

Frąckowiak

GrantThornton

Report supplementing the
opinion on the audit of the
consolidated financial
statements for 2011

Tell Spółka Akcyjna Group

1 Information about the Parent Company

The Parent Company in the Group is Tell Spółka Akcyjna. The Parent Company was established on 15 November 2004. The duration of the Parent Company is unlimited. The registered office of the Parent Company is in Poznań, ul. Forteczna 19a.

The basic objects of the business of the Parent Company are as follows:

- retail sale of telecommunications equipment,
- wholesale of electronic and telecommunications equipment and parts.

The objects of business of subsidiaries are related to the business of the Parent Company.

On 30 November 2004, the Parent Company was entered into the register of companies of the National Court Register maintained by the District Court for Poznań — Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register under number KRS 0000222514.

The Parent Company was assigned the following VAT No. (NIP): 7791580574 and statistical No. (REGON): 630822208.

The share capital of the Parent Company as at the financial year end, i.e. 31 December 2011, amounted to kPLN 1,262. The equity of the Group as at the same date amounted to kPLN 59,732.

In accordance with Note 14 of the Supplementary Notes to the consolidated financial statements made as at 31 December 2011, the ownership structure of the Parent Company's share capital was as follows:

Shareholder	Number of shares	Number of votes	Par Value of Shares	Share capital held
BBI Capital NFI S.A.	1,429,750	2,859,500	285,950	22.66%
Havo Sp. z o.o.	675,000	675,000	135,000	10.70%
Rafał Stempniewicz	287,280	462,280	57,456	4.55%
AVIVA Investors FIO, SFIO	657,672	657,672	131,534	10.42%
Ouercus Parasolowy SFIO, Ouercus Absolute Return FIZ	888,235	888,235	177,647	14.08%
Other	2,371,686	2,522,311	474,337	37.59%
Total	6,309,623	8,064,998	1,261,924	100.00%

As at the balance sheet, the share capital was composed of 1,755,375 registered shares with voting preferences (two votes from one share) and 4,554,248 ordinary shares.

The Management Board of the Parent Company as at 12 March 2012 was as follows:

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

In the period from 1 January 2011 to 12 March 2012, the Management Board of the Parent Company did not change.

2 Composition of the Group

As at 31 December 2011, the Tell S.A. Group comprised the following subsidiaries:

Name of company	Consolidation method	Type of opinion on the financial statements	Name of entity that audited the financial statements	Balance sheet date at which the financial statements were prepared
Euro-Phone Sp. z o.o.	Full consolidation	no qualifications	Grant Thornton Frąckowiak Spółka z ograniczoną odpowiedzialnością sp. k.	31 December 2011
PTI Sp. z o.o.	Full consolidation	no qualifications	Grant Thornton Frąckowiak Spółka z ograniczoną odpowiedzialnością sp. k.	31 December 2011

When compared to the previous year, there were no changes as regards the scope of companies subject to consolidation.

In 2011, the Parent Company acquired 30% of shares in Toys4Boys.pl Sp. z o.o.. The associated company was not consolidated using the equity method due to its insignificance when compared to the data of the consolidated financial statements of the Group.

3 Consolidated financial statements for the previous year

The consolidated financial statements of the Group for the financial year ended on 31 December 2010 (previous financial year) were audited by PKF Audyt Sp. z o.o., on behalf of which acted Marek Wojciechowski, chartered auditor No. 10984. The auditor made an unqualified opinion on the audited financial statements.

The consolidated financial statements of the Group for the financial year ended on 31 December 2010 was approved by the General Meeting of Shareholders of the Parent Company on 28 April 2011.

The consolidated financial statements of the Group for the financial year ended on 31 December 2010 (previous financial year), along with the opinion of the chartered auditor, resolution of the General Meeting of Shareholders on the approval of the consolidated financial statements and the report on the activities of the Group were filed with the National Court Register on 10 May 2011.

The required elements of the consolidated financial statements for the financial year ended on 31 December 2010 (previous financial year) along with the opinion of the chartered auditor and resolution of the General Meeting of Shareholders on the approval of the consolidated financial statements were published in *Monitor Polski B* number 1383 of 2011.

4 Information on the entity authorised to audit and the chartered auditor

Grant Thornton Frąckowiak Spółka z ograniczoną odpowiedzialnością sp. k. with registered office in Poznań, ul. Abpa Antoniego Baraniaka 88 E, is an entity authorised to audit financial statements entered into the list of the Polish Board of Chartered Auditors under number 3654.

On behalf of Grant Thornton Frąckowiak Spółka z ograniczoną odpowiedzialnością sp. k. the audit of the consolidated financial statements of the Group was managed by Elżbieta Grześkowiak, chartered auditor No. 5014.

Grant Thornton Frąckowiak Spółka z ograniczoną odpowiedzialnością sp. k. was appointed on 23 May 2011 to audit the consolidated financial statements of the Group for the financial year ended on 31 December 2011 by the Supervisory Board. The audit of the consolidated financial statements was conducted in accordance with the contract made on 28 June 2011 with the Management Board of the Parent Company.

5 Audit scope and date

The purpose of our audit was to express a written opinion and draw up a report on whether the consolidated financial statements for the financial year ended on 31 December 2011 presents fairly and reliably in all material aspects the assets and financial situation as well as the financial result of the Group in accordance with the accounting policies resulting from the International Accounting Standards, International Financial Reporting Standards and related interpretations as published in the form of regulations by the European Commission, and in the scope not regulated therein - in accordance with the requirements of the Accounting Act of 29 September 1994 (consolidated text: *Journal of Laws* of 2009 No. 152, item 1223 as amended) and executive regulations thereto.

During the audit of particular items of the consolidated financial statements and the consolidation documentation, we used tests and samples as appropriate for a financial audit. On the basis of the results of such tests and samples, we drew conclusions as to the correctness of the audited items.

Our audit did not deal with issues that do not have any influence on the consolidated financial statements audited by us.

The audit of the consolidated financial statements of the Group for the financial year ended on 31 December 2011 was conducted by us in the period from 25 November 2011 to 12 March 2011.

6 Declaration of independence

Grant Thornton Frąckowiak Spółka z ograniczoną odpowiedzialnością sp. k., members of the Management Board of the General Partner, the network of which the entity authorised to audit is a member, the chartered auditor in charge of the audit and all other persons participating in the audit meet the conditions to express an impartial and independent opinion on the audited consolidated financial statements of the Group as defined in art. 56 of the Chartered Auditors and Their Self-Government Bodies, Entities Authorised to Audit Financial Statements and Public Supervision Act of 7 May 2009 (*Journal of Laws* No. 77, item 649, as amended).

7 Availability of data and statements received

The Management Board of the Parent Company provided us with a written statement dated 12 March 2012 on the

completeness, reliability and fairness of the audited consolidated financial statements and on the fact that between the balance sheet date and the date of completion of the audit there were no events that could have a material influence on the assets and financial position of the Group and would required the disclosure in the consolidated financial statements. The Management Board of the Parent Company confirmed its responsibility for the approved consolidated financial statements and stated that it provided us, during the audit, with all financial statements of the consolidated companies, the consolidation documentation, information and other required documents as well as gave us explanations necessary for us to express our opinion on the audited consolidated financial statements.

We believe that the evidence we received provided us with a sufficient base to express our opinion on the consolidated financial statements.

8 Consolidated Statement of Financial Position

ASSETS (in kPLN)	31/12/2011	31/12/2010
FIXED ASSETS	66,788	66,541
Intangible fixed assets	485	632
Goodwill	57,581	57,481
Tangible Fixed Assets	5,059	5,908
Interests in related parties	1,287	-
Long-term receivables	1,184	1,258
Deferred income tax assets	888	874
Long-term prepayments	304	387
CURRENT ASSETS	77,943	81,592
Inventories	12,744	15,461
Trade receivables and other receivables	52,882	61,489
Accruals	321	274
Financial assets	22	224
Cash and Cash Equivalents	11,975	4,145
TOTAL ASSETS:	144,731	148133

EQUITY & LIABILITIES (in kPLN)	31/12/2011	31/12/2010
EQUITY	59,732	55,354
Equity - share of the parent company shareholders	59,732	55,354
Non-controlling shares	-	-
LONG-TERM LIABILITIES	9,712	10,334
Loan liabilities	3,840	6,051
Employee benefits liabilities	36	33
Deferred tax liabilities	5,837	4,251
SHORT-TERM LIABILITIES	75,288	82,444
Loan liabilities	1,856	1,711
Trade liabilities and other liabilities	72,070	79,017
Income tax liabilities	184	584
Employee benefits liabilities	767	658
Provisions	411	473
TOTAL EQUITY AND LIABILITIES:	144,731	148,133

The consolidated financial statements for 2010 were not audited by Grant Thornton Frąckowiak.

9 Consolidated comprehensive income statement

(in kPLN)	2011	2010
Net revenues from sale	287,668	307,371
Sale costs	221,523	234,451
Gross profit on sales	66,145	72,919
Sale costs	41,289	45,883
Administration costs	11,721	12,437
Other operating income	1,055	766
Other operating expense	1,554	3,028
Profit on operating activities	12,636	12,336
Financial income	238	223
Financial costs	956	2,328
Loss on account of control loss settlement	-	549

Gross profit	11,917	9,684
Income Tax	2,492	2,566
a) current part	918	1,044
b) deferred part	1,573	1,523
Net profit on continued activities	9,426	7,117
Other comprehensive income	-	-
Other comprehensive income after taxation	-	-
Comprehensive income	9,426	7,117
Net profit (loss) - share of:		
- shareholders of the Parent Company	9,426	7,117
- non-controlling interests	-	-
Comprehensive income - share of		
- shareholders of the Parent Company	9,426	7,117
- non-controlling interests	-	-

The consolidated financial statements for 2010 were not audited by Grant Thornton Frackowiak.

10 Basic data and financial ratios

Below are presented selected data and financial ratios for the years 2010 and 2011, which describe the financial position of the Group in these periods. All ratios were calculated on the basis of data taken from the consolidated financial statements of the Group for the year ended on 31 December 2011.

Ratio	Calculation formula	Ratio value	
		2011	2010
sale revenue (kPLN)		287,668	307,371
net financial result (kPLN)		9,426	7,117
equity (kPLN)		59,732	55,354
total assets (kPLN)		144,731	148,133
ROA (%)	net financial result / total assets at period end	6.5	4.8

Ratio	Calculation formula	Ratio value	
		2011	2010
Return on Equity (ROE) (%)	net financial result / equity at period beginning	17.0	13.0
ROS (%)	net profit from sale / sale revenue	4.6	4.7
Liquidity I	total current assets / short-term liabilities	1.0	1.0
Liquidity III	cash / short-term liabilities	0.2	0.1
stability of the financing structure	(equity + long-term liabilities) / total equity&liabilities	48.0	44.3

11 Going Concern

In Note 1.11 in the introduction to the audited consolidated financial statements of the Group for the year ended on 31 December 2011, the Management Board of the Parent Company informed that the financial statements of the Parent Company and the financial statements of the subsidiaries which were the basis for the preparation of the consolidated financial statements, were drawn up in accordance with the going concern principle, i.e. an assumption that the Company would continue its business for the period of time not shorter than 12 months after 31 December 2011 and that there were no circumstances which would indicate any threat to the going concern of the Parent Company or its subsidiaries.

During the audit we did not note any material circumstances which would allow us to conclude that the Parent Company might not continue its business for at least 12 months after the balance sheet date, i.e. 31 December 2011, in effect of intentional or forced discontinuation or material curtailment of its business.

12 Financial year

The financial statements of all Group companies, which were the basis for the preparation of the consolidated financial statements, were made as at 31 December 2011 and comprise financial data for the reporting period from 1 January 2011 to 31 December 2011.

13 Accounting policies and financial data presentation method

In Note 2 of the introduction to the consolidated financial statements for the year ended on 31 December 2011, the Management Board of the Parent Company presented the Group's accounting policies and the financial data presentation method. In the period covered by the consolidated financial statements, there were no material changes in the Group's accounting policies and financial data presentation method.

14 Consolidation goodwill

The consolidation goodwill determination principles, goodwill impairment principles and information allowing the assessment of changes in the carrying amount of the goodwill in the period from 1 January 2011 to 31 December 2011 were disclosed in Note 2.6 of the introduction and Notes 2 and 3 of Supplementary Notes to the consolidated financial statements.

15 Shareholder's equity

The equity disclosed in the consolidated statement of financial position as at 31 December 2011 is compliant with the consolidation documentation. As at 31 December 2011, there were no non-controlling shares. The financial data concerning equity were presented in Notes 14 to 18 of the Supplementary Notes to the consolidated financial statements.

16 Consolidation exclusions

Exclusions from consolidation concerning consolidated companies:

- mutual settlements (receivables and liabilities),
- internal turnover (revenue and expenses),
- results not realised by the consolidated companies, included in the value of their assets,
- dividends

are compliant with the consolidation documentation.

17 Sale of shares in a related party

In the financial year ended on 31 December 2011, the Group did not dispose any shares in related parties.

18 Completeness and correctness of the consolidation documentation

In consequence of the audit, we concluded that the consolidation documentation is - in all material aspects - complete and correct and its meets the material conditions to be satisfied by consolidation documentation. In particular, this refers to consolidation exclusions.

19 Structure of assets and equity & liabilities of the consolidated statement of financial position

The structure of assets and equity & liabilities of the Group is presented in the consolidated financial statement for the year ended on 31 December 2011. The data disclosed in the consolidated financial statements are compliant with the consolidation documentation.

20 Items influencing the financial result of the Group

The characteristics of items influencing the Group's financial result were presented in the audited consolidated financial statements for the year ended on 31 December 2011. The data disclosed in the consolidated financial statements are compliant with the consolidation documentation.

The Group Companies receive subsidies for telecommunication equipment sold at promotional prices from telecommunication operators. Methods of settling such subsidies differ depending on the operator, however they do not have any impact on the presented financial result. Tell S.A. and its subsidiary Euro-Phone Sp. z o.o. receive subsidies in the form of invoices correcting the price of purchase of mobile phones and recognise them in the statement of comprehensive income as a decrease of own costs of sale. Another subsidiary, PTI Sp. z o.o., receives subsidiaries in the form of commissions, which are presented in the statement of comprehensive income as revenue from the sale. The impact of the settlement of subsidies on the consolidated financial statements was presented in Note 2.16 of the Introduction and in Note 26 of the Supplementary Notes to the consolidated financial statements.

21 Additional information about the adopted accounting principles and other supplementary notes

Supplementary notes about the adopted accounting policies and other supplementary notes to the consolidated financial statements for the financial year ended on 31 December 2011 were prepared in all material aspects in accordance with the accounting policies as resulting from the International Accounting Standards, the International Financial Reporting Standards as well as related interpretations published in the form of regulations of the European Commission, and in the scope not regulated therein - from the requirements⁷ of the Accounting Act and executive regulations thereto.

22 Report on the activities of the Group

We have read the report of the Management Board of the Parent Company on the activities of the Group in the financial year ended on 31 December 2011. The information therein contained derived from the audited consolidated financial statements for the financial year ended on 31 December 2011 are compliant therewith. The report on the activities of the Group allows for the provisions of art. 49 clause 2 of the Accounting Act and the Regulation of the Minister of Finance of 19 February 2009 on current and periodical information to be disclosed by security issuers and on conditions of recognition of information required by the laws of a state that is not a member-state (*Journal of Laws* of 2009 No. 33, item 259 as amended).

This report contains 10 pages.

Elżbieta Grzeškowiak

Chartered Auditor No. 5014

Key Chartered Auditor conducting the audit on behalf of

Grant Thornton Frąckowiak Spółka z ograniczoną odpowiedzialnością sp. k.

Poznań, ul. Abpa Antoniego Baraniaka 88 E, Entity authorised to audit financial statements No. 3654

Poznań, 12 March 2012.