

**TELL S.A. GROUP**

**THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE  
PERIOD FROM 01 JANUARY 2014 TO 31 DECEMBER 2014**

**POZNAŃ, 16 MARCH 2015**

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2014 – 31/12/2014	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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### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	31/12/2014	31/12/2013
<b>Fixed assets</b>			
Goodwill	3	57,581	57,581
Intangible fixed assets	4	593	779
Tangible fixed assets	5	4,917	4,400
Investment properties			
Interests in subsidiaries	2		1,287
Interests in associates			
Receivables and loans	7	1,005	979
Financial derivatives			
Other long-term financial assets			
Long-term prepayments	17		129
Deferred income tax assets	8	836	1,133
liabilities			
<b>Fixed assets</b>		<b>64,931</b>	<b>66,288</b>
<b>Current assets</b>			
Inventories	9	12,745	11,477
Receivables from building services contracts			
Trade receivables and other receivables	10	40,592	44,054
Current tax liabilities		65	121
Loans	7	27	6
Financial derivatives	7		
Other short-term financial assets	7		
Short-term prepayments	17	294	285
Cash and cash equivalents	11	535	593
Assets classified as held for trading			
<b>Current assets</b>		<b>54,258</b>	<b>56,536</b>
<b>Total assets</b>		<b>119,189</b>	<b>122,823</b>

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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.'D)

EQUITY AND LIABILITIES	Notes	31/12/2014	31/12/2013
<b>Shareholder's equity</b>			
<i>Equity - share of the shareholders of the parent company:</i>			
Share capital	13	1,022	1,022
Treasury shares (-)	13		
- Share premium	13	24,863	24,863
Other Capitals	13	1,459	1,459
Retained profits:			
- retained profit from previous years		23,269	19,810
- net profit - share of the parent company shareholders		6,031	8,571
Equity - share of the shareholders of the parent company		56,645	55,725
Non-controlling shares			
<b>Shareholder's equity</b>		<b>56,645</b>	<b>55,725</b>
<b>Liabilities</b>			
<b>Long-term liabilities</b>			
Loans, credits, other debt instruments	7		460
Financial lease	6		
Financial derivatives			
Other liabilities			
Deferred tax liabilities	8	7,309	7,017
Employee benefits liabilities	14	72	68
Other long-term provisions	4		
Long-term prepayments	4		
<b>Long-term liabilities</b>		<b>7,382</b>	<b>7,545</b>
<b>Short-term liabilities</b>			
Trade liabilities and other liabilities	16	45,980	47,081
Current tax liabilities	20	596	1,570
Loans, credits, other debt instruments	7	5,095	6,670
Financial lease			
Financial derivatives			
Employee benefits liabilities	14	3,492	4,231
Other short-term provisions	15		
Short-term prepayments			
Liabilities related to assets held for trading			
<b>Short-term liabilities</b>		<b>55,162</b>	<b>59,553</b>
<b>Total provisions</b>		<b>62,544</b>	<b>67,098</b>
<b>Total equity and liabilities</b>		<b>119,189</b>	<b>122,823</b>

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## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	from 01/01 to 31/12/2014	from 01/01 to 31/12/2013
<b>Continued activities</b>			
<b>Sale revenues</b>	<b>18</b>	<b>248,632</b>	<b>263,865</b>
Revenues from the sale of products			
Revenue from the sale of services		141,139	155,666
Revenue from the sale of goods and materials		107,493	108,199
<b>Sale costs</b>		<b>188,331</b>	<b>202,581</b>
Costs of products sold			
Costs of services sold		82,272	96,019
Cost of goods and materials sold		106,060	106,562
<b>Gross profit (loss) on sales</b>		<b>60,301</b>	<b>61,284</b>
Sale costs		41,563	39,151
Administration costs		8,443	8,713
Other operating income	18	1,428	641
Other operating expense	18	931	2,546
Profit (loss) on the sale of subsidiaries (+/-)			
<b>Operating profit (loss)</b>		<b>10,792</b>	<b>11,515</b>
Financial income	19	76	147
Financial costs	19	2,871	761
Share in the profit (loss) of companies measured using the equity method (+/-)			
<b>Profit (loss) before taxation</b>		<b>7,997</b>	<b>10,901</b>
Income Tax	20	1,966	2,330
<b>Net profit (loss) on continued activities</b>		<b>6,031</b>	<b>8,571</b>
<b>Discontinued operations</b>			
Net profit (loss) on discontinued operations			
<b>Net profit (loss)</b>		<b>6,031</b>	<b>8,571</b>
<b>Net profit (loss) - share of:</b>		<b>6,031</b>	<b>8,571</b>
- shareholders of the Parent Company		6,031	8,571
- non-controlling parties			

## NET PROFIT (LOSS) PER ORDINARY SHARE (PLN)

	Notes	from 01/01 to 31/12/2014	from 01/01 to 31/12/2013
<i>on continued operations</i>			
	21		
- basic		1.18	1.59
- diluted		1.18	1.59
<i>on continued and discontinued operations</i>			
- basic		1.18	1.59
- diluted		1.18	1.59

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### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	from 01/01 to 31/12/2014	from 01/01 to 31/12/2013
<b>Net profit (loss)</b>		<b>6,031</b>	<b>8,571</b>
<b>Other comprehensive income</b>			
<b>Items not carried as financial profit or loss</b>			
Revaluation of tangible assets			
Income tax referred to items carried as financial profit or loss			
<b>Items carried as financial profit or loss</b>			
Available-for-sale financial assets:			
- profit (loss) recognised in the period as other comprehensive income			
- recognised as profit or loss			
Cash flow hedging instruments:			
- profit (loss) recognised in the period as other comprehensive income			
- recognised as profit or loss			
- amounts recognised in the initial value of the hedged items			
Exchange differences on the measurement of foreign operations			
Exchange differences recognised as profit or loss – sale of foreign operations			
Share in other comprehensive income of companies measured using the equity method			
Income tax referred to items carried as financial profit or loss			
Other comprehensive income after taxation			
<b>Comprehensive income</b>		<b>6,031</b>	<b>8,571</b>
<b>Comprehensive income - share of:</b>			
- shareholders of the Parent Company		<b>6,031</b>	<b>8,571</b>
- non-controlling parties			

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### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Equity - share of the parent company shareholders						Non-controlling shares	TOTAL EQUITY
		Share capital	Treasury shares (-)	Share premium	Other capitals	Retained profits	Total		
<b>As at 01/01/2014</b>		1,022		24,863	1,459	28,380	55,725		55,725
Changes in accounting policies									
Adjustment of fundamental errors									
<b>Balance after changes</b>		1,022		24,863	1,459	28,380	55,725		55,725
<b>Changes in equity in the period from 01/01 to 31/12/2014</b>									
Purchase of shares									
Redemption of treasury shares									
Option measurement (share-based payment programme)									
Changes in the group structure - transactions with non-controlling parties									
Dividends						-5,111	-5,111		-5,111
Financial result recognised as equity									
Total transactions with shareholders						-5,111	-5,111		-5,111
Net profit for the period from 01/01 to 31/12/2014						6,031	6,031		6,031
Other comprehensive income after taxation in the period from 01/01 to 31/12/2014									
Total comprehensive income						6,031	6,031		6,031
Transfer to retained profits (sale of revalued fixed assets)									
<b>As at 31/12/2014</b>		1,022		24,863	1,459	29,301	56,645		56,645

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### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT.'D)

