

**ANNUAL FINANCIAL STATEMENTS OF TELL S.A.
FOR THE PERIOD FROM 01 JANUARY 2011 TO 31 DECEMBER 2011**

POZNAŃ, 12 MARCH 2012

Name of company:	Tell S.A.		
Period covered by the financial statements:	01/01/2010-31/12/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

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ANNUAL STATEMENT OF FINANCIAL POSITION

	Note	2011 As at 31/12/2011	2010 As at 31/12/2010
A s s e t s			
Fixed assets		51,474	51,520
Intangible fixed assets	2.3	21,609	21,797
Tangible Fixed Assets	4	2,797	3,731
Interests in related parties	7	25,636	24,349
Long-term receivables	5.6	660	753
Deferred income tax assets	24	468	502
Long-term prepayments	10	304	387
Current assets		61,703	63,124
Inventories	8	9,823	12,833
Trade receivables and other receivables	5.9	35,121	40,479
Financial assets	5.12	9,782	5,879
Accruals	10	221	236
Cash and Cash Equivalents	5.11	6,756	3,697
Total assets		113,177	114,644
E q u i t y & L i a b i l i t i e s			
Shareholder's equity		57,498	53,052
Share capital	13	1,262	1,262
Supplementary capital	14	36,840	36,237
Reserve capital	15	9,902	9,902
Net profit	29	9,494	5,651
Long-term liabilities		6,350	7,437
Loan liabilities	5.19	2,423	4,134
Employee benefits liabilities	17	10	10
Deferred tax liabilities	24	3,917	3,293
Short-term liabilities		49,329	54,155
Loan liabilities	5.19	1,856	1,711
Trade liabilities and other liabilities	5.18	46,496	51,431
Income tax liabilities	18	173	255
Employee benefits liabilities	17	477	417
Provisions	17	328	340
Total equity & liabilities		113,177	114,644

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ANNUAL COMPREHENSIVE INCOME STATEMENT

	Notes	2011 period from 01/01/2011 to 31/12/2011	2010 period from 01/01/2010 to 31/12/2010
Net revenues from sale		108,867	120,078
- from related parties	31	331	715
Net revenues from the sale of products	25	80,197	84,360
Net revenues from the sale of goods	25	28,670	35,718
Sale costs		70,035	74,143
- from related parties		315	715
Costs of products sold		42,729	39,488
Value of goods sold		27,306	34,655
Gross profit on sale		38,832	45,935
Sale costs	27	27,205	32,454
Administration costs	27	6,275	6,743
Other operating income	27	315	447
Other operating expense	27	830	2,285
Profit on operating activities		4,836	4,899
Financial income	26	6,452	3,372
Financial costs	26	658	1,408
Gross profit		10,630	6,864
Income Tax		1,135	1,213
a) current part	23	477	288
b) deferred part	24	658	925
Net profit on continued activities	29	9,494	5,651
Other comprehensive income			
Other comprehensive income after taxation			
Total comprehensive income	29	9,494	5,651

Earnings per share (in PLN) (basic and diluted)	29	1.50	0.90
Average weighted number of shares (in thousands) (basic and diluted)	29	6,309.6	6,309.6

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ANNUAL CASH FLOW STATEMENT – INDIRECT METHOD

	Notes	2011 period from 01/01/2011 to 31/12/2011	2010 period from 01/01/2010 to 31/12/2010
Gross profit		10,630	6,864
Total adjustments		-1,108	-186
Amortisation and depreciation	2.4	1,421	1,736
Interest and share in profits (dividends)	27	-5,792	-2,681
Profit on investment activities		152	-112
Change in provisions	17	47	72
Change in inventories	8	3,009	3,464
Change in receivables	9	5,451	-1,405
Change in short-term receivables, excluding loans and advances	18	-4,936	-1,547
Change in prepayments and accruals	10	98	138
Paid income tax		-559	-411
Other adjustments – impairment of financial assets			560
Net cash flows provided by operating activities		9,522	6,678
Cash flow from investing activity	2.4		
Inflows		22,421	16,840
Disposal of intangible and tangible fixed assets	2.4	210	460
From financial assets - interest		1,569	647
Other investment inflows – loan repayment		15,050	13,072
Dividend income		5,592	2,661
Outflows		-21,698	-14,186
Acquisition of intangible and tangible fixed assets		-661	-1,322
Purchase of financial assets in related parties		-1,287	-3,764
Other investment inflows – grant of loan		-19,750	-9,100
Net cash flows provided / (used) by investing activities		723	2,654
Cash flow from financial activity			
Inflows			405
Loans			405
Outflows		-7,187	-6,952
Dividend payment	16	-5,048	-6,310
Repayment of loans	19	-1,566	
Interest	27	-573	-642
Net cash flows provided / (used) by financing activities		-7,187	-6,547
Total cash flow		3,058	2,785
Cash at the period beginning		3,697	912
Cash at period end, including:		6,756	3,697
- limited use cash			

ANNUAL STATEMENT OF CHANGES IN EQUITY

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	2011 period from 01/01/2011 to 31/12/2011	2010 period from 01/01/2010 to 31/12/2010
Equity at period beginning (OB)	53,052	53,710
Equity at period beginning (OB), after reconciliation of comparable data	53,052	53,710
Share capital at period beginning	1,262	1,265
Changes in share capital due to redemption of treasury shares		-3
Share capital at period end	1,262	1,262
Treasury shares at period beginning		-3
Changes in treasury shares		3
a) increase (due to):		
b) decrease (due to):		3
- redemption		3
Treasury shares at period end		0
Supplementary capital at period beginning	36,237	35,969
Changes in supplementary capital	603	268
a) increase (due to):	603	268
- from distribution of profits	603	268
b) decrease (due to):		
Supplementary capital at period end	36,840	36,237
Other reserve capitals at period beginning	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
Retained profit at period beginning	5,651	6,578
Retained profit at period beginning	5,651	6,578
b) decrease (due to):	5,651	6,578
- transfer to supplementary capital	603	268
- dividend payment	5,048	6,310
Retained profit at period end	0	0
Total comprehensive income	9,494	5,651
a) net profit	9,494	5,651
b) other comprehensive income	0	0
Equity at period end (CB)	57,498	53,052

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SELECTED FINANCIAL DATA

SELECTED FINANCIAL DATA	in kPLN		in k EUR	
	2011 period from 01/01/2011 to 31/12/2011	2010 period from 01/01/2010 to 31/12/2010	2011 period from 01/01/2011 to 31/12/2011	2010 period from 01/01/2010 to 31/12/2010
I. Net revenues from the sale of services and goods	108,867	120,078	26,296	29,987
II. Operating profit (loss)	4,836	4,899	1,168	1,223
III. Gross profit (loss)	10,630	6,864	2,568	1,714
IV. Net profit (loss)	9,494	5,651	2,293	1,411
V. Net cash flows provided / (used) by operating activities	9,522	6,678	2,300	1,668
VI. Net cash flows provided / (used) by investing activities	723	2,654	175	663
VII. Net cash flows provided / (used) by financing activities	-7,187	-6,547	-1,736	-1,635
VIII. Total net cash flows	3,058	2,785	739	696
IX. Total assets	113,177	114,644	25,624	28,948
X. Liabilities and provisions for liabilities	55,679	61,592	12,606	15,552
XI. Long-term liabilities	6,350	7,437	1,438	1,878
XII. Short-term liabilities	49,329	54,155	11,168	13,674
XIII. Shareholder's equity	57,498	53,052	13,018	13,396
XIV. Share capital in PLN	1,262	1,262	286	319
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)	1.50	0.90	0.36	0.22
XVII. Diluted earnings per ordinary share (in PLN/EURO)	1.50	0.90	0.36	0.22
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)	9.11	8.41	2.06	2.12
XX. Diluted book value per ordinary share (in PLN/EUR)	9.11	8.41	2.06	2.12
XXI. Declared or paid dividend per share (in PLN/EUR)				

The method of the calculation of the average PLN/EUR exchange rates in the reporting period is described in Note 2.19.

The annual financial statements was approved by the Management Board of the Company on 12 March 2012 and signed by the Management Board:

Rafał Stempniewicz

Stanisław Górski

Robert Krasowski

 President of the Management Board Member of the Management Board Member of the Management Board

Signature of the person in charge of the books of account

Jolanta Stachowiak

 Chief Accountant

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INTRODUCTION TO THE COMPANY'S FINANCIAL STATEMENTS FOR THE PERIOD FROM 01/01/2011 TO 31/12/2011 .

1. GENERAL INFORMATION

1.1. INFORMATION ABOUT THE 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

1.2. DURATION OF THE COMPANY

The duration of the Company is unlimited.

1.3. PRESENTED PERIODS

The separate financial statements contain data for the period from 01 January 2011 to 31 December 2011. The comparable data are presented as at 31 December 2010 in case of the statement of financial position, for the period from 01 January 2010 to 31 December 2010 in case of the statement of comprehensive income, cash flow statement and statement of changes in equity.

1.4. COMPOSITION OF THE GOVERNING BODIES OF THE COMPANY AS AT 31 DECEMBER 2011

Management Board:

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

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Changes in the Management Board:

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

Supervisory Board:

Paweł Turno	- Chairman of the Supervisory Board
Tomasz Grabiak	- Member of the Supervisory Board 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 until 12/12/2011
Marek Piątkowski	- Member of the Supervisory Board from 30/04/2011 to 12/12/2011
Adam Wojacki	- Member of the Supervisory Board from 12/12/2011
Łukasz Kręski	- Member of the Supervisory Board from 12/12/2011

Changes in the Supervisory Board:

In the financial year, the composition of the Supervisory Board changed. Mr Tomasz Grabiak resigned from running for the next term of office. Mr Marek Piątkowski was appointed the Supervisory Board member.

The Extraordinary General Meeting of Shareholders recalled Mr Marek Piątkowski from the Supervisory Board on 12 December 2011 and at the same time appointed two new members of the Supervisory Board: Adam Wojacki and Łukasz Kręski. Mr Tomasz Buczak resigned from his function as a Supervisory Board member effective as of 12 December 2011.

1.5. CHARTERED AUDITORS

Grant Thornton Frąckowiak Sp. z o.o., Sp.k.
ul. Abpa A. Baraniaka 88E
61-131 Poznań

1.6. QUOTATIONS AT THE REGULATED MARKET

1. General:

Stock Exchange:

The Warsaw Stock Exchange

ul. Książęca 4
00-498 Warszawa

Symbol at the WSE:

TEL

Sector at the WSE:

retail sale

2. Depository-settlement system:

The National Depository for Securities (KDPW)

ul. Książęca 4
00-498 Warszawa

3. Contact with investors:

Tell S.A.
ul. Forteczna 19a
61-362 Poznań

1.7. MAJOR SHAREHOLDERS

As at 31 December 2011, shareholders holding more than 5% at the General Meeting of Shareholders were as follows:

Shareholders	Number of shares	Par Value of Shares	Share capital held	Number of votes	% of votes at the General Meeting of Shareholders
BBI Capital NFI S.A.	1,429,750	285,950	22.66%	2,859,500	35.46%
Havo Sp. z o.o.	675,000	135,000	10.70%	675,000	8.37%
Rafał Stempniewicz	287,280	57,456	4.55%	462,280	5.73%
AVIVA Investors FIO AVIVA Investors SFIO	657,672	131,534	10.42%	657,672	8.15%

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Quercus Parasolowy SFIO, Quercus Absolute Return FIZ	888,235	177,647	14.08%	888,235	11.01%
Total	3,937,937	787,587	62.41%	5,542,687	68.73%

1.8. TELL S.A. GROUP AS AT 31 DECEMBER 2011

Tell S.A. Group comprises Tell S.A. and its 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 000010796. Incorporation date: 25 May 2001,
- The Company's share capital is PLN 2,550,000. In Euro-Phone Sp. z o.o., Tell S.A. holds 100% of shares.

