
As at 31/12/2011			
Gross carrying amount	3,089	5,328	8,582
Accumulated depreciation/amortisation and impairment charges	-2,898	-5,099	-7,997
Net carrying amount	191	294	485

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2012 – 31/12/2012	Reporting currency:	Polish zloty (PLN)
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	Licences Software	Other intangible assets	Total
for the period from 01/01 to 31/12/2012			
Net carrying amount as at 01/01/2012	191	294	485
Increase (acquisition, production, lease)	332	390	722
Decrease (disposal, liquidation) (-)		-12	-12
Other changes (reclassification, transfers, etc.)			
Revaluation to fair value (+/-)			
Depreciation and amortisation (-)	-137	-101	-238
Impairment loss (-)			
Reversal of impairment charges			
Net carrying amount as at 31/12/2012	387	571	957
for the period from 01/01 to 31/12/2011			
Net carrying amount as at 01/01/2011	239	393	632
Increase (acquisition, production, lease)	109	65	137
Decrease (disposal, liquidation) (-)			
Other changes (reclassification, transfers, etc.)			
Revaluation to fair value (+/-)			
Depreciation and amortisation (-)	-158	-164	-321
Impairment loss (-)			
Reversal of impairment charges			
Net carrying amount as at 31/12/2011	191	294	485

5. Tangible Fixed Assets

	Plants and machinery	Vehicles	Other fixed assets	Tangible fixed assets in production	Total
As at 31/12/2012					
Gross carrying amount	3,539	2,299	7,881	26	13,746
Accumulated depreciation/amortisation and impairment charges	-2,853	-911	-5,849		-9,613
Net carrying amount	686	1,388	2,032	26	4,133
As at 31/12/2011					
Gross carrying amount	3,402	2,402	8,336	26	14,140
Accumulated depreciation/amortisation and impairment charges	-2,793	-860	-5,454		-9,107
Net carrying amount	610	1,542	2,882	26	5,059

	Plants and machinery	Vehicles	Other fixed assets	Tangible fixed assets in production	Total
for the period from 01/01 to 31/12/2012					
Net carrying amount as at 01/01/2012	610	1,542	2,882	26	5,059
Increase (acquisition, production, lease)	355	405	233	25	1,017
Decrease (disposal, liquidation) (-)	-29	-100	-274	-24	-427
Other changes (reclassification, transfers, etc.)					
Revaluation to fair value (+/-)					
Depreciation and amortisation (-)	-270	-458	-788		-1,516
Impairment loss (-)					
Reversal of impairment charges					
Net carrying amount as at 31/12/2012	686	1,388	2,032	26	4,133

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2012 – 31/12/2012	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

	Plants and machinery	Vehicles	Other fixed assets	Tangible fixed assets in production	Total
for the period from 01/01 to 31/12/2011					
Net carrying amount as at 01/01/2011	1,011	1,350	3,541		5,902
Increase (acquisition, production, lease)	78	751	735	26	1,591
Decrease (disposal, liquidation) (-)	-36	-149	-446		-631
Other changes (reclassification, transfers, etc.)					
Revaluation to fair value (+/-)					
Depreciation and amortisation (-)	-442	-411	-948		-1,802
Impairment loss (-)					
Reversal of impairment charges					
Net carrying amount as at 31/12/2011	610	1,542	2,882	26	5,059

6. Leased assets

6.1. Operating Lease

The Group uses tangible fixed assets as a lessee on the basis of operating lease agreements. The operating lease agreements concern commercial premises in which the Group companies conduct their business. The value of minimum future operating lease payments is the following:

	31/12/2012	31/12/2011
<i>Future minimum lease payments under irrevocable operating lease agreements</i>		
Payable within 1 year	11,126	12,067
Payable within the period from 1 year to 5 years	26,534	27,180
Payable after 5 years		
Total	37,660	39,247

7. Financial Assets and Liabilities

7.1. Categories of financial assets and liabilities.

The value of financial assets presented in the consolidated balance sheet relates to the following categories of financial instruments determined in IAS 39:

1 – loans and receivables (L&R)	5 - available-for-sale financial assets (AFS)
2 - financial assets carried at fair value through profit or loss - held for trading (FVA-T)	6 - hedging derivatives (HD)
3 - financial assets carried at fair value through profit or loss - allocated to measurement at fair value at initial recognition (FVA-M)	7 - assets outside the scope of IAS 39 (Non IAS 39)
4 - held-to maturity investments (HMI)	

	Note	*Categories of financial instruments as per IAS 39						Total
		L&R	FV-T	FV-M	HMI	AFS	HD	
As at 31/12/2012								
<i>Fixed assets:</i>								
Receivables and loans	7.2	1,001						1,001
Other long-term financial assets							1,287	1,287
<i>Current assets:</i>								
Trade receivables and other receivables	10	47,753						47,753
Loans	7.2	268						268
Cash and cash equivalents	11	9,352						9,352
Total financial assets		58,374					1,287	59,661
As at 31/12/2011								
<i>Fixed assets:</i>								
Receivables and loans	7.2	1,184						1,184

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2012 – 31/12/2012	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

	Note	*Categories of financial instruments as per IAS 39						Total	
		L&R	FV-T	FV-M	HMI	AFS	HD		Non IAS 39
Other long-term financial assets								1,287	1,287
<i>Current assets:</i>									
Trade receivables and other receivables	10	52,782							52,782
Loans	7.2	22							22
Cash and cash equivalents	11	11,975							11,975
Total financial assets		65,963						1,287	67,250

The value of financial liabilities presented in the consolidated balance sheet relates to the following categories of financial instruments determined in IAS 39:

1 - financial liabilities carried at fair value through profit or loss - held for trading (FVL-T)	4 - hedging derivatives (HD)
2 - financial liabilities carried at fair value through profit or loss - allocated to measurement at fair value at initial recognition (FVL-M)	5 - liabilities outside the scope of IAS 39 (Non IAS 39)
3 - financial liabilities measured at amortised cost (ACL)	