	Notes	Equity - share of the parent company shareholders					Non-controlling shares	TOTAL EQUITY
		Share capital	Treasury shares (-)	Share premium	Other capitals	Retained profits		
<b>As at 01/01/2013</b>		<b>1,136</b>		<b>24,863</b>	<b>9,286</b>	<b>24,921</b>	<b>60,206</b>	<b>60,206</b>
Changes in accounting policies								
Adjustment of fundamental errors								
<b>Balance after changes</b>		<b>1,136</b>		<b>24,863</b>	<b>9,286</b>	<b>24,921</b>	<b>60,206</b>	<b>60,206</b>
<b>Changes in equity in the period from 01/01 to 31/12/2013</b>								
Purchase of shares			-7,941				-7,941	-7,941
Redemption of treasury shares		-113	7,941		-7,827			
Option measurement (share-based payment programme)								
Changes in the group structure - transactions with non-controlling parties								
Dividends						-5,111	-5,111	-5,111
Financial result recognised as equity								
Total transactions with shareholders		-113	0		-7,827	-5,111	-13,052	-13,052
Net profit for the period from 01/01 to 31/12/2013						8,571	8,571	8,571
Other comprehensive income after taxation in the period from 01/01 to 31/12/2013								
Total comprehensive income						8,571	8,571	8,571
Transfer to retained profits (sale of revalued fixed assets)								
<b>As at 31/12/2013</b>		<b>1,022</b>	<b>0</b>	<b>24,863</b>	<b>1,459</b>	<b>28,380</b>	<b>55,725</b>	<b>55,725</b>



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## CONSOLIDATED CASH FLOW STATEMENT

	Notes	from 01/01 to 31/12/2014	from 01/01 to 31/12/2013
<b>Cash flow from operating activity</b>			
<b>Profit (loss) before taxation</b>		<b>7,997</b>	<b>10,901</b>
<b>Adjustments:</b>	22		
Depreciation of tangible fixed assets		1,826	1,744
Change in the fair value of investment properties			
Change in the fair value of financial assets (liabilities) carried as profit or loss			
Cash flow hedging instruments transferred from equity			
Impairment loss on financial assets		1,287	
Profit (loss) on the sale of non-financial fixed assets		4	137
Profit (loss) on the sale of financial assets (other than derivatives)			
Exchange difference gains/losses			
Interest expense		387	622
Interest and dividend income		-14	-36
Cost of share-based payments (incentive programmes)			
Share in the profit (loss) of associate companies			
Other adjustments		129	
Total adjustments		3,620	2,467
Change in inventories		-1,268	-733
Change in receivables	22	3,436	3,726
Change in liabilities	22	-1,067	-9,637
Change in provisions and prepayments		-660	135
Change in building contracts			
Changes in working capital		441	-6,508
Inflows (outflows) from the settlement of derivatives			
Interest paid on operating activities			
Taxes paid		-2,294	-1,692
<b>Net cash flow from operating activity</b>		<b>9,764</b>	<b>5,168</b>

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## CONSOLIDATED CASH FLOW STATEMENT (CONT.'D)

	Notes	from 01/01 to 31/12/2014	from 01/01 to 31/12/2013
<b>Cash flow from investment activity</b>			
Expenses to purchase fixed assets		-2,336	-2,096
Inflows from the sale of fixed assets		174	126
Expenses to purchase investment properties			
Inflows from the sale of investment properties			
Net expenses to purchase related parties			
Net inflows from the sale of subsidiaries			
Received repayments of loans granted		24	277
Loans granted		-46	-15
Expenses to purchase other financial assets			
Inflows from the sale of other financial assets			
Inflows from government subsidies received			
Interest income		14	36
Dividend income			
<b>Net cash flow from investing activity</b>		<b>-2,170</b>	<b>-1,671</b>
<b>Cash flow from financial activity</b>			
Net inflows from the issue of shares			
Purchase of treasury shares			-7,941
Transactions with non-controlling parties, with no loss of control			
Inflows from debt securities in issue			
Redemption of debt securities			
Inflows from loans and credits contracted		5,457	3,877
Repayment of loans and advances		-7,504	-2,433
Repayment of financial lease liabilities			
Interest paid		-505	-648
Dividends paid		-5,100	-5,111
<b>Net cash flow from financial activity</b>		<b>-7,652</b>	<b>-12,255</b>
<b>Net change in cash and cash equivalents</b>		<b>-59</b>	<b>-8,758</b>
Cash and cash equivalents at period beginning		593	9,352
Exchange differences			
<b>Cash and cash equivalents at period end</b>		<b>535</b>	<b>593</b>

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## SUPPLEMENTARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### General information

#### a) Basic information about the Parent Company

The parent company of the Tell S.A. Group [hereinafter referred to as the 'Group'] is Tell Spółka Akcyjna [hereinafter referred to as the 'Parent Company'].

The parent company was established in consequence of a transformation of Tell Sp. z o.o. on the basis of a Resolution of the Extraordinary General Meeting of Shareholders No. 1 of 15 November 2004. The parent company is entered into the register of companies of the National Court Register maintained by the District Court for Poznań-Nowe Miasto i Wilda in Poznań - VIII Commercial Division, under number KRS 0000222514. The Company received the following statistical identification number (REGON): 630822208.

The shares of the parent company are listed at the Warsaw Stock Exchange.

The principal place of business of the parent company is at ul. Forteczna 19a, in Poznań 61-362. The seat of the parent company is also the principal place of business of the Group.

#### b) Composition of the Management Board and the Supervisory Board of the Parent Company

The composition of the Management Board of the parent company as at the day of approval of the consolidated financial statements for publication, 16 March 2015, was the following:

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

In the period from 01 January 2014 to 16 March 2015, the composition of the Management Board of the Company did not change.

The Supervisory Board of the Parent Company as at 16 March 2015 was as follows:

- Paweł Turno – Chairman of the Supervisory Board,
- Jerzy Motz – Member of the Supervisory Board,
- Tomasz Mazurczak – Member of the Supervisory Board,
- Piotr Cholewa – Member of the Supervisory Board,
- Tomasz Słowiński – Member of the Supervisory Board.

#### c) Business of the Group

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

- Other telecommunications activities,
- Retail sale of telecommunications equipment,
- Retail sale of computers, peripheral equipment and software in specialised stores,
- Wholesale and retail sale 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.

#### d) Information about the Group

The consolidated financial statements of the Tell S.A. Group comprise the parent company and the following subsidiaries:

Name of subsidiary	Registered office	Percentage share of the Group in the share capital:	
		31/12/2014	31/12/2013
Euro-Phone Sp. z o.o.	Piaseczno	100%	100%
PTI Sp. z o.o.	Poznań	100%	100%

In the period covered by the consolidated financial statements there were no changes in the organisation of the Group.

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#### e) Approval for publication

The consolidated financial statements made for the year ended on 31 December 2014 (including comparable data) have been approved for publication by the Parent Company's Management Board on 16 March 2015.

#### f) Declaration of the Management Board of the Parent Company

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 Parent Company hereby states and declares that, to the best of its knowledge, these consolidated financial statements and comparable data have been prepared in accordance with the accounting policies binding on the Group and they present the economic and financial situation of the Company as well as its financial result in a true, reliable and fair manner and that the report on the activities of the issuer present a true picture of the development, achievement and situation of the issuer, including a description of basic risks and threats.