PTI Sp. z o.o.

- Seat of the Company: ul. Glogera 5, 31-222 Kraków,
- Basic objects of business: (Polish Classification of Economic Activities of 2007) 4618Z Agents specialised in the sale of other particular products,
- Company's legal basis: The Company was established on 12 July 2007 - Notarised deed No. A 5675/2007. The registration authority is the District Court for Krakow - Śródmieście in Krakow, 11th Commercial Division of the National Court Register, KRS 0000286046. Incorporation date: 13 August 2007,
- The Company's share capital is PLN 1,900,000. In PTI Sp. z o.o., Tell S.A. holds 100% 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. 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.
- The share capital of the Company is PLN 142,900. 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 December 2011.

Connex Sp. z o.o.

- Seat of the Company: ul. Forteczna 19A, 61-362 Poznań,
- Basic object of business: Other wholesale – Polish Classification of Economic Activities of 2007: 5190Z
- Company's legal basis: The Company was established on 06 July 2000 - Notarised deed No. A 4298/2000. Registration authority: District Court for Poznań – Nowe Miasto i Wilda in Poznań, 8th Commercial Division of the National Court Register, KRS 0000024020,
- The Company's share capital is PLN 200000. In Connex Sp. z o.o., Tell S.A. holds 100% of shares.

Connex Sp. z o.o. has been deconsolidated due to the loss of the possibility to manage the financial and operational policies so as to gain economic benefits on its operations. Currently, Connex Sp. z o.o. does not carry on any business activities. The loss of control over the company was settled in the consolidated annual financial statements as at 01/01/2010.

1.9. STATEMENT OF THE MANAGEMENT BOARD

Pursuant to the regulation of the Minister of Finance of 19 February 2009 on ongoing and periodical information to be given by issuers of securities, the Management Board of the Company hereby states and declares that, to the best of its knowledge, these annual financial statements and comparable data have been prepared in accordance with the accounting policies binding on the Company and they present the economic and financial situation of the Company as well as its financial result in a true, reliable and fair manner.

These annual financial statements have been prepared in accordance with the accounting principles compliant with the International Financial Reporting Standards as endorsed by the European Union and in the scope as

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required by the regulation of the Minister of Finance of 19 February 2009 on ongoing and periodical information to be provided by issuers of securities (*Journal of Laws* No. 33, item 259, as amended). These statements cover the period from 1 January to 31 December 2011 and comparable periods.

The Management Board hereby declares that the entity authorised to audit the financial statements that audited the financial statements of the Company has been appointed in accordance with the legal regulations and that this entity as well as the chartered auditors in charge of the audit, meet the requirements allowing them to issue an impartial and independent report on the audit as per the applicable domestic laws and professional standards. In accordance with the corporate governance rules adopted by the Management Board, the chartered auditor was appointed by the Supervisory Board by virtue of the resolution of 23 May 2011 on the appointment of a chartered auditor. The Supervisory Board made the above appointment so as to guarantee full independence and objectivity of the appointment process as well as the performance of his duties by the chartered auditor.

1.10. APPROVAL OF THE FINANCIAL STATEMENTS

These annual financial statements were approved for publication by the Management Board on 12 March 2012.

1.11. COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS.

These financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRS") and IFRS approved by the EU. As at the date of the approval of this statement for publication, considering the existing process of implementation of IFRS standards in the EU and the Company's operations, there are no differences between the IFRS standards that have come into effect and IFRS standards approved by the EU as regards the accounting principles applied by the Company. The IFRS comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

These separate financial statements of the Company should be analysed together with the consolidated financial statements approved for publication by the Management Board and published on the same date as the separate financial statements. This will ensure comprehensive information about the economic and financial position of the Company as at 31 December 2011 as well as the financial result for the period from 1 January to 31 December 2011 in accordance with the International Financial Reporting Standards as endorsed by the European Union.

1.12. GOING CONCERN AND COMPARABILITY OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the going concern principle, i.e. an assumption that the Company will continue its business for the period of 12 months after the last balance sheet date, i.e. 31 December 2011. As at the day these financial statements were signed, the Company's Management Board did not find any facts or circumstances, which would pose a threat to the going concern within the period of 12 months following the balance sheet date in consequence of any intended or mandatory liquidation or significant reduction of the present activities.

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

2. DESCRIPTION OF THE ACCOUNTING POLICIES, INCLUDING THE METHODS OF MEASUREMENT OF ASSETS, EQUITY AND LIABILITIES AS WELL AS INCOMES AND EXPENSES

2.1. ACCOUNTING POLICIES

The financial statements have been prepared at historical cost, save: derivative financial instruments, financial instruments at fair value recognised as profit or loss, available-for-sale financial assets, and investments in properties, which have been measured at fair value.

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

2.2. PRESENTATION OF THE FINANCIAL STATEMENTS

The presented financial statements are compliant with IAS 1. The Company presents the statement of comprehensive income with costs disclosed in the functional classification.

The Cash Flow Statement is made using the indirect method.

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

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2.3. MATERIAL VALUES BASED ON PROFESSIONAL JUDGEMENT AND ESTIMATIONS

In the application of accounting policies with regard to the below-mentioned issues, the most important was, besides the accounting estimates, the professional judgement of the management.

Below are discussed the basic assumptions concerning the future as well as other key sources of uncertainty as at the balance sheet date, to which related are material risks of significant adjustments of the carrying amounts of assets and liabilities in the next financial year.

a) Professional Judgement

Classification of lease contracts

The Company classifies leases as operating or financial on the basis of the assessment to what extent the risks and rewards incidental to the possession of the leased object appertain to the lessor and to what extent to the lessee. The assessment is based on the economic text of each transaction.

b) Estimation Uncertainty

Below are discussed the basic assumptions concerning the future as well as other key sources of uncertainty as at the balance sheet date, to which related are material risks of significant adjustments of the carrying amounts of assets and liabilities in the next financial year.

Impairment of non-financial fixed assets

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

- goodwill, whereby the first test for impairment is made at the end of the period during which the combination took place,
- intangible assets with non-specified useful life, and
- intangible assets that are not put to use yet.

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

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

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

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

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

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

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

Measurement of provisions

Provisions for employee benefits were measured using actuarial methods. A change in financial indicators constituting the basis for the estimates, i.e. a growth of the discount rate by 1% and a fall in the remuneration indicator by 1% would not lead to a decrease in the provision.

Deferred tax assets

The Company recognises the deferred tax assets to the extent that it is probable that the future taxable profit would be available against which they could be utilised. Deterioration of the taxable results in the future may cause this assumption to be unjustified.

Fair value of financial instruments

The fair value of financial instruments for which there is no active market is measured using appropriate measurement techniques. When selecting the appropriate methods and assumptions, the Company uses its professional judgement.

Recognition of revenue

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The revenue from sale are recognized - as per the International Accounting Standard 18 Revenue – in the fair value of the consideration received or receivable for products, goods and services delivered or rendered in the course of ordinary economic activities less discounts, value added tax and other sale-related taxes (excise tax).

Depreciation & amortisation rates

The depreciation and amortisation rates are established on the basis of the estimated useful economic life of the tangible and intangible assets. The company carries out an annual verification of the assumed useful economic lives. The adopted depreciation/amortisation rates may be adjusted after verification, if the present estimated useful economic life is different than the period estimated earlier. The above changes in estimates are recognised prospectively.

2.4. INTANGIBLE FIXED ASSETS

An intangible asset is recognised in the balance sheet when it is an identifiable non-monetary asset without physical substance in the possession of the entity. Intangible assets comprise in particular: economic rights, neighbouring rights, licences, other rights - including the right to lease.

Goodwill

Goodwill is the difference between the cost of a business combination and the lower fair value of the net acquired assets. Costs related to consulting fees, legal fees, accounting fees and all other professional services are recognized in the period in which they are incurred. The balance sheet does not disclose the badwill, the difference is recognised as profit. The goodwill is recognised as an asset and is subject to tests for impairment at least once a year. Any impairment is immediately recognised as profit or loss and is not reversed in subsequent periods.

2.5. TANGIBLE FIXED ASSETS

Plants and machinery, vehicles and other fixed assets are recognized in the balance sheet at historical cost less any accumulated depreciation and impairment.

All fixed assets except land and fixed assets in construction are depreciated over their estimated economic useful lives on the straight line basis, with the application of the following annual depreciation rates:

- plants and machinery, vehicles and other 10-60%

Gains or losses on the sale/liquidation or discontinuance of the use of fixed assets are determined as a difference between the revenue from the sale and the net value of such assets and are recognised as profit or loss.

2.6. LEASE

Financial lease contracts are contracts on the basis of which all risks and all potential rewards of the ownership are transferred on the lessee.

All other lease types are treated as operating lease.

Assets used on the basis of financial lease contracts are treated equally as the Company's assets and are measured upon the lease contract inception at the lower of the fair value of the leased item and the present value of the minimum lease payments. Lease payments are split into the interest part and the principal amount so that the interest rate on the outstanding amount would be a fixed value.

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

2.7. INVENTORIES

Inventories are measured at the lower of the cost or the net realisable price. Inventories that lost their relevance or whose relevance has been reduced are impaired. Impairment charges are expensed as other operating costs. To measure the issue of inventories, the Company uses the detailed identification method.

2.8. BORROWING COSTS

The borrowing costs directly related to the acquisition or adjustment of assets are added to the costs of manufacturing of such fixed assets until such fixed assets are put to use. These costs are decreased by revenue generated from the transitional investment of funds acquired to generate a given asset.

All other borrowing costs are recognised directly as an expense in the period in which they are incurred.

2.9. FINANCIAL INSTRUMENTS

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

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

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

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

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

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

Financial assets

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

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

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

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

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

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

The financial assets carried at fair value through profit or loss comprise assets classified as held for trading or assigned to be measured at fair value through profit or loss at initial recognition due to the fulfilment of criteria determined in IAS 39.

The instruments belonging to this category are measured at fair value and the measurement results are recognised as profit or loss. The gains or losses on the measurement of financial assets are determined by a change in the fair value determined on the basis of present prices as at the balance sheet date originating from an active market or determined using various valuation techniques if there is no active market.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, which the Company intends to and is able to hold until maturity, with the exception of assets classified as loans and receivables.

The held-to-maturity investments are measured at amortised cost using the effective interest method. If there is evidence of possible impairment of investments held to maturity (e.g. the credit rating of bond issuing companies), the assets are measured at the present value of the estimated future cash flows. Changes in the carrying amount of investments, jointly with impairment loss, are recognised as profit or loss.

Available-for-sale financial assets are non derivative financial assets which were designated as available for sale or assets not classified into any of the above financial asset categories.

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In this category, the Company recognised bonds not held to maturity and shares of companies other than subsidiaries or associates.

The shares in non-listed companies are measured at cost less impairment due to the lack of possibility of estimating their fair value. Impairment charges are recognised as profit or loss.

All other available-for-sale financial assets are measured at fair value. The revaluation gains and losses are recognized as other comprehensive income and cumulated in the available-for-sale financial asset revaluation capital, except for the impairment loss and exchange differences related to financial assets, which are recognised in the financial result. The financial result also includes interest that would be recognised during the measurement of these financial assets at amortised cost using the effective interest method.

Reversal of impairment of the available-for-sale financial assets is recognised in other comprehensive income with the exception of impairment charges on debt instruments, whose reversal is recognised in the financial result, if the instrument value growth may be objectively linked to an event occurring after the impairment loss recognition.

Upon asset derecognition, the cumulated profits and losses recognised earlier in other comprehensive income are transferred from equity to the financial result and are presented in other comprehensive income as reclassification from the transfer to the financial result.

Financial Liabilities

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

- loans,
- advances,
- other debt instruments,
- finance lease

trade liabilities and other liabilities, and financial derivatives.

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

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

2.10. EQUITY INSTRUMENTS

Equity instruments issued by the Company are recognized in the value of inflows received less direct issue costs. Other costs are recognised as profit or loss upon incurring.

2.11. PROVISIONS

The Company recognises a provision on its balance sheet when it has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

2.12. PREPAYMENTS

The company disclosed prepaid costs concerning future reporting periods, mainly lease rents and insurance in the "Prepayments" item.

2.13. COSTS OF ACQUISITION OF NEW ENTITIES

Costs related to the business combinations, i.e. financial consulting, financial and tax due diligence etc. are recognised as other financial costs.

2.14. SALE REVENUES

The revenue from sale are recognized - as per the International Accounting Standard 18 Revenue – in the fair value of the consideration received or receivable for products, goods and services delivered or rendered in the course of ordinary economic activities less discounts, value added tax and other sale-related taxes (excise tax).

The sale of goods is recognized upon the goods delivery and the transfer of ownership title.

Interest income is recognized gradually upon accrual with regard to the principal amount using the effective interest method.

Dividend income is recognized upon the determination of the shareholders' right to receive them. In case of dividend advances from subsidiaries, the Company recognizes that the fulfilment of statutory conditions

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concerning the advance payment is equivalent to the determination of the shareholders' right to receive an advance.

2.15. COSTS OF FUTURE PENSION BENEFITS

Payments to defined contribution pension plans are recognized as profit or loss when they become payable. Payments to state plans are treated equally as defined contribution plans.

In case of defined benefit plans, the benefit cost is determined using the projected unit credit method, the actuarial measurement being carried out as at each balance sheet date. Actuarial gains and losses are recognized in total in the period when incurred. They are recognized outside the profit and loss and are presented in the profit and loss recognized.

Past service costs are recognized immediately to the extent that they concern already acquired benefits, otherwise they are amortized using the straight line method over the mean period during which the benefits are acquired.

Pension benefit liabilities are presented in the balance sheet in fair value of the defined benefit liability after adjustment by unrecognised past service costs and less the fair value of the plan assets. In case of excess of assets over liabilities, an asset is recognized in the balance sheet up to the level of past service cost increased by the present value of available refunds and discounts concerning future plan contributions.

2.16. TAXES

The taxes comprise current tax and deferred tax.

The current tax is calculated on the basis of the tax result (taxation basis) of the given financial year. The tax profit (loss) is different from the net book profit (loss) in relation with the exclusion of taxable income and tax deductible costs of subsequent years as well as non-taxable costs and revenue. The taxes are calculated on the basis of tax rates in force in the given financial year.

The deferred tax is measured for all taxable temporary differences as at the balance sheet date between the carrying value of assets and liabilities and their taxable value.

The deferred tax liability is recognised for all taxable temporary differences and the deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the recognized deductible temporary differences can be utilised. There is no tax asset or liability when the temporary difference arises in relation with the goodwill or an initial recognition of another asset or liability in a transaction that does not influence the tax result or the book result.

The deferred tax liability is recognised for all temporary tax differences arising in consequence of investments into subsidiaries, associates and joint ventures, unless the Company is capable of controlling the moment of temporary difference reversal and it is probable that the temporary difference will not reverse in the foreseeable future.

The deferred tax asset is analysed as at each balance sheet date and when the expected future taxable profit will not be sufficient to realize an asset or its part, it is impaired.

The deferred tax is measured using the tax rates that are expected to apply to the period when the asset is realized or a liability is settled. The deferred tax is recognized as profit or loss save when it concerns the items recognized directly as equity or comprehensive income. In the last case, also the deferred tax is settled directly in equity or comprehensive income.

2.17. THE COMPANY'S SOCIAL BENEFIT FUND

The Company's Social Benefit Fund Act of 04 March 1997, as amended, stipulates that the Company's Social Benefit Fund is set up by employers employing more than 20 persons. The Company has created such Fund and makes periodical contributions thereto on the basis of a basic appropriation. The purpose of the Fund is to finance the social activities for the benefit of employees.

The cash in the Fund's bank account are set off against all liabilities to the Fund. The Fund's assets do not meet the definition of an asset and are not disclosed in the Company's balance sheet.

2.18. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The items in the financial statements are measured in the currency of the basic economic environment in which the Company operates ("functional currency"). The financial statements are presented in Polish zlotys (PLN), a currency that is the Company's functional and presentation currency.

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Transactions expressed in foreign currencies are converted into the functional currency as per the exchange rate on the transaction date. Transaction settlement exchange gains and losses as well as the balance sheet measurement of cash assets and liabilities expressed in foreign currencies are recognized as profit or loss, unless they are deferred as equity when they qualify as cash flow hedges or security for shares in net assets.

2.19. BALANCE SHEET, INCOME STATEMENT AND CASH FLOW STATEMENT ITEMS CONVERSION PRINCIPLES

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

- for conversion of balance sheet data as at 31.12.2010, the following exchange rate was applied: EUR 1 = PLN 3.9603, in accordance with conversion table of the National Bank of Poland No. 255/A/NBP/2010 of 31/12/2010.
- for conversion of balance sheet data as at 30.12.2011, the following exchange rate was applied: EUR 1 = PLN 4.4168 in accordance with conversion table of the National Bank of Poland No. 252/A/NBP/2011 of 30/12/2011.

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

- to determine the income statement and cash flow statement data for 2010, the following exchange rate was applied: EUR 1 = PLN 4.0044, which is an arithmetical average of exchange rates announced by the National Bank of Poland as at the last day of each one of the 12 months covered by the statements, i.e.

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

- to determine the income statement and cash flow statement data for 2011, the following exchange rate was applied: EUR 1 = PLN 4.1401, which is an arithmetical average of exchange rates announced by the National Bank of Poland as at the last day of each one of the 12 months covered by the statements, i.e.

$$\frac{3.9345 + 3.9763 + 4.0119 + 3.9376 + 3.9569 + 3.9866 + 4.0125 + 4.1445 + 4.4112 + 4.3433 + 4.5494 + 4.4168}{12} = 4.1401$$

2.20. CHANGES IN ACCOUNTING POLICIES

Below are presented the new IFRIC standards and interpretations published by the International Accounting Standards Board and effective for financial years beginning on or after 01 January 2011.

New or amended standards and interpretations that have been effective since 1 January 2011:

- Amendment to IAS 32 *Financial Instruments: Presentation* - effective for annual periods beginning on or after 1 February 2010. This standard amends the approach to the classification of instruments settled own equity instruments denominated in foreign currencies.
- Amendment to IAS 24 *Related Party Disclosures* - effective for annual periods beginning on or after 01 January 2011. The amended standard contains exclusions from disclosures concerning state-controlled parties and introduce a new definition of related party which eliminates some inconsistencies.
- Amendment to IAS 1 *First-time Adoption of International Financial Reporting Standards* - effective for annual periods beginning on or after 01 July 2010. This amendment introduces certain exemptions for first time IFRS adopters concerning the financial instrument disclosures for comparative periods.
- Amendments resulting from the "Annual improvements Project 2010": IFRS 1, 3, 7, IAS 1, 21, 28, 31, 34, IFRIC 13 - effective for annual periods beginning on or after 1 January 2011 (IFRS 3, IAS 21, 28, 31 – 1 July 2010).
- Amendment to IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction: Prepayments of a Minimum Funding Requirements* - effective for annual periods beginning on or after 1 January 2011. The amended interpretation introduces a modification of rules for the recognition of prepaid contributions.
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* - effective for annual periods beginning on or after 01 July 2010. This interpretation regulates proceedings in case the settlement is extinguished not with repayment but with own equity instruments issued by an entity. The entity that issued equity instruments to extinguish its liabilities should recognise the new shares in their fair value. Differences between the value of shares and the carrying amount of the liability should be recognised as profit or loss.

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According to the Management Board of the Company, the introduction of the above standards and interpretations will not have a significant impact on the accounting policies applied by the Company, save additional or new disclosures.

2.21. NEW STANDARDS PENDING IMPLEMENTATION BY THE COMPANY

Below are presented the new standards and IFRIC interpretations published by the International Accounting Standards Board that are not effective for the current reporting periods.

By the date of these consolidated financial statements, the following new or amended standards and interpretations effective for annual periods beginning after 2011 have been published:

- IFRS 9 *Financial Instruments: Classification and Measurement* - effective for annual periods beginning on or after 1 January 2015 (not endorsed by the European Commission). This standard is to eventually replace the present IAS 39. Part of the so far published standard IFRS 9 contains regulations concerning the classification and measurement of financial assets, classification and measurement of financial liabilities as well as derecognition of financial assets and liabilities. The Company is currently assessing the impact of this change on its separate financial statements.
- Amendment to IFRS 7 *Financial Instruments: Disclosures* - effective for annual periods beginning on or after 01 July 2011 (endorsed by the European Commission). This amendment introduces additional disclosures concerning the transfer of financial assets, both those that result in derecognition as well as those that lead to the occurrence of a corresponding liability. This amendment will not have a material impact on the separate financial statements.
- Amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards* - effective for annual periods beginning on or after 01 July 2011 (not endorsed by the European Commission). So far, IFRS 1 made dependent the possibility of the use of certain exemptions and exclusions on the fact whether the transaction occurred before or after 1 January 2004. The amendment to IFRS 1 concerns the replacement of this date by the date of the adoption of the IFRS. Additionally, one introduced principles related to a situation when an entity operated in circumstances of severe hyperinflation, when the price indexes were not achievable and there was no stable foreign currency. These amendments do not have any impact on the separate financial statements.
- Amendment to IAS 12 *Income Tax* - effective for annual periods beginning on or after 01 January 2012 (not endorsed by the European Commission). The amended standard concerns the manner of calculation of deferred tax in cases when the tax law treats the recovery of the value of investment property by its use (lease rents) differently from the disposal and the entity does not plan to dispose the same. The amendment to IAS 12 results in the withdrawal of SIC 12, because its regulations have been included in this standard. This amendment will not have a material impact on the separate financial statements.
- IFRS 10 *Consolidated Financial Statements* - effective for annual periods beginning on or after 01 January 2013 (not endorsed by the European Commission). The new standard replaces most of IAS 27 *Consolidated and Separate Financial Statements*. IFRS 10 introduces a new definition of control, but the consolidation rules and procedures remain unchanged. In the Company's assessment these changes may have an impact on those entities whose consolidation in accordance with the present regulations was not clearly mandatory. The Company is currently assessing the impact of the new regulations.
- IFRS 11 *Joint Arrangements* - effective for annual periods beginning on or after 01 January 2013 (not endorsed by the European Commission). IFRS 11 replaces IAS 31 *Interests in Joint Ventures*. In the new standard, the accounting approach to joint arrangement results from its economic content, i.e. rights and obligations of parties. Additionally, IFRS 11 eliminates the possibility to settle interest in joint ventures by means of a proportionate consolidation. Upon the effectiveness of IFRS11, the only allowable approach to settle investments would be to apply the equity method in a way currently used for associates. In the Company's assessment the new standard may have an impact on the separate financial statements. The Company is currently assessing the impact of the new regulations.
- IFRS 12 *Disclosure of Interests in Other Entities* - effective for annual periods beginning on or after 01 January 2013 (not endorsed by the European Commission). The new IFRS 12 defines requirements concerning the disclosures of information on consolidated and non-consolidated entities in which the reporting entity holds significant interests. It will allow investors to assess the risk to which a company creating special purpose entities and other similar structures is exposed. In the Company's assessment this standard will result in extending the scope of disclosures in the separate financial statements.
- Amendment to IAS 27 - *Separate Financial Statements* and amendment to IAS 28 *Investments in Associates and Joint Ventures* - effective for annual periods beginning on or after 1 January 2013 (not endorsed by the European Commission). Amendments to IAS 27 and 28 are a consequence of the introduction of IFRS 10, IFRS 11 and IFRS 12. IAS 27 will concern exclusively the separate financial statements, while IAS 28 will cover investments in joint ventures.
- IFRS 13 *Fair Value Measurement* - effective for annual periods beginning on or after 01 January 2013 (not endorsed by the European Commission). The new standard unifies the term of fair value in all IFRS

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and IAS and introduces guidelines and rules that were dispersed in various standards. This amendment will not have a material impact on the separate financial statements.

- Amendment to IAS 19 *Employee Benefits* - effective for annual periods beginning on or after 01 January 2013 (not endorsed by the European Commission). This document introduces a few amendments, the most important ones concerning the defined benefit plans: elimination of the 'corridor' method and presentation of the effects of revaluation in other comprehensive income. This amendment does not have any impact on the separate financial statements.
- Amendment to IAS 1 *Presentation of Financial Statements* - effective for annual periods beginning on or after 01 July 2012 (not endorsed by the European Commission). The requirement of the presentation of other comprehensive income was amended. In accordance with the amended IAS 1, elements of other comprehensive income should be divided into two groups:
 - elements to be at a later stage reclassified to the financial result (e.g. effects of the measurement of hedging instruments) and
 - elements that will not be reclassified to the result (e.g. the measurement of fixed assets at fair value, which is later recognised in retained profits, omitting the result).

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

- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* - effective for annual periods beginning on or after 01 January 2013 (not endorsed by the European Commission). The International Financial Reporting Interpretations Committee published an interpretation that concerned the accounting approach to costs of stripping activities in surface mines to gain access to deeper mineral ore deposits. In accordance with the interpretation, these costs should be activated with a breakdown into stripping activity inventories (in the part falling to the mined ore) and stripping activity assets (in the part falling to gaining access to deeper deposits). In the Company's assessment, this amendment will not have a material impact on the separate financial statements.
- Amendment to IAS 32 *Financial Instruments: Presentation* - effective for annual periods beginning on or after 01 January 2014 (not endorsed by the European Commission). This amendment to IAS 32 introduces detailed explanation of the application of conditions concerning the presentation of financial assets and liabilities in net amounts. This amendment will not have a material impact on the separate financial statements.

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

Name of company:	Tell S.A.		
Period covered by the financial statements:	01/01/2010-31/12/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

SUPPLEMENTARY NOTES TO THE FINANCIAL STATEMENTS

NOTE NO. 1.

OPERATING SEGMENTS

The Company does not identify operating segments, because it carries out a uniform economic activity related to mobile phones.

The Company conducts its operating activities on a single geographic area, i.e. the territory of Poland.

Subject to the trade secrecy clause, no information concerning the value of sales to a particular customers, whose volume exceeds 10% of total sales, has been presented.

NOTE NO. 2.

INTANGIBLE ASSETS

Information about intangible assets concerning the carrying amounts, amortisation, and classification was presented in tables 1, 2 and 3.

Table No. 1

GROSS INTANGIBLE ASSETS	2011 As at 31/12/2011	2010 As at 31/12/2010
a) goodwill	21,298	21,298
b) acquired concessions, patents, licences and similar assets, including:	2,592	2,560
- software	2,592	2,560
c) other intangible assets	5,051	5,051
Total intangible assets	28,942	28,910

Table No. 2

INTANGIBLE ASSETS IN THE PERIOD FROM 01/01 TO 31/12/2010				
Details	Software (licences)	Other (lease rights)	Goodwill	Total
Gross value - as at 01/01/2010	2,542	4,781	21,298	28,622
Increase in gross value (due to):	18	270		288
- acquisition	18	270		288
Decrease in gross value (due to):				
Gross value - as at 31/12/2010	2,560	5,051	21,298	28,910
Amortisation - as at 01/01/2010	2,342	4,575		6,917
Increase in amortisation (due to):	79	117		196
- amortisation charges	79	117		196
Decrease in amortisation (due to):				
Amortisation - as at 31/12/2010	2,421	4,692		7,113
Net value - as at 01/01/2010	201	206	21,298	21,705
Net value - as at 31/12/2010	139	359	21,298	21,797

Table No. 3

INTANGIBLE ASSETS IN THE PERIOD FROM 01/01 TO 31/12/2011				
Details	Software (licences)	Other (lease rights)	Goodwill	Total
Gross value - as at 01/01/2011	2,560	5,051	21,298	28,910
Increase in gross value (due to):	34			34
- acquisition	34			34
Decrease in gross value (due to):	2			2
- sale	2			2

Name of company:	Tell S.A.		
Period covered by the financial statements:	01/01/2010-31/12/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Gross value - as at 31/12/2011	2,592	5,051	21,298	28,942
Amortisation - as at 01/01/2011	2,421	4,692		7,113
Increase in amortisation (due to):	79	143		222
- amortisation charges	79	143		222
Decrease in amortisation (due to):	2			2
- sale	2			2
Amortisation - as at 31/12/2011	2,498	4,835		7,333
Net value - as at 01/01/2011	139	359	21,298	21,797
Net value - as at 31/12/2011	94	216	21,298	21,609

The Company uses intangible assets it purchased.

The useful life is specified and amounts to, respectively:

- software (licences)

2

years

- Maxebiznes financial & accounting programme 5 years

- cost of acquisition of lease rights (other assets) 5 years

The Company does not amortise the goodwill, but it carries out tests for its impairment.

The intangible assets are amortised over their useful life.

The amortisation of intangible assets was recognised as profit or loss in 2011 and 2010 in the item "Administration Costs" in the following amounts, respectively: kPLN 222 and kPLN 196.

NOTE NO. 3.

GOODWILL

Taurus

In 2006, the Company acquired an organised business of Taurus Sp. z o.o. comprising a network of thirteen selling outlets, which allowed it to carry out economic activities consisting in the provision of services to PTK Centertel Sp. z o.o. The transaction was closed on 31 August 2006. The balance sheet goodwill as at 31 December 2006 amounted to kPLN 1,202.

As at the take-over date, the goodwill was recognised as an asset that will bring the Company economic benefits in subsequent periods.

The acquiring company measured the merger cost as the total of the fair value of acquired assets plus all costs that could be directly allocated to the merger.

The merger costs amounted to kPLN 113. The value of assets acquired in result of the merger amounted to kPLN 121.

As at 31 December 2011, the Company conducted a goodwill impairment test that did not disclose a necessity to recognise an impairment loss.

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

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

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

Goodwill impairment test

The goodwill was created in consequence of the take-over of control over Taurus Sp. z o.o. by Tell S.A. and was allocated to one of the cash generating unit, constituting an organisationally separate business of the Company comprising selling outlets and a network of commercial representatives.

The carrying amount of the goodwill in PLN as at:

31/12/2011	31/12/2010
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Name of company:	Tell S.A.		
Period covered by the financial statements:	01/01/2010-31/12/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

PLN 1,202,156.25	PLN 1,202,156.25
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Cash generating unit.

The recoverable amount of a cash generating unit was established on the basis of the value in use calculated on the basis of the cash flow forecasts comprising financial budgets for 5 years. The cash flow forecasts assumed a discount rate of 13.5% and the flows exceeding the five-year long period are estimated without any potential growth assumed.

Key assumptions used for the calculation of the value in use

The estimation of the value in use of a cash generating unit is sensitive to the following variables:

- cash flows;
- discount rate;
- market share in a budget year;
- growth rate applied when estimating cash flows outside the scope of budgeted periods.

Cash flows – are made on the basis of values achieved in the periods preceding the budget period and on the prudent estimates concerning the future derived from them.

Discount rate – reflects the estimation of risk typical for Tell S.A. made by the management. This is an indication used by the management in order to estimate the operational effectiveness (results) and future investment proposals.

The discount rate and the growth rate of future cash flows assumed for the determination of the recoverable amount was expressed in real values, i.e. disregarding the inflation. The cash flow and the discount rate are compliant with the IAS 36 methodology, i.e. they do not include the income tax paid by the Company. Had the tax effect been accounted for in the discount rate, it would amount to 10.92%.

Assumptions concerning the market shares – these assumptions are material because the management assesses the ways in which the economic and financial position of TELL S.A. may change during the budget period with respect to competitors. The management expects that the market share of Tell S.A. will be stable in the budget year.

Estimated growth rate - not assumed.

Sensitivity to changes of assumptions

In case of the estimation of the value in use, the management is convinced that no reasonably possible change of any key assumption made above would result in exceeding by the carrying amount of such unit of its recoverable amount adjusted by the book value of net assets.

Havo

In 2007, Tell S.A. acquired an organised business of Havo Sp. z o.o. by contract of 20 November 2006.

The organised business was finally taken over on 01 February 2007, when all conditions precedent agreed between the parties had been met.

The take-over concerned 105 PTK Centertel Sp. z o.o. service distribution outlets, a sale structure with business consultants, comprising approx. 40 sellers active outside the distribution outlets, receivables from future commissions. The contract contained the Buyer's obligation to adopt a resolution on the issue of 135,000 new shares and offering them to the Seller in exchange for a cash contribution. The total agreed selling price was kPLN 20,175, whereby part of it was paid by a transfer and part was set-off with the buyer's amounts due from the payment of a cash contribution in exchange for shares.

The acquiring company measured the merger cost as the total of the fair value of acquired assets plus all costs that could be directly allocated to the merger.

In relation with the adopted way of qualification of revenue, the total amount of expenses to acquire the organised business was decreased by the value of assets taken over, and the remaining part was recognised as goodwill. It was assumed that goodwill constituted future economic benefits from assets that cannot be separately identified or recognised.

The merger costs amounted to kPLN 689. The value of assets acquired in result of the merger amounted to kPLN 768.

As at 31 December 2011, the Company conducted a goodwill impairment test that did not disclose a necessity to recognise an impairment loss.

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

- the assets and liabilities making up the unit have not changed significantly since the most recent recoverable amount calculation,
- the most recent recoverable amount calculation resulted in an amount that exceeded the carrying amount of the unit by a substantial margin; and

Name of company:	Tell S.A.		
Period covered by the financial statements:	01/01/2010-31/12/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

- based on an analysis of events that have occurred and circumstances that have changed since the most recent recoverable amount calculation, the likelihood that a current recoverable amount determination would be less than the current carrying amount of the unit is remote.

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

Goodwill impairment test

The goodwill was created in consequence of the take-over of control over Havo Sp. z o.o. by Tell S.A. and was allocated to one of the cash generating unit, constituting an organisationally separate business of the Company comprising selling outlets and a network of commercial representatives.

The carrying amount of the goodwill in PLN as at:

31/12/2011	31/12/2010
PLN 20,096,079.04	PLN 20,096,079.04

Cash generating unit

The recoverable amount of a cash generating unit was established on the basis of the value in use calculated on the basis of the cash flow forecasts comprising financial budgets for 5 years. The cash flow forecasts assumed a discount rate of 13.5% and the flows exceeding the five-year long period are estimated without any potential growth assumed.

Key assumptions used for the calculation of the value in use

The estimation of the value in use of a cash generating unit is sensitive to the following variables:

- cash flows;
- discount rate;
- market share in a budget year;
- growth rate applied when estimating cash flows outside the scope of budgeted periods.

Cash flows – are made on the basis of values achieved in the periods preceding the budget period and on the prudent estimates concerning the future derived from them.

Discount rate – reflects the estimation of risk typical for Tell S.A. made by the management. This is an indication used by the management in order to estimate the operational effectiveness (results) and future investment proposals.

The discount rate and the growth rate of future cash flows assumed for the determination of the recoverable amount was expressed in real values, i.e. disregarding the inflation. The cash flow and the discount rate are compliant with the IAS 36 methodology, i.e. they do not include the income tax paid by the Company. Had the tax effect been accounted for in the discount rate, it would amount to 10.92%.

Assumptions concerning the market shares – these assumptions are material because the management assesses the ways in which the economic and financial position of TELL S.A. may change during the budget period with respect to competitors. The management expects that the market share of Tell S.A. will be stable in the budget year.

Estimated growth rate - not assumed.

Sensitivity to changes of assumptions

In case of the estimation of the value in use, the management is convinced that no reasonably possible change of any key assumption made above would result in exceeding by the carrying amount of such unit of its recoverable amount adjusted by the book value of net assets.

NOTE NO. 4. TANGIBLE FIXED ASSETS

Information on tangible fixed assets was presented in tables 4 to 7.

Table No. 4

GROSS TANGIBLE FIXED ASSETS	2011 As at 31/12/2011	2010 As at 31/12/2010
a) fixed assets, including:	9,783	10,460
- plants and machinery	2,416	2,573
- vehicles	1,439	1,429

Name of company:	Tell S.A.		
Period covered by the financial statements:	01/01/2010-31/12/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

- other fixed assets	5,928	6,459
b) fixed assets in construction		
c) advances for fixed assets in construction		
Total tangible fixed assets	9,783	10,460

Table No. 5

TANGIBLE FIXED ASSETS IN THE PERIOD FROM 01/01 TO 31/12/2010				
Details	Plants and machinery	Vehicles	Other fixed assets	Total
Gross value - as at 01/01/2010	2,544	1,833	6,230	10,606
Increase in gross value (due to):	95	472	485	1,052
- acquisition	95	472	485	1,052
Decrease in gross value (due to):	66	876	256	1,199
- sale	36	833	241	1,110
- liquidation	30	44	15	89
Gross value - internal transfers				
Gross value - as at 31/12/2010	2,573	1,429	6,459	10,460
Amortisation - as at 01/01/2010	1,618	880	3,540	6,039
Increase in amortisation (due to):	497	333	709	1,539
- amortisation charges	497	333	709	1,539
Decrease in amortisation (due to):	64	588	198	849
- sale	34	583	184	801
- liquidation	30	5	14	48
Amortisation - as at 31/12/2010	2,051	626	4,052	6,729
Net value - as at 01/01/2010	926	952	2,690	4,568
Net value - as at 31/12/2010	521	803	2,407	3,731

Table No. 6

TANGIBLE FIXED ASSETS IN THE PERIOD FROM 01/01 TO 31/12/2011				
Details	Plants and machinery	Vehicles	Other fixed assets	Total
Gross value - as at 01/01/2011	2,573	1,429	6,459	10,460
Increase in gross value (due to):	50	421	143	614
- acquisition	50	421	143	614
Decrease in gross value (due to):	207	411	673	1,291
- sale	76	411	89	576
- liquidation	131		584	715
Gross value - as at 31/12/2011	2,416	1,439	5,928	9,783
Amortisation - as at 01/01/2011	2,051	626	4,052	6,729
Increase in amortisation (due to):	286	243	670	1,199
- amortisation charges	286	243	670	1,199
Decrease in amortisation (due to):	200	323	419	942
- sale	72	323	74	469
- liquidation	128		345	473
Amortisation - as at 31/12/2011	2,137	546	4,303	6,985
Net value - as at 01/01/2011	521	803	2,407	3,731

Name of company:	Tell S.A.		
Period covered by the financial statements:	01/01/2010-31/12/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Net value - as at 31/12/2011	279	893	1,626	2,797
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Table No. 7

BALANCE SHEET FIXED ASSETS (OWNERSHIP STRUCTURE)	2011 As at 31/12/2011	2010 As at 31/12/2010
a) own	9,783	10,460
b) used on the basis of a lease, rental or similar contract, including:		
Total gross balance sheet fixed assets	9,783	10,460

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

Adopted useful lives:

- plants and machinery from 2 years to 10 years
- vehicles from 2.5 years to 5 years
- expenditure on fixed assets of third parties 10 years
- equipment and furniture 5 years

The depreciable tangible assets are depreciated over their useful life.

The Company does not have any fixed assets held for sale.

The depreciation of tangible fixed assets was recognised as profit or loss in the following items:

Table No. 8

	from 01/01 to 31/12/2011	from 01/01 to 31/12/2010
Administration costs	318	518
Sale costs	881	1,021
Total depreciation of tangible assets	1,199	1,539

NOTE NO. 5. FINANCIAL ASSETS AND LIABILITIES

Categories of financial assets and liabilities.

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

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

Table No. 9

	Note	*Categories of financial instruments as per IAS 39						Total	
		L&R	FV-T	FV-M	HMI	AFS	HD		Non IAS 39
As at 31/12/2011		1	2	3	4	5	6	7	
<i>Fixed assets:</i>									
Receivables and loans	6	660							660
Other long-term financial assets	7							25,636	25,636
<i>Current assets:</i>									
Trade Receivables and Other Receivables	9	35,121							35,121
Loans	12	9,782							9,782
Cash and Cash Equivalents	11	6,756							6,756
Total financial assets		52,319						32,392	77,955

Name of company:	Tell S.A.		
Period covered by the financial statements:	01/01/2010-31/12/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

As at 31/12/2010								
<i>Fixed assets:</i>								
Receivables and loans	6	753						753
Other long-term financial assets	7					24,349		24,349
<i>Current assets:</i>								
Trade Receivables and Other Receivables	9	40,479						40,479
Loans	12	5,879						5,879
Cash and Cash Equivalents	11	3,697						3,697
Total financial assets		50,808				28,046		75,157

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

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

Table No. 10

	Note	*Categories of financial instruments as per IAS 39					Total
		FVL-T	FVL-M	ACL	HD	Non IAS 39	
As at 31/12/2011		1	2	3	4	5	
<i>Long-term liabilities:</i>							
Loans, credits, other loan instruments	19			2,423			2,423
Other liabilities							
<i>Short-term liabilities:</i>							
Trade liabilities and other liabilities	18			45,699			45,699
Loans, credits, other loan instruments	19			1,856			1,856
Total financial liabilities				49,978			49,978
As at 31/12/2010							
<i>Long-term liabilities:</i>							
Loans, credits, other loan instruments	19			4,134			4,134
Other liabilities							
<i>Short-term liabilities:</i>							
Trade liabilities and other liabilities	18			50,073			50,073
Loans, credits, other loan instruments	19			1,711			1,711
Total financial liabilities				55,918			55,918

NOTE NO. 6. LONG-TERM RECEIVABLES

Information on long-term receivables is presented in table 11.

Table No. 11

Name of company:	Tell S.A.		
Period covered by the financial statements:	01/01/2010-31/12/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

GROSS LONG-TERM RECEIVABLES	2011 As at 31/12/2011	2010 As at 31/12/2010
a) from related parties		
b) from other parties – deposits paid	660	753
Total net long-term receivables	660	753
c) impairment charges		
Total gross short-term receivables	660	753

**NOTE NO. 7.
INVESTMENTS IN SUBSIDIARIES**

Information about investments in related parties is presented in the tables below. Investments in subsidiaries comprise shares presented in tables 11,12,13.

Table No. 12

Name of entity, legal form, registered office	Registered office	Object of the business	Type of relation	Consolidation method	Date of control take-over	Value of shares at cost	Impairment adjustment (total)	Shares at carrying amount	Percentage of share capital held	% of votes at the General Meeting of Shareholders
Euro-Phone Sp. z o.o.	Piaseczno	trade	direct subsidiary	full consolidation	12/07/2007	11,025		11,025	100.00%	100.00%
PTI Sp. z o.o.	Kraków	trade	direct subsidiary	full consolidation	28/06/2007	13,324		13,324	100.00%	100.00%
Toys4Boys.PI Sp. z o.o.	Gdańsk	trade	related	non consolidated	01/04/2011	1,287		1,287	30%	30%
Connex Sp. z o.o.	Poznań	trade	direct subsidiary	No control	30/06/2003	150	150	0	100.00%	100.00%

Table No. 12

LONG-TERM FINANCIAL ASSETS	2011 As at 31/12/2011	2010 As at 31/12/2010
a) interests in related parties	25,636	24,349
- Euro-Phone Sp. z o.o.	11,025	11,025
- PTI Sp. z o.o.	13,324	13,324
- Toys4Boys.PI Sp. z o.o.	1,287	
Total long-term financial assets	25,636	24,349

Table No. 13

Name of company:	Tell S.A.		
Period covered by the financial statements:	01/01/2010-31/12/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

CHANGE IN LONG-TERM FINANCIAL ASSETS - INTERESTS	2011 As at 31/12/2011	2010 As at 31/12/2010
a) as at period beginning	24,349	20,585
- PTI Sp. z o.o.	13,324	11,328
- Euro-Phone Sp. z o.o.	11,025	9,257
b) increase (due to)	1,287	3,764
- additional payment of the price for shares in Impol Sp. z o.o.		1,000
- increase of the share capital of Euro-Phone Sp. z o.o.		996
- increase of the share capital of PTI Sp. z o.o.		1,768
- acquisition of 30% of shares in Toys4Boys.PI Sp. z o.o.	1,287	
c) decrease (due to)		
a) as at period end	25,636	24,349
- Euro-Phone Sp. z o.o.	11,025	11,025
- PTI Sp. z o.o.	13,324	13,324
- Toys4BoysPl. Sp. z o.o.	1,287	

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 provided also for the possibility of purchasing by 31 January 2012 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.

In case of a failure to exercise or improper exercise by Tell S.A. of the share purchase right and obligation, the present shareholders in Toys4Boys.PL Sp. z o.o. will be entitled to demand that Tell S.A sold the 429 shares in its possession for 50% of the issue price.

As at the date of these statements, Tell S.A. did not use the option to which it is entitled to purchase from the shareholders of Toys4Boys.pl Sp. z o.o. with registered office in Gdańsk further shares, which, jointly with the shares already in its possession, would constitute 51% of the share capital of this company.

The Company is a leader on the market of gifts and gadgets. It runs 11 stores located in shopping malls and one Internet store. The transaction is an element of the issuer's revenue diversification strategy.

NOTE NO. 8.

INVENTORIES

Information on inventories is presented in table 14.

Table No. 14

INVENTORIES	2011 As at 31/12/2011	2010 As at 31/12/2010
a) gross goods	10,309	13,388
b) impairment charges	486	556
Total net inventories	9,823	12,833

The inventories comprised goods purchased and held for sale. The inventories are recognised at cost, not higher than the selling price. The inventories constitute a loan collateral, whereby the Company is obliged to maintain inventories at a level not lower than 150% of the current debt. Registered pledge was established on the borrower's inventories in accordance with the detailed provisions of a registered pledge contracts concluded between the borrower and the banks.