	Note	*Categories of financial instruments as per IAS 39					Total
		FVL-T	FVL-M	ACL	HD	Non IAS 39	
As at 31/12/2012							
<i>Long-term liabilities:</i>							
Loans, credits, other debt instruments	7.3			2,339			2,339
Other liabilities							
<i>Short-term liabilities:</i>							
Trade liabilities and other liabilities	16			54,299			54,299
Loans, credits, other debt instruments	7.3			3,373			3,373
Financial lease							
Financial derivatives							
Total financial liabilities				60,011			60,011
As at 31/12/2011							
<i>Long-term liabilities:</i>							
Loans, credits, other debt instruments	7.3			3,840			3,840
Other liabilities							
<i>Short-term liabilities:</i>							
Trade liabilities and other liabilities	16			68,290			68,290
Loans, credits, other debt instruments	7.3			1,856			1,856
Financial derivatives							
Total financial liabilities				73,986			73,986

7.2. Receivables and loans

For the purposes of presentation, in its consolidated balance sheet the Group separated the class of receivables and loans (IFRS 7.6). In the long-term part, the receivables and loans are presented in the balance sheet in a single heading. In the short-term part, the Group - in compliance with the requirements of IAS 1 - presents the trade receivables and other receivables separately. The balance sheet items concerning the class of receivables and loans are presented in the table below. Disclosures concerning the receivables are made in Note No. 10.

	31/12/2012	31/12/2011
<i>Fixed assets:</i>		
Receivables	1,001	1,184
Loans		
Long-term receivables and loans	1,001	1,184
<i>Current assets:</i>		

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2012 – 31/12/2012	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Trade receivables and other receivables	48,015	52,882
Loans	268	22
Short-term receivables and loans	48,283	52,904
Receivables and loans, including:	49,284	52,904
Receivables (Note No. 10)	49,016	52,882
Loans (Note No. 7.2)	268	22

Loans granted are measured at amortised cost using the effective interest method. The carrying amount of loans is considered to be the reasonable estimation of the fair value (cf. Note No. 7.5. concerning the fair value).

The change in the carrying amount of loans, including impairment charges, is as follows:

	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011
Gross value		
As at period beginning	22	224
Amount of loans granted in the period	781	22
Interest calculated using the effective interest rate method	7	
Repayment of loans with interest (-)	-541	-224
Gross value at period end	268	22
Impairment loss		
As at period beginning		
Loss expensed as cost in the period		
Reversal of impairments carried as revenue in the period (-)		
Provisions used (-)		
Other changes (net exchange differences on conversion)		
Impairment loss at period end		
Carrying amount at period end	268	22

The loans are measured by the Group at due amounts in view of the insignificant discount effects.

Profits and losses recognised in the financing activities concerning the financial assets category are presented in Note No. 19.

7.3. Loans, credits, other debt instruments

The value of loans, credits and other debt instruments recognised in the consolidated financial statements is presented in the table below:

	Short-term liabilities		Long-term liabilities	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Financial Liabilities carried at amortised cost				
Loan facilities	3,373	1,856	2,339	3,840
Overdraft facilities				
Loans				
Debt securities				
Financial Liabilities carried at amortised cost	3,373	1,856	2,339	3,840
Loans, credits, other debt instruments, total	3,373	1,856	2,339	3,840

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2012 – 31/12/2012	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Financial liabilities measured at amortised cost

The Group does not include any instruments from the loan and credit class to financial liabilities carried at fair value through profit or loss. All loans, credits and other debt instruments are measured at amortised cost using the effective interest method. The fair value of loans, credits and other debt instruments is presented in Note No. 7.5.

Information concerning the character and scope of risk the Group is exposed to in relation with the loans, credits and other debt instruments contracted is presented in the table below (cf. also Note No. 25 concerning risks):

	Currency	Interest rate	Maturity date	Carrying amount	
				in foreign currency	in P
As at 31/12/2012					
Credit facilities in the credit account with Bank DnB Nord Polska	PLN	variable	31/05/2015		
Overdraft facilities with Bank DnB Nord Polska	PLN	variable	31/05/2013		
Credit facilities in the credit account with Alior Bank S.A.	PLN	variable	30/05/2014		
As at 31/12/2011					
Credit facilities in the credit account with Bank DnB Nord Polska	PLN	variable	30/09/2013		
Overdraft facilities with Alior Bank S.A.	PLN	variable	04/04/2012		
Credit facilities in the credit account with Alior Bank S.A.	PLN	variable	30/05/2014		

Most loans have variable interest rates based on the reference rate of 1M WIBOR., which as at 31/12/2012 amounted to 4.22 % (31/12/2011: 4.77 %).

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2012 – 31/12/2012	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

7.4. Liability payment guarantee

The loan liabilities of the Group are covered by the following collaterals (as at the balance sheet day):

- pledge on shares of PTI Sp. z o.o. and Euro-Phone up to the amount of kPLN 46,840 (2011: kPLN 46,840),
- registered pledge on inventories and inventory repossession contracts up to the amount of kPLN 33,625 (2011: kPLN 33,625),
- registered pledge on movable property up to the amount of kPLN 10.000 (2011: kPLN 6,000),
- assignment of rights under insurance policies,.
- statement on enforcement,
- power of attorney to dispose of the current and future inflows to the bank account.

As at 31/12/2012, the following assets of the Group (in their carrying amounts) constituted collaterals and guarantees for the repayment of liabilities:

	31/12/2012	31/12/2011
Intangible Fixed Assets		
Tangible fixed assets, including leased assets		
Financial assets (other than receivables)	1,286	1,286
Inventories	12,941	16,555
Movable property	18,413	18,413
Trade receivables and other		
Cash		
Total carrying amount of assets constituting a liability collateral	32,640	39,195

7.5. Other information on financial instruments

9.5.1. Information on the fair value of financial instruments

The comparison of the carrying amount of financial assets and liabilities with their fair value is as follows:

Class of financial instrument	Note No.	31/12/2012		31/12/2011	
		Fair value	Carrying amount	Fair value	Carrying amount
<i>Assets:</i>					
Loans	7.2	268	268	22	22
Trade receivables and other	10	48,754	48,754	53,966	53,966
Non-listed shares*					
Cash and cash equivalents	11	9,352	9,352	11,975	11,975
<i>Liabilities:</i>					
Loan facilities	7.3	5,459	5,459	5,693	5,693
Overdraft facilities	7.3	522	522	3	3
Loans					
Debt securities					
Trade liabilities and other liabilities	16	54,299	54,299	68,290	68,290

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

The Group resigned from the determination of fair value of certain shares of non-listed companies in relation with the fact that it is difficult to measure such fair value in a reliable way.