The Management Board hereby declares that the entity authorised to audit the financial statements that audited the consolidated financial statements 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 opinion on the audit as per the applicable 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 28 April 2014 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.

#### Drawing up basis and accounting rules

##### a) Basis for the preparation of the consolidated financial statements

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards ('IFRS') as approved by the European Union valid as at 31 December 2014.

The reporting currency of the Parent Company and the presentation currency of these consolidated financial statements is Polish zloty (PLN) and all the amounts are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated).

The consolidated financial statements were prepared in accordance with the going concern principle. As at the date of the approval of these consolidated financial statements for publication there are no circumstances which may pose a risk to the going concern assumption with regard to the Group companies.

##### b) Change of Standards and Interpretations

###### Amendments to the standards and interpretations in force and applied by the Group from 2014

New or amended standards and interpretations that have been effective since 01 January 2014 and their impact on the consolidated statements of the Group:

- **New IFRS 10 Consolidated Financial Statements**  
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.  
The Group assessed the impact of the new standard on its financial statements. The application of the new definition of control does not change the scope of entities subject to consolidation and does not influence the financial statements.
- **New IFRS 11 Joint Arrangements**  
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. Such investments are settled using the equity method.  
The Group assessed the impact of the new standard on its financial statements. Due to the fact that the Group does not have and has not had joint arrangements, the introduction of the new standard did not influence its financial statements.
- **New IFRS 12 Disclosure of Interests in Other Entities**  
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 the investors to assess the risk the Group is exposed to.

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The information to be disclosed under the new standard has been included in Notes 2 and 3.

- **Amendment to IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures***  
Amendments to IAS 27 and 28 are a consequence of the introduction of IFRS 10, IFRS 11 and IFRS 12. IAS 27 concerns only separate financial statements while IAS 28 concerns also investments in joint ventures, however the equity method methodology remains unchanged.
- **Amendment to IAS 32 *Financial Instruments: Presentation***  
This amendment introduces detailed explanation of the application of conditions concerning the presentation of financial assets and liabilities in net amounts. Due to the fact that the Group does not present assets and liabilities in net amounts, the introduction of this amendment has not influenced its financial statements.
- **Amendment to IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities***  
Amendments to the newly issued standards concerning consolidation introduce more clear transitional provisions and some exemptions with regard to the presentation of comparable data.
- **Amendment to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 27 *Separate Financial Statements***  
The amendment consists in the introduction of an exemption from the consolidation obligation for investment entities. The investment entity is an entity that meets the following definition:
  - receives funds from one or more investors in order to provide to such investors the investment management services,
  - undertakes before the investors that its business objective is investing funds exclusively with a view to gaining returns from the growth in the investment value and/or from dividends,
  - assesses the effectiveness of its investments on the basis of their fair value.
The Group has made the assessment and has concluded that it does not meet the definition of an investment entity.
- **Amendment to IAS 36 *Impairment of Assets***  
Introducing the new IFRS 13 *Fair Value Measurement*, the IAS Board determined additional disclosures concerning impairment. Their scope has been defined too widely, therefore another amendment was introduced to narrow down the obligation to disclose the recoverable amount to impaired assets and CGUs. The Group applied the new disclosure rules in applicable notes.
- **Amendment to IAS 39 *Financial Instruments: Recognition and Measurement***  
The existing provisions of IAS 39 resulted in the fact that when an entity designated a derivative as the hedging instrument and as a result of a change in law or regulation the counterparty to the hedging contract was replaced by the so-called central counterparty (e.g. a clearing agent), the hedging relationship must be discontinued. Owing to the amendment to the standard, such situations would not result in hedging discontinuation. This amendment to the standard did not have any impact on the Group's statements.

The standards and interpretations in force in the version published by the IASB but not approved by the European Union are indicated below in the item concerning standards and interpretations that have not come into force and effect/

#### Application of a standard or interpretation before their effective date

No voluntary earlier application of any standard or interpretation was made in these consolidated financial statements.

#### Standards and interpretations published but not effective for period beginning on 01 January 2014 and their influence on the statements of the Group

By the date of these consolidated financial statements, the following new or amended standards and interpretations effective for annual periods beginning after 2014 have been published:

- **New IFRS 9 *Financial Instruments: Classification and Measurement***  
This standard will replace the present IAS 39. The changes implemented by this standard in financial instrument accounting concern mainly:

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- other categories of financial assets, on which the asset measurement method depends; allocation of assets to categories is made depending on the business model referring to the given asset,
- new hedge accounting rules reflecting to a larger extent the risk management,
- new financial asset impairment model based on the estimated losses and necessitating a faster cost recognition in the financial result.

The standard is applicable to annual periods beginning on or after 01 January 2018. The Group is currently assessing the impact of this standard on its consolidated financial statements.

- **New IFRIC 21 Levies**  
The new interpretation introduces rules determining the moment of recognition of levies other than the income tax governed by IAS 12. The interpretation lays down more details concerning rules stipulated in IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. In the Group's assessment, this interpretation will have no significant impact on the consolidated financial statements. Pursuant to the decision of IASB, this interpretation is effective for annual periods beginning on or after 1 January 2014, however its effectiveness in the European Union is mandatory for annual periods beginning on or after 17 June 2014, therefore, the Group shall commence to apply it as of 2015.
- **Amendment to IAS 19 Employee Benefits**  
The amendments consist in more precise definition of proceedings in a situation when the employees make contributions to cover the costs of the defined benefit plan. In the Group's opinion, this amendment will not have influence on the consolidated statements. The amendments are applicable to annual periods beginning on or after 01 July 2014.
- **Amendments to IFRS 2, IFRS 3, IFRS 8, IAS 16, IAS 24, IAS 38 resulting from the 'Annual Improvements 2010-2012 Cycle', which are effective for annual periods beginning on or after 01 July 2014. Amendments to the standards include:**
  - IFRS 2: The IASB made the standard more precise by changing or introducing new definitions of the following terms: market condition, service condition, vesting condition and performance condition. In the Group's assessment, this amendment will not have any impact on the financial statements.
  - IFRS 3: The IASB made the principles concerning contingent consideration measurement after the combination more precise so that they were consistent with other standards (mainly with IFRS 9 / IAS 39 and IAS 37). In the Group's assessment, this amendment will not have any impact on the financial statements.
  - IFRS 8: The IASB imposed on entities that aggregate operating segments a requirement to make additional disclosures concerning such aggregated segments and the economic characteristics underlying the aggregation. The Group is currently assessing the impact of this change on its consolidated financial statements.
  - IFRS 8: the amended standard stipulates that the requirement to disclose the reconciliation of the total of segment assets with the reported assets is obligatory only when asset values are reported as broken down into segments. In the Group's assessment, this amendment will not have any impact on the financial statements.
  - IAS 16 and IAS 38: The IASB introduced an amendment to the principle of computation of the gross and accumulated depreciation/amortisation in case of the revaluation model. In the Group's assessment, this amendment will not have any impact on the financial statements.
  - IAS 24: The definition of the related party was extended to include entities providing key management personnel services and appropriate disclosures. In the Group's assessment, this amendment will not have any impact on the financial statements.
- **Amendments to IFRS 3, IFRS 13, IAS 40 resulting from the 'Annual Improvements 2011-2013 Cycle', which are effective for annual periods beginning on or after 01 July 2014. Amendments to the standards include:**
  - IFRS 3: it was clarified that the standard excluded the joint arrangement transactions in the financial statements of the joint arrangement. In the Group's assessment, this amendment will not have any impact on the financial statements.
  - IFRS 13: The IASB clarified the scope of application of the exemption concerning the measurement of the financial asset and liability portfolio in a net amount. In the Group's assessment, this amendment will not have any impact on the financial statements.
  - IAS 40: The IASB clarified that in case of an investment property acquisition, one should also determine whether this was an acquisition of a group of assets or a business combination in the scope of IFRS 3. The Group is currently assessing the impact of this change on its consolidated financial statements.

