

TELL S.A. GROUP

Quarterly Consolidated Financial Statement for
the third quarter of 2011

Poznań, 14 November 2011

Tell S.A. Group

Quarterly consolidated financial statements for the third quarter of 2011

1. Selected consolidated financial data

| | in kPLN | | in k EUR | |
|---|---|---|---|---|
| | 2011 period from 01/01/2011 to 30/09/2011 | 2010 period from 01/01/2010 to 30/09/2010 | 2011 period from 01/01/2011 to 30/09/2011 | 2010 period from 01/01/2010 to 30/09/2010 |
| I. Net revenues from the sale of products and goods | 216,628 | 209,795 | 53,603 | 52,413 |
| II. Operating profit (loss) | 9,367 | 7,276 | 2,318 | 1,818 |
| III. Gross profit (loss) | 8,875 | 5,027 | 2,196 | 1,256 |
| IV. Net profit (loss) | 7,052 | 3,627 | 1,745 | 906 |
| V. Net cash flows provided / (used) by operating activities | 11,507 | 8,977 | 2,847 | 2,243 |
| VI. Net cash flows provided / (used) by investing activities | (2,084) | (9,489) | (516) | (2,371) |
| VII. Net cash flows provided / (used) by financing activities | (7,060) | (3,347) | (1,747) | (836) |
| VIII. Total net cash flows | 2,362 | (3,859) | 585 | (964) |
| IX. Total assets | 133,930 | 142,086 | 30,361 | 35,637 |
| X. Liabilities and provisions for liabilities | 76,572 | 90,222 | 17,358 | 22,629 |
| XI. Long-term liabilities | 4,268 | 6,566 | 967 | 1,647 |
| XII. Short-term liabilities | 66,167 | 79,056 | 15,000 | 19,829 |
| XIII. Shareholder's equity | 57,358 | 51,864 | 13,003 | 13,008 |
| XIV. Share capital in PLN | 1,261,924.60 | 1,261,924.60 | 286,073 | 316,510 |
| XV. Average weighted number of shares (items) | 6,309,623 | 6,309,623 | 6,309,623 | 6,309,623 |
| XVI. Earnings per ordinary share (in PLN/EURO) | 1.12 | 0.57 | 0.28 | 0.14 |
| XVII. Diluted earnings per ordinary share (in PLN/EURO) | 1.12 | 0.57 | 0.28 | 0.14 |
| XVIII. Number of shares (items) less treasury shares | 6,309,623 | 6,309,623 | 6,309,623 | 6,309,623 |
| XIX. Book value per ordinary share (in PLN/EURO) | 9.09 | 8.22 | 2.06 | 2.06 |
| XX. Diluted book value per ordinary share (in PLN/EUR) | 9.09 | 8.22 | 2.06 | 2.06 |
| XXI. Declared or paid dividend per share (in PLN/EUR) | | | | |

Tell S.A. Group
 Quarterly consolidated financial statements for the third quarter of 2011

2. Consolidated Statement of Financial Position

| | 2011 as at 30/09/2011 | 2010 As at 31/12/2010 | 2010 As at 30/09/2010 |
|--|-----------------------------|-----------------------------|-----------------------------|
| A s s e t s | | | |
| Fixed assets | 66,612 | 66,541 | 68,231 |
| Intangible fixed assets | 39,285 | 39,320 | 39,100 |
| Goodwill | 18,792 | 18,792 | 18,792 |
| Tangible fixed assets | 5,046 | 5,908 | 6,540 |
| Long-term receivables | 1,210 | 1,258 | 2,254 |
| Investments in subsidiaries | 1,287 | 0 | 0 |
| Deferred income tax assets | 656 | 874 | 1,126 |
| Long-term prepayments | 336 | 387 | 419 |
| | | | |
| Current assets | 67,318 | 81,592 | 73,855 |
| Inventories | 11,919 | 15,461 | 14,397 |
| Trade receivables and other receivables | 48,089 | 61,489 | 56,252 |
| Financial assets | 227 | 274 | 241 |
| Prepayments | 575 | 224 | 644 |
| Cash and cash equivalents | 6,507 | 4,145 | 2,321 |
| | | | |
| Total assets | 133,930 | 148,133 | 142,086 |
| | | | |
| E q u i t y & L i a b i l i t i e s | | | |
| Shareholder's equity | 57,358 | 55,354 | 51,864 |
| Share capital | 1,262 | 1,262 | 1,262 |
| Supplementary capital | 36,999 | 36,396 | 36,396 |
| Reserve capital | 9,902 | 9,902 | 9,902 |
| Retained profit | 2,144 | 677 | 677 |
| Net profit | 7,052 | 7,117 | 3,627 |
| | | | |
| Liabilities and provisions for liabilities | 76,572 | 92,779 | 90,222 |
| Deferred tax liabilities | 5,315 | 4,251 | 4,145 |
| Provision for retirement benefits and similar benefits | 119 | 39 | 68 |
| Other provisions | 702 | 1,126 | 387 |
| Long-term liabilities | 4,268 | 6,051 | 6,566 |
| Short-term liabilities | 66,167 | 81,313 | 79,056 |
| | | | |
| Total equity & liabilities | 133,930 | 148,133 | 142,086 |

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Quarterly consolidated financial statements for the third quarter of 2011

