

**TELL S.A. GROUP**  
Quarterly Consolidated Financial Statement for  
the first quarter of 2012

Poznań, 15 May 2012

**The Tell S.A. Group**  
 Quarterly consolidated financial statements for the first quarter of 2012

**1. Selected consolidated financial data**

	in kPLN		in k EUR	
	2012 period from 01/01/2012 from 31/03/2012	2011 period from 01/01/2011 from 31/03/2011	2012 period from 01/01/2012 from 31/03/2012	2011 period from 01/01/2011 from 31/03/2011
I. Net revenues from the sale of products and goods	68,652	79,060	16,443	19,893
II. Operating profit (loss)	2,364	3,386	566	852
III. Gross profit (loss)	2,255	3,250	540	818
IV. Net profit (loss)	1,660	2,620	398	659
V. Net cash flows provided / (used) by operating activities	2,984	1,775	715	447
VI. Net cash flows provided / (used) by investing activities	-181	-1,369	-43	-345
VII. Net cash flows provided / (used) by financing activities	-508	-575	-122	-145
VIII. Total net cash flows	2,296	-170	550	-43
IX. Total assets	140,072	140,652	33,658	35,059
X. Liabilities and provisions for liabilities	78,680	82,678	18,906	20,608
XI. Long-term liabilities	9,698	10,610	2,330	2,645
XII. Short-term liabilities	68,981	72,070	16,576	17,964
XIII. Shareholder's equity	61,392	57,974	14,752	14,451
XIV. Share capital in PLN	1,261,924.60	1,261,924.60	303,231	314,545
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)	0.26	0.42	0.06	0.10
XVII. Diluted earnings per ordinary share (in PLN/EURO)	0.26	0.42	0.06	0.10
XVIII. Number of shares (items)	6,309,623	6,309,623	6,309,623	6,309,623
XIX. Book value per ordinary share (in PLN/EURO)	9.73	9.19	2.34	2.29
XX. Diluted book value per ordinary share (in PLN/EUR)	9.73	9.19	2.34	2.29
XXI. Declared or paid dividend per share (in PLN/EUR)				

**The Tell S.A. Group**  
Quarterly consolidated financial statements for the first quarter of 2012

**2. Consolidated Statement of Financial Position**

	2012 As at 31/03/2012	2011 As at 31/12/2011	2011 As at 31/03/2011
<b>A s s e t s</b>			
Fixed assets	66,386	66,788	67,363
Intangible fixed assets	435	485	512
Goodwill	57,581	57,581	57,481
Tangible Fixed Assets	4,771	5,059	5,435
Long-term receivables	1,134	1,184	1,236
Investments in subsidiaries	1,287	1,287	1,287
Deferred income tax assets	906	888	1,057
Long-term prepayments	272	304	355
Current assets	73,685	77,943	73,289
Inventories	11,737	12,744	13,815
Trade receivables and other receivables	46,938	52,882	54,438
Financial assets	15	22	239
Accruals	724	321	824
Cash and Cash Equivalents	14,271	11,975	3,974
<b>Total assets</b>	<b>140,072</b>	<b>144,731</b>	<b>140,652</b>

<b>E q u i t y &amp; L i a b i l i t i e s</b>			
Shareholder's equity	61,392	59,732	57,974
Share capital	1,262	1,262	1,262
Supplementary capital	36,999	36,999	36,396
Reserve capital	9,902	9,902	9,902
Retained profit	11,569	2,144	7,795
Net profit	1,660	9,426	2,620
Long-term liabilities	9,698	9,712	10,610
Loan liabilities	3,412	3,840	5,623
Employee benefits liabilities	36	36	33
Deferred tax liabilities	6,251	5,837	4,954
Short-term liabilities	68,981	75,288	72,070
Loan liabilities	1,877	1,856	1,743
Trade liabilities and other liabilities	66,296	72,070	69,318
Income tax liabilities		184	22
Employee benefits liabilities	767	767	653
Provisions	42	411	334
<b>Total equity &amp; liabilities</b>	<b>140,072</b>	<b>144,731</b>	<b>140,652</b>