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- **New IFRS 14 *Regulatory Deferral Accounts***  
 The new standard concerns exclusively entities that adopt IFRS and operate in sectors where governments regulate the pricing, e.g. gas, electricity and water supply. The standard permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS for the first time and later. The new regulations will not have any impact on the Group's consolidated financial statements. The standard is applicable to annual periods beginning on or after 01 January 2016.
- **New IFRS 15 *Revenue from Contracts with Customers***  
 The new standard replaces the existing IAS 11 and IAS 18, ensuring thus a single coherent model of revenue recognition. The new 5-step model will make the revenue recognition dependent on the fact whether or not the client has obtained control over the goods or services. Additionally, the standard introduces additional requirements concerning the disclosures and guidelines with regard to some detailed matters. The new standard may change the moment of recognition by the Group and the recognised amounts of revenues, however the Group has not completed the analysis of its impact on the financial statements. The standard is applicable to annual periods beginning on or after 01 January 2017.
- **Amendment to IFRS 11 *Joint Arrangements***  
 In accordance with the amendment, an entity acquiring an interest on a joint operation in which the activity constitutes a business shall have to apply all of the principles laid down in IFRS 3 when recognising assets and liabilities of the joint operation, including, but not limited to: measure the assets and liabilities in fair value and determine the goodwill. In the Group's opinion, this amendment will not have influence on its financial statements. The amendment is applicable to annual periods beginning on or after 01 January 2016.
- **Amendment to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets***  
 Pursuant to the amendment, the depreciation of property, plant and equipment based on revenues obtained from the use of the asset is not admissible. In case of intangible assets, the application of this method was limited. In the Group's opinion, this amendment will not have influence on its financial statements. The amendment is applicable to annual periods beginning on or after 01 January 2016.
- **Amendment to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture***  
 The amendment stipulates that bearer plants (e.g. grape vines, fruit trees) will be excluded from the scope of IAS 41 and included into the scope of IAS 16 as own assets capitalised. Owing to that amendment, it will no longer be necessary to measure those plants at fair value on each balance sheet date as was required so far by IAS 41. This amendment does not concern the business of the Group. The amendment is applicable to annual periods beginning on or after 01 January 2016.
- **Amendment to IAS 27 *Separate Financial Statements***  
 Pursuant to the amendment introduced, there will be a possibility as to apply the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in the entity's separate financial statements. So far IAS 27 provided for the measurement at cost of pursuant to IFRS 9 / IAS 39. This amendment does not apply to consolidated financial statements, therefore will not impact the Group's financial statements.

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

### c) Accounting policies

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

#### Presentation of the financial statements

The presented consolidated financial statements are compliant with IAS 1. The Group presents a separate 'Consolidated statement of profit or loss' that directly follows the 'Consolidated statement of profit or loss and other comprehensive income'.

The 'Consolidated Statement of Profit or Loss' is presented in the functional classification, and the 'Consolidated Cash Flow Statement' has been prepared using the indirect method.

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

#### Operating segments

The Group does not identify operating segments, because all the Tell S.A. Group companies carry out uniform economic activities related to intermediation in the sale of mobile communications services. However, due to

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formal requirements of particular mobile phone operators, the Group conducts its business through separate subsidiaries.

The Group is not in a position to assign reliably the costs and assets to the below-presented revenue, therefore it was decided to provide information only about the revenue from the sale as broken down into particular service types.

The Group's Management Board manages the Group focusing on the value of margins generated at particular Group levels jointly for all co-operating operators. The information concerning the profitability of particular activity levels are given in the statement of profit or loss.

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

#### Consolidation

The consolidated financial statements comprise the financial statements of the parent company and the financial statements of companies controlled by the Group, i.e. subsidiaries, made as at 31 December 2014. The control is understood as the possibility to influence the financial and operating policies of the subsidiary in order to gain economic benefits from its business.

The financial statements of the parent company and the subsidiaries subject to consolidation are made as at the same balance sheet date, i.e. 31 December. If necessary, the financial statements of subsidiaries are adjusted as appropriate in order to standardise the accounting policies used by the subsidiary with the policies used by the Group.

Excluded from consolidation may be companies whose financial statements are immaterial from the perspective of the consolidated financial statements of the Group.

Subsidiaries are consolidated using the full consolidation method.

The full consolidation method consists in the compiling the financial statements of the parent company and of subsidiaries by adding up particular items of assets, liabilities, equity, revenue and costs. In order to present the Group in a manner as if it constituted a single economic entity, the following exclusions are made:

- as at the moment of acquisition of control, the goodwill or profits are recognised in accordance with IFRS 3,
- non-controlling shares are defined and presented separately,
- balances of settlements and transactions between the Group companies (revenues, costs, dividends) are excluded in whole,
- excluded are profits and losses on transactions made within the Group, which are recognised in such balance sheet asset items as inventories and fixed assets. Losses on Group's internal transactions are analysed in terms of the impairment of assets from the Group's perspective,
- recognised is the deferred tax on temporary differences resulting from the exclusion of profits and losses on Group's internal transactions (in accordance with IAS 12).

#### Business combinations

Business combination transactions covered by IFRS 3 are settled using the acquisition method.

As at the day of taking control, the acquiree's assets and liabilities are substantially carried at fair value and in accordance with IFRS 3 the assets and liabilities are identified, irrespective of the fact whether or not they have been disclosed in the financial statements of the entity prior to the acquisition.

The payment made in exchange for the control comprises the acquired assets, liabilities incurred as well as equity instruments issued - carried at fair value as at the acquisition day. The payment element is also a conditional payment measured at fair value as at the acquisition day. Costs related to the acquisition (advisory, appraisal etc.) do not constitute a payment for the acquisition but are recognised as cost on the day they have been incurred.

The goodwill (profit) is calculated as a difference between two values:

- the total payment made in exchange for the control, non-controlling shares and the fair value of shares held in the acquiree before the acquisition date, and
- the fair value of identifiable acquired net assets of the entity.

The surplus of the total calculated in the above-mentioned manner over the fair value of the identifiable acquired net assets of the entity is recognised in the assets of the consolidated statement of financial position as goodwill. The goodwill corresponds to the payment made by the acquirer in expectation of future economic benefits from the assets that cannot be identified individually or recognised separately. After the initial recognition, the goodwill is carried at cost less accumulated impairment loss.



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In case the above-mentioned total is lower than the fair value of identifiable acquired net assets of the entity, the difference is immediately recognised as profit or loss. The Group recognises the profit on acquisition in other operating income.

By 1 January 2010, with regard to business combinations the Group applied the acquisition method in the manner as defined in the IFRS 3 version (2004).

#### Interests in associates

Associates are entities not controlled by the Parent Company but over which it does have a significant influence, participating in the determination of the financial and operating policies.

Investments in associates are initially recognised at cost, and thereafter measured using the equity method. Upon the moment of arising a significant inflow, the goodwill is determined as a difference between the investment's cost and the fair value of net assets attributable to the investor. The goodwill is recognised in the carrying amount of the investment in associates.