3. Consolidated comprehensive income statement

| | 2011 Q3 period from 01/07/2011 to 30/09/2011 | 2011 Q1-Q3 period from 01/01/2011 to 30/09/2011 | 2010 Q3 period from 01/07/2010 to 30/09/2010 | 2010 Q1-Q3 period from 01/01/2010 to 30/09/2010 |
|--|--|---|--|---|
| Net revenues from sale | 72,318 | 216,628 | 77,488 | 209,795 |
| Net revenues from the sale of services | 42,024 | 130,007 | 44,375 | 124,501 |
| Net revenues from the sale of goods | 30,293 | 86,621 | 33,112 | 85,293 |
| Sale costs | (55,385) | (163,458) | (60,252) | (161,205) |
| Costs of services sold | (25,565) | (78,432) | (27,413) | (77,429) |
| Value of goods sold | (29,820) | (85,026) | (32,839) | (83,775) |
| Gross profit on sale | 16,933 | 53,170 | 17,235 | 48,590 |
| Sale costs | (11,058) | (35,074) | (11,095) | (32,456) |
| Administration costs | (2,675) | (8,653) | (2,935) | (8,599) |
| Other operating income | 327 | 536 | 185 | 365 |
| Other operating expense | (363) | (611) | (247) | (624) |
| Profit on operating activities | 3,164 | 9,367 | 3,142 | 7,276 |
| Financial income | 76 | 159 | 43 | 183 |
| Financial costs | (246) | (651) | (442) | (1,884) |
| Loss on account of control loss settlement | | | | (549) |
| Gross profit | 2,993 | 8,875 | 2,743 | 5,027 |
| Income tax | (628) | (1,823) | (596) | (1,400) |
| a) current part | (247) | (525) | (207) | (235) |
| b) deferred part | (381) | (1,299) | (389) | (1,165) |
| Net profit on continued activities | 2,365 | 7,052 | 2,147 | 3,627 |
| Other comprehensive income | | | | |
| Other comprehensive income after taxation | 2,365 | 7,052 | 2,147 | 3,627 |

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4. Consolidated Cash Flow Statement

| | 2011 period from 01/01/2011 to 30/09/2011 | 2010 period from 01/01/2010 to 30/09/2010 |
|---|--|--|
| Gross profit | 8,875 | 5,027 |
| Total adjustments | 2,632 | 3,950 |
| Amortisation and depreciation | 1,649 | 1,880 |
| Interest and share in profits (dividends) | 231 | 595 |
| Profit on investment activities | 45 | (12) |
| Change in provisions | (343) | (448) |
| Change in inventories | 3,541 | 5,109 |
| Change in receivables | 13,448 | 2,469 |
| Change in short-term liabilities | (14,657) | (6,023) |
| Change in prepayments and accruals | (251) | (226) |
| Paid income tax | (1,032) | (501) |
| Other adjustments | | 1,108 |
| Net cash flows provided by operating activities | 11,507 | 8,977 |
| Cash flow from investing activity | | |
| Inflows | 2,470 | 827 |
| Disposal of intangible and tangible fixed assets | 236 | 374 |
| From financial assets, including interest | 24 | 39 |
| Repayment of loans | 2,210 | 414 |
| Outflows | (4,554) | (10,316) |
| Acquisition of intangible and tangible fixed assets | (1,032) | (2,065) |
| Financial assets in related parties | (1,287) | (7,879) |
| Loss of control over Connex Sp. z o.o. - cash | | (339) |
| Loans granted | (2,236) | (33) |
| Net cash flows provided / (used) by investing activities | (2,084) | (9,489) |
| Cash flow from financial activity | | |
| Inflows | 4 | 4,358 |
| Loans and advances | 4 | 4,358 |
| Outflows | (7,064) | (7,706) |
| Dividend payment | (5,048) | (6,310) |
| Repayment of loans and advances | (1,783) | (750) |
| Interest | (233) | (646) |
| Net cash flows provided / (used) by financing activities | (7,060) | (3,347) |
| Total cash flow | 2,362 | (3,859) |
| Cash at the period beginning | 4,145 | 6,181 |
| Cash at period end, including: | 6,507 | 2,321 |
| - limited use cash | | |

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5. Consolidated Statement of Changes in Equity

| | 2011 period from 01/01/2011 to 30/06/2011 | 2010 period from 01/01/2010 to 31/12/2010 | 2010 period from 01/01/2010 to 30/06/2010 |
|--|--|--|--|
| Equity at period beginning | 55,354 | 54,547 | 54,547 |
| Equity at period beginning, after reconciliation of comparable data | 55,354 | 54,547 | 54,547 |
| Share capital at period beginning | 1,262 | 1,265 | 1,265 |
| Changes in share capital – redemption of treasury shares | | (3) | (3) |
| Share capital at period end | 1,262 | 1,262 | 1,262 |
| Treasury shares at period beginning | | (3) | (3) |
| Changes in treasury shares | | 3 | 3 |
| a) decrease due to sale/redemption | | 3 | 3 |
| Treasury shares at period end | | 0 | 0 |
| Supplementary capital at period beginning | 36,396 | 36,128 | 36,128 |
| Changes in supplementary capital | | 268 | 268 |
| a) increase (due to) | 603 | 268 | 268 |
| - from distribution of profits | 603 | 268 | 268 |
| b) decrease (due to) | | | |
| Supplementary capital at period end | 36,999 | 36,396 | 36,396 |
| Revaluation reserve at period beginning | | (677) | (677) |
| Changes in revaluation reserve - presentation adjustment due to loss of control over Connex Sp. z o.o. | | (677) | (677) |
| Revaluation reserve at period end | | 0 | 0 |
| Reserve capitals at period beginning | 9,902 | 9,902 | 9,902 |
| Changes in reserve capitals | | | |
| a) increase (due to) | | | |
| b) decrease due to the purchase of treasury shares | | | |
| Reserve capitals at period end | 9,902 | 9,902 | 9,902 |
| Retained profit at period beginning | 7,795 | 7,932 | 7,932 |
| Retained profit at period beginning, after data reconciliation | 7,795 | 7,932 | 7,932 |
| b) decrease (due to) profit distribution | (5,651) | (7,255) | (7,255) |
| - from distribution of profits | (603) | (268) | (268) |
| - dividend payment | (5,048) | (6,310) | (6,310) |
| - presentation adjustment due to loss of control over Connex Sp. z o.o. | | (677) | (677) |
| Retained profit at period end | 2,144 | 677 | 677 |
| Net result | 7,052 | 7,117 | 3,627 |
| a) net profit | 7,052 | 7,117 | 3,627 |
| Equity at period end (CB) | 57,358 | 55,354 | 51,864 |
| Equity after the proposed profit distribution | | | |

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 Quarterly consolidated financial statements for the third quarter of 2011

6. Selected separate financial data

| | in kPLN | | in k EUR | |
|--|--|---|--|---|
| | 2011 period from 01/01/2011 to 30/ 09/2011 | 2010 period from 01/01/2010 to 30/09/2010 | 2011 period from 01/01/2011 to 30/ 09/2011 | 2010 period from 01/01/2010 to 30/09/2010 |
| I. Net revenues from the sale of services and goods | 81,253 | 85,993 | 20,105 | 21,484 |
| II. Operating profit (loss) | 3,795 | 2,883 | 939 | 720 |
| III. Gross profit (loss) | 7,143 | 3,323 | 1,767 | 830 |
| IV. Net profit (loss) | 6,259 | 2,647 | 1,549 | 661 |
| V. Net cash flows provided / (used) by operating activities | 7,937 | 5,074 | 1,964 | 1,268 |
| VI. Net cash flows provided / (used) by investing activities | (5,572) | (4,220) | (1,379) | (1,054) |
| VII. Net cash flows provided / (used) by financing activities | (3,222) | (1,350) | (797) | (337) |
| VIII. Total net cash flows | (857) | (496) | (212) | (124) |
| IX. Total assets | 106,585 | 109,743 | 24,162 | 27,525 |
| X. Liabilities and provisions for liabilities | 52,322 | 59,695 | 11,861 | 14,972 |
| XI. Long-term liabilities | 2,851 | 4,562 | 646 | 1,144 |
| XII. Short-term liabilities | 45,243 | 51,643 | 10,256 | 12,953 |
| XIII. Shareholder's equity | 54,263 | 50,048 | 12,301 | 12,553 |
| XIV. Share capital in PLN | 1,261,924.60 | 1,261,924.60 | 286,073 | 316,510 |
| XV. Average weighted number of shares (items) | 6,309,623 | 6,309,623 | 6,309,623 | 6,309,623 |
| XVI. Earnings per ordinary share (in PLN/EURO) | 0.99 | 0.42 | 0.25 | 0.10 |
| XVII. Diluted earnings per ordinary share (in PLN/EURO) | 0.99 | 0.42 | 0.25 | 0.10 |
| XVIII. Number of shares (items) less treasury shares/redeemed shares | 6,309,623 | 6,309,623 | 6,309,623 | 6,309,623 |
| XIX. Book value per ordinary share (in PLN/EURO) | 8.60 | 7.93 | 1.95 | 1.99 |
| XX. Diluted book value per ordinary share (in PLN/EUR) | 8.60 | 7.93 | 1.95 | 1.99 |
| XXI. Declared or paid dividend per share (in PLN/EUR) | | | | |

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Quarterly consolidated financial statements for the third quarter of 2011

7. Separate Statement of Financial Position

| | 2011 as at 30/09/2011 | 2010 As at 31/12/2010 | 2010 As at 30/09/2010 |
|--|-----------------------------|-----------------------------|-----------------------------|
| A s s e t s | | | |
| Fixed assets | 51,698 | 51,520 | 51,888 |
| Intangible fixed assets | 21,640 | 21,797 | 21,569 |
| Tangible fixed assets | 2,980 | 3,731 | 4,124 |
| Long-term receivables | 676 | 753 | 735 |
| Investments in subsidiaries | 25,636 | 24,349 | 24,349 |
| Deferred income tax assets | 430 | 502 | 691 |
| Long-term prepayments | 336 | 387 | 419 |
| Current assets | 54,887 | 63,124 | 57,855 |
| Inventories | 8,931 | 12,833 | 12,316 |
| Trade receivables and other receivables | 32,349 | 40,479 | 34,615 |
| Financial assets | 10,382 | 5,879 | 10,080 |
| Prepayments | 383 | 236 | 428 |
| Cash and cash equivalents | 2,841 | 3,697 | 416 |
| Total assets | 106,585 | 114,644 | 109,743 |
| E q u i t y & L i a b i l i t i e s | | | |
| Shareholder's equity | 54,263 | 53,052 | 50,048 |
| Share capital | 1,262 | 1,262 | 1,262 |
| Supplementary capital | 36,840 | 36,237 | 36,237 |
| Reserve capital | 9,902 | 9,902 | 9,902 |
| Retained profit | | | |
| Net profit | 6,259 | 5,651 | 2,647 |
| Liabilities and provisions for liabilities | 52,322 | 61,592 | 59,695 |
| Deferred tax liabilities | 3,801 | 3,293 | 3,233 |
| Provision for retirement benefits and similar benefits | 10 | 10 | 10 |
| Other provisions | 417 | 757 | 246 |
| Long-term liabilities | 2,851 | 4,134 | 4,562 |
| Short-term liabilities | 45,243 | 53,397 | 51,643 |
| Total equity & liabilities | 106,585 | 114,644 | 109,743 |

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Quarterly consolidated financial statements for the third quarter of 2011

8. Separate comprehensive income statement

| | 2011 Q3 period from 01/07/2011 to 30/09/2011 | 2011 Q1-Q3 period from 01/01/2011 to 30/09/2011 | 2010 Q3 period from 01/07/2010 to 30/09/2010 | 2010 Q1-Q3 period from 01/01/2010 to 30/09/2010 |
|---|--|---|--|---|
| Net revenues from sale | 26,808 | 81,253 | 29,247 | 85,993 |
| - from related parties | 31 | 260 | 143 | 675 |
| Net revenues from the sale of services | 19,017 | 60,230 | 20,004 | 60,998 |
| Net revenues from the sale of goods | 7,791 | 21,023 | 9,243 | 24,996 |
| Sale costs | (17,662) | (51,914) | (18,471) | (53,088) |
| - from related parties | (31) | (260) | (143) | (675) |
| Costs of services sold | (9,998) | (31,786) | (9,646) | (29,446) |
| Value of goods sold | (7,664) | (20,128) | (8,825) | (23,642) |
| Gross profit on sale | 9,146 | 29,339 | 10,776 | 32,906 |
| Sale costs | (6,365) | (20,544) | (7,901) | (24,720) |
| Administration costs | (1,459) | (4,775) | (1,631) | (5,030) |
| Other operating income | 128 | 216 | 124 | 179 |
| Other operating expense | (276) | (441) | (242) | (451) |
| Profit on operating activities | 1,174 | 3,795 | 1,126 | 2,883 |
| Financial income | 246 | 3,843 | 148 | 1,643 |
| Financial costs | (198) | (496) | (218) | (1,204) |
| Gross profit | 1,223 | 7,143 | 1,057 | 3,323 |
| Income tax | (290) | (884) | (254) | (676) |
| a) current part | (224) | (304) | | |
| b) deferred part | (66) | (580) | (254) | (676) |
| Net profit on continued activities | 933 | 6,259 | 803 | 2,647 |
| Other comprehensive income | | | | |
| Other comprehensive income after taxation | | | | |
| Total comprehensive income | 933 | 6,259 | 803 | 2,647 |

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Quarterly consolidated financial statements for the third quarter of 2011

9. Separate Cash Flow Statement

| | 2011 period from 01/01/2011 to 30/09/2011 | 2010 period from 01/01/2010 to 30/09/2010 |
|---|--|--|
| Gross profit | 7,143 | 3,323 |
| Total adjustments | 794 | 1,751 |
| Amortisation and depreciation | 1,149 | 1,315 |
| Interest and share in profits (dividends) | (3,509) | (1,053) |
| Profit on investment activities | (59) | (53) |
| Change in provisions | (340) | (439) |
| Change in inventories | 3,901 | 3,981 |
| Change in receivables | 8,206 | 4,543 |
| Change in short-term liabilities, excl. loans | (8,122) | (6,572) |
| Change in prepayments and accruals | (97) | (87) |
| Paid income tax | (335) | (444) |
| Other adjustments | | 560 |
| Net cash flows provided by operating activities | 7,937 | 5,074 |
| Cash flow from investing activity | | |
| Inflows | 15,826 | 8,719 |
| Disposal of intangible and tangible fixed assets | 179 | 311 |
| From financial assets - interest | 797 | 387 |
| Repayment of loans | 14,850 | 8,022 |
| Outflows | (21,398) | (12,939) |
| Acquisition of intangible and tangible fixed assets | (361) | (976) |
| Purchase of financial assets in related parties | (1,287) | (3,764) |
| Grant of advances | (19,750) | (8,200) |
| Net cash flows provided / (used) by investing activities | (5,572) | (4,220) |
| Cash flow from financial activity | | |
| Inflows | 3,225 | 5,500 |
| Dividend income | 3,225 | 1,142 |
| Loans and advances | | 4,358 |
| Other financial inflows | | |
| Outflows | (6,447) | (6,850) |
| Dividend payment | (5,048) | (6,310) |
| Repayment of loans | (1,283) | |
| Interest | (116) | (541) |
| Net cash flows provided / (used) by financing activities | (3,222) | (1,350) |
| Total net cash flows | (857) | (496) |
| Cash at the period beginning | 3,697 | 912 |
| Cash at period end, including: | 2,841 | 416 |
| - limited use cash | | |

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10. Separate Statement of Changes in Equity

| | 2011 period from 01/01/2011 to 30/09/2011 | 2010 period from 01/01/2010 to 31/12/2010 | 2010 period from 01/01/2010 to 30/09/2010 |
|--|--|--|--|
| Equity at period beginning (OB) | 53,052 | 53,710 | 53,710 |
| Equity at period beginning (OB), after reconciliation of comparable data | 53,052 | 53,710 | 53,710 |
| Share capital at period beginning | 1,262 | 1,265 | 1,265 |
| Changes in share capital due to redemption of treasury shares | | (3) | (3) |
| Share capital at period end | 1,262 | 1,262 | 1,262 |
| Treasury shares at period beginning | 0 | (3) | (3) |
| Changes in treasury shares | | 3 | 3 |
| a) increase (due to) | | | |
| b) decrease (due to) | | 3 | 3 |
| - redemption | | 3 | 3 |
| Treasury shares at period end | 0 | 0 | 0 |
| Supplementary capital at period beginning | 36,238 | 35,969 | 35,969 |
| Changes in supplementary capital | 603 | 268 | 268 |
| a) increase (due to) | 603 | 268 | 268 |
| - from distribution of profits | 603 | 268 | 268 |
| b) decrease (due to) | | | |
| Supplementary capital at period end | 36,840 | 36,237 | 36,237 |
| Other reserve capitals at period beginning | 9,902 | 9,902 | 9,902 |
| Change in other reserve capitals | | | |
| a) increase (due to) | | | |
| b) decrease (due to) | | | |
| Other reserve capitals at period end | 9,902 | 9,902 | 9,902 |
| Retained profit at period beginning | 5,651 | 6,578 | 6,578 |
| b) decrease (due to) | (5,651) | (6,578) | (6,578) |
| - from distribution of profits | (5,651) | (6,578) | (6,578) |
| Retained profit at period end | 0 | 0 | 0 |
| Net result | 6,259 | 5,651 | 2,647 |
| a) total comprehensive income | 6,259 | 5,651 | 2,647 |
| Equity at period end (CB) | 54,263 | 53,052 | 50,048 |

Tell S.A. Group
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11. Basic information about the Parent Company;

| | |
|----------------------------|--|
| Name: | Tell |
| Legal form: | Spółka Akcyjna (<i>Polish joint-stock company</i>) |
| Seat: | 61-362 Poznań, ul. Forteczna 19a |
| Country of incorporation: | Poland |
| Basic objects of business: | <ul style="list-style-type: none">- other telecommunications activities,- retail sale of telecommunications equipment in specialised stores,- retail sale of computers, peripheral equipment and software in specialised stores,- wholesale 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. |

Registration authority:

District Court Poznań- Nowe Miasto i Wilda, 8th Commercial Division of the National Court Register

Statistical number (REGON): 630822208

12. Composition of the Management Board of Tell S.A. as at 30 September 2011;

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

13. Composition of the Supervisory Board of Tell S.A. as at 30 September 2011;

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

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Quarterly consolidated financial statements for the third quarter of 2011

14. Discussion of the accounting policies, including the methods of measurement of assets, equity and liabilities (depreciation & amortisation), measurement of the financial result;

These consolidated quarterly financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRS") and IFRS approved by the European Union ("EU"). As at the date of the approval of this statement, considering the existing process of implementation of IFRS standards in the EU and the Group's operations, there are no differences between the IFRS standards that have come into effect and the standards approved by the EU as regards the accounting principles applied by the Group.

IFRS comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

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

The quarterly consolidated financial statements should be read together with the consolidated financial statements for the financial year ended on 31 December 2010.

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

The financial statements were prepared with the application of the same accounting policies for the current period and the comparable period.

15. Average PLN exchange rates;

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

for conversion of balance sheet data as at 30/09/2010 the following exchange rate was applied: EUR 1 = PLN 3.9870, in accordance with conversion table of the National Bank of Poland No. 191A/NBP/2010 of 30/09/2010,

- for conversion of balance sheet data as at 30/09/2011 the following exchange rate was applied: EUR 1 = PLN 4.4112, in accordance with conversion table of the National Bank of Poland No. 190/A/NBP/2011 of 30/09/2011.

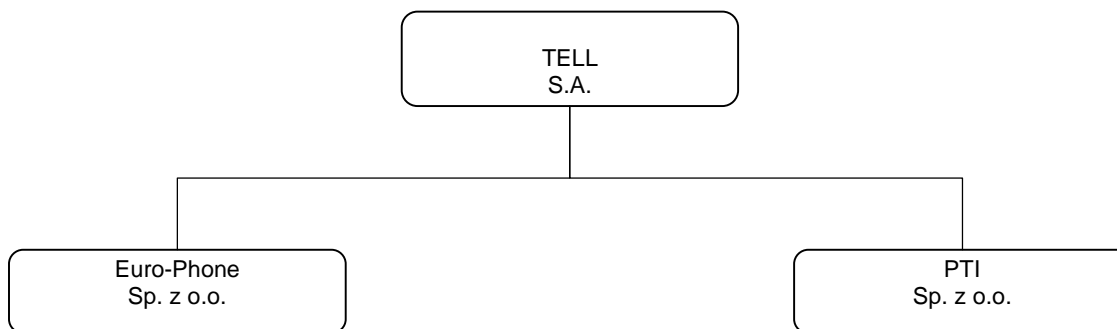
The income statement and cash flow statement data expressed in EUR were converted by dividing the values in Polish currency by the average exchange rate in the given period:

- to determine the income statement and cash flow statement data for the third quarter of 2010, the following exchange rate was applied: EUR 1 = PLN 4.0027, which is an arithmetical average of exchange rates announced by the National Bank of Poland as at the last day of each one of nine months covered by the quarterly statements.
- to determine the income statement and cash flow statement data for the third quarter of 2011, the following exchange rate was applied: EUR 1 = PLN 4.0413, which is an arithmetical average of exchange rates announced by the National Bank of Poland as at the last day of each one of nine months covered by the quarterly statements.

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16. Description of the organisation of the Group and indication of consolidated entities;



Euro-Phone Sp. z o.o.

- Seat of the Company: ul. Puławska 40a, 05-500 Piaseczno,
- Basic object of business: Agents specialised in the sale of other particular products (Polish Classification of Economic Activities of 2007 - 4618Z),
- Company's legal basis: The Company was established on 19 March 1998 (Notarised deed No. A 2699/98). The registration authority is the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, KRS 0000010796. Incorporation date: 25 May 2001.
In Euro-Phone Sp. z o.o., Tell S.A. holds 100% of shares.

PTI Sp. z o.o.

Seat of the Company: ul. Glogera 5, 31-222 Kraków,

- Basic object of business: Agents specialised in the sale of other particular products (Polish Classification of Economic Activities of 2007 - 4618Z),
- Company's legal basis: The Company was established on 12 July 2007 (Notarised deed No. A 5675/2007). Registration authority: District Court for Kraków Śródmieście in Krakow, XI Commercial Division of the National Court Register, KRS 0000286046. Incorporation date – 13 August 2007.
In PTI Sp. z o.o., Tell S.A. holds 100% of shares.

Toys4Boys Pl. Sp. z o.o.

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

- Basic object of business: Retail sale via mail order houses or via Internet (Polish Classification of Economic Activities of 2007 – 4791Z),
- Company's legal basis: The Company was established on 16 February 2007 (Notarised deed No. A 5029/2007). Registration authority: District Court for Gdańsk-Północ in Gdansk, 7th Commercial Division of the National Court Register, KRS 0000276286. Incorporation date: 12 March 2007.

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

The financial statements of Toys4BoysPl. Sp. z o.o. is immaterial from the perspective of the consolidated financial statements of the Tell S.A. Group. By decision of the Management of the Company, Toys4BoysPl Sp. z o.o. is not subject to consolidation as at 30 September 2011.

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

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

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

On 15 March 2011, Tell S.A. purchased for PLN 1,287,000 a 30% share in the increased capital of Toys4Boys.PI Sp. z o.o. with registered office in Gdansk. The investment contract provides for the possibility of purchasing from the present shareholders of the Company further shares for the total of PLN 900,000, which, together with the shares bought earlier, would amount to 51% of the share capital and 51% of votes at the general meeting of shareholders. The Company is a leader on the market of gifts and gadgets. It runs 13 stores located in shopping malls and one Internet store. The transaction is an element of the issuer's revenue diversification strategy.

18. Information about the change in estimates, adjustments related to provisions, deferred tax assets and liabilities, depreciation and impairment charges;

| | As at 30.09.2011 | As at 31.12.2010 | Change |
|--|---------------------|---------------------|--------|
| Deferred income tax assets | 656 | 874 | (218) |
| Deferred tax liabilities | 5,315 | 4,251 | 1,064 |
| Provision for retirement benefits and similar benefits | 119 | 39 | 80 |
| Other provisions | 702 | 1,126 | (424) |

19. Key achievements of the Group in the third quarter of 2011;

Size of the Sale Network.

The average number of Orange outlets where the sale of PTK Centertel Sp. z o.o. services is conducted amounted to 217 in the third quarter of 2011 (as at 30/09/2011 - 214 outlets), when compared to the average number of the third quarter of 2010 being 232 outlets (as at 30/09/2010 - 230 outlets).

The number of outlets run by subsidiaries where the services of other operators are sold amounted to, as at the end of 30/09/2011 – 203 outlets, when compared to 198 outlets as at the end of 30/09/2010. Among the above-mentioned outlets, there were 96 outlets (89 respectively as at the end of the third quarter of 2010) offering the services of Polkomtel S.A. (PLUS operator) and 107 outlets (respectively, 109 as at the end of the third quarter of 2010) offering the services of Polska Telefonía Cyfrowa Sp. z o.o. (T-Mobile operator).

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

In the third quarter of 2011, the revenue from the sale in TELL S.A. amounted to kPLN 26,808 and was lower by 8.3% than in the corresponding period of previous year. After three quarters of 2011, the YTD revenue from the sale amounted to kPLN 81,253 and decreased by 5.5.% when compared to the three quarters of 2010.

The operating profit for the third quarter of 2011 amounted to kPLN 1.174 and was higher by 4.3% than in the corresponding period of previous year. After three quarters of 2011, the YTD operating profit amounted to kPLN 3,795 and was higher by 31.6% than in the corresponding period of 2010.

EBITDA of the third quarter of 2011 amounted to kPLN 1.466 and was lower by 5.0% than in the previous year. After three quarters of 2011, the YTD EBTIDA amounted to kPLN 4.944 and was higher by 17.8% than in the corresponding period of 2010.

The net profit of the third quarter of 2011 was kPLN 933 and was higher than in the previous year by 16.2%. After three quarters of 2011, the YTD net profit amounted to kPLN 6.259 and increased by 136.4.% when compared to the three quarters of 2010.

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

In the third quarter of 2011, the revenue from the sale in the TELL S.A. Group amounted to kPLN 72.318 and was lower by 6.7% than in the corresponding period of previous year. After three quarters of 2011, the YTD revenue from the sale amounted to kPLN 216,628 and decreased by 3.3 % when compared to the three quarters of 2010.

The operating profit for the third quarter of 2011 amounted to kPLN 3164 and was higher by 0.7% than in the corresponding period of previous year. After three quarters of 2011, the YTD operating profit amounted to kPLN 9.367 and was higher by 28.7% than in the corresponding period of 2010.

EBITDA of the third quarter of 2011 amounted to kPLN 3620 and was lower by 3.8% than in the previous year. After three quarters of 2011, the YTD EBTIDA amounted to kPLN 11016 and was higher by 20.3% than in the corresponding period of 2010.

The net profit of the third quarter of 2011 was kPLN 2.365 and was higher than in the previous year by 10.2%. After three quarters of 2011, the YTD net profit amounted to kPLN 7,052 and increased by 94.4.% when compared to the three quarters of 2010.

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

| Revenue from the sale of products and goods (in kPLN) | 2011 Q1-Q3 | 2010 Q1-Q3 | Change Q1-Q3.2011 /Q1-Q3.2010 | 2011 Q3 | 2010 Q3 | Change Q3.2011 /Q3.2010 |
|---|----------------|----------------|-------------------------------|---------------|---------------|-------------------------|
| Revenue from the sale of telecommunication services | 95,434 | 90,571 | 105.37% | 30,395 | 31,490 | 96.52% |
| Sets and pre-paid refillments | 21,603 | 22,761 | 94.91% | 7,218 | 8,144 | 88.63% |
| Postpaid contract phones | 91,002 | 87,879 | 103.55% | 31,759 | 34,845 | 91.14% |
| Other revenue | 8,590 | 8,584 | 100.07% | 2,945 | 3,009 | 97.86% |
| Total | 216,628 | 209,795 | 103.26% | 72,318 | 77,488 | 93.33% |

| Service sale volume | 2011 Q1-Q3 | 2010 Q1-Q3 | Change Q1-Q3.2011 /Q1-Q3.2010 | 2011 Q3 | 2010 Q3 | Change Q3.2011 /Q3.2010 |
|----------------------|----------------|----------------|-------------------------------|----------------|----------------|-------------------------|
| Postpaid activations | 490,414 | 515,557 | 95.12% | 159,720 | 179,814 | 88.83% |
| Prepaid activations | 124,869 | 140,004 | 89.19% | 42,364 | 51,818 | 81.76% |
| Total | 615,283 | 655,561 | 93.86% | 202,084 | 231,632 | 87.24% |

20. Description of factors and events, in particular extraordinary ones, having a significant influence on the financial results achieved;

There were no extraordinary events.

21. Explanations concerning the seasonality or cyclicity of the issuer's activities in the presented period;

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

22. Information on the issue, redemption and repayment of non-share and equity securities;

Not applicable

23. Information on the dividends paid, in total and as divided per share, with a breakdown into ordinary and preferential shares;

By virtue of Resolution No. 16/2011 of 28 April 2011, the General Meeting of Shareholders of Tell S.A. decided to distribute the net profit disclosed in the 2010 financial statements in an amount of PLN 5,650,775,48 as follows:

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

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

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

24. Indication of events occurring after the financial statement date which were not included in the statements and which could significantly influence the future financial results of the issuer;

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

25. Information on changes in contingent liabilities that occurred in the period after the end of the last financial year;

In the period from the end of the last financial year until the date of the statements for the third quarter of 2011 no new collaterals were granted.

There were changes in the amount of collaterals already granted. The amount of the promissory note guarantee to the benefit of PTC Sp. z o.o. (T-Mobile operator) was changed from the amount described as the total of outstanding payables to the amount of kPLN 6,300.

The guarantees to Bank DnB Nord Polska S.A. decreased by kPLN 2,350 from the total of kPLN 9,100 to kPLN 6,750.

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

The Management Board of Tell S.A. did not publish any forecasts of results for 2011.

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

In the period from the publication of the statements for the first quarter of 2011 to the publication of the statements for the third quarter of 2011, there was a change in the number of votes. Following a request of two shareholders 190,625 series A registered shares were converted into bearer shares. The converted shares had a voting preference; they each one entitled to two votes. In result of the conversion, this preference expired. After the conversion, the total number of votes at the General Meeting of Shareholders amounts to 8,165,623. In consequence of the conversion of shares, the share capital did not change and still amounts to PLN 1,261,924.60.

The changes are presented in the tables below.

Shareholders holding at least 5% of votes at the General Meeting of Shareholders as at the date of the publication of the statements for the first quarter of 2011.

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

Shareholders holding at least 5% of votes at the General Meeting of Shareholders as at the date of the publication of the statements for the third quarter of 2011.

| Shareholder | Number of registered shares | Number of bearer shares | Total shares | Number of votes per registered shares | Number of votes per bearer shares | Total votes | % of share capital | % of votes |
|--|-----------------------------|-------------------------|--------------|---------------------------------------|-----------------------------------|-------------|--------------------|------------|
| BBI Capital NFI S.A. | 1,429,750 | | 1,429,750 | 2,859,500 | 0 | 2,859,500 | 22.66% | 35.02% |
| Havo Sp. z o.o. | | 675,000 | 675,000 | | 675,000 | 675,000 | 10.70% | 8.27% |
| Rafał Stempniewicz | 175,000 | 122,280 | 297,280 | 350,000 | 122,280 | 472,280 | 4.71% | 5.78% |
| AVIVA Investors FIO* AVIVA Investors SFIO | | 657,672 | 657,672 | | 657,672 | 657,672 | 10.42% | 8.05% |
| Quercus Parasolowy SFIO, Quercus Absolute Return FIZ | | 888,235 | 888,235 | | 888,235 | 888,235 | 14.08% | 10.88% |
| | 1,604,750 | 2,343,187 | 3,947,937 | 3,209,500 | 2,343,187 | 5,552,687 | 62.57% | 68.00% |

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

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

In the period from the publication of the statements for the first quarter of 2011 to the publication of the statements for the third quarter of 2011, there was a change in the number of votes. The changes are presented in the tables below.

List of shares held by persons managing or supervising the issuer as at the date of publication of this report for the first quarter of 2011.

| Shareholder | Total shares | Total votes | % of share capital | % of votes |
|---|--------------|-------------|--------------------|------------|
| Members of the Supervisory Board | | | | |
| Paweł Turno | 170,625 | 341,250 | 2.70% | 4.08% |
| Management Board | | | | |
| Rafał Stempniewicz | 297,280 | 472,280 | 4.71% | 5.65% |
| Stanisław Górski | 7,548 | 7,548 | 0.12% | 0.09% |
| Robert Krasowski | 29,981 | 29,981 | 0.47% | 0.36% |
| | 505,434 | 851,059 | 8.00% | 10.18% |

List of shares held by persons managing or supervising the issuer as at the date of publication of this report for the third quarter of 2011.

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| Shareholder | Total shares | Total votes | % of share capital | % of votes |
|----------------------------------|--------------|-------------|--------------------|------------|
| Members of the Supervisory Board | | | | |
| Paweł Turno | 170,625 | 221,250 | 2.70% | 2.71% |
| Management Board | | | | |
| Rafał Stempniewicz | 297,280 | 472,280 | 4.71% | 5.78% |
| Stanisław Górski | 7,548 | 7,548 | 0.12% | 0.09% |
| Robert Krasowski | 29,981 | 29,981 | 0.47% | 0.37% |
| | 505,434 | 731,059 | 8.00% | 8.95% |

29. Indication of court, arbitration or public administration proceedings, including information on the scope thereof;

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

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

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

All transactions between the Group companies are at arm's length transactions.

As at the balance sheet date, the total of loans granted by Tell S.A. to subsidiaries amounted to kPLN 10,382. Loan and interest transactions with related parties are deconsolidated in the quarterly consolidated financial statements.

The loans are granted at variable interest rates calculated as the sum of the following components: interest rate determined as above plus a margin of 3.5% to 7%. The interest rate changes with each first day of a calendar month of the contract validity pro rata to the reference rate calculated and rounded up/down to the second digit on the basis of the arithmetical average of 1M WIBOR for deposits over the last 10 working days of the previous calendar month.

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

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| Entity/Bank | Type of liability | Value as at in kPLN | Security |
|---------------------------|---|------------------------|-------------------------------------|
| | | 30/09/2011 | |
| PTC Sp. z o.o. | merchant's loan | 6,300 | guarantee for Euro-Phone Sp. z o.o. |
| Bank DnD Nord Polska S.A. | guarantee line facility | 3,000 | guarantee for Euro-Phone Sp. z o.o. |
| Bank DnD Nord Polska S.A. | loan | 3,750 | guarantee for Euro-Phone Sp. z o.o. |
| Alior Bank S.A. | liability due to a limit for guarantee-type products | 1,500 | guarantee for PTI Sp. z o.o. |

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

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

Change of the commission system of Tell S.A.

From 1 February 2011, in relation with the conclusion between Tell S.A. and PTK Centertel Sp. z o.o. of a new agency contract superseding all previous contracts, the Tell S.A.'s remuneration system changed. In consequence, the previous system of the so-called deferred provisions, payable in instalments (monthly commission and 6th month commission), was replaced by a system where the dominant commission element is a monthly commission supplemented by the so-called quarterly bonus. The basic difference between the present and the previous system is such that now all other commission components above the monthly commission result from the achievement in the given period of certain defined goals and do not constitute a payment of certain amounts earned in previous periods.

In the previous commission system, the Company received the first instalment in the month when an activation was sold (the so-called monthly commission) and the second one in the sixth month after the sale of the given activation (the so-called 6th month commission). The last payment of the 6th month commission took place in June 2011.

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

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

ORANGE network operator - 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.

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

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

PLUS network operator – Polkomtel S.A.

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

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

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

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

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

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

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

The basic factors which will influence the results to be achieved by the TELL S.A. Group in the nearest future include the demand for mobile phone services, in particular its seasonality (cf. item 21 above) as well as the related level of sale plan performance imposed on the Group Companies by mobile phone operators.

Rafał Stempniewicz

Stanisław Górski

Robert Krasowski

President of the Management Board

Member of the Management Board

Member of the Management Board