**The Tell S.A. Group**  
Quarterly consolidated financial statements for the first quarter of 2012

**3. Consolidated comprehensive income statement**

	2012 period from 01/01/2012 to 31/03/2012	2011 period from 01/01/2011 to 31/12/2011	2011 period from 01/01/2011 to 31/03/2011
Net revenues from sale	68,652	287,668	79,060
Net revenues from the sale of services	40,839	173,645	47,445
Net revenues from the sale of goods	27,813	114,023	31,616
Sale costs	53,464	221,523	60,192
Costs of services sold	25,908	109,857	29,155
Value of goods sold	27,555	111,666	31,038
Gross profit on sale	15,188	66,145	18,868
Sale costs	10,359	41,289	12,451
Administration costs	2,359	11,721	3,080
Other operating income	82	1,055	107
Other operating expense	188	1,554	59
Profit on operating activities	2,364	12,636	3,386
Financial income	81	238	52
Financial costs	190	956	188
Gross profit	2,255	11,917	3,250
Income Tax	595	2,492	630
a) current part	34	918	109
b) deferred part	561	1,573	521
Net profit on continued activities		9,426	2,620
Other comprehensive income			
Other comprehensive income after taxation			
Total comprehensive income	1,660	9,426	2,620
Net profit assigned to the shareholders of Tell S.A.	1,660	9,426	2,620
Net profit assigned to non-controlling shares	0	0	0
Total comprehensive income assigned to the shareholders of Tell S.A.	1,660	9,426	2,620
Total comprehensive income assigned to non-controlling shares	0	0	0
Earnings per share in PLN (basic and diluted)	0.26	1.49	0.42
Average weighed number of shares (basic and diluted) in thousands	6,309.6	6,309.6	6,309.6

**The Tell S.A. Group**  
Quarterly consolidated financial statements for the first quarter of 2012

**4. Consolidated Cash Flow Statement**

	2012 period from 01/01/2012 to 31/03/2012	2011 period from 01/01/2011 to 31/12/2011	2011 period from 01/01/2011 to 31/03/2011
Gross profit	2,255	11,917	3,250
Total adjustments	729	6,320	- 1,475
Amortisation and depreciation	431	2,088	644
Exchange difference loss		7	
Interest and share in profits (dividends)	101	661	153
Profit on investment activities	94	350	43
Change in provisions	- 368	48	- 145
Change in inventories	1,007	2,717	1,646
Change in receivables	5,994	8,758	7,073
Change in short-term receivables, excluding loans and advances	- 5,678	- 7,048	- 9,920
Change in prepayments and accruals	- 470	136	- 517
Paid income tax	- 380	-1,397	- 452
Adjustments		- 1	
<b>Net cash flows provided by operating activities</b>	<b>2,984</b>	<b>18,237</b>	<b>1,775</b>
Cash flow from investing activity			
Inflows	34	2,786	113
Disposal of intangible and tangible fixed assets	27	304	91
From financial assets, including interest	1	68	22
Repayment of loans	6	2,415	
Outflows	- 215	- 5367	- 1,482
Acquisition of intangible and tangible fixed assets	- 215	-1,845	- 185
Financial assets in related parties		- 1287	- 1,287
Grant of advances		- 2,236	- 10
<b>Net cash flows provided / (used) by investing activities</b>	<b>- 181</b>	<b>- 2581</b>	<b>- 1,369</b>
Cash flow from financial activity			
Inflows			33
Interest			33
Outflows	- 508	- 7,825	- 608
Dividend payment		-5,048	
Repayment of loans and advances	- 407	- 2,066	- 428
Interest	- 101	- 705	- 180
Other financial expenses		- 7	
<b>Net cash flows provided / (used) by financing activities</b>	<b>- 508</b>	<b>- 7,825</b>	<b>- 575</b>
Total cash flow	2,296	7,830	- 170
Cash at the period beginning	11,975	4,145	4,145
Cash at period end, including:	14,271	11,975	3,974
- limited use cash			

**The Tell S.A. Group**  
 Quarterly consolidated financial statements for the first quarter of 2012

**5. Consolidated Statement of Changes in Equity**

	2012 As at 31/03/2012	2011 As at 31/12/2011	2011 As at 31/03/2011
Equity at period beginning	59,732	55,354	55,354
Equity at period beginning, after reconciliation of comparable data	59,732	55,354	55,354
Share capital at period beginning	1,262	1,262	1,262
Changes in share capital			
Share capital at period end	1,262	1,262	1,262
Supplementary capital at period beginning	36,999	36,396	36,396
Changes in supplementary capital		603	
a) increase (due to):		603	
- from distribution of profits		603	
b) decrease (due to):			
Supplementary capital at period end	36,999	36,999	36,396
Reserve capitals at period beginning	9,902	9,902	9,902
Changes in reserve capitals			
a) increase (due to):			
b) decrease (due to):			
Reserve capitals at period end	9,902	9,902	9,902
Retained profit at period beginning	11,569	7,795	7,795
a) adjustment of fundamental errors			
Retained profit at period beginning, after data reconciliation		7,795	7,795
a) increase (due to):			
b) decrease (due to):		5,651	
- from distribution of profits		603	
- dividend payments		5,048	
Retained profit at period end	11,569	2,144	7,795
Total comprehensive income	1,660	9,426	2,620
a) net profit	1,660	9,426	2,620
b) other net comprehensive income			
Equity at period end	61,392	59,732	57,974
Equity of the shareholders of Tell S.A.	61,392	59,732	57,974
Equity of non-controlling shares	0	0	0

**The Tell S.A. Group**  
Quarterly consolidated financial statements for the first quarter of 2012

**6. Selected separate financial data**

	in kPLN		in k EUR	
	2012 period from 01/01/2012 from 31/03/2012	2011 period from 01/01/2011 from 31/03/2011	2012 period from 01/01/2012 from 31/03/2012	2011 period from 01/01/2011 from 31/03/2011
I. Net revenues from the sale of services and goods	22,116	29,459	5,297	7,412
II. Operating profit (loss)	842	1,103	202	278
III. Gross profit (loss)	989	4,341	237	1,092
IV. Net profit (loss)	766	4,109	183	1,034
V. Net cash flows provided / (used) by operating activities	2,896	2,106	694	530
VI. Net cash flows provided / (used) by investing activities	136	-2,056	33	-517
VII. Net cash flows provided / (used) by financing activities	-470	-526	-113	-132
VIII. Total net cash flows	2,563	-477	614	-120
IX. Total assets	106,949	113,341	25,699	28,251
X. Liabilities and provisions for liabilities	48,684	56,180	11,698	14,003
XI. Long-term liabilities	6,060	7,212	1,456	1,798
XII. Short-term liabilities	42,624	48,967	10,242	12,205
XIII. Shareholder's equity	58,264	57,161	14,000	14,248
XIV. Share capital in PLN	1,261,925.60	1,261,925.60	303,231	314,545
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)	0.12	0.65	0.03	0.16
XVII. Diluted earnings per ordinary share (in PLN/EURO)	0.12	0.65	0.03	0.16
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)	9.23	9.06	2.22	2.26
XX. Diluted book value per ordinary share (in PLN/EUR)	9.23	9.06	2.22	2.26
XXI. Declared or paid dividend per share (in PLN/EUR)				

**The Tell S.A. Group**  
Quarterly consolidated financial statements for the first quarter of 2012

**7. Separate Statement of Financial Position**

	2012 As at 31/03/2012	2011 As at 31/12/2011	2011 As at 31/03/2011
<b>A s s e t s</b>			
Fixed assets	51,035	51,474	52,273
Intangible fixed assets	281	311	394
Goodwill	21,298	21,298	21,298
Tangible Fixed Assets	2,539	2,797	3,376
Long-term receivables	608	660	720
Investments in subsidiaries	25,636	25,636	25,636
Deferred income tax assets	400	468	495
Long-term prepayments	272	304	355
Current assets	55,914	61,703	61,067
Inventories	8,320	9,823	11,205
Trade receivables and other receivables	27,904	35,121	36,034
Financial assets	9,823	9,782	9,969
Accruals	548	221	639
Cash and Cash Equivalents	9,318	6,756	3,221
<b>Total assets</b>	<b>106,949</b>	<b>113,177</b>	<b>113,341</b>
<b>E q u i t y &amp; L i a b i l i t i e s</b>			
Shareholder's equity	58,264	57,498	57,161
Share capital	1,262	1,262	1,262
Supplementary capital	36,840	36,840	36,237
Reserve capital	9,902	9,902	9,902
Retained profit	9,494		5,651
Net profit	766	9,494	4,109
Long-term liabilities	6,060	6,350	7,212
Loan liabilities	1,996	2,423	3,706
Employee benefits liabilities	10	10	10
Deferred tax liabilities	4,054	3,917	3,496
Short-term liabilities	42,624	49,329	48,967
Loan liabilities	1,876	1,856	1,711
Trade liabilities and other liabilities	40,271	46,496	46,517
Income tax liabilities		173	22
Employee benefits liabilities	477	477	417
Provisions		328	300
<b>Total equity &amp; liabilities</b>	<b>106,949</b>	<b>113,177</b>	<b>113,341</b>



**The Tell S.A. Group**  
 Quarterly consolidated financial statements for the first quarter of 2012

**8. Separate comprehensive income statement**

	2012 period from 01/01/2012 to 31/03/2012	2011 period from 01/01/2011 to 31/12/2011	2011 period from 01/01/2011 to 31/03/2011
Net revenues from sale	22,116	108,867	29,459
Net revenues from the sale of services	16,894	80,197	21,807
Net revenues from the sale of goods	5,223	28,670	7,652
Sale costs	13,014	70,035	19,353
Costs of services sold	7,888	42,729	12,068
Value of goods sold	5,125	27,306	7,285
Gross profit on sale	9,103	38,832	10,106
Sale costs	6,617	27,205	7,394
Administration costs	1,500	6,275	1,648
Other operating income	16	315	52
Other operating expense	159	830	14
Profit on operating activities	842	4,836	1,103
Financial income	256	6,452	3,370
Financial costs	110	658	131
Gross profit	989	10,630	4,341
Income Tax	223	1,135	231
a) current part	18	477	22
b) deferred part	205	658	209
Net profit on continued activities	766	9,494	4,109
Other comprehensive income			
Other comprehensive income after taxation			
Total comprehensive income	766	9,494	4,109

Earnings per share in PLN (basic and diluted)	0.12	1.50	0.65
Average weighed number of shares (basic and diluted) in thousands	6,309.6	6,309.6	6,309.6

**The Tell S.A. Group**  
Quarterly consolidated financial statements for the first quarter of 2012

**9. Separate Cash Flow Statement**

	2012 period from 01/01/2012 to 31/03/2012	2011 period from 01/01/2011 to 31/12/2011	2011 period from 01/01/2011 to 31/03/2011
Gross profit	989	10,630	4,341
Total adjustments	1,907	- 1,108	- 2,235
Amortisation and depreciation	244	1,421	472
Interest and share in profits (dividends)	-147	- 5,792	- 3,238
Profit on investment activities	77	152	5
Change in provisions	-328	47	- 40
Change in inventories	1,503	3,009	1,628
Change in receivables	7,268	5,451	4,478
Change in short-term liabilities, excl. loans	- 6,194	- 4,936	- 4,914
Change in prepayments and accruals	- 295	98	- 371
Paid income tax	-221	- 559	- 255
<b>Net cash flows provided by operating activities</b>	<b>2,896</b>	<b>9,522</b>	<b>2,106</b>
Cash flow from investing activity			
Inflows	997	22,421	11,876
Disposal of intangible and tangible fixed assets	27	210	79
From financial assets - interest	169	1,569	22
Repayment of loans	800	15,050	8,550
Dividend income		5,592	3,225
Outflows	- 861	- 21,698	- 13,932
Acquisition of intangible and tangible fixed assets	- 61	- 661	- 95
Purchase of financial assets in related parties		- 1,287	- 1,287
Grant of advances	- 800	- 19,750	- 12,550
<b>Net cash flows provided / (used) by investing activities</b>	<b>136</b>	<b>723</b>	<b>- 2,056</b>
Cash flow from financial activity			
Inflows	0		0
Loans and credits			
Other financial inflows			
Outflows	- 470	- 7,187	- 526
Dividend payment		- 5,048	
Repayment of loans	- 407	- 1,566	- 428
Interest	- 63	- 573	- 98
<b>Net cash flows provided / (used) by financing activities</b>	<b>- 470</b>	<b>- 7,187</b>	<b>- 526</b>
Total net cash flows	2,563	3,058	- 477
Cash at the period beginning	6,756	3,697	3,697
Cash at period end, including:	9,318	6,756	3,221
- limited use cash			

**The Tell S.A. Group**  
 Quarterly consolidated financial statements for the first quarter of 2012

**10. Separate Statement of Changes in Equity**

	2012 period from 01/01/2012 to 31/03/2012	2011 period from 01/01/2011 to 31/12/2011	2011 period from 01/01/2011 to 31/03/2011
Equity at period beginning (OB)	57,498	53,052	53,052
Equity at period beginning (OB), after reconciliation of comparable data	57,498	53,052	53,052
Share capital at period beginning	1,262	1,262	1,262
Changes in equity			
Share capital at period end	1,262	1,262	1,262
Supplementary capital at period beginning	36,840	36,237	36,237
Changes in supplementary capital		603	603
a) increase (due to):		603	603
- from distribution of profits		603	603
b) decrease (due to):			
Supplementary capital at period end	36,840	36,840	36,840
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	9,494	5,651	5,651
Retained profit at period beginning		5,651	5,651
a) increase (due to):			
b) decrease (due to):		5,651	
- transfer to supplementary capital		603	
- dividend payment		5,048	
Retained profit at period end	9,494	0	5,651
Total comprehensive income	766	9,494	4,109
a) net profit	766	9,494	4,109
b) other comprehensive income			
Equity at period end (CB)	58,264	57,498	57,161

**The Tell S.A. Group**  
Quarterly consolidated financial statements for the first quarter of 2012

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**11. Basic information about the Parent Company;**

Name:	<b>Tell</b>
Legal form:	<b>Spółka Akcyjna (<i>Polish joint-stock company</i>)</b>
Seat:	<b>61-362 Poznań, ul. Forteczna 19a</b>
Country of incorporation:	<b>Poland</b>
Basic objects of business:	<ul style="list-style-type: none"><li>- other telecommunications activities,</li><li>- retail sale of telecommunications equipment in specialised stores,</li><li>- retail sale of computers, peripheral equipment and software in specialised stores,</li><li>- wholesale of electronic and telecommunications equipment and parts,</li><li>- wholesale of computers, peripheral equipment and software,</li><li>- other retail sale not in stores, stalls or markets,</li><li>- computer facilities management activities,</li><li>- other business and management consultancy activities.</li></ul>
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 31 March 2012;**

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 31 March 2012;**

Paweł Turno	- Chairman of the Supervisory Board
Piotr Karmelita	- Secretary 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

**The Tell S.A. Group**  
Quarterly consolidated financial statements for the first quarter of 2012

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**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 2011.