The carrying amount of the investment in associates is increased or decreased by:

- the share of the Parent Company in the profit or loss in the associate,
- share of the Parent Company in other comprehensive income of the associate resulting from, without limitation, the revaluation of tangible fixed assets and exchange differences on the conversion of foreign operations. These amounts are disclosed in correspondence with the appropriate item of the "consolidated statement of profit or loss and other comprehensive income",
- profits and losses on transactions between the Group and the associate, which are subject to exclusion up to the level of the share held,
- received payments from profits generated by the associate, which lower the investment's carrying amount.

The financial statements of the parent company and the associates subject to consolidation in accordance with the equity method are made as at the same balance sheet date, i.e. 31 December.

#### Transactions in Foreign Currencies

The consolidated financial statements are presented in Polish zloty (PLN), which is also the functional currency of the Parent Company.

#### Borrowing Costs

The borrowing costs that can be directly allocated to the acquisition, construction or generation of an adjusted asset, are activated as part of the cost of such an asset. The borrowing costs comprise interest and exchange difference gains or losses up to the amount corresponding to the adjusted interest expense.

The above principles are applied by the Group prospectively, starting from 1 January 2009.

#### Goodwill

The goodwill is initially recognized in accordance with IFRS 3 (cf. the above item concerning business combinations). The goodwill is not subject to amortisation, however it is annually tested for impairment as per IAS 36 (cf. the item concerning the impairment of non-financial fixed assets).

#### Intangible fixed assets

The intangible fixed assets comprise licences, software as well as other intangible assets that meet the recognition criteria defined in IAS 38. This item also contains intangible assets which have not been put to use yet (intangible fixed assets in production).

The intangible fixed assets as at the balance sheet day are recognised at cost less accumulated depreciation and accumulated impairment charge. The intangible fixed assets with a determined useful life are amortized in accordance with the straight-line method over their entire useful economic life. The useful lives of particular intangible assets are subject to annual verification and, if need be, are adjusted as of the beginning of the next financial year.

The estimated useful lives for particular groups of intangible assets are as follows:

Class	Period
Licences	5 years
Software	5 years
Other intangible assets	5 years

The costs related to the maintenance of software incurred in later periods are recognised as cost of the period in which they are incurred.

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Gains or losses on the disposal of intangible fixed assets are determined as a difference between the revenue from the sale and the net value of such intangible assets and are recognised as profit or loss in the item other operating revenue or costs.

#### Tangible fixed assets

The tangible fixed assets are initially recognised at cost. The acquisition price is increased by all costs directly related to the purchase and adjustment of the asset to its use.

After initial recognition, the tangible fixed assets, with the exception of lands, are recognised at cost less accumulated depreciation and accumulated impairment charge. The tangible fixed assets in construction are not depreciated before the end of the construction or assembly and before being put to use.

The depreciation is made in accordance with the straight-line method over the estimated useful life of the given asset. Such lives for particular groups of assets are the following:

Class	Period
Plants and machinery	2-5 years
Vehicles	2 - 5 years
Other fixed assets	2-10 years

The depreciation starts in the month in which the given fixed asset is available for use. The useful economic lives and the depreciation methods are verified annually, leading to depreciation charge adjustments, if any, in subsequent years.

The tangible fixed assets are divided into component parts constituting items of material value, to which separate useful economic lives can be assigned. Component parts are also the costs of general overhauls as well as significant spare parts and accessories, if they will be used for a period of time longer than one year. The current maintenance costs incurred after the date an asset has been put to use, such as repair and maintenance costs, are charged as profit or loss upon their incurring.

A given tangible fixed asset may be derecognised when disposed of or when no future economic benefits from further use of the given asset are expected. 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, in other cases - as operating income or costs.

#### Leased assets

Lease contracts on the basis of which the lessee substantially retains all the risks and rewards incidental to ownership are operating lease contracts. The lease payments under operating lease are recognised in profit or loss on the straight-line basis over the lease term.

#### 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,

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.

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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.

#### 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.

A financial asset or a financial liability is disclosed in the balance sheet when the Group 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 or the Group waived them.

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

The Group 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 Group 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 Group as follows:

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

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.

Financial assets qualified to the loans and receivables category are disclosed in the balance sheet as:

- long-term assets in the item "Receivables and loans" and
- short-term assets in the items "Loans", "Trade receivables and other receivables" and "Cash and cash equivalents".

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.

#### *Financial Liabilities*

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

- loans, credits, other loan instruments,
- trade liabilities and other liabilities.

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

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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.

#### Inventories

The inventories are measured at the lower of the cost or net realisable price. The cost comprise the acquisition costs and other costs incurred in order to ensure that the inventories are at their present location and in their present state.

The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### Cash and cash equivalents

Cash and cash equivalents are cash on hand and cash in bank, demand deposits as well as short-term, highly liquid investments (up to 3 months) readily convertible to cash, which are subject to an insignificant risk of changes in value.

#### Shareholder's equity

The share capital is recognised in the nominal value of shares issued, in accordance with the Articles of Association of the Parent Company and the entry in the National Court Register.

The treasury shares of the Parent Company - purchased and retained by the Parent Company - decrease the shareholders' equity. The treasury shares are measured at cost.

The share premium arises from the surplus of the issue price over the nominal value of shares less the costs of issue.

Retained profits contain the results from previous years (also those transferred to the capital on the basis of shareholders' resolutions) as well as the financial result of the current year.

All transactions with the shareholders of the Parent Company are presented separately in the "Consolidated Statement of Changes in Equity".

#### *Short-term employee benefits*

The value of short-term employee benefits is determined without discount and disclosed in the balance sheet in their due amount.

#### *Provisions for accrued holidays*

The Group sets up a provision for the costs of accumulated payable holidays which it will have to pay in result of the employee's failure to use their entitlement accrued as at the balance sheet day. The provision for accrued holidays is a short-term provision and is not subject to discounting.

#### *Retirement benefits*

In accordance with the pay systems in force in the Group, the employees of the Group companies are entitled to retirement benefits. Retirement benefits are paid on a one-off basis upon the employee's retirement. The retirement benefit amount depends on the length of service and the average remuneration of the employee. The Group creates a provision for future retirement benefit liabilities in order to allocate the costs to the employees' entitlement acquisition periods.

#### Provisions, contingent liabilities and assets

The Group 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. The date of incurring and the amount to be settled may be uncertain.

Provisions are created for the following purposes, without limitation:

- court proceedings in course and matters in dispute.

No provisions are set up for future operating losses.

Provisions are recognised in the amounts of estimated expenditures necessary to fulfil the present obligation on the basis of the most reliable evidence available as at the date of the consolidated financial statements, including those concerning the risk and degree of uncertainty. When the time value of money is material, the provision is measured by discounting the estimated future cash flows to the present value by applying the discount rate reflecting the actual assessment of the time value of money and the possible risk related to the given liability.

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When a discounting method has been applied, the provision increase with the passage of time is recognised as financial expense.

When the Group expects that the provision-covered costs will be returned, e.g. on the basis of insurance contract, the return is recognised as a separate asset, but only when it is practically sure that the return will effectively take place. However, the value of this asset may not exceed the amount of provision.

In case the outflow of resources to settle the present obligation is not probable, the contingent liability is not recognised, with the exception of contingent liabilities identifiable in the process of business combinations as per IFRS 3.

Information about contingent liabilities is disclosed in the descriptive part of the consolidated financial statements in Note No. 24. The Group also presents information about contingent liabilities from payments under operating lease contracts (Note No. 6).

The possible inflows of resources embodying economic benefits for the Group, which do not meet yet the recognition criteria as assets, constitute contingent assets, which are not recognised in the balance sheet. The information about contingent assets is disclosed in the supplementary notes.

#### Accruals and prepayments

The Group discloses prepaid costs concerning future reporting periods, mainly lease rents, in the "Prepayments" item.

#### Sale revenues

The revenue from sale are recognized in the fair value of the consideration received or receivable for 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 revenue is recognised in an amount it is probable that the Group will obtain economic benefits associated with a given transaction and the given amount of revenue can be measured reliably.

#### *Sale of goods*

The revenues from the sale of goods are recognised if the following conditions have been met:

- the Group has transferred onto the buyer the significant risks and rewards of ownership of the goods. The condition is considered met upon the undisputed delivery of goods or products to the consignee.
- the amount of revenue can be measured reliably.
- it is probable that the Group will obtain economic benefits associated with the given transaction, and
- the costs incurred and to be incurred in connection with transaction can be measured reliably.

#### *Rendering of Services*

The Tell S.A. Group companies conduct a uniform business activity related to mobile communications. However, due to formal requirements of particular mobile phone operators, the Group conducts its business through separate subsidiaries.

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

#### ORANGE network operator – Orange Polska S.A.

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

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

In this case, the sale is made at the promotional price (allowing for a subsidy at the level agreed with the Operator). Thus, the Company makes a temporary loss on this particular transaction. However, immediately after the promotional sale, in accordance with the procedures agreed with the Operator in the contract, the Operator issues corrective invoices decreasing the original phone purchase price for the Company to the promotional price (allowing for the subsidy level). Thus, in effect, the transaction has a neutral effect on the Company's financial result,

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

In this case, the sale is made at the original Operator's purchase price and then the process is analogous as above, whereby it is the Company that issues a corrective invoice to the sub-agent, adjusting the original selling price.

#### T-Mobile network operator – T-Mobile Polska S.A.

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As of 21 May 2014, the Company has been receiving phones to be sold together with subscription services from the Operator on a settlement basis. If the sale is made in accordance with the valid procedures in force, the phone is considered settled. In case of some offers, it is necessary that the equipment is purchased at request and an invoice is issued with a 7-day term of payment. The phone may still be sold to the client together with a subscription offer, and its settlement then is similar to the settlement in the full price option.

PLUS network operator - Polkomtel Sp. z o.o.

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

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

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

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

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

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

If all Group companies settled the value of subsidised phones in the same way as Tell S.A, the Group's revenue would amount to in 2014 and 2013, respectively, kPLN 190.915 and kPLN 193.727. The costs of sale in 2014 and 2013 would be, respectively, kPLN 130.614 and kPLN 132.443.

#### *Interest and dividends*

Interest income is recognized gradually upon accrual using the effective interest method. The dividends are recognised when the shareholder's right to receive payment is established.

#### Operating costs

The operating costs are recognised as profit or loss in accordance with the principle of matching of costs with revenues. The Group presents the costs in the consolidated financial statements as per the places they were generated.

#### Income tax (including the deferred tax)

The taxation on the financial result comprises the current income tax as well as the deferred income tax that has not been recognised in other comprehensive income or directly in equity.

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 gross book profit (loss) in relation with the temporary shift of taxable income and tax deductible costs of subsequent periods as well as exclusion of 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. No assets or liabilities are recognised when the temporary difference results from the initial recognition of the asset or liability in a transaction that is not a business combination and that, when occurred, does not have any influence on the tax result or the book result. No deferred tax liability is recognised on the goodwill, which is not amortisable in accordance with the tax regulations. 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 based on the tax rates (and tax laws) that have been enacted at the balance sheet date.

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.

#### Subjective Assessments of the Management Board and Uncertainty of Estimates

When preparing these consolidated financial statements, the Parent Company's Management Board uses its best judgement to make the estimates and assumptions that influence the accounting policies (rules) applied and the

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presented values of assets, liabilities, revenue and costs. The actually realised values may differ from the estimates made by the Management Board. Information about the estimates and assumptions made that are significant for the consolidated financial statements is presented below.

#### *Useful economic lives of fixed assets*

The Management Board of the Parent Company annually verifies the useful economic lives of fixed assets subject to depreciation/amortisation. As at 31/12/2014, the Management Board confirmed that the useful lives of assets as assumed by the Group for depreciation/amortisation purposes reflect the expected time distribution of economic benefits from these assets in the future. However, the actual time distribution of economic benefits from these assets may be different from the assumptions, also because of their technical ageing. The carrying amount of fixed assets subject to depreciation/amortisation is presented in Notes No. 4 and 5.

#### *Provisions*

Provisions for employee benefits comprise retirement benefits.

#### *Deferred tax assets*

The probability of settling a deferred tax asset by future tax profits is based on the budgets of Group companies as approved by the Management Board of the Parent Company. If the anticipated financial results suggest that the Group companies will generate taxable income, the deferred tax assets are recognised in full.

#### *Impairment of Non-financial Assets*

In order to determine the value in use, the Management Board estimates the forecast cash flows as well as the rate by which the flows are discounted to their present value (cf. item concerning the impairment of non-financial assets). During the measurement of the present value of future flows, assumptions concerning the forecast financial results are made. These assumptions concern future events and circumstances. The actually realised values may differ from the estimates, which may lead, in subsequent reporting periods, to significant adjustments of the value of Group's assets.

## **1. Operating segments**

The Group does not identify operating segments, because all the Tell S.A. Group companies carry out uniform economic activities related to intermediation in the sale of mobile communications services. However, due to formal requirements of particular mobile phone operators, the Group conducts its business through separate subsidiaries.

The Group is not in a position to assign reliably the costs and assets to the below-presented revenue, therefore it was decided to provide information only about the revenue from the sale as broken down into particular service types.

The Group's Management Board manages the Group focusing on the value of margins generated at particular Group levels jointly for all co-operating operators. The information concerning the profitability of particular activity levels are given in the statement of comprehensive income.

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

The Group's main contractor is Orange Polska S.A. with registered office in Warsaw. Assuming the revenue from the sale of telecommunications services as the basis, this operator's share in Group's revenue amounted to 60% in 2014. In 2013, the share was at the level of 58%. The share of two remaining operators, i.e. Polkomtel Sp. z o.o. and T Mobile Polska S.A. in the revenue from the sale of telecommunications services is also significant and exceeds 10% for each of them.

The tables below present the sale as broken down into ranges offered by Group companies and sale volumes in the main revenue lines.

Revenue from the sale of products and goods (in kPLN)	2014	2013	Change 2014/2013
Revenue from the sale of telecommunication services	96,900	103,494	93.63%
Sets and pre-paid refills	15,927	19,908	80.00%
Postpaid contract phones	125,506	130,726	96.01%
Other revenue	10,300	9,737	105.78%
Total	248,632	263,865	94.23%

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Service sale volume	2014	2013	Change 2014/2013
Postpaid activations	542,014	592,320	91.51%
Prepaid activations	118,791	150,497	78.93%
Total	660,805	742,817	88.96%

## 2. Interests in related parties

### Interests in related parties

The table below presents a list of investments in subsidiaries, which were excluded from the consolidation. The measurement of this investment by the Group is made in accordance with the acquisition price model as per IAS 27.