NOTE NO. 9.

TRADE RECEIVABLES AND OTHER RECEIVABLES

Information on trade receivables and other receivables is presented in tables 15 to 17.

Table No. 15

Name of company:	Tell S.A.		
Period covered by the financial statements:	01/01/2010-31/12/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

SHORT-TERM RECEIVABLES	2011 As at 31/12/2011	2010 As at 31/12/2010
a) trade receivables from related parties	28	25
b) receivables from other parties	35,093	40,453
- trade receivables falling due within 12 months	35,054	40,344
- VAT receivables		70
- other	39	39
Total net short-term receivables	35,121	40,479
c) impairment charges	2,242	2,085
Total gross short-term receivables	37,363	42,563

Table No. 16

CHANGE IN IMPAIRMENT OF SHORT-TERM RECEIVABLES	2011 As at 31/12/2011	2010 As at 31/12/2010
As at period beginning	2,085	750
a) increase (due to)	158	1,338
- provisions for impaired trade receivables from other parties	158	1,338
b) decrease (due to)		4
- reversal of provisions for impaired trade receivables from other parties		4
Provisions for short-term receivables as at period end	2,242	2,085

Table No. 17

GROSS SHORT-TERM RECEIVABLES (CURRENCY STRUCTURE)	2011 As at 31/12/2011	2010 As at 31/12/2010
a) in PLN	37,363	42,563
b) in foreign currencies (as per currency and after conversion into PLN)		
Total short-term receivables	37,363	42,563

Trade receivables do not bear interest and usually have a 21-day maturity in case of wholesalers, in case of retail sale - the payment is made in cash. The Company has in place a policy of selling only to verified wholesale customers. Therefore, there is no additional credit risk, higher than the level determined by the provision for bad receivables.

The carrying amount of receivables corresponds to their fair value.

NOTE NO. 10. LONG-TERM AND SHORT-TERM PREPAYMENTS

Information on prepayments is presented in table 18.

Table No. 18

PREPAYMENTS	2011 As at 31/12/2011	2010 As at 31/12/2010
a) Long-term prepayments, including:	304	387
- rental fee	304	387
a) Short-term prepayments, including:	221	236
- property insurance costs	90	101

Name of company:	Tell S.A.		
Period covered by the financial statements:	01/01/2010-31/12/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

- rental fee	129	129
- other costs	1	6

**NOTE NO. 11.
CASH AND CASH EQUIVALENTS**

Information on cash and cash equivalents is presented in table 19.

Table No. 19

CASH AND CASH EQUIVALENTS	2011 As at 31/12/2011	2010 As at 31/12/2010
Cash in hand	232	238
Cash at bank (including):	6,524	3,459
- Bank DnB NORD Polska S.A.	5,307	1,643
- Alior Bank S.A.	1,217	1,816
Total cash	6,756	3,697

Cash comprises cash in hand and cash at banks.

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

**NOTE NO. 12.
OTHER HELD-TO-MATURITY FINANCIAL ASSETS**

Information on other financial assets is presented in table 20.

Table No. 20

OTHER SHORT-TERM FINANCIAL ASSETS	2011 As at 31/12/2011	2010 As at 31/12/2010
a) in related parties – loans granted	10,342	6,439
- Connex Sp. z o.o.	560	560
- PTI Sp. z o.o.	4,000	817
- Euro-Phone Sp. z o.o.	5,782	5,062
Total gross other short-term financial assets	10,342	6,439
b) impairment of loans to Connex Sp. z o.o.	560	560
Total net other short-term financial assets	9,782	5,879

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 2% to 4%.

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.

**NOTE NO. 13.
SHARE CAPITAL**

Information on the share capital structure as at the balance sheet date is presented in table 20.

Table No. 20

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%	35.46%
Havo Sp. z o.o.		675,000	675,000		675,000	675,000	10.70%	8.37%
Rafal Stempniewicz	175,000	112,280	287,280	350,000	112,280	462,280	4.55%	5.73%

Name of company:	Tell S.A.		
Period covered by the financial statements:	01/01/2010-31/12/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

AVIVA Investors FIO AVIVA Investors SFIO		657,672	657,672		657,672	657,672	10.42%	8.15%
Quercus Parasolowy SFIO		888,235	888,235		888,235	888,235	14.08%	11.01%
	1,604,750	2,333,187	3,937,937	3,209,500	2,333,187	5,542,687	62.41%	68.73%

In 2011, there were changes in the number of shares held and there was a change in the number of votes. In accordance with requests of shareholders, 361,250 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 as at the balance sheet date amounts to 8.064.998. In consequence of the conversion of shares, the share capital did not change and amounts to PLN 1,261,924.60.

As at the balance sheet date, the value of share capital of Tell S.A. amounts to PLN 1,261,924.60 and is divided into:

- 1,755,375 series A registered preferential shares (one share entitles to two votes)
- 4,554,248 ordinary bearer shares.

The nominal value of each share is PLN 0.20.

NOTE NO. 14. SUPPLEMENTARY CAPITAL

Information on supplementary capital is presented in table 21.

Table No. 21

VALUE OF SUPPLEMENTARY CAPITAL	2011 As at 31/12/2011	2010 As at 31/12/2010
a) share premium	24,863	24,863
b) established in accordance with the statutes/articles of association above the statutory (minimum) value	11,976	11,373
Total supplementary capital	36,840	36,237

The supplementary capital is created from share premium. Additionally, the supplementary capital is created from the appropriation of profits generated by the company in previous years.

The value of the supplementary capital rose by kPLN 603 due to the distribution of profits for 2010. The remaining part of net profit was used to pay dividends.

NOTE NO. 15. RESERVE CAPITAL

Information on reserve capitals is presented in table 22.

Table No. 22

VALUE OF RESERVE CAPITAL	2011 As at 31/12/2011	2010 As at 31/12/2010
Reserve capital at period beginning	9,902	9,902
a) from the transfer from supplementary capital		
b) cost of purchase of treasury shares above par value		
c) sale of treasury shares above par value		
Total reserve capitals	9,902	9,902

NOTE NO. 16. INFORMATION ON THE DIVIDENDS PAID (OR DECLARED), 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.

Name of company:	Tell S.A.		
Period covered by the financial statements:	01/01/2010-31/12/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

NOTE NO. 17.

PROVISIONS

Information about provisions was presented in table 23 and table 24.

Table No. 23

CHANGE IN LONG-TERM PROVISION FOR RETIREMENT BENEFITS AND SIMILAR BENEFITS (TITLES)	2011 As at 31/12/2011	2010 As at 31/12/2010
a) as at period beginning	10	10
- provision for retirement benefits	10	10
b) increase (due to):		
c) utilisation (due to):		
d) write-back (due to):		
a) as at period end	10	10
- provision for retirement benefits	10	10

Table No. 24

CHANGE IN OTHER SHORT-TERM PROVISIONS (TITLES)	2011 As at 31/12/2011	2010 As at 31/12/2010
a) As at period beginning, per title:	757	685
provision for accrued holidays	417	246
provision for payroll costs	300	400
provision for financial statements audit costs	40	39
b) increase (due to):	387	511
provision for payroll costs	300	300
provision for financial statements audit cost	28	40
provision for accrued holidays	59	171
c) utilisation (due to):	340	439
payment of salaries/wages	300	400
payment for financial statement audit	40	39
a) As at period end, per title:	804	757
provision for payroll costs	300	300
provision for financial statements audit cost	28	40
provision for accrued holidays	477	417

NOTE NO. 18.

TRADE LIABILITIES AND OTHER LIABILITIES

Information on trade liabilities and other liabilities is presented in tables 25 to 28.

Table No. 25

LONG-TERM LIABILITIES	2011 As at 31/12/2011	2010 As at 31/12/2010
a) to other parties	2,423	4,134
- loans sanctioned by Alior Bank S.A.	2,423	4,134
Total long-term liabilities	2,423	4,134

Table No. 26

Name of company:	Tell S.A.		
Period covered by the financial statements:	01/01/2010-31/12/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

LONG-TERM LIABILITIES, WITH MATURITIES FALLING DUE AFTER THE BALANCE SHEET DATE	2011 As at 31/12/2011	2010 As at 31/12/2010
a) above 1 year to 3 years	2,423	4,134
b) above 3 years to 5 years		
Total long-term liabilities	2,423	4,134

Table No. 27

SHORT-TERM LIABILITIES	2011 As at 31/12/2011	2010 As at 31/12/2010
a) to related parties		1
- trade liabilities falling due within 12 months		1
b) to other parties	48,524	53,396
- loans and advances, including:	1,856	1,711
long-term loans falling due within 12 months	1853	1,711
- trade liabilities falling due within 12 months	44,461	48,179
- tax, customs, social insurance and other liabilities:	1,378	2,149
including CIT liabilities	173	255
- payroll	796	1,054
- other	33	303
Total short-term liabilities	48,524	53,397

Table No. 28

SHORT-TERM LIABILITIES (CURRENCY STRUCTURE)	2011 As at 31/12/2011	2010 As at 31/12/2010
a) in PLN	48,524	53,397
b) in foreign currencies (as per currency and after conversion into PLN)		
Total short-term liabilities	48,524	53,397

Trade liabilities do not bear interest and are usually settled within the deadlines set by the creditors, i.e. 14 days in case of service providers and 21 days in case of goods suppliers.
Liabilities related to bank loan interest are settled on a monthly basis.

NOTE NO. 19. LOANS AND ADVANCES

Information on loan liabilities is presented in tables 29 to 31.

Table No. 29

LONG-TERM LOAN LIABILITIES Tell S.A.						
Name of company	Seat	Loan amount per contract	Loan amount outstan ding as at		Interest terms	Repayment date
			31/12/2010	31/12/2011		
ALIOR BANK S.A.	Warszawa	6,000	4,100	3,000	WIBOR 1M +bank margin	30/05/2014

Loan security:

- power of attorney to debit the borrower's accounts,
- registered pledge on 100% of shares in PTI Sp. z o.o.
- power of attorney to debit accounts of PTI Sp. z o.o.
- registered pledge on inventories

Name of company:	Tell S.A.		
Period covered by the financial statements:	01/01/2010-31/12/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

- assignment of rights under the insurance policy concerning inventories.

Table No. 30

LONG-TERM LOAN LIABILITIES Tell S.A.						
Name of company	Seat	Loan amount per contract	Loan amount outstanding as at		Interest terms	Repayment date
			31/12/2010	31/12/2011		
ALIOR BANK S.A.	Warszawa	2,000	1,745		WIBOR 1M +bank margin	30/05/2014
			1,277			

Loan security:

- power of attorney to debit the borrower's accounts,
- power of attorney to debit accounts of PTI Sp. z o.o.
- registered pledge on 100% of shares in PTI Sp. z o.o.
- registered pledge on inventories of PTI Sp. z o.o.
- assignment of rights under the insurance policy concerning inventories.

Table No. 31

SHORT-TERM LOAN LIABILITIES Tell S.A.						
Name of company	Seat	Loan amount per contract	Loan amount outstanding as at		Interest terms	Repayment date
			31/12/2010	31/12/2011		
BANK DnB NORD POLSKA S.A.	Warszawa	5,000	0		WIBOR 1M +bank margin	30/05/2012
			0			
ALIOR BANK S.A.	Warszawa	2,000	0		WIBOR 1M + bank margin	04/04/2012
			3			

Loan security:

BANK DnB NORD POLSKA S.A.:

- power of attorney to debit the borrower's accounts,
- registered pledge on the borrower's inventories with a book value not lower than 150% of the debt limit,
- assignment of rights under insurance policy.

Alior Bank S.A.:

- power of attorney to debit the borrower's accounts,
- power of attorney to debit accounts of PTI Sp. z o.o.
- registered pledge on movables of PTI Sp. z o.o. for the amount of kPLN 4.000, assignment of receivables under the movables insurance policy for a minimum of kPLN 2,000.

NOTE NO. 20. LIABILITIES UNDER THE OPERATING LEASE CONTRACTS

In cases when the Company is a lessee, the obligations under the operating lease contract concern the contracts the subject matter of which is commercial space.

On 31 December 2011 and 2010, the value of minimum future lease payments amounted to, respectively, kPLN 23.064 and kPLN 27.974.

Table No. 32

	2011 As at 31/12/2011	2010 As at 31/12/2010
Up to 1 year	7,179	7,531
From 1 year to 5 years	15,885	20,443
Total minimum future fees	23,064	27,974

Name of company:	Tell S.A.		
Period covered by the financial statements:	01/01/2010-31/12/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

**NOTE NO. 21.
CONTINGENT LIABILITIES**

Table No. 33

Entity/Bank	Type of liability	Value as at in kPLN	Security
		31/12/2011	
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.	loan	3,000	guarantee for PTI Sp. z o.o.

**NOTE NO. 22.
LIABILITIES OF THE COMPANY'S SOCIAL BENEFIT FUND**

The Company's Social Benefit Fund Act of 04 March 1997, as amended, stipulates that the Company's Social Benefit Fund is set up by employers employing more than 20 persons. The Company has created such Fund and makes periodical contributions thereto on the basis of a basic appropriation. The purpose of the Fund is to finance the social activities for the benefit of employees.

The cash in the Fund's bank account are set off in the balance sheet against all liabilities to the Fund.

**NOTE NO. 23.
INCOME TAX**

The income tax specification in the reporting period is presented in tables 34 to 36.

Table No. 34

CURRENT INCOME TAX	2011 As at 31/12/2011	2010 As at 31/12/2010
1. Gross profit	10,630	6,864
2. Difference between the gross profit and the base for income tax (titles)	- 8,101	- 5,331
- non-taxable revenues and revenues exempt from taxation	-5,796	- 3,197
- tax revenues that are not book revenues	797	305
- non-tax deductible costs	927	1,160
- transitory non-tax deductible costs	783	2,385
- tax costs that are not book costs	-4,812	- 5,984
3. Tax base	2,529	1,532
4. Deductions from income – donations to the public good organisations	18	16
5. Income tax base	2,511	1,516
6. Income tax at 19%	477	288

Table No. 35

CURRENT INCOME TAX RECOGNISED AS PROFIT OR LOSS	2011 As at 31/12/2011	2010 As at 31/12/2010
- recognised as profit or loss	477	288
- recognised as equity		
Total current income tax	477	288

Table No. 36

DEFERRED INCOME TAX RECOGNISED AS PROFIT OR LOSS:	2011 As at 31/12/2011	2010 As at 31/12/2010

Name of company:	Tell S.A.		
Period covered by the financial statements:	01/01/2010-31/12/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

- reversal of income tax liability	176	75
- set up of an income tax asset	119	198
- set up of an income tax liability	800	870
- reversal of an income tax asset	153	328
Total deferred income tax	658	925

NOTE NO. 24.
DEFERRED INCOME TAX

The deferred income tax is presented in tables 37 and 38.

Table No. 37

CHANGE IN DEFERRED TAX ASSETS	2011 As at 31/12/2011	2010 As at 31/12/2010
1. Deferred income tax assets as at period beginning, including:	502	632
a) recognised as profit or loss	502	632
- provision for holidays and retirement benefits	81	49
- salaries and wages	59	82
- social insurance contributions payable by the employer	48	49
- other provisions for costs	66	163
- impairment of inventories	106	146
- impairment of receivables	143	143
2. Increases	119	198
a) recognised as financial profit or loss in relation with deductible temporary difference (due to)	119	198
- provision for holidays and retirement benefits	11	32
- salaries and wages	60	59
- social insurance contributions payable by the employer	36	48
- other provisions for costs	11	59
3. Decreases	153	328
a) recognised as financial profit or loss in relation with deductible temporary difference (due to)	153	328
- salaries and wages	72	82
- social insurance contributions payable by the employer	48	49
- other provisions for costs	33	156
- impairment of inventories		41
4. Total deferred income tax assets as at period end, including:	468	502
a) recognised as profit or loss	468	502
- provision for holidays and retirement benefits	92	81
- salaries and wages	60	59
- social insurance contributions payable by the employer	36	48
- other provisions for costs	44	66
- impairment of inventories	92	106
- impairment of receivables	143	143

Name of company:	Tell S.A.		
Period covered by the financial statements:	01/01/2010-31/12/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Table No. 38

CHANGE IN DEFERRED TAX LIABILITIES	2011 As at 31/12/2011	2010 As at 31/12/2010
1. Deferred income tax liabilities as at period beginning, including:	3,293	2,498
a) recognised as financial profit or loss due to temporary differences	3,293	2,498
- amortisation	17	39
- loan interest	159	151
- goodwill	3,118	2,308
2. Increases	800	870
a) recognised as financial profit or loss in relation with taxable temporary difference (due to)	800	870
- interest		61
- goodwill	800	809
3. Decreases	176	75
a) recognised as financial profit or loss in relation with taxable temporary differences (due to)		75
- reversal of temporary differences - amortisation and depreciation	17	22
- reversal of temporary differences - payment of interest	159	53
4. Total deferred income tax liabilities as at period end	3,917	3,293
a) recognised as financial profit or loss	3,917	3,293
- amortisation and depreciation		17
- loan interest		159
- goodwill	3,917	3,118

**NOTE NO. 25.
REVENUE FROM SALE IN THE REPORTING PERIOD**

The revenue from the sale is presented in tables 39 to 40.

Table No. 39

NET REVENUE FROM THE SALE OF SERVICES (TYPE STRUCTURE - TYPES OF ACTIVITIES)	2011 period from 01/01/2011 to 31/12/2011	2010 period from 01/01/2010 to 31/12/2010
Revenue from the sale of services	80,197	84,360
including: from related parties	241	611
- revenue from the sale of telecommunication services	74,504	77,908
- other services	5,693	6,452
Total net revenues from the sale of products	80,197	84,360

Table No. 40

NET REVENUE FROM THE SALE OF GOODS (TYPE STRUCTURE - TYPES OF ACTIVITIES)	2011 period from 01/01/2011 to 31/12/2011	2010 period from 01/01/2010 to 31/12/2010
Revenue from the sale of goods	28,670	35,718
including: from related parties	90	103
- sets and pre-paid refillments	17,209	19,099
- postpaid contact phones	9,327	13,880
- other goods	2,134	2,739
Total net revenue from the sale of goods	28,670	35,718

NOTE NO. 26.

Name of company:	Tell S.A.		
Period covered by the financial statements:	01/01/2010-31/12/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

FINANCIAL INCOME AND EXPENSES

The financial income and expenses are presented in tables 41 to 44.

Table No. 41

DIVIDEND INCOME AND PROFIT SHARING INCOME	2011 period from 01/01/2011 to 31/12/2011	2010 period from 01/01/2010 to 31/12/2010
a) dividend income	3,225	1,142
- from related parties	3,225	1,142
b) advances to dividends received	2,367	1,519
- from related parties	2,367	1,519
Financial income from dividends	5,592	2,661

Table No. 42

FINANCIAL INCOME FROM INTEREST	2011 period from 01/01/2011 to 31/12/2011	2010 period from 01/01/2010 to 31/12/2010
a) due to loans granted	772	661
- from related parties	735	644
- from a significant investor	37	17
b) other interest	87	50
- from other parties	87	50
Total financial income from interest	859	712

Table No. 43

FINANCIAL COSTS DUE TO INTEREST	2011 period from 01/01/2011 to 31/12/2011	2010 period from 01/01/2010 to 31/12/2010
a) on loans and advances	510	692
- to other parties	510	692
Total financial costs due to interest	510	692

Table No. 44

OTHER FINANCIAL COSTS	2011 period from 01/01/2011 to 31/12/2011	2010 period from 01/01/2010 to 31/12/2010
a) other, including:	148	157
- default interest	3	13
- commission paid	145	144
Total other financial costs	148	157

NOTE NO. 27. OPERATING REVENUE AND COSTS

Information on operating revenue and costs is presented in tables 45 to 47.

Table No. 45

COSTS PER TYPE	2011 period from 01/01/2011 to 31/12/2011	2010 period from 01/01/2010 to 31/12/2010
a) depreciation and amortisation	1,421	1,736
b) consumption of materials and energy	1,455	1,625
c) contracted services	54,142	51,946

Name of company:	Tell S.A.		
Period covered by the financial statements:	01/01/2010-31/12/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

d) taxes and fees	35	13
e) payroll	14,855	17,638
f) social insurance and other benefits	3,220	3,805
g) other costs per type (including)	993	1,786
Total costs per type	76,121	78,548
Change in inventories, products and prepayments	-88	138
Costs of sale (negative value)	-27,205	-32,454
Costs of general administration (negative value)	-6,275	-6,743
Costs of products sold (negative value)	-42,729	-39,488

Table No. 46

OTHER OPERATING REVENUE	2011 period from 01/01/2011 to 31/12/2011	2010 period from 01/01/2010 to 31/12/2010
a) profit on the disposal of non-financial fixed assets		112
- revenue from the disposal of non-financial fixed assets		460
- value of non-financial fixed assets disposed (negative value)		-348
b) reversal of provision (due to)	100	216
- disappearance of the underlying reason	100	216
c) other, including:	215	119
- liabilities written-off	40	1
- other	175	118
Total other operating revenue	315	447

Table No. 47

OTHER OPERATING costs	2011 period from 01/01/2011 to 31/12/2011	2010 period from 01/01/2010 to 31/12/2010
a) loss on the disposal of non-financial fixed assets	152	
- revenue from the disposal of non-financial fixed assets (negative value)	-210	
- value of non-financial fixed assets disposed	120	
- value of non-financial fixed assets liquidated	242	
b) set up of provisions (due to)	544	2,060
- impairment of receivables	158	1,242
- provisions for costs	328	647
- provision for holiday and retirement benefits	59	171
c) other, including:	133	225
- donations	18	22
- receivables written-off	44	20
- court fees		11
- liquidation of tangible fixed assets		1
- shortages and damage	4	117
- penalties and fines	5	3
- other	62	50
Total other operating costs	830	2,285

NOTE NO. 28.
DISCONTINUED OPERATIONS

There were no discontinued operations in the Company.

Name of company:	Tell S.A.		
Period covered by the financial statements:	01/01/2010-31/12/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

NOTE NO. 29.
EARNINGS PER SHARE

Information on earnings per share is presented in table 48.

Table No. 48

	2011 period from 01/01/2011 to 31/12/2011	2010 period from 01/01/2010 to 31/12/2010
Net profit (in PLN)	9,494,220.82	5,650,775.48
Average weighted number of ordinary shares (items)	6,309,623	6,309,623
Earnings per ordinary share (in PLN)	1.50	0.90
Average weighted diluted number of ordinary shares	6,309,623	6,309,623
Diluted earnings per ordinary share (in PLN)	1.50	0.90

The earnings per share are calculated as a quotient of net profit of the financial year and the average weighted number of shares present in the given financial year.

NOTE NO. 30.
BOOK VALUE OF ONE SHARE

Information on book value of one share is presented in table 49.

Table No. 49

	2011 period from 01/01/2011 to 31/12/2011	2010 period from 01/01/2010 to 31/12/2010
Book value (in PLN)	57,498,065.43	53,051,543.01
Number of ordinary shares	6,309,623	6,309,623
Book value per one share (in PLN)	9.11	8.41
Diluted number of ordinary shares	6,309,623	6,309,623
Diluted book value per one share (in PLN)	9.11	8.41

NOTE NO. 31.
INFORMATION ON RELATED ENTITIES

Information on related parties is presented in tables 50 and 51.

Table No. 50

Transactions between Tell S.A. and related parties 2010	Euro-phone Sp. z .o. Subsidiary	PTI Sp. z .o. Subsidiary	Connex Sp. z .o. Subsidiary not consolidated
Trade receivables	12	11	582
Amounts due from loans granted	5,062	817	560
Trade liabilities	1		
Revenue from the sale of goods	56	47	
Revenue from the sale of services	467	144	496
Loan interest income	419	225	1

Table No. 51

Transactions between Tell S.A. and related parties 2011	Euro-Phone Sp. z .o. Subsidiary	PTI Sp. z .o. Subsidiary	BBI Investment Sp.z o.o. significant investor	Connex Sp. z .o. Subsidiary not consolidated
Trade receivables	11	17		822

Name of company:	Tell S.A.		
Period covered by the financial statements:	01/01/2010-31/12/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Amounts due from loans granted	5,782	4,000		560
Revenue from the sale of goods	15	75		
Revenue from the sale of services	92	149		194
Loan interest income	445	283	37	

The receivables from Connex Sp. z o.o. are covered by provisions for receivables set up in an amount of kPLN 625 and for loans in an amount of kPLN 560.

**NOTE NO. 32.
REMUNERATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD**

Information on the remuneration of the Supervisory Board and Management Board is presented in table 52.

Table No. 52

	2011 period from 01/01/2011 to 31/12/2011	2010 period from 01/01/2010 to 31/12/2010
Members of the Management Board		
Rafał Stempniewicz	621	605
Stanisław Górski	320	351
Robert Krasowski	403	432
	1,344	1,388
Members of the Supervisory Board		
Tomasz Buczak	12	14
Tomasz Grabiak	5	14
Piotr Karmelita	13	14
Łukasz Kręski	1	0
Marek Piątkowski	7	0
Paweł Turno	16	18
Mariola Więckowska	13	14
Adam Wojacki	1	0
	67	76
total	1,411	1,464

**NOTE NO. 33.
EMPLOYMENT STRUCTURE**

The average employment in the Company as at the end of 2011 amounted to 422 people. The employment level as at the end of the comparable period as broken down into groups is presented in table 53.

Table No. 53

	2011 as at 31/12/2011	2010 as at 31/12/2010
Management Board	3	3
Managers	98	127
White collar	318	372
Blue collar	3	3

**NOTE NO. 34.
EVENTS AFTER THE BALANCE SHEET DATE**

There were no events after the balance sheet date that would have an impact on the current activities of Tell S.A.

Name of company:	Tell S.A.		
Period covered by the financial statements:	01/01/2010-31/12/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

**NOTE NO. 35.
GOALS AND PRINCIPLES OF CREDIT RISK MANAGEMENT**

The main financial instruments used by the company are bank loans, cash and short-term deposits. The main objective of these instruments is to provide funds to finance the Company's operations. The Company also has other financial instruments, such as trade receivables and liabilities, that arise directly in the course of its business.

The main types of risks related to the Company's financial instruments are the interest rate risk, liquidity risk and credit risk. The Management Board validates and agrees the management policies related to each type of risk – these policies were briefly discussed below.

Interest rate risk

The Company's exposure to interest rate risk fluctuations concerns mainly long-term financial liabilities as well as loans granted.

The Company uses only variable interest loans based on 1M WIBOR plus bank margin.

Table No. 54

	Rate fluctuations	Impact on the financial result:		Impact on equity:	
		31/12/2011	31/12/2010	31/12/2011	31/12/2010
Interest rate rise	1%	43	58	43	58
Interest rate fall	-1%	-43	-58	-43	-58

Credit risk

The Company enters into transactions only with renowned entities with a good credit standing. All clients wishing to take advantage of the merchant's credit are subject to a pre-verification procedure. Additionally, owing to an on-going monitoring of the receivables, the exposure to bad receivables risk is insignificant.

With regard to other financial assets, such as cash and cash equivalents, available-for-sale financial assets, the credit risk arises in relation with the contractor's inability to make the payment, and the maximum exposure to this risk is equal to the carrying amount of such instruments.

Table No. 55 Maximum exposure to credit risk:

	Carrying amount	Risk exposure value
31/12/2011		
Long-term receivables - deposits	660	660
Trade receivables	35,082	35,082
Loans granted	9,782	9,782
Cash and Cash Equivalents	6,756	6,756
Contingent Liabilities	16,050	16,050
31/12/2010		
Long-term receivables - deposits	753	753
Trade receivables	40,369	40,369
Loans granted	5,879	5,879
Cash and Cash Equivalents	3,697	3,697
Contingent Liabilities	10,600	10,600

Liquidity risk

The Company's objective is to maintain the balance between the financing continuity and flexibility by using various sources of finances, such as overdraft facilities, long-term bank loans.

The analysis of maturities of the Company's financial liabilities is based on contractual non-discounted cash flows. The payment of interest on the contracted bank loans, accrued in accordance with a variable interest rate, were calculated on the basis of the interest rate determined in the last interest period applicable before 31 December 2011 and 2010. The trade liabilities are disclosed as short-term or long-term depending on their maturity.

Table No. 56

	Sight	> 3 months	From 3 to 12 months	From 1 to 5 years	> 5 years
31/12/2011					
Interest-bearing loans and advances		684	1,478	2,421	

Name of company:	Tell S.A.		
Period covered by the financial statements:	01/01/2010-31/12/2011	Reporting currency:	Polish zloty - PLN
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Convertible preferential shares				
Trade liabilities and other liabilities		44,461		
Derivatives				
31/12/2010				
Interest-bearing loans and advances		428	1,283	4,134
Convertible preferential shares				
Trade liabilities and other liabilities		51,686		
Derivatives				

**NOTE NO. 36.
INFORMATION ABOUT FINANCIAL INSTRUMENTS**

As at 31 December 2011 and 2010, the carrying amount of cash and cash equivalents, short-term receivables and liabilities, short-term loans and short-term financial liabilities carried at amortised cost using the effective interest rate is close to the fair value due to the short maturing of such instruments or their cash nature. The table below presents a comparison of carrying amounts and fair values of all financial instruments of the Company as broken down into particular classes and categories of assets and liabilities.

Table No. 57

FINANCIAL ASSETS	Carrying amount		Fair value	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
a) Trade receivables and other receivables	35,781	41,232	35,781	41,232
- trade receivables	35,082	40,369	35,082	40,369
b) Other financial assets (short-term), including	9,782	5,879	9,782	5,879
- short-term loans	9,782	5,879	9,782	5,879
c) Cash and cash equivalents, including	6,756	3,697	6,756	3,697
- in hand	232	238	232	238
- at bank	6,524	3,460	6,524	3,460

Table No. 58

FINANCIAL LIABILITIES	Carrying amount		Fair value	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
a) Interest-bearing bank loans and advances, including	4,279	5,845	4,279	5,845
- overdraft facilities	3		3	
b) Trade liabilities and other liabilities, including	46,668	51,686	46,668	51,686
- trade liabilities	44,461	48,180	44,461	48,180

**NOTE NO. 37.
CAPITAL MANAGEMENT**

The main objective of the Company's capital management is to maintain a good credit rating and safe capital ratios, that would support the operating activities of the Company and increase its value for shareholders. The Company manages the capital structure and after economic changes improves it as necessary. In order to maintain or adjust the capital structure the Company may change the payment of dividends to shareholders, return the capital to the shareholders or issue new shares. As at the balance sheet date, there were no changes as to the objectives, principles and processes in force in this area.

The Company monitors the capitals using the leverage indicator, which is calculated as the net debt to total capitals plus net debt ratio. The Company includes in its net debt the interest-bearing loans and advances, trade liabilities and other liabilities less cash and cash equivalents. The capital comprises convertible preferential shares, shareholder's equity less reserve capitals from unrealised net profits.

Name of company:	Tell S.A.		
Period covered by the financial statements:	01/01/2010-31/12/2011	Reporting currency:	Polish zloty - PLN
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Table No. 59

DETAILS	31/12/2011	31/12/2010
Interest-bearing loans and advances	4,279	5,845
Trade liabilities and other liabilities	46,668	51,686
Less cash and cash equivalents	6,756	3,697
Net debt	44,191	53,834
Convertible preferential shares		
Shareholder's equity	57,498	53,052
Reserve capitals from unrealised net profits		
Total equity	57,498	53,052
Capital and net debt	101,689	106,886
Leverage ratio	43%	50%

NOTE NO. 38.
CASH FLOW STATEMENT

Below are explanations to the cash flow statement.

Table No. 60

Details	2011	2010
Cash in the balance sheet	6,756	3,697
Exchange differences from balance sheet measurement		
Cash assets qualified as cash equivalents for the cash flow statement		
Total cash and cash equivalents disclosed on the cash flow statement	6,756	3,697

Details	2011	2010
Amortisation and depreciation:	1,421	1,736
amortisation of intangible assets	222	196
depreciation of tangible assets	1,199	1,539
Interest and share in profits (dividends) comprise:	-5,791	-2,681
interest paid on loans	658	692
interest income from loans	-772	-342
interest income from deposits	-86	-50
interest accrued on loans granted		-320
dividend income	-5,592	-2,661
Profit (loss) from investing activities results from:	152	-112
revenue from the sale of tangible fixed assets	-210	-460
net value of tangible fixed assets sold	120	348
net value of fixed assets liquidated	242	
Change in provisions results from:	47	72
balance sheet change in provisions for liabilities	-12	-99
balance sheet change in provisions for employee benefits	59	171
Change in inventories results from:	3,009	3,464
balance sheet change in inventories	3,009	3,464

Name of company:	Tell S.A.		
Period covered by the financial statements:	01/01/2010-31/12/2011	Reporting currency:	Polish zloty - PLN
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Change in receivables results from:	5,451	-1,405
change in short-term receivables resulting from the balance sheet	5,358	-1,382
change in long-term receivables resulting from the balance sheet	93	-23
Change in short-term liabilities, save financial liabilities, results from:	-4,936	-1,547
change in short-term liabilities resulting from the balance sheet	-5,018	-1,669
adjustment of income tax liabilities	255	377
adjustment of income tax liabilities	-173	-255

NOTE NO. 39.
INFORMATION ON TRANSACTIONS WITH THE AUDITOR OF THE FINANCIAL STATEMENTS

Table No. 62

REMUNERATION PAID OR DUE FOR THE FINANCIAL YEAR	2011	2010
- for the audit of the separate and consolidated financial statements	38	40
- for other attestation services, including the review of the separate and consolidated financial statements	29	41
- for tax advisory services	11	
- for other services		
Total	78	81

The separate financial statements of the Company were approved by the Management Board of the Company on 12 March 2012 and signed by the Management Board:

Rafał Stempniewicz

Stanisław Górski

Robert Krasowski

President of the Management Board Member of the Management Board Member of the Management Board

Signature of the person in charge of the books of account

Jolanta Stachowiak

Chief Accountant