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 31/03/2011 the following exchange rate was applied: EUR 1 = PLN 4.0119, in accordance with conversion table of the National Bank of Poland No. 63/A/NBP/2011 of 31/03/2011.
- for conversion of balance sheet data as at 31/03/2012 the following exchange rate was applied: EUR 1 = PLN 4.1616, in accordance with conversion table of the National Bank of Poland No. 64/A/NBP/2012 of 30/03/2012.

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 first quarter of 2011, the following exchange rate was applied: EUR 1 = PLN 3.9742, which is an arithmetical average of exchange rates announced by the National Bank of Poland as at the last day of each one of three months covered by the quarterly statements.
- to determine the income statement and cash flow statement data for the first quarter of 2012, the following exchange rate was applied: EUR 1 = PLN 4.1750, which is an arithmetical average of exchange rates announced by the National Bank of Poland as at the last day of each one of three months covered by the quarterly statements.

**The Tell S.A. Group**  
Quarterly consolidated financial statements for the first quarter of 2012

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

The Tell S.A. Group is composed of the parent company Tell S.A. and related companies.

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 31 March 2012.

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.

**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;**

No changes in the company's structure.

**The Tell S.A. Group**  
Quarterly consolidated financial statements for the first quarter of 2012

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

	As at 31/03/2012	As at 31/12/2011	Change
Deferred income tax assets	906	888	18
Deferred tax liabilities	6,251	5,837	414
Provision for retirement benefits and similar benefits	35	35	-
Other provisions	809	1,178	- 369
Impairment of receivables	3,744	3,685	59

**19. Key achievements of the Group in the first quarter of 2012;**

**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 197 in the first quarter of 2012 (as at 31/03/2012 - 189 outlets), when compared to the average number of the first quarter of 2011 being 231 outlets (as at 31/03/2011 - 230 outlets).

The number of outlets run by subsidiaries where the services of other operators are sold amounted to, as at the end of 31/03/2012 – 195 outlets, when compared to 205 outlets as at the end of 31/03/2011. Among the above-mentioned outlets, there were 93 outlets (98 respectively as at the end of the first quarter of 2011) offering the services of Polkomtel Sp. z o.o. (PLUS operator) and 102 outlets (respectively, 107 as at the end of the first quarter of 2011) offering the services of Polska Telefonia Cyfrowa Sp. z o.o. (T-Mobile operator).

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

In the first quarter of 2012, the revenue from the sale in TELL S.A. amounted to kPLN 22.116 and was lower by 24.9% than in the corresponding period of previous year.

The gross profit on sales of the first quarter of 2012 was kPLN 9.103 and was lower than in the corresponding period of the previous year by 9.9%.

The operating profit for the first quarter of 2012 amounted to kPLN 842 and was lower by 23.7% than in the corresponding period of previous year.

EBITDA of the first quarter of 2012 amounted to kPLN 1,086 and was lower by 31.0% than in the corresponding period of the previous year.

The net profit of the first quarter of 2012 was kPLN 766 and was lower than in the corresponding period of the previous year by 81.4%. The considerable fall in net profit in the first quarter of 2012 when compared to the net profit for the first quarter of 2011 results from the fact that in the first quarter of 2011 Tell S.A. received dividends for 2010 in an amount of kPLN 3,225 from its subsidiaries.

The payment of dividends for 2011 from the subsidiaries is expected to take place in the second quarter of 2012.

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

In the first quarter of 2012, the revenue from the sale in the Group amounted to kPLN 68652 and was lower by 13.2% than in the corresponding period of previous year.

The gross profit on sales of the first quarter of 2012 was kPLN 15188 and was lower than in the corresponding period of the previous year by 19.5%.

**The Tell S.A. Group**  
Quarterly consolidated financial statements for the first quarter of 2012

The operating profit for the first quarter of 2012 amounted to kPLN 2.364 and was lower by 30.2% than in the corresponding period of previous year.

EBITDA of the first quarter of 2012 amounted to kPLN 2.795 and was lower by 30.6% than in the corresponding period of the previous year.

The net profit of the first quarter of 2012 was kPLN 1.660 and was lower than in the corresponding period of the previous year by 36.6%.

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

Revenue from the sale of products and goods (in kPLN)	2012 1st Quarter	2011 Q1	Change Q1.2012 /Q1.2011
Revenue from the sale of telecommunication services	28,686	35,181	81.54%
Sets and pre-paid refills	5,918	7,414	79.82%
Postpaid contract phones	31,284	33,605	93.09%
Other revenue	2,765	2,860	96.66%
Total	68,652	79,060	86.84%

Service sale volume	2012 Q1	2011 Q1	Change Q1.2012 /Q1.2011
Postpaid activations	151,270	180,176	83.96%
Prepaid activations	35,779	44,301	80.76%
Total	187,049	224,477	83.33%

**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;**

No information.

**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;**



**The Tell S.A. Group**  
Quarterly consolidated financial statements for the first quarter of 2012

By the date of these financial statements for the first quarter of 2012 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 first quarter of 2012 no new collaterals were granted.

**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 2012.

**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;**

Due to the fact that the Company does not publish the quarterly statements for the fourth quarter, the latest published quarterly statements are the statements for the third quarter of 2011. In the period from the publication of the previous quarterly statements until the publication of these quarterly statements for the first quarter of 2012 there were changes in the number of shares and there was a change in the number of votes. In accordance with a request of shareholders, 151250 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 8.014.373. In consequence of the conversion of shares, the share capital did not change and 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 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%
total	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.

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 2012.

**The Tell S.A. Group**  
Quarterly consolidated financial statements for the first quarter of 2012

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%	35.68%
Havo Sp. z o.o.		675,000	675,000		675,000	675,000	10.70%	8.42%
Rafał Stempniewicz	175,000	112,280	287,280	350,000	112,280	462,280	4.55%	5.77%
AVIVA Investors FIO* AVIVA Investors SFIO		657,672	657,672		657,672	657,672	10.42%	8.21%
Quercus Parasolowy SFIO, Quercus Absolute Return FIZ		888,235	888,235		888,235	888,235	14.08%	11.08%
total	1,604,750	2,333,187	3,937,937	3,209,500	2,333,187	5,542,687	62.41%	69.16%

**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 third quarter of 2011.

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%
total	505,434	731,059	8.00%	8.95%

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 2012.

Shareholder	Total shares	Total votes	% of share capital	% of votes
Members of the Supervisory Board				
Paweł Turno	170,625	170,625	2.70%	2.13%
Management Board				
Rafał Stempniewicz	287,280	462,280	4.55%	5.77%
Stanisław Górski	2,748	2,748	0.04%	0.03%
Robert Krasowski	15,000	15,000	0.24%	0.19%
total	475,653	650,653	7.53%	8.12%

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

**The Tell S.A. Group**  
Quarterly consolidated financial statements for the first quarter of 2012

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 9.823. 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;**

Entity/Bank	Type of liability	Value as at in kPLN	Security
		31/03/2012	
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	4.200	guarantee for Euro-Phone Sp. z o.o.
Bank DnD Nord Polska S.A.	loan	2.125	guarantee for Euro-Phone Sp. z o.o.
Alior Bank S.A.	loan	6.000	guarantee for PTI Sp. z o.o.
Alior Bank S.A.	guarantee line facility	2.600	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 system of registering revenue and costs related to the postpaid mobile phone services are presented below.

**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

**The Tell S.A. Group**  
Quarterly consolidated financial statements for the first quarter of 2012

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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 Sp. z o.o.**

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 Q1/2012 and Q1/2011, respectively, kPLN 53.046 and kPLN 62.374. The costs of sale in Q1/2012 and Q1/2011 would be, respectively, kPLN 37.858 and kPLN 43.506. The consequences on this operation are neutral as regards the final result.

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 Sp. z o.o. 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. z o.o.

**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 Tell S.A. Group**

Quarterly consolidated financial statements for the first quarter of 2012

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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

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President of the Management Board

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Member of the Management Board

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Member of the Management Board