The fair value is defined as an amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. In case of financial instruments, for which there is an active market, their fair value is determined on the basis of parameters from such an active market (selling and buying prices). In case of financial instruments for which there is no active market, the fair value is determined on the basis of valuation techniques, whereby the model's input data use, in the maximum extent possible, variables from active markets (exchange rates, interest rates, etc.).

The Group did not measure the fair value of trade receivables and liabilities - their carrying amount has been deemed by the Group to be the reasonable approximation of the fair value.

8. Deferred tax assets and liabilities

The deferred tax assets and liabilities have the following influence on the consolidated financial statements:

Note No.	31/12/2012	31/12/2011
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Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2012 – 31/12/2012	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

<i>As at period beginning:</i>			
Deferred income tax assets		888	874
Deferred income tax liabilities		5,837	4,251
Deferred tax at period beginning		-4,949	-3,377
<i>Change in the period influencing:</i>			
Income statement (+/-)	20	-938	-1,573
Other comprehensive income (+/-)			
Deferred tax at period end, including:		-5,889	-4,949
Deferred income tax assets		1,094	888
Deferred income tax liabilities		6,981	5,837

Deferred income tax assets

Temporary differences	As at period beginning	Change:		At period end
		income statement	other comprehensive income	
As at 31/12/2012				
<i>Assets:</i>				
Intangible Fixed Assets				
Tangible Fixed Assets	45	-16		29
Investment properties				
Financial derivatives				
Inventories	102	4		106
Trade receivables	365	-131		234
Investment properties				
Financial derivatives				
<i>Liabilities:</i>				
Employee benefits liabilities	131	147		278
Provisions for employee benefits	152	45		197
Other provisions and other liabilities	93	156		249
Financial derivatives				
Trade liabilities				
Loans, credits, other debt instruments				
Other liabilities				
<i>Other:</i>				
Unsettled tax losses				
Total	888	205		1,094
As at 31/12/2011				
<i>Assets:</i>				
Intangible Fixed Assets				
Tangible Fixed Assets	48	-3		45
Investment properties				
Financial derivatives				
Inventories	103	-1		102
Trade receivables	349	16		365
Investment properties				
Financial derivatives				
<i>Liabilities:</i>				
Employee benefits liabilities	145	-14		131
Provisions for employee benefits	131	21		152
Other provisions and liabilities	98	-6		93
Trade liabilities				
Loans, credits, other debt instruments				
Other liabilities				
<i>Other:</i>				
Unsettled tax losses				
Total	874	13		888

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2012 – 31/12/2012	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Deferred income tax liabilities

Temporary differences	As at period beginning	Change:		At period end
		income statement	other comprehensive income	
As at 31/12/2012				
<i>Assets:</i>				
Intangible Fixed Assets	5,609	819		6,428
Tangible Fixed Assets	75	-34		41
Investment properties				
Financial derivatives				
Trade receivables				
Construction contracts				
Other assets				
<i>Liabilities:</i>				
Financial derivatives				
Trade liabilities				
Loans, credits, other debt instruments				
Other liabilities	153	359		512
Total	5,837	1,144		6,981
As at 31/12/2011				
<i>Assets:</i>				
Intangible Fixed Assets	4,122	1,487		5,609
Tangible Fixed Assets	117	-41		75
Investment properties				
Financial derivatives				
Trade receivables				
Construction contracts				
Other assets				
<i>Liabilities:</i>				
Financial derivatives				
Trade liabilities				
Loans, credits, other debt instruments				
Other liabilities	12	141		153
Total	4,251	1,587		5,837

9. Inventories

The consolidated financial statements of the Group comprise the following inventories:

	31/12/2012	31/12/2011
Materials		
Semi-products and work in progress		
Finished goods		
Goods	10,744	12,744
Total carrying amount of the inventories	10,744	12,744

In 2012, the Group recognised in the operating activities of the consolidated income statement the costs of inventories sold in the total amount of kPLN 118,981 (2011: kPLN 111.666)

The inventories Impairment charges made in 2012 in other operating costs of the income statement amounted to kPLN 33 (2011: kPLN 10)

As at 31/12/2012, the inventories in the carrying amount of kPLN 12,941 (2011: kPLN 16,555) constituted collaterals for the Group's liabilities. Information about the collaterals for liabilities is presented in Note No. 7.4.

10. Trade Receivables and Other Receivables

The trade receivables and other receivables recognised by the Group as part of the class of receivables and loans(cf. Note No. 7.2) are as follows:

Long-term receivables:

	31/12/2012	31/12/2011
Retained amounts (deposits) under building services contracts		
Deposits received under other titles	1,001	1,184
Other receivables		
Impairment of receivables (-)		

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2012 – 31/12/2012	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Long-term receivables		1,001	1,184
Short-term receivables:			
		31/12/2012	31/12/2011
<i>Financial assets (IAS 39):</i>			
Trade receivables		51,714	56,407
Impairment of trade receivables (-)		-4,029	-3,398
Net trade receivables		47,685	52,722
Receivables from the sale of fixed assets			
Retained amounts (deposits) under building services contracts			
Deposits received under other titles			
Other receivables		355	347
Impairment of other financial receivables (-)		-287	-287
Net other financial receivables		68	60
Financial receivables		47,753	52,782
<i>Non-financial assets (outside IAS 39):</i>			
Other tax and other benefit receivables		4	22
Income tax receivables		258	78
Advances and prepayments			
Other non-financial receivables			
Impairment of non-financial receivables (-)			
Non-financial receivables		262	100
Total short-term receivables		48,016	52,882

The carrying amount of trade receivables is recognised by the Group as the reasonable approximation of their fair value (cf. Note No. 7.5).

The Group tested the receivables for impairment in accordance with its accounting principles (cf. item c) in the item "Drawing up basis and accounting rules"). The receivables impairment charges made in 2012 in other operating costs of the income statement amounted to:

- with regard to short-term financial receivables kPLN - 630 (2011: kPLN 359)

The financial receivables impairment charges (i.e. trade receivables and other financial receivables):

	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011
As at period beginning	3,685	3,381
Loss expensed as cost in the period	630	354
Reversal of impairments carried as revenue in the period (-)		
Provisions used (-)		-50
At period end	4,316	3,685

A further credit risk analysis concerning the receivables, including the age analysis of past due receivables not subject to the impairment charge, is presented in Note No. 25.

11. Cash and cash equivalents

	31/12/2012	31/12/2011
Cash at bank in PLN	8,932	11,462
Cash at bank in foreign currency		
Cash in hand	419	513
Short-term deposits		
Other		
Total cash and cash equivalents	9,352	11,975

For the purposes of this consolidated cash flow statement, the Group classifies cash in the manner as applied for the balance sheet presentation.

12. Non-current assets held for sale and discontinued operation

There are no non-current assets held for sale and discontinued operations.

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2012 – 31/12/2012	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

13. Shareholder's equity

13.1. Share capital

As at 31/12/2012, the share capital of the Parent Company amounted to kPLN 1.136 . (2011: kPLN 1.262) and was divided into 5,678,030 shares (2011: 6,309,623) of the nominal value of PLN 0.20 each. All shares have been fully paid up.

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

The change in the number of shares in the period covered by the consolidated financial statements results from the following transactions with the shareholders:

	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011
Shares issued and fully paid up for:		
Number of shares at the period beginning	6,309,623	6,309,623
Issue of shares in relation with the option exercise (share-based payment programme)		
Issue of shares		
Redemption of shares (-)	-631,593	
Number of shares at the period end	5,678,030	6,309,623

As at the balance sheet date, no shares in the Parent Company were held by the Parent Company itself or any of its subsidiary or associated companies.

13.2. Other capitals

	31/12/2012	31/12/2011
Share premium	24,863	24,863
Other Capitals	1,186	9,902
Retained profits	33,021	23,705
At period end	59,070	58,470

By virtue of Resolution No. 20/2012 of the Ordinary General Meeting of Shareholders of Tell S.A. 16 May 2012, the General Meeting authorised the Company's Management Board to purchase treasury shares for redemption in accordance with the terms and conditions defined in the said resolution and the terms and conditions defined by the Management Board. The Management Board was authorised to define the remaining principles for the treasury share purchase. This authorisation concerns both ordinary bearer shares and registered shares.

The call to subscribe the sale of shares in Tell S.A. was published on 29 May 2012 and was completed on 6 July 2012. In result of the call, the Company purchased 631,593 treasury shares at PLN 14 per share.

After the completion of the treasury share acquisition process, the Management Board, in accordance with the authorisation, was obliged to convene a General Meeting of Shareholders in order for it to adopt a resolution concerning the share redemption and decrease of the share capital. Such Meeting took place on 1 October 2012 and adopted the resolution on the share redemption and share capital decrease.

The share redemption was effected upon the registration by the court of law of an amendment to the Articles of Association related to the share capital decrease, as appropriate.

14. Employee benefits

14.1. Costs of Employee Benefits

	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011
Payroll costs	23,189	23,159
Social insurance	4,142	4,114
Costs of future befits (provisions for retirement benefits)	1,077	452
Total costs of employee benefits	28,408	27,725

14.2. Employee benefit liabilities

The employee benefit liabilities recognised in the consolidated balance sheet comprise:

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2012 – 31/12/2012	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

	Short-term liabilities and provisions		Long-term liabilities and provisions	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
<i>Short-term employee benefits:</i>				
Payroll liabilities	2,211	1,604		
Social insurance liabilities	1,237	1,161		
Provisions for accrued holidays	962	761		
Short-term employee benefits	4,410	3,526		
<i>Other long-term employee benefits:</i>				
Provisions for jubilee bonuses				
Provisions for retirement benefits		6	74	36
Other provisions				
Other long-term employee benefits				
Total employee benefit liabilities and provisions	4,410	3,532	74	36

The following items influenced changes in long-term employee benefits:

	Provisions for other long-term employee benefits			
	jubilee bonuses	retirement benefits	other	total
for the period from 01/01 to 31/12/2012				
As at period beginning		36		36
<i>Changes recognised as profit or loss:</i>				
Current and past service costs		41		41
Interest expense				
Actuarial profits (-) or losses (+)				
<i>Changes without impact on profit or loss</i>				
Benefits paid out (-)		-3		-3
Present value of provisions as at 31/12/2012		74		74
for the period from 01/01 to 31/12/2011				
As at period beginning		33		33
<i>Changes recognised as profit or loss:</i>				
Current and past service costs		3		3
Interest expense				
Actuarial profits (-) or losses (+)				
<i>Changes without impact on profit or loss</i>				
Benefits paid out (-)				
Present value of provisions as at 31/12/2011		36		36

15. Other provisions

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

	Short-term provisions		Long-term provisions		
	31/12/2012	31/12/2011	31/12/2012	31/12/2011	
Provision for cases in court					
Provisions for loss on building services contracts					
Provision for restructuring costs					
Other provisions	96	78			
Total other provisions	96	78			
	Provisions for:				
	litigations in Court	loss on building services contracts	restructuring costs	other	total
for the period from 01/01 to 31/12/2012					

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2012 – 31/12/2012	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

As at period beginning				78	78
Provision increase carried as expense in the period				96	96
Provision increase carried as income in the period (-)					
Utilisation of provisions (-)				-78	-78
Increase by business combination					
Other changes (net exchange differences on conversion)					
Provisions as at 31/12/2012				96	96
for the period from 01/01 to 31/12/2011					
As at period beginning				98	98
Provision increase carried as expense in the period				78	78
Provision increase carried as income in the period (-)					
Utilisation of provisions (-)				-98	-98
Provisions as at 31/12/2011				78	78

16. Trade liabilities and other liabilities

The trade liabilities and other liabilities (cf. also Note No. 7) are as follows:

Short-term liabilities:

	31/12/2012	31/12/2011
<i>Financial liabilities (IAS 39):</i>		
Trade liabilities	54,299	68,290
Liabilities under the purchase of fixed assets		
Other financial liabilities		
Financial Liabilities	54,299	68,290
<i>Non-financial liabilities (outside IAS 39):</i>		
Other tax and other benefit liabilities	1,927	1,146
Income tax liabilities	1,232	184
Advances and prepayments received for deliveries		
Liabilities under building services contracts		
Advances received for building services		
Other non-financial liabilities	274	162
Non-financial liabilities	3,433	1,492
Total short-term liabilities	57,732	69,782

The carrying amount of trade liabilities is recognised by the Group as the reasonable approximation of their fair value (cf. Note No. 7.5).

17. Accruals and prepayments

	Short-term accruals and prepayments		Long-term accruals and prepayments	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Assets - accruals and prepayments:				
Lease rents	136	129	235	304
Other prepaid expenses	241	192		
Assets - total accruals and prepayments:	377	321	235	304

18. Operating revenue and costs

18.1. Revenue from the sale of goods and services

	Note	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011
Revenue from the sale of telecommunications services		113,469	128,621
Sets and pre-paid refills		22,812	28,028

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2012 – 31/12/2012	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Postpaid contract phones		146,261	119,359
Other revenue from the sale of goods and services		10,623	11,659
Total revenue from the sale of goods and services		293,165	287,668

The revenue from the sale is presented in the table below Item c hereof entitled "Accounting Policies" contains a description of different ways of recognition in the books of account of the Group companies of the subsidised sale of mobile phones by particular operators. Irrespective of this different way of mobile phone sale settlement by particular operators, the effects on such operations are neutral for the results of all Group companies.

If all Group companies settled the value of subsidised phones in the same way as Tell S.A, the Group's revenue would amount to in 2012 and 2011, respectively, kPLN 215.996 and kPLN 226.673. The costs of sale in 2012 and 2011 would be, respectively, kPLN 152.414 and kPLN 163.528.

There is no possibility at present to simulate the values of the Group's revenues and costs with the application of the settlement model in force between PTI Sp. z o.o. and Polkomtel SA because until June 2011 Euro-Phone registered the revenues and costs of mobile phone sales only in promotional prizes (no data about their market values). The change of the settlement system between Euro-Phone and PTC that took place in July 2011 will allow, with time, to prepare a presentation of simulated revenues of the Group both in accordance with the model applied by Tell SA and Euro-Phone Sp. z o.o. as well as the model applied by PTI Sp.o.o.

18.2. Costs per type

	Note	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011
Amortisation and depreciation	4.5	1,754	2,088
Employee benefits	14	27,331	27,273
Consumption of materials and energy		2,620	2,597
Contracted services		124,620	127,002
Taxes and fees		225	187
Other costs by type		3,629	3,632
Total costs per type		160,179	162,779
Value of goods and materials sold		118,941	109,857
Change in products and work in progress (+/-)		16	-88
Cost of own work capitalised (-)			
Own cost of the sale, selling costs and administration costs		160,163	162,867

18.3. Other operating income

	Note	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011
Profit from the sale of non-financial fixed assets			
Measurement of investment properties at fair value			
Reversal of impairment of tangible fixed assets and intangible fixed assets			
Reversal of impairment of financial receivables			
Reversal of impairment of non-financial receivables			
Reversal of impairment of inventories	9	5	
Write-back of unused provisions	15	12	162
Penalties and indemnities received		64	72
Subsidies received	17	118	
Other revenue		312	821
Total other operating revenue		510	1,055

18.4. Other operating expense

	Note	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011
Loss on the sale of non-financial fixed assets		191	350
Measurement of investment properties at fair value			
Goodwill impairment			
Impairment of tangible fixed assets and intangible fixed assets			

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2012 – 31/12/2012	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Impairment of financial receivables	10	631	359
Impairment of non-financial receivables			
Impairment of inventories	9	28	9
Reversal of impairment of inventories (-)			
Set-up of provisions	15	938	390
Penalties and indemnities paid		73	
Other costs		169	446
Total other operating costs		2,029	1,554

19. Financial income and expenses

19.1. Financial income

	Note	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011
Income from the interest on financial instruments not carried at fair value through profit or loss			
Cash and cash equivalents (deposits)	11	423	194
Loans and receivables	7.2,10	50	44
Held-to-maturity debt securities			
Income from the interest on financial instruments not carried at fair value through profit or loss		473	238
Gains on revaluation and realization of financial instruments carried at fair value through profit or loss			
Trading derivatives			
Hedging derivatives			
Listed shares			
Debt securities			
Investment fund units			
Gains on revaluation and realization of financial instruments carried at fair value through profit or loss			
Exchange difference gains (losses) (+/-):			
Cash and cash equivalents			
Loans and receivables			
Financial liabilities measured at amortised cost			
Exchange difference gains (losses) (+/-)			
Gains on available-for-sale assets transferred from equity			
Dividends on available-for-sale financial assets			
Reversal of impairment of receivables and loans			
Reversal of impairment of investments held to maturity			
Interest on impaired financial assets			
Other financial income		17	
Total financial income		490	238

19.2. Financial costs

	Note	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011
Interest costs concerning financial instruments not carried at fair value through profit or loss			
Financial lease liabilities			
Credit facilities in the credit account and overdraft facilities	7.3	576	733
Loans			
Debt securities			
Trade liabilities and other liabilities			
Interest costs concerning financial instrument not carried at fair value through profit or loss			

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2012 – 31/12/2012	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

	Note	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011
Losses on revaluation and realization of financial instruments carried at fair value through profit or loss			
Trading derivatives			
Hedging derivatives			
Listed shares			
Debt securities			
Investment fund units			
Losses on revaluation and realization of financial instruments carried at fair value through profit or loss			
Exchange difference (gains) losses (-/+):			
Cash and cash equivalents			
Loans and receivables			
Financial liabilities measured at amortised cost			
Exchange difference (gains) losses (-/+)			
Losses on available-for-sale assets transferred from equity			
Impairment of receivables and loans			
Impairment of held-to-maturity investments			
Impairment of available-for-sale financial assets			
Other financial costs		333	224
Total financial costs		909	957

Impairment of receivables concerning the operating activity recognised by the Group as other operating expenses (cf. Note No. 18).

20. Income Tax

	Note	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011
Current tax:			
Settlement of tax for the reporting period		2,191	918
Adjustment of tax for previous periods			
Current tax		2,191	918
Deferred income tax:			
Temporary difference occurrence and reversal	8	615	1,573
Settlement of unrealised tax losses			
Deferred income tax		615	1,573
Total income tax		2,806	2,492

Reconciliation of the income tax calculated in accordance with the 19 % rate on the result before tax as disclosed in the consolidated income statement is as follows:

	Note	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011
Pre-tax result		12,122	11,917
Tax rate applied by the Parent Company		19%	19%
Income tax as per the domestic tax rate in the country of the Parent Company		1,868	918
Reconciliation of the income tax due to:			
Application of different tax rates in Group companies (+/-)			
Non-taxable revenues (-)		-1,916	-1,064
Permanently non-tax deductible costs (+)		2,242	1,532
Utilisation of previously non-recognised tax losses (-)		-4,580	-8,810
Unrecognised deferred tax asset concerning deductible temporary differences (+)	8	1,988	1,485
Unrecognised deferred tax asset concerning tax losses (+)			
Adjustment of tax for previous periods (+/-)		-24	24

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2012 – 31/12/2012	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

	Note	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011
Income Tax		1,868	918
Average tax rate applied		15%	8%

21. Earnings per share and dividends paid

21.1. Earnings per share

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

In order to calculate both the basic and the diluted earnings (losses) per share, the Group uses in the numerator the net profit (loss) attributable to the shareholders of the parent company, i.e. there is no diluting effect that would influence the amount of profit (loss).

The calculation of the basic and diluted earnings (losses) per share together with the reconciliation of the average weighted diluted number of shares is presented below.

	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011
Number of shares inserted in the denominator of the formula		
Average weighted number of ordinary shares	6,242,322	6,309,623
Dilution effect of options convertible into shares		
Average weighted diluted number of ordinary shares	6,242,322	6,309,623
Continued activities		
Net profit (loss) on continued activities in PLN	9,316,059.61	9,425,534.91
Basic profit (loss) per share (PLN)	1.49	1.49
Diluted profit (loss) per share (PLN)	1.49	1.49
Discontinued operations		
Net profit (loss) on discontinued operations		
Basic profit (loss) per share (PLN)		
Diluted profit (loss) per share (PLN)		
Continued and discontinued operations		
Net profit (loss)	9,316,059.61	9,425,534.91
Basic profit (loss) per share (PLN)	1.49	1.49
Diluted profit (loss) per share (PLN)	1.49	1.49

21.2. Dividends

The Parent Company did not pay dividends for 2011. The net profit for 2011 in the amount of PLN 9,494,220.82 was allocated, by virtue of Resolution No. 19/2012 of the Ordinary General Meeting of Shareholders of 16 May 2012 to the supplementary capital.

22. Cash flows

In order to determine the cash flow from operating activities, the following adjustments of the pre-tax profit (loss) were made:

	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011
Adjustments:		
Depreciation of tangible fixed assets	1,516	1,802
Amortisation of intangible fixed	238	286
Change in the fair value of investment properties		
Profit (loss) on financial assets (liabilities) carried at fair value through profit or loss		
Cash flow hedging instruments transferred from equity		
Impairment loss on financial assets		
Profit (loss) on the sale of non-financial fixed assets	219	350

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2012 – 31/12/2012	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011
Profit (loss) on the sale of financial assets (other than derivatives)		
Exchange difference gains/losses		7
Interest expense	676	705
Interest and dividend income	-309	-44
Cost of share-based payments (incentive programmes)		
Share in the profit (loss) of associate companies		
Other adjustments		
Total adjustments	2,340	3,105
Change in inventories		
Change in receivables	180	74
Change in liabilities	49	400
Change in provisions and prepayments		
Change in building contracts		
Changes in working capital	229	474

23. Transactions with related parties

The parties related to the Group comprise key management personnel and subsidiary companies excluded from consolidation.

Unsettled balances of receivables and liabilities are usually settled in cash.

Information on contingent liabilities concerning related parties is presented in Note No. 24.

23.1. Transactions with key management personnel

According to the Group interpretation, the key management personnel includes members of the management boards of the Parent Company and subsidiaries. The remuneration of key personnel in the period covered by the consolidated financial statements amounted to:

	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011
Benefits for the management personnel		
Short-term employee benefits	1,682	1,852
Work termination benefits		
Share-based payments		
Other benefits		
Total benefits	1,682	1,852

Detailed information about the remuneration of the Management Board of the Parent Company is presented in Note No. 29.

The Group did not grant any loans to the key management personnel in the period covered by these consolidated financial statements.

23.2. Transactions with associated companies, unconsolidated subsidiaries and other related parties

In the period covered by these consolidated financial statements, the following revenue from the sales and receivables from associate, subsidiary and other parties were recognised:

	Revenue from operating activities	
	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011
Sales to:		
A subsidiary	550	331
An associate		
Other related parties		
Total	550	331

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2012 – 31/12/2012	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

	Receivables	
	31/12/2012	31/12/2011
Sales to:		
A subsidiary	28	28
An associate		
Other related parties		
Total	28	28

There were no impairment charges on receivables from related parties, therefore no costs on this account were recognised in the consolidated income statement.

In the period covered by these consolidated financial statements, the following purchases and liabilities towards associate, subsidiary and other parties were recognised:

	Purchase (costs, assets)	
	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011
Purchase from:		
A subsidiary	550	331
An associate		
Other related parties		
Total	550	331

	Liabilities	
	31/12/2012	31/12/2011
Purchase from:		
A subsidiary	28	28
An associate		
Other related parties		
Total	28	28

In 2012, the Group granted to unconsolidated subsidiaries loans in the amount of kPLN 3,500 (2011: kPLN 19,750) The balance of loans granted to these subsidiary companies as at 31/12/2012 amounted to kPLN 7,482 (31/12/2011: kPLN 9,782). The loans are short-term and shall be repaid by 30 June 2013.

24. Contingent assets and liabilities

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

	31/12/2012	31/12/2011
To associated parties:		
Liability payment guarantee		
Guarantees originated		
Guarantees originated in relation with the building services contracts		
Disputed cases and cases in court		
Other Contingent Liabilities		
Total associates		
To subsidiary companies not subject to consolidation and other related parties:		
Liability payment guarantee		
Guarantees originated		
Guarantees originated in relation with the building services contracts		
Disputed cases and cases in court		
Other Contingent Liabilities		
Total subsidiary companies excluded from consolidation and other related parties		
To other parties:		
Liability payment guarantee	33,425	20,050
Guarantees originated		

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2012 – 31/12/2012	Reporting currency:	Polish zloty (PLN)
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Guarantees originated in relation with the building services contracts		
Disputed cases and cases in court		
Disputed cases and cases in court related to the IRS		
Other Contingent Liabilities		
Total other parties	33,425	20,050
Total contingent liabilities	33,425	20,050

25. Risk relating to the financial instruments

The Group is exposed to numerous risks related to the financial instruments. The Group's financial assets and liabilities as broken down into categories are presented in Note No. 7.1. Risk to which the Group is exposed include:

- market risk, comprising the currency risk and the interest rate risk,
- credit risk and
- liquidity risk.

The Group's financial risk management is coordinated by the Parent Company in close cooperation with the Management Boards and financial directors of subsidiaries. In the risk management process, the following objectives are of the highest importance:

- hedging of short-term and mid-term cash flows,
- stabilisation of the Group's financial result fluctuations,
- performance of the financial forecasts assumed by the fulfilment of budgetary assumptions,
- achievement of the rate of return on long-term investments and obtaining optimal sources of finance for the investing activities.

The Group does not contract transactions at financial markets for speculative purposes. From the economic side, the transactions effected are to hedge against defined risks.

Below are presented the most important risk the Group is exposed to.

25.1. Market risk

Currency risk sensitivity analysis

Most Group's transactions are effected in PLN.

Interest rate risk sensitivity analysis

The interest rate risk management concentrates on minimising the interest flow fluctuations in variable interest rate financial assets and liabilities. The Group is exposed to the interest rate risk in relation with the following categories of financial assets and liabilities:

- credits,
- loans.

The characteristics of the above instruments, including the variable and fixed interest rates, is presented in Notes No. 7.2 and 7.3.

Below is presented the sensitivity analysis of the financial result and other comprehensive income with regard to the potential fluctuations of the interest rate up and down by 1%. The calculation was made on the basis of a shift in the average interest rate in the period by (+/-) 1% and with reference to those financial assets and liabilities that are sensitive to interest rate changes, i.e. those with a variable interest rate.

	Rate fluctuations	Impact on the financial result:		Impact on other comprehensive income:	
		31/12/2012	31/12/2011	31/12/2012	31/12/2011
Interest rate rise	1%	57	57	57	57
Interest rate fall	-1%	-57	-57	-57	-57

25.2. Credit risk

The Group's maximum exposure to credit risk is defined by the carrying amount of the following financial assets:

	Note	31/12/2012	31/12/2011
Loans	7.2	268	22
Trade receivables and other financial receivables	10	47,753	54,169
Remaining classes of other financial assets			
Cash and cash equivalents	11	9,352	11,975
Contingent liabilities under	24	33,425	20,050

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collaterals and sureties granted.			
Total exposure to credit risk		90,798	86,216

The Group monitors on an on-going basis the client's past due amounts as well as creditor's payments, analysing the credit risk on an individual basis and within particular classes of assets as defined by particular credit risk types (e.g. resulting from the business segment, region or structure of clients). Additionally, as part of the credit risk management, the Group enters into transactions with contractor of confirmed reliability.

In the assessment of the Parent Company's Management Board, the above financial assets which are not past due nor impaired as at the particular balance sheet days should be deemed good credit quality assets. Therefore, the Group did not establish any securities or any additional elements improving the crediting conditions.

With regard to trade receivables, the Group is not exposed to credit risk in relation with a single significant contractor or contractors of similar properties. Based in historical past due tendencies, the not impaired past due receivables do not display any considerable quality deterioration - most of them are within the period of one month and there are no concerns as to their collection.

The credit risk concerning cash and cash equivalents, market securities and derivatives is considered insignificant due to the high reliability of entities being parties to the transactions, i.e. mainly banks.

The impairment charges concerning the financial assets exposed to credit risk are described in detail in Notes No. 7.2 and 10.

25.3. Liquidity risk

The Group is exposed to the liquidity risk, i.e. the loss of capacity to settle its financial obligations on time. The Group manages the liquidity risk by monitoring the payment terms and the demand for cash related to short-term payment servicing (current transactions monitored on a weekly basis) and the long-term demand for cash based on the cash flow forecasts updated on a monthly basis. The demand for cash is compared to the available sources of financing (including in particular by the assessment of capacity to obtain financing in the form of loans) and is confronted with investments of freely available funds.

As at the balance sheet date, the Group's financial liabilities other than derivatives were within the following maturity ranges:

	Note	Short-term:		Long-term:			Flows before discounting
		up to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	above 5 years	
As at 31/12/2012							
Loan facilities	7.3	1,425	1,425	2,339			5,190
Overdraft facilities	7.3	522					522
Loans							
Debt securities							
Financial lease							
Trade liabilities and other financial liabilities	16	54,299					54,599
Exposure to liquidity risk total		56,769	1,425	2,339			60,311
As at 31/12/2011							
Loans	7.3	710	1,555	3,914			6,179
Loans							
Trade liabilities and other financial liabilities	16	68,290					68,290
Exposure to liquidity risk total		69,000	1,555	3,914			74,469

The table shows the contractual value of liabilities, without taking into consideration the discount related to the measurement of liabilities at amortised cost, therefore the values presented may be different from the values in the consolidated balance sheet.

As at particular balance sheet days, the Group also had free overdraft facilities in the following amounts:

	31/12/2012	31/12/2011
Overdraft facilities granted	13,000	13,000

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Overdraft facilities used	522	3
Overdraft facilities available	12,478	12,997

26. Capital Management

The Group manages the equity in order to ensure the Group's going concern and to ensure the rate of return as expected by shareholders and other entities interested in the financial standing of the Group.

The Group monitors the capital level on the basis of carrying amount of equity as increased by subordinated loans from the shareholder. On the basis of such defined capital amount, the Group calculates the equity to total sources of finance ratio. The Group assumes the maintenance of this ratio at the level not lower than 0.5.

Additionally, in order to monitor the debt service capacity, the Group calculates the ratio of debt (i.e. lease liabilities, loans, credits and other debt instruments) to EBITDA (earnings before interest, taxes, depreciation and amortisation). The Group assumes the maintenance of this debt to EBITDA ratio at the level not lower than 3.0.

The above-mentioned objectives of the Group are consistent with the requirements imposed by loan agreements as presented in detail in Note No. 7.4.

Neither the Group and the Parent Company are subject to external capital requirements.

In the period covered by the consolidated financial statements, the above-mentioned ratios were at the following levels:

	31/12/2012	31/12/2011
<i>Capital:</i>		
Shareholder's equity	60,206	59,739
Subordinated loans received from the shareholder		
Capital from the valuation of flow hedging instruments (-)		
Capital	60,206	59,739
<i>Total sources of finance:</i>		
Shareholder's equity	60,206	59,739
Loans, credits, other debt instruments	5,712	5,696
Financial lease		
Total sources of finance	65,918	65,428
Total capital to sources of finance ratio	0.91	0.91
<i>EBITDA</i>		
Operating profit (loss)	12,541	12,636
Amortisation and depreciation	1,754	2,088
EBITDA	14,295	14,724
<i>Debt:</i>		
Loans, credits, other debt instruments	5,712	5,696
Financial lease		
Debt	5,712	5,696
Debt to EBITDA ratio	0.40	0.39

In all the periods, the ratios and indicators were at the levels as assumed by the Group.

27. Events after the Balance Sheet Date

After 31/12/2012, there were no events that required disclosure in the consolidated financial statements for 2012.

28. Other information

28.1. Selected financial data converted into EUR

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

- the exchange rate in force on the last day of the reporting period: 31/12/2012 4.0882 PLN/EUR, 31/12/2011 4.4168 PLN/EUR,
- the average exchange rate in the period, calculated as an arithmetical average of exchange rates in force on the last day of each month in the given period: 01/01-30/12/2012 4.1744 PLN/EUR, 01/01-30/09/2011 4.1401 PLN/EUR.

The highest and the lowest exchange rate in force in each period were as follows: 01/01-31/12/2012 4.3889/4.0882 PLN/EUR, 01/01-30/09/2011 4.5494/3.9345 PLN/EUR.

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Period covered by the financial statements:	01/01/2012 – 31/12/2012	Reporting currency:	Polish zloty (PLN)
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Basic items of the consolidated balance sheet, consolidated income statement and the consolidated cash flow statement as converted into EUR are presented in the table below:

	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011
	in kPLN		in kEUR	
Income statement				
Sale revenues	293,165	287,668	70,229	69,483
Operating profit (loss)	12,541	12,636	3,004	3,052
Profit (loss) before taxation	12,122	11,917	2,904	2,878
Net profit (loss)	9,316	9,426	2,232	2,277
Net profit (loss) - share of the shareholders of the Parent Company	9,316	9,426	2,232	2,277
Earnings per share (PLN)	1.49	1.49	0.36	0.36
Diluted earnings per share (PLN)	1.49	1.49	0.36	0.36
Average exchange rate PLN / EUR in the period	X	X	4.1744	4.1401
Cash Flow Statement				
Net cash flow from operating activity	8,336	18,236	1,997	4,405
Net cash flow from investment activity	-1,455	-2,581	-349	-623
Net cash flow from financial activity	-9,504	-7,819	-2,277	-1,889
Change in cash and cash equivalents	-2,623	7,837	-628	1,893
Average exchange rate PLN / EUR in the period	X	X	4.1744	4.1401

	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	in kPLN		in kEUR	
Balance sheet				
Assets	134,950	144,731	33,010	32,768
Long-term liabilities	9,133	9,713	2,234	2,199
Short-term liabilities	65,611	75,286	16,049	17,045
Shareholder's equity	60,206	59,732	14,727	13,524
Total equity -share of the parent company shareholders	60,206	59,732	14,727	13,524
PLN / EUR exchange rate at period end	X	X	4.0882	4.4168

28.2. Ownership structure of the share capital

	Number of shares	Number of votes	Par Value of Shares	% of votes
As at 31/12/2012				
BBI Capital NFI S.A.	1,286,632	2,573,264	257	35.68%
Havo Sp. z o.o.	675,000	675,000	135	9.36%
Rafał Stempniewicz	257,854	415,336	52	5.76%
AVIVA Investors FIO	657,672	657,672	132	9.12%
AVIVA Investors SFIO				
Quercus Parasolowy SFIO	893,461	893,461	179	12.39%
Quercus Absolute Return FIZ				
Total	3,765,393	5,209,507	753	72.30%
As at 31/12/2011				
BBI Capital NFI S.A.	1,429,750	2,859,000	286	22.66%
Havo Sp. z o.o.	675,000	675,000	135	8.37%
Rafał Stempniewicz	287,000	462,280	57	5.73%
AVIVA Investors FIO	657,672	657,672	132	8.15%
AVIVA Investors SFIO				
Quercus Parasolowy SFIO	888,235	88,235	178	11.01%
Quercus Absolute Return FIZ				
Total	3,937,937	5,542,687	788	68.73%

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Period covered by the financial statements:	01/01/2012 – 31/12/2012	Reporting currency:	Polish zloty (PLN)
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In 2012, there were changes in the holding structure of shares representing more than 5 % of the share capital. These changes resulted from redemption of 631,593 shares. The redemption was registered by the court of law.

28.3. Remuneration of the members of the Management Board of the Parent Company

The total value of remuneration and other benefits received by members of the Management Board of the Parent Company was as follows:

	In the Company:		In subsidiaries and associates:		Total
	Remuneration	Other benefits	Remuneration	Other benefits	
Period from 01/01 to 31/12/2012					
Rafał Stempniewicz	661				661
Stanisław Górski	319				319
Robert Krasowski	447				447
Total	1,428				1,428
Period from 01/01 to 31/12/2011					
Rafał Stempniewicz	621				621
Stanisław Górski	320				320
Robert Krasowski	403				403
Total	1,344				1,344

28.4. Remuneration of the entity authorised to audit financial statements

The auditor auditing and reviewing the financial statements of the Group companies is Grant Thornton Frąckowiak. The auditor's re' for particular tasks was as follows:

	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011
Audit of annual financial statements	73	71
Review of financial statements	51	50
Tax advisory	78	18
Other services		
Total	202	139

28.5. Employment

The average employment in the Group as broken down into particular professional groups as well as the employee rotation were as follows:

	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011
White collar	598	634
Blue collar	6	9
Total	604	643

	from 01/01 to 31/12/2012	from 01/01 to 31/12/2011
Number of employees hired	223	241
Number of employees dismissed (-)	-244	-366
Total	-21	-125

29. Approval for publication

The consolidated financial statements made for the year ended on 31 December 2012 (including comparable data) have been approved for publication by the Company's Management Board on 15 March 2013.

Signatures of all Management Board Members

Date	Name and surname	Position	Signature
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Name of the group:	<i>Tell S.A. Group</i>		
Period covered by the financial statements:	<i>01/01/2012 – 31/12/2012</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Rounding up/down level:	<i>all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated</i>		

15 March 2013	Rafał Stempniewicz	President of the Management Board	
15 March 2013	Stanisław Górski	Member of the Management Board	
15 March 2013	Robert Krasowski	Member of the Management Board	

Signature of the person responsible for the preparation of the consolidated financial statements

Date	Name and surname	Position	Signature
15 March 2013	Jolanta Stachowiak	Chief Accountant	