	Seat of subsidiary	Share capital held	31/12/2014		31/12/2013	
			Acquisition price	Accumulated impairment	Acquisition price	Accumulated impairment
Toys4BoysPL Sp. z o.o.	Gdańsk	30%	1,287	1,287	1,287	
Total			1,287		1,287	
<b>Carrying amount of the investment</b>				<b>0</b>		<b>1,287</b>

The value of investments in subsidiaries is subject to a test for impairment made annually or more often, if there are indications of such impairment. In case of indications of impairment, the Group determines the investment's recoverable amount. This amount is the value in use estimated on the basis of discounted future cash flows. In 2014, the Group made an impairment charge with regard to the above-mentioned investment.

In the opinion of the Management Board of the Parent Company, the financial data of subsidiary company not covered by consolidation are immaterial from the perspective of the consolidated financial statements. The total value of assets of subsidiary excluded from consolidation amounts to 1.70% of the Group's assets in 2014 (in 2013: 2.72%), and the total value of revenue from the sale in 2014 amounts to 2.6% of the Group's revenue (in 2013: 3.4%). The basic 2014 financial data of the subsidiary not subject to consolidation are as follows:

	Assets	Liabilities	Shareholder's equity	Net financial profit	Sale revenues
Toys4BoysPL Sp. z o.o.	2,021	1,221	800	-1,184	6,454
<b>Total</b>	<b>2,021</b>	<b>1,221</b>	<b>800</b>	<b>-1,184</b>	<b>6,454</b>

## 3. Goodwill

Changes in the carrying amount of goodwill in periods covered by the consolidated financial statements are presented in the table below:

	from 01/01 to 31/12/2014	from 01/01 to 31/12/2013
<b>Gross value</b>		
As at period beginning	57,581	57,581
Business combination		
Sale of subsidiaries (-)		
Net exchange differences on conversion		
Other adjustments		
Gross value at period end	57,581	57,581
<b>Impairment charges</b>		
As at period beginning		
Loss expensed as cost in the period		
Net exchange differences on conversion		
Other changes		
Impairment loss at period end		
<b>Goodwill - carrying amount at period end</b>	<b>57,581</b>	<b>57,581</b>



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The goodwill presented in the assets of the consolidated statement of financial position concerns the acquisition of the following subsidiaries:

	31/12/2014	31/12/2013
Taurus	1,202	1,202
Havo	20,096	20,096
Euro-Phone Sp. z o.o.	8,732	8,732
Solex	10,611	10,611
PTI Sp. z o.o.	10,061	10,061
Maksimum	6,879	6,879
<b>Total goodwill</b>	<b>57,581</b>	<b>57,581</b>

The Group conducted internal goodwill impairment tests as at the balance sheet date. The test procedures did not indicate any goodwill impairment. The recoverable amount of particular cash generating units was established on the basis of calculated value in use.

#### Cash generating unit

The value in use was calculated in each instance on the basis of cash flow forecasts based on the financial budgets covering the period of 5 years. The forecasts reflect the management's existing experience related to the business and an analysis of external indications. The material assumptions concerning the discount rate and the assumed growth rate after the detailed forecast period are presented in the table below:

No.	Name of the company	Euro-Phone	PTI	Taurus	Havo	Solex	Maksimum
1.	Forecast period	5 years	5 years	5 years	5 years	5 years	5 years
2.	Discount rate	6.47%	7.40%	10.93%	10.93%	6.47%	7.40%
3.	Growth rate after the budget period	0%	0%	0%	0%	0%	0%

#### Other 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 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 flows and the discount rate are compliant with the IAS 36 methodology.

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.

#### 4. Intangible fixed assets

The intangible fixed assets used by the Group comprise licences, computer software as well as other intangible assets.

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	Licences Software	Other intangible assets	Total
<b>As at 31/12/2014</b>			
Gross carrying amount	3,077	5,833	8,909
Accumulated depreciation/amortisation and impairment charges	-2,817	-5,499	-8,316
Net carrying amount	259	334	593
<b>As at 31/12/2013</b>			
Gross carrying amount	3,053	5,753	8,805
Accumulated depreciation/amortisation and impairment charges	-2,661	-5,366	-8,027
Net carrying amount	392	387	779

	Licences Software	Other intangible assets	Total
<b>for the period from 01/01 to 31/12/2014</b>			
Net carrying amount as at 01/01/2014	392	387	779
Increase (acquisition, production, lease)	24	80	104
Decrease (disposal, liquidation) (-)			
Other changes (reclassification, transfers, etc.)			
Revaluation to fair value (+/-)			
Depreciation and amortisation (-)	-156	-133	-290
Impairment loss (-)			
Reversal of impairment charges			
Net carrying amount as at 31/12/2014	259	334	593
<b>for the period from 01/01 to 31/12/2013</b>			
Net carrying amount as at 01/01/2013	387	571	957
Increase (acquisition, production, lease)	180		180
Decrease (disposal, liquidation) (-)		-8	-8
Other changes (reclassification, transfers, etc.)			
Revaluation to fair value (+/-)			
Depreciation and amortisation (-)	-175	-176	-351
Impairment loss (-)			
Reversal of impairment charges			
Net carrying amount as at 31/12/2013	392	387	779

## 5. Tangible fixed assets

	Plants and machinery	Vehicles	Other fixed assets	Tangible fixed assets in production	Total
<b>As at 31/12/2014</b>					
Gross carrying amount	4,446	2,267	9,164	32	15,909
Accumulated depreciation/amortisation and impairment charges	-3,396	-1,093	-6,502		-10,992
Net carrying amount	1,050	1,173	2,662	32	4,917
<b>As at 31/12/2013</b>					
Gross carrying amount	4,075	2,169	8,369	33	14,645
Accumulated depreciation/amortisation and impairment charges	-3,042	-1,110	-6,093		-10,245
Net carrying amount	1,033	1,059	2,276	33	4,400

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	Plants and machinery	Vehicles	Other fixed assets	Tangible fixed assets in production	Total
<b>for the period from 01/01 to 31/12/2014</b>					
Net carrying amount as at 01/01/2014	1,033	1,059	2,276	33	4,400
Increase (acquisition, production, lease)	476	628	1,124	821	3,049
Decrease (disposal, liquidation) (-)	-18	-116	-40	-821	-995
Other changes (reclassification, transfers, etc.)					
Revaluation to fair value (+/-)					
Depreciation and amortisation (-)	-441	-398	-698		-1,537
Impairment loss (-)					
Reversal of impairment charges					
Net carrying amount as at 31/12/2014	1,050	1,173	2,662	32	4,917
<b>for the period from 01/01 to 31/12/2013</b>					
Net carrying amount as at 01/01/2013	686	1,388	2,032	26	4,133
Increase (acquisition, production, lease)	721	178	1,020	848	2,797
Decrease (disposal, liquidation) (-)	-7	-87	-158		-252
Other changes (reclassification, transfers, etc.)				-848	-848
Revaluation to fair value (+/-)					
Depreciation and amortisation (-)	-367	-421	-648		-1,436
Impairment loss (-)					
Reversal of impairment charges					
Net carrying amount as at 31/12/2013	1,033	1,059	2,276	33	4,400

## 6. Leased assets

### 6.1. Operating Lease

The Group uses tangible fixed assets as a lessee on the basis of operating lease agreements. The operating lease agreements concern commercial premises in which the Group companies conduct their business.

The value of minimum future operating lease payments is the following:

	31/12/2014	31/12/2013
<i>Future minimum lease payments under irrevocable operating lease agreements</i>		
Payable within 1 year	4,823	11,992
Payable within the period from 1 year to 5 years	14,001	31,988
Payable after 5 years		
<b>Total</b>	<b>18,824</b>	<b>43,980</b>

## 7. Financial Assets and Liabilities

### 7.1. Categories of financial assets and liabilities.

The value of financial assets presented in the consolidated statement of financial position 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)	

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	Note	*Categories of financial instruments as per IAS 39						Total
		L&R	AWG-O	AWG-W	HMI	AFS	HD	
<b>As at 31/12/2014</b>								
<i>Fixed assets:</i>								
Receivables and loans	7.2	1,005						1,005
Other long-term financial assets								
<i>Current assets:</i>								
Trade receivables and other receivables	10	40,396						40,396
Loans	7.2	27						27
Cash and cash equivalents	11	535						535
<b>Total financial assets</b>		<b>40,957</b>						<b>40,957</b>
<b>As at 31/12/2013</b>								
<i>Fixed assets:</i>								
Receivables and loans	7.2	979						979
Other long-term financial assets							1,287	1,287
<i>Current assets:</i>								
Trade receivables and other receivables	10	43,704						43,704
Loans	7.2	6						6
Cash and cash equivalents	11	593						593
<b>Total financial assets</b>		<b>45,282</b>					<b>1,287</b>	<b>46,569</b>

The value of financial liabilities presented in the consolidated statement of financial position 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)	

	Note	*Categories of financial instruments as per IAS 39					Total
		ZWG-O	ZWG-W	ACL	HD	Non IAS 39	
<b>As at 31/12/2014</b>							
<i>Long-term liabilities:</i>							
Loans, credits, other debt instruments	7.3						
Other liabilities							
<i>Short-term liabilities:</i>							
Trade liabilities and other liabilities	16			43,463			43,463
Loans, credits, other debt instruments	7.3			5,095			5,095
Financial lease							
Financial derivatives							
<b>Total financial liabilities</b>				<b>48,558</b>			<b>48,558</b>
<b>As at 31/12/2013</b>							
<i>Long-term liabilities:</i>							
Loans, credits, other debt instruments	7.3			460			460
Other liabilities							
<i>Short-term liabilities:</i>							
Trade liabilities and other liabilities	16			44,966			44,966
Loans, credits, other debt instruments	7.3			6,670			6,670
Financial derivatives							
<b>Total financial liabilities</b>				<b>52,096</b>			<b>52,096</b>

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## 7.2. Receivables and loans

For the purposes of presentation, in its consolidated statement of financial position the Group separated the class of receivables and loans (IFRS 7.6). In the long-term part, the receivables and loans are presented in the statement in a single heading. In the short-term part, the Group - in compliance with the requirements of IAS 1 - presents the trade receivables and other receivables separately. The classes of receivables and loans are presented in the table below. Disclosures concerning the receivables are made in Note No. 10.

	31/12/2014	31/12/2013
<i>Fixed assets:</i>		
Receivables	1,004	979
Loans	1	
Long-term receivables and loans	<b>1,005</b>	979
<i>Current assets:</i>		
Trade receivables and other receivables	40,396	44,175
Loans	27	6
Short-term receivables and loans	<b>40,422</b>	44,181
<b>Receivables and loans, including:</b>	<b>41,427</b>	45,159
Receivables (Note No. 10)	41,399	44,153
Loans (Note No. 7.2)	28	6

Loans granted are measured at amortised cost using the effective interest method. The carrying amount of loans is considered to be the reasonable estimation of the fair value (cf. Note No. 7.5. concerning the fair value).

The change in the carrying amount of loans, including impairment charges, is as follows:

	from 01/01 to 31/12/2014	from 01/01 to 31/12/2013
<b>Gross value</b>		
As at period beginning	6	268
Amount of loans granted in the period	47	15
Interest calculated using the effective interest rate method	2	3
Repayment of loans with interest (-)	-26	-280
Gross value at period end	<b>28</b>	<b>6</b>
<b>Impairment charges</b>		
As at period beginning		
Loss expensed as cost in the period		
Reversal of impairments carried as revenue in the period (-)		
Provisions used (-)		
Other changes (net exchange differences on conversion)		
Impairment loss at period end		
<b>Carrying amount at period end</b>	<b>28</b>	<b>6</b>

The loans are measured by the Group at due amounts in view of the insignificant discount effects.

Profits and losses recognised in the financing activities concerning the financial assets category are presented in Note No. 19.

## 7.3. Loans, credits, other debt instruments

The value of loans, credits and other debt instruments recognised in the consolidated financial statement of financial position is presented in the table below:

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2014 – 31/12/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

	Short-term liabilities		Long-term liabilities	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
<b>Financial Liabilities carried at amortised cost</b>				
Loan facilities		1,853	460	460
Overdraft facilities	5,095	4,817		
Loans				
Debt securities				
Financial Liabilities carried at amortised cost	<b>5,095</b>	<b>6,670</b>	<b>460</b>	<b>460</b>
<b>Loans, credits, other debt instruments, total</b>	<b>5,095</b>	<b>6,670</b>	<b>460</b>	<b>460</b>

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2014 – 31/12/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

#### Financial liabilities measured at amortised cost

The Group does not include any instruments from the loan and credit class to financial liabilities carried at fair value through profit or loss. All loans, credits and other debt instruments are measured at amortised cost using the effective interest method. The fair value of loans, credits and other debt instruments is presented in Note No. 7.5.

Information concerning the character and scope of risk the Group is exposed to in relation with the loans, credits and other debt instruments contracted is presented in the table below (cf. also Note No. 25 concerning risks):

	Currency	Interest rate	Maturity date	Value		Liability	
				in foreign currency	in PLN	short-term	long-term
<b>As at 31/12/2014</b>							
Overdraft facilities with DnB Bank Polska S.A.	PLN	variable	31/05/2015		7,137	4,226	
Overdraft facilities with Alior Bank S.A.	PLN	variable	31/05/2015		8,000	868	
						5,095	
<b>As at 31/12/2013</b>							
Credit facilities in the credit account with DnB Bank Polska S.A.	PLN	variable	31/05/2015		3,417	1,140	460
Overdraft facilities with DnB Bank Polska S.A.	PLN	variable	31/05/2014		6,000	1,850	
Credit facilities in the credit account with Alior Bank S.A.	PLN	variable	30/05/2014		8,000	713	
Overdraft facilities with Alior Bank S.A.	PLN	variable	31/05/2014		7,000	2,967	
						6,670	460

The loans have variable interest rates based on the reference rate of 1M WIBOR., which as at 31/12/2014 amounted to 2.08% (28/12/2013: 2.61%).

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Period covered by the financial statements:	01/01/2014 – 31/12/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

#### 7.4. Liability payment guarantee

The loan liabilities of the Group are covered by the following collaterals (as at the balance sheet day):

- pledge on shares in subsidiaries up to the amount of kPLN 39,605 (2013: kPLN 43,025 )
- registered pledge on inventories and inventory repossession contracts up to the amount of kPLN 37,400 (2013: kPLN 37,400 )
- registered pledge on movable property up to the amount of kPLN 32.000 (2013: kPLN 10.000 )
- assignment of rights under insurance policies,.
- statement on enforcement,
- sureties
- power of attorney to dispose of the current and future inflows to the bank account.

As at 31/12/2014, the following assets of the Group (in their carrