

PKF

Report supplementing the opinion

**on the financial statements of**  
TELL Spółka Akcyjna  
in  
POZNAŃ

**for the period from 01/01/2010 to 31/01/2010**

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Poznań, March 2011

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## A. GENERAL PART

### I. DATA IDENTIFYING THE COMPANY

- The audit concerns Tell Spółka Akcyjna (*Polish joint-stock company*) with registered office in Poznań, which was established on the basis of a notarised deed No. A. 7307/2004 of 15/11/2004. The duration of the Company is unlimited.

On 30/11/2004, the Company was registered with the National Court Register under number KRS 0000222514.

The principal place of business of the Company is in Poznań, at ul. Forteczna 19 A.

The Company's shares are publicly traded, the latest quoted selling price of 18/03/2010 amounted to PLN 12.60.

- As at the end of the audited period, the Company holds;

- share capital

<b>kPLN 1,262</b>
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- other equity

<b>kPLN 51,790</b>
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As at 31/12/2010, the shareholding structure of the Company - with regard to shareholders holding at least 5% of votes - is as follows:

Shareholders	Number of shares	Number of votes	Nominal value in PLN	Share capital held
BBI Capital NFI S. A.	1,429,750	2,859,500	285,950	22.66
Havo Sp. z o.o.	675,000	675,000	135,000	10.70
Rafał Stempniewicz	297,280	472,280	59,456	4.71
AVIVA Investors FIO	423,549	423,549	84,710	6.71
Quercus Parasolowy SFIO,	888,235	888,235	177,647	14.08
<b>TOTAL</b>	<b>3,713,814</b>	<b>5,318,564</b>	<b>742,763</b>	<b>58.86</b>

On 26/04/2010, the Ordinary General Meeting of Shareholders of Tell S.A. adopted resolution No. 17/2010 concerning the redemption of 15,377 treasury shares and decrease of the share capital. The redemption of shares took place on 17 June 2010 upon the registration by the District Court for Poznań-Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register of the applicable change to the Articles of Association of the Company concerning the decrease of the share capital.

- As at the audited period end, the audited Company:
  - is not a subsidiary,
  - is not a significant investor,  
is a company associated with BBI Capital NFI S.A.,
  - is a parent company for: Connex Sp. z o.o., Euro-phone Sp. z o.o. and PTI Sp. z o.o., where it holds a 100% share in the share capital and a 100% share in votes.
- The object of the business of the audited Company is compliant with the entry made with the National Court Register.
- The audited Company:
  - has the following statistical number (**REGON**) - **630822208**
  - has the following symbol of its main registered economic activity (as per the **European Classification of Economic Activities**) - **51.18**
  - is a VAT payer and has the following VAT ID number assigned by the First Wielkopolski Tax Office in Poznań (NIP) - **7791580574**
- As at the opinion date, the Company is managed by the following Management Board:

<b><i>Given name and surname</i></b>	<b><i>Function</i></b>
Rafał Maciej Stempniewicz	President of the Management Board
Robert Tomasz Krasowski	Member of the Management Board
Stanisław Jerzy Górski	Member of the Management Board

There were no changes in the composition of the Management Board in the audited period.

- The Chief Accountant of the audited Company is Ms Jolanta Stachowiak
- The average annual employment level is 505 persons.

## **II. DATA IDENTIFYING THE AUDITED FINANCIAL STATEMENTS**

- The annual financial statements of Tell S.A. were prepared in accordance with the International Financial Reporting Standards.
- The audit concerned the financial statements characterised in the audit opinion.
- The financial statements was annexed by a report on the activities of the Company in the financial year from 01/01/2010 to 31/12/2010.

## **III. INFORMATION about THE COMPANY'S FINANCIAL STATEMENTS FOR THE PREVIOUS FINANCIAL YEAR**

- The financial statements for the previous financial year, i.e. for the period from 01/01/2009 to 31/12/2009 was audited by PKF Audyty Sp. z o.o. and received an unqualified opinion.
- The 2009 financial statements were approved by the General Meeting of Shareholders on 26/04/2010. The General Meeting distributed the net profit of the previous financial year in the amount of PLN 6,577,711.08 as follows:
  - payment of dividend in an amount of PLN 1.00 per one share in the Company (excluding treasury shares),
  - supplementary capital in an amount remaining after the payment of the dividend.
- The approved financial statements for 2009 were filed with the National Court Register on 10/05/2010 and was published in *Monitor Polski B* No. 1153 on 16/07/2010.
- The books of account of the audited period were opened correctly on the basis of the approved financial statements as at 31/12/2009. Pursuant to art. 5 clause 1 of the Accounting Act, the closing balances of assets and equity & liabilities shown in the closed books of account of the preceding year were recognised in the same values as the opening balances in the books of account of the subsequent year.
- The Company, as the parent company of the Group, also prepared the consolidated financial statements compliant with the IFRS as endorsed by the European Union - as at 31 December 2010. In order to understand the financial position and the results of the Company as a parent company, its separate financial statements should be read jointly with the consolidated financial statements.

## **IV. DATA IDENTIFYING THE ENTITY AUTHORISED TO AUDIT FINANCIAL STATEMENTS**

- By Resolution of the Supervisory Board of 14/05/2010, PKF Audyty Sp. z o.o. was appointed to audit the consolidated financial statements for 2010; the audit agreement was made on 20/11/2011.
- PKF Audyty Sp. z o.o. with registered office in Warsaw, at ulica Elbląska 15/17, -is entered into the list of an entities authorised to audit financial statements under number 548. On its behalf, the audit was conducted by Marek Wojciechowski, key chartered auditor entered into the list of practising chartered auditors under number 10984, with the participation of trainee auditor Jakub Juskowiak and assistants.
- The authorised entity, the key auditor conducting the audit on its behalf as well as persons participating in the audit who are not chartered auditors, hereby state and declare that they were independent from the audited company within the meaning of art. 56 of the Act on Chartered Auditors, their Self-Government, Entities Authorised to Audit Financial Statements and Public Supervision (*Journal of Laws* of 2009 No. 77, item 649).
- The audit was conducted in the period from 17/02/2011 to 18/03/2011.

## **V. STATEMENTS OF THE COMPANY AND AVAILABILITY OF DATA**

- On 18/03/2011, the Management Board made a statement concerning the completeness, reliability and correctness of the financial statements submitted to the audit, disclosure in the supplementary notes of all contingent liabilities existing as at 31/12/2010 as well as the lack of events until the statement date that would materially influence the data disclosed in the financial statements for the audited year.
- During the audit of the financial statements the Company made available all documents and information necessary to express the opinion and preparation of the report.

## **VI. OTHER INFORMATION**

- The audit was not aimed at identification and explanation of unlawful events as well as irregularities outside the accounting system.

## B. ASSESSMENT OF THE ECONOMIC AND FINANCIAL SITUATION

- The analysis below covers three latest reporting periods:
  - from 01/01/2008 to 31/12/2008
  - from 01/01/2009 to 31/12/2009
  - from 01/01/2010 to 31/12/2010
- All data presented in the tables are expressed in kPLN, and the symbols used have the following meaning:
  - CB - closing balance
  - OB - opening balance
  - PREV - previous period
  - PRES - present period
- The values in the table, in the Change column, are in PLN.
- The structure of particular items presented in the tables below is calculated as follows:
  - with reference to the item on the statement of financial position - with reference to the total on the statement of financial position;
  - with reference to revenue items on the income statement - with reference to total revenue;
  - with reference to cost items on the income statement - with reference to total costs;
  - with reference to result items on particular levels and to taxes - with reference to net result,
  - with reference to comprehensive income items - with reference to total comprehensive income.

## I. CHANGE IN AND STRUCTURE OF MAIN ITEMS OF THE STATEMENT OF FINANCIAL POSITION

ASSETS		As at			Structure			Change (CB * OB) OB
		31/12/2008	31/12/2009 (OB)	31/12/2010 (CB)	2008	2009	2010	
<b>A.</b>	<b>FIXED ASSETS</b>	<b>36,957</b>	<b>48,754</b>	<b>51,520</b>	<b>31.9%</b>	<b>42.1%</b>	<b>44.9%</b>	<b>5.7%</b>
I.	Tangible fixed assets	5,762	4,585	3,731	5.0%	4.0%	3.3%	-18.6%
	Intangible assets	22,475	21,705	21,797	19.4%	18.8%	19.0%	0.4%
III.	Investment properties	0	0	0	0.0%	0.0%	0.0%	0
IV.	Interests in subsidiaries	6,765	20,586	24,349	5.8%	17.8%	21.2%	18.3%
V.	Available-for-sale financial assets	0	0	0	0.0%	0.0%	0.0%	0
VI.	Other financial assets	894	730	753	0.8%	0.6%	0.7%	3.1%
VII.	Deferred tax assets	617	632	502	0.5%	0.5%	0.4%	-20.5%
VIII.	Other fixed assets	444	516	387	0.4%	0.4%	0.3%	-25.0%
<b>B.</b>	<b>CURRENT ASSETS</b>	<b>78,911</b>	<b>66,345</b>	<b>63,124</b>	<b>68.1%</b>	<b>57.9%</b>	<b>55.1%</b>	<b>-5.7%</b>
I.	Inventories	20,444	16,297	12,833	17.6%	14.1%	11.2%	-21.3%
II.	Trade receivables	42,784	38,891	40,369	36.9%	33.6%	35.2%	3.8%
III.	Current tax assets	0	0	0	0.0%	0.0%	0.0%	0
IV.	Other receivables	90	206	109	0.1%	0.2%	0.1%	-47.0%
V.	Available-for-sale financial assets	0	0	0	0.0%	0.0%	0.0%	0
VI.	Financial assets carried at fair value through profit or loss	0	0	0	0.0%	0.0%	0.0%	0
VII.	Other financial assets	6,033	10,396	5,879	5.2%	9.0%	5.1%	-43.4%
VIII.	Prepayments	379	244	236	0.3%	0.2%	0.2%	-3.3%
IX.	Cash and cash equivalents	9,180	912	3,697	7.9%	0.8%	3.2%	305.3%
X.	Assets classified as held for trading	0	0	0	0.0%	0.0%	0.0%	0
	<b>TOTAL ASSETS</b>	<b>115,869</b>	<b>115,700</b>	<b>114,644</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-0.9%</b>

EQUITY & LIABILITIES		As at			Structure			Change
		31/12/2008	31/12/2009 (OB)	31/12/2010 (CB)	2008	2009	2010	(CB - OB) OB
<b>A.</b>	<b>SHAREHOLDER'S EQUITY</b>	<b>47,721</b>	<b>53,710</b>	<b>53,052</b>	<b>41.2%</b>	<b>46.4%</b>	<b>46.3%</b>	<b>-1.2%</b>
	Share capital	1,265	1,265	1,262	1.1%	1.1%	1.1%	-0.2%
1	Supplementary capital from share premium	32,028	35,969	36,237	27.6%	31.1%	31.6%	0.7%
III.	Own shares	-73	-3	0	-0.1%	0.0%	0.0%	-100.0%
IV.	Other Capitals	7,595	9,902	9,902	6.6%	8.6%	8.6%	0.0%
V.	Retained profit	0	0	0	0.0%	0.0%	0.0%	0
VI.	Financial result of the current period	6,906	6,578	5,651	6.0%	5.7%	4.9%	-14.1%
<b>B.</b>	<b>LONG-TERM LIABILITIES</b>	<b>1,789</b>	<b>6,608</b>	<b>7,438</b>	<b>1.5%</b>	<b>5.7%</b>	<b>6.5%</b>	<b>12.5%</b>
1.	Loans and advances	0	4,100	4,134	0.0%	3.5%	3.6%	0.8%
II.	Other financial liabilities	0	0	0	0.0%	0.0%	0.0%	0
III.	Other long-term liabilities	0	0	0	0.0%	0.0%	0.0%	0
II.	Deferred tax liabilities	1,779	2,498	3,293	1.5%	2.2%	2.9%	31.8%
IV.	Accruals	0	0	0	0.0%	0.0%	0.0%	0
V.	Provision for retirement benefits and similar benefits	10	10	10	0.0%	0.0%	0.0%	0.0%
VI.	Other provisions	0	0	0	0.0%	0.0%	0.0%	0
<b>C.</b>	<b>SHORT-TERM LIABILITIES</b>	<b>66,359</b>	<b>55,381</b>	<b>54,155</b>	<b>57.3%</b>	<b>47.9%</b>	<b>47.2%</b>	<b>-2.2%</b>
1.	Loans and advances	0	1,340	1,711	0.0%	1.2%	1.5%	27.7%
II.	Other financial liabilities	0	0	0	0.0%	0.0%	0.0%	0
III.	Trade liabilities	60,797	49,257	48,180	52.5%	42.6%	42.0%	-2.2%
IV.	Current tax liabilities	0	0	255	0.0%	0.0%	0.2%	0
V.	Other liabilities	5,162	4,098	3,251	4.5%	3.5%	2.8%	-20.7%
VI.	Accruals	0	0	0	0.0%	0.0%	0.0%	0
VII.	Provision for retirement benefits and similar benefits	0	0	0	0.0%	0.0%	0.0%	0
VIII.	Other provisions	400	685	757	0.3%	0.6%	0.7%	10.5%
IX.	Liabilities directly related to assets classified as held for trading	0	0	0	0.0%	0.0%	0.0%	0
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>115,869</b>	<b>115,700</b>	<b>114,644</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-0.9%</b>

II. CHANGE IN AND STRUCTURE OF MAIN ITEMS OF THE STATEMENT OF COMPREHENSIVE INCOME

item	Details	For the period 01/01 -31/ 12/			Structure			Change
		2008	2009 (PREV)	2010 (PRES)	2008	2009	2010	(PRES-PREV) / PREV
<b>A.</b>	<b>Sale revenues</b>	<b>131,019</b>	<b>121,453</b>	<b>120,078</b>	<b>97.3%</b>	<b>99.1%</b>	<b>96.9%</b>	<b>-1.1%</b>
I.	Revenue from the sale of products and services	83,238	89,922	84,360	61.8%	73.3%	68.1%	-6.2%
II.	Revenue from the sale of goods and materials	47,781	31,530	35,718	35.5%	25.7%	28.8%	13.3%
<b>B.</b>	<b>Costs of products, goods and materials sold</b>	<b>83,064</b>	<b>70,586</b>	<b>74,143</b>	<b>66.0%</b>	<b>61.9%</b>	<b>63.4%</b>	<b>5.0%</b>
I.	Costs of products and services sold	37,689	40,807	39,488	29.9%	35.8%	33.7%	-3.2%
II.	Value of goods and materials sold	45,374	29,779	34,655	36.0%	26.1%	29.6%	16.4%
<b>C.</b>	<b>Gross sale profit (loss)</b>	<b>47,955</b>	<b>50,867</b>	<b>45,935</b>	<b>694.4%</b>	<b>773.3%</b>	<b>812.9%</b>	<b>-9.7%</b>
I.	Other operating income	2,473	286	447	1.8%	0.2%	0.4%	56.1%
II.	Sale costs	33,163	34,283	32,454	26.3%	30.1%	27.7%	-5.3%
III.	Administration costs	6,220	7,016	6,743	4.9%	6.1%	5.8%	-3.9%
VI.	Other operating expense	3,238	1,597	2,285	2.6%	1.4%	2.0%	43.1%
<b>D.</b>	<b>Operating profit (loss)</b>	<b>7808</b>	<b>8258</b>	<b>4899</b>	<b>113.1%</b>	<b>125.5%</b>	<b>86.7%</b>	<b>-40.7%</b>
	Financial income	1,141	873	3372	0.8%	0.7%	2.7%	286.3%
	Financial costs	236	602	1,408	0.2%	0.5%	1.2%	133.9%
<b>E.</b>	<b>EBIT</b>	<b>8,713</b>	<b>8,529</b>	<b>6864</b>	<b>126.2%</b>	<b>129.7%</b>	<b>121.5%</b>	<b>-19.5%</b>
	Income tax	1,807	1,951	1,213	26.2%	29.7%	21.5%	-37.8%
<b>F.</b>	<b>Net profit (loss) on continued activities</b>	<b>6,906</b>	<b>6,578</b>	<b>5,651</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-14.1%</b>
<b>G.</b>	<b>Profit (loss) on discontinued operations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0</b>
<b>H.</b>	<b>Net profit (loss)</b>	<b>6,906</b>	<b>6,578</b>	<b>5,651</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-14.1%</b>
<b>I.</b>	<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0</b>
<b>J.</b>	<b>Total comprehensive income</b>	<b>6,906</b>	<b>6,578</b>	<b>5,651</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-14.1%</b>



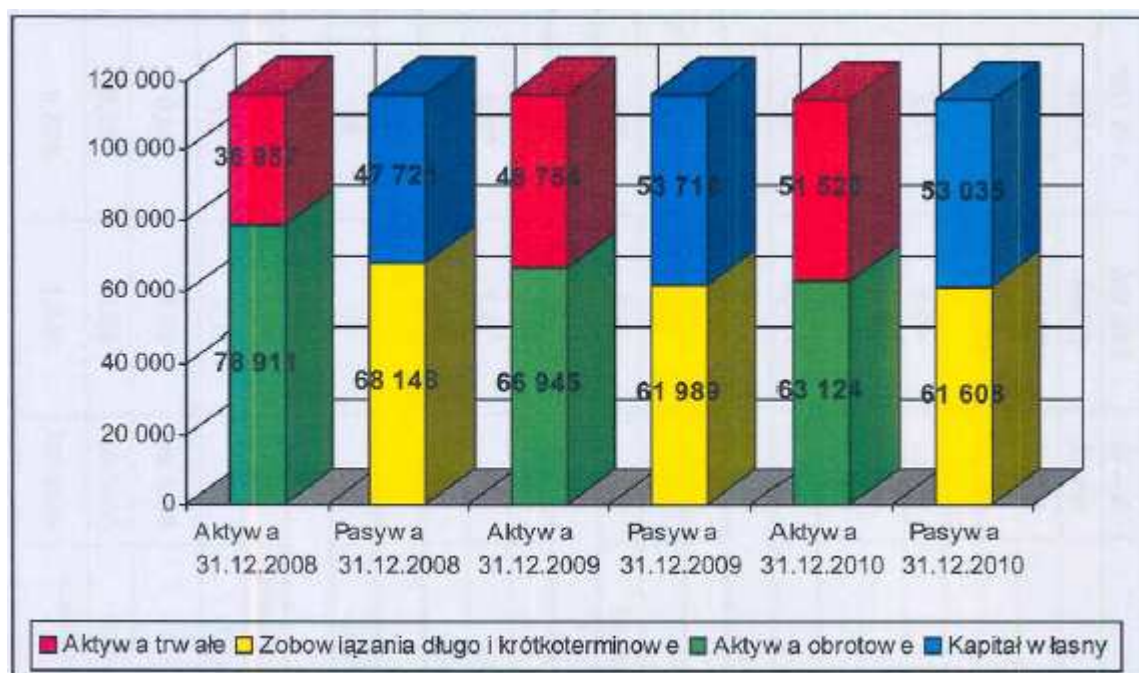
### III. KEY RATIOS CHARACTERISING THE COMPANY'S ACTIVITIES

Details		Unit	2008	2009	2010
<i>Basic structural values and ratios</i>					
Balance sheet total		kPLN	115,869	115,700	114,644
Net result (+/-)		kPLN	6,906	6,578	5,651
Sale revenue	net revenue from sale	kPLN	131,019	121,453	120,078
Permanent capital	equity + long-term liabilities	kPLN	49,510	60,319	60,473
Asset structure indicator	(fixed assets / current assets) *100	%	46.8	72.8	81.6
Equity & liabilities structure indicator (sources of financing)	(equity / total debt) *100	%	70.0	86.6	86.1
Equity to fixed assets ratio	(equity / fixed assets) *100	%	129.1	110.2	102.9
Permanent capital to fixed assets ratio	(permanent capital / fixed assets) *100	%	134.0	123.7	117.4
<i>Liquidity ratios</i>					
Liquidity I	(current assets/current liabilities)		1.2	1.2	1.2
Liquidity II	((current assets - inventories) / current liabilities)		0.9	0.9	0.9
Liquidity III	((cash and cash equivalents) / current liabilities)		0.1	0.0	0.1
<i>Profitability ratios</i>					
Return on Assets	(net result / average assets) *100	%	6.2	5.7	4.9
Return on Equity	(net result / average equity) *100	%	15.0	13.0	10.6
Return on the sale of products, goods and materials	(sale result / revenue from sale) *100	%	36.6	41.9	38.3
<i>Debt ratio</i>					
Total debt ratio	(total liabilities / total assets) *100 (excl. Company's Social Benefit Fund)	%	57	51	50
<i>Effectiveness ratios</i>					
Fixed asset turnover ratio	revenue from the sale / average tangible fixed asset level		22.7	23.5	28.9
Current asset turnover ratio	revenue from the sale / average tangible fixed asset level		1.7	1.7	1.8
Inventory turnover speed	(aver. inventory *t) / operating costs	Number of days	53.0	84.0	95.0
Trade receivables turnover speed	(aver. trade receivables *t) / revenue from sale	Number of days	92.0	122.0	123.0
Trade and other liabilities turnover speed	(aver. trade and other liabilities *t) / costs of products, goods and materials sold	number of days	164.1	255.0	285.0

## IV. OVERALL ASSESSMENT OF ACTIVITIES

### 1. STATEMENT OF FINANCIAL POSITION

DYNAMICS AND STRUCTURE (Values in kPLN)



#### Legend:

Aktywa – Assets

Aktywa trwałe – Fixed Assets

Aktywa obrotowe – Current Assets

Pasywa – Equity & Liabilities

Zobowiązania długo i krótkoterminowe – LT & ST Liabilities

Kapitał własny - Equity

Over the three analysed years, the balance sheet total remained practically unchanged (kPLN 114,644 vs. kPLN 115,700 in 2009 vs. kPLN 115,869 in 2008).

Fixed assets of the audited company constitute 45% of total assets, and their value over 2010 increased by 6%, which, in turn, resulted in the growth of the asset structure indicator when compared to 2009 by 9%.

The asset financing structure did not change when compared to the previous period. The share of equity when compared to 2009 fell by 0.1% and amounted to 46.3%.

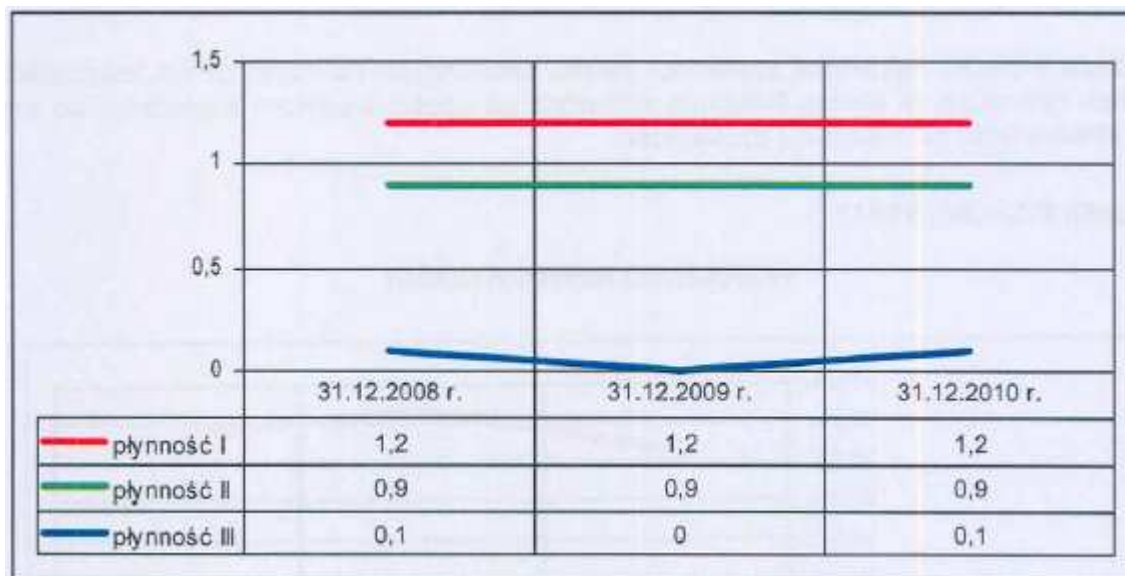
#### Additionally, as at the end of the audited period and in comparison with 2009, there was:

- an increase by 18% (by kPLN 3,764) in the value of the "Investments in subsidiaries" item resulting from the take over of new shares in subsidiaries Euro - Phone Sp. z o.o. (kPLN 996) and PTI Sp z o.o. (kPLN 1,768) as well as from the additional payment of the purchase price for shares in Impol Sp. z o.o. (kPLN 1,000).
- decrease in the value of inventories as at the end of 2010 by 21% (the value of goods comprises mainly phones at market values, that are then sold to clients at lower (promotional) prices, and the Company receives a compensation for the difference. Should the refund adjustment be applied to the inventories, their share in total assets would be significantly lower),
- decrease in the value of other financial assets by kPLN 4,517 caused mainly by the repayment of loans by Euro - Phone Sp. z o.o. and BBI Capital NFI S.A. as well as the impairment of loan granted to Connex Sp, z o.o.,
- increase in cash by kPLN 2,785, resulting from the surplus of cash flows from operating activities (from profit generated and fall in inventories), the value of which exceeded the negative cash flows from financing activities (dividend payment),
- decrease in the value of share capital by kPLN 3 due to the redemption of treasury shares in accordance with resolution No. 17 of the General Meeting of Shareholders (as at 31/12/2010 the Company does not have treasury shares),

- slight increase in the value of supplementary capital (by kPLN 268) resulting from the fact that practically the entire profit of the previous period was paid out as dividend,
- increase in the total value of loans from kPLN 5,440 in 2009 to kPLN 5,845 in the audited year,
- decrease in the value of other liabilities by 21%, mainly due to a decrease in the tax, customs and social security liabilities.

Despite certain changes in proportions between particular groups of assets and groups of equity & liabilities, the golden rule of financing was observed. The permanent capital to non-current asset ratio exceeded in 2010 the level of 100% (amounted to 117%), which means that total non-current assets are financed by long-term capital, which is characterised by a relatively long maturities. Changes in equity & liabilities allow us to conclude that the Company's financial stability is maintained.

### LIQUIDITY RATIOS



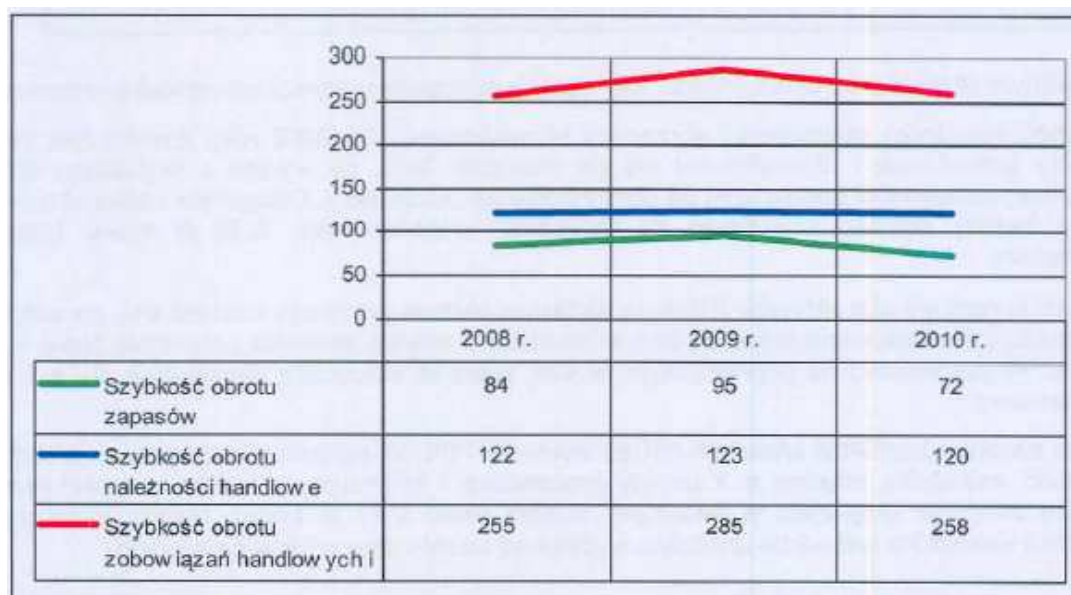
Legend:

Płynność - Liquidity

Over the audited period the value of liquidity ratios was at a constant level.

- the value of current liquidity (I) indicates that current assets cover current liabilities in 120%,
- the value of quick liquidity (II) shows that the Company's current assets that can be disposed of within a short period of time cover practically all (94%) of short-term liabilities,
- the immediate liquidity ratio (III) allows the conclusion that cash covers approx. 1% of current liabilities.

### TURNOVER RATIOS in days



Legend:

Szybkość obrotu zapasów – Inventories turnover

Szybkość obrotu należności handlowych – Trade receivables turnover

Szybkość obrotu zobowiązań handlowych i innych – Trade and other liabilities turnover

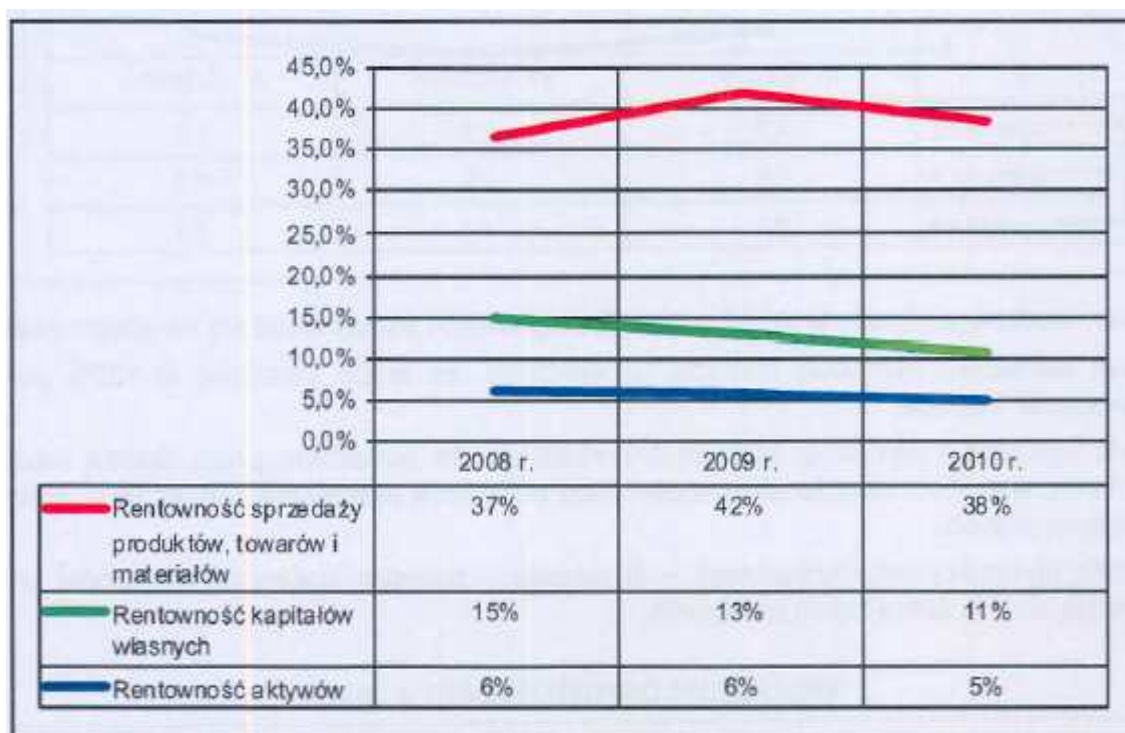
The financial statement data allow us to conclude that in the audited period there were generally positive changes in the values of turnover ratio/efficiency ratio in the audited Company:

- the trade receivables turnover ratio fell slightly by 2 days in the analysed period. The achieved value - 120 days - indicates that the company on average receives payments with a three month delay, which is not different from market values,
- the trade and other liabilities turnover cycle shortened by 27 days and amounted to 120 days, which indicates that the Company discharges its trade obligations on average with one month shorter delay than a year before,
- the inventories turnover speed ratio in the analysed period went down by 23 days to 72 days, which means that the Company shortened the average inventory storing period to approx. two and a half months.

The significantly higher value of trade liabilities speed ratio than trade receivables means that the Company finances its sale with merchant's credit, which favourably influences the effectiveness of its activities.

## 2. INCOME STATEMENT

### PROFITABILITY RATIOS



Legend

Rentowność sprzedaży produktów, towarów i materiałów – ROS

Rentowność kapitałów własnych – ROE

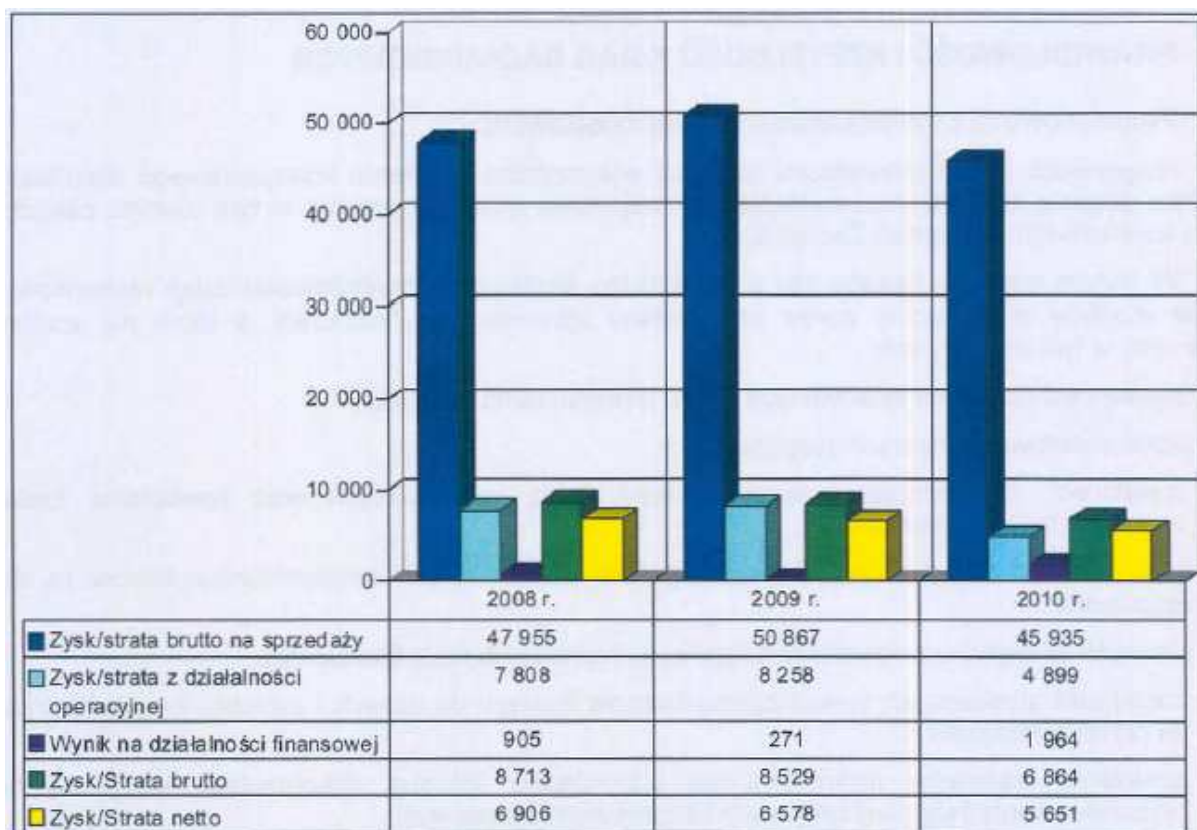
Rentowność aktywów - ROA

In the analysed period one may note a slight decrease in the value of profitability ratios.

- ROS went down by 4 p.p. when compared to 2009 and amounted to 38%, which results from the faster growth of operating costs than revenue from sale. The achieved value means that each PLN 1 of revenue from sale generated a gross profit on sale of PLN 0.38,
- ROA in the audited period amounted to 5%, which means that each PLN 1 invested by the Company in the assets it holds generated a profit of approx. PLN 0.05. When compared to the previous period, the value of this ratio went down by 1 percentage point,

- ROE amounted to 11%. When compared to the previous year, the value of this ratio went down by 2 percentage points and shows that each PLN 1 invested in the Company generated in the audited period a profit of approx. PLN 0.11. It must be noted that the value of this ratio is still significantly higher than safe market investments.

#### RESULTS AT PARTICULAR OPERATIONS LEVELS (Values in k PLN)



**Legend:**

Zysk/strata brutto na sprzedaży – Gross profit/loss on sale  
 Zysk/strata z działalności operacyjnej – Operating profit/loss  
 Wynik na działalności finansowej – Result from financial activities  
 Zysk/strata brutto – Gross profit/loss  
 Zysk/strata netto – Net profit/loss

The dominating item in the structure of revenues constitute revenue from the sale of services, amounting to 68% of total revenue, and revenue from the sale of goods and materials, amounting to 29% of total revenue. As regards costs, the costs of products, goods and materials sold constitute 63% of total costs and costs of sale constitute 27.7% of total costs.

The decrease in revenue from ordinary activity in 2010 by 1% was accompanied by an increase in operating costs by 5%. This tendency resulted in the fact that the Company generated a 10% lower profit on the sale (the profit on sale went down by kPLN 4,931 when compared to the previous year).

Additionally, it must be noted when compared to 2009, that there was:

- a decrease in the costs of sale by 5% and administration costs by 4% (in total by kPLN 2,101),
- an increase in other operating revenue by 56% and other operating costs by 43% (mainly due to provisions for past due receivables),
- a profit on financing activities in the amount of kPLN 1,964 resulting mainly from dividends and advances to dividends from subsidiaries in an amount of kPLN 2,661.

Summarising, in 2010 the audited Company noted a gross profit of kPLN 6,864. When compared to 2009, the gross profit value went down by 19.5% (kPLN 1,665). After taxation and after changes related to deferred tax assets and liabilities, the Company noted a net profit of PLN 5,651. When compared to the previous year, the profit decreased by 14% from kPLN 6,578 to kPLN 5,651.



### **3. THREATS TO THE GOING CONCERN**

The audit of the financial statements and the financial analysis did not reveal any threats to the going concern of the company.

## **C. DETAILED PART**

### **I. CORRECTNESS AND RELIABILITY OF BOOKS OF ACCOUNT**

#### **1. CORRECTNESS OF THE ACCOUNTING SYSTEM APPLIED**

The books of the Company are kept on a computer system MaxFinanse. The Company has the updated documentation required by art. 10 of the Accounting Act, including a chart of accounts approved by the Company's Management Board.

During our audit we did not reveal any material irregularities in the books of account which would have a significant impact on the audited financial statements and which were not eliminated, in particular irregularities concerning:

- the consistency and materiality of applied accounting policies,
- documentation of economic operations,
- reliability, lack of errors and verifiability of books of account and the relations of entries within the books of account,
- correctness of opening of the books of account on the basis of balances of the approved balance sheet for the previous period,
- relations between the entries from the accounting evidence and the financial statements,
- the suitability of the methods used to secure the access to the data and computer data processing system,
- the conditions to be met by accounting documentation protection and the maintenance of books of account and financial statements.

#### **2. Inventorying of assets and equity & liabilities**

The Company carried out the inventorying of its assets and equity & liabilities within the deadlines and with the frequency as prescribed by the Accounting Act. Inventorying differences were recognised and settled in the books of the audited period.

## **II. ELEMENTS OF THE FINANCIAL STATEMENTS**

### **II.1. INFORMATION ON SELECTED, MATERIAL ITEMS OF THE STATEMENT OF FINANCIAL POSITION**

Detailed information in figures and description of particular items of assets and equity & liabilities were presented in the supplementary notes attached to the financial statements as their integral part. No material irregularities concerning the measurement and presentation of balance sheet items were found.

### **II.2. INFORMATION ON SELECTED ITEMS SHAPING THE RESULT ON ECONOMIC ACTIVITIES**

The items influencing the financial result were recognised by the Company on a complete and correct basis in all material aspects with regard to the entire financial statements. The structure of revenue and costs was presented correctly in the supplementary notes to the financial statements.

### **II.3. STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY**

The statement of changes in the equity was prepared in accordance with the International Accounting Standard 1, legal regulations, elements of the financial statements as well as data taken directly from the books and analysis of the chart of accounts.

### **II.4. CASH FLOW STATEMENT**

The cash flow statement was correctly prepared in accordance within the scope required by the International Accounting Standard 7 - on the basis of: the statement of financial position, the income statement, the statement of comprehensive income, supplementary notes (and it is compliant with data therein contained)

and on the basis of data taken directly from the books and analysis of the chart of accounts.

## **II.5. SUPPLEMENTARY NOTES**

The supplementary notes constitute integral part of the financial statements. The data contained in the supplementary notes were presented by the Company in all material aspects in accordance with the International Accounting Standard 1 and the requirements concerning disclosures contained in particular Standards.

## **II.6. REPORT ON THE ACTIVITIES OF THE COMPANY IN THE FINANCIAL YEAR**

The Management Board prepared a written report on the activities of the Company and the information therein contained is compliant with the data in the audited financial statements. The report contains information required by art. 49 of the Accounting Act and the regulation of the Minister of Finance of 19 February 2009 on on current and periodical information to be disclosed by security issuers and on conditions of recognition of information required by the laws of a state that is not a member-state.

## **D. INFORMATION ON MATERIAL BREACHES OF LAW**

In result of the audit procedures we did not find any breaches of the law or the Articles of Association of the Company.

## **E. EVENTS AFTER THE BALANCE SHEET DATE**

There were no significant economic operations documented after the end of the financial year but concerning the audited period.

## F. AUDIT SUMMARY

1. PKF Audyt Sp. z o.o. prepared for TELL S.A. reports on mid-year separate financial statements of TELL S.A., Euro - phone Sp. z o.o. and PTI Sp. z o.o. as well as consolidated financial statements of the TELL S.A. Group for the period from 01/01/2010 to 30/06/2010. The agreement on the audit of financial statements includes additional matters, namely the audit of the consolidated financial statements of the TELL S.A. Group made as at 31/12/2010, which requires the preparation of a separate report.
2. During the audit we did not use the results of work of any independent specialists.
3. The assessment of the financial statements is contained in the opinion constituting a separate document.
4. The audit comprised the verification - largely on a test basis - of book-keeping evidence and entries which constituted the base for the figures and information contained in the financial statements and items influencing the settlements with the state budget. Therefore, there may be differences between the results of tax inspections, if any, conducted usually on a full basis, and the findings of this report.
5. This report contains 16 numbered pages, each initialled by the chartered auditor.

Marek Wojciechowski

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Chartered auditor No. 10 984

key chartered auditor conducting the audit on  
behalf of PKF Audyt Sp. z o.o. - an entity  
authorised to audit financial statements No. 548  
ul. Elbląska 15/17 01-747 Warszawa

**Poznań, 18 March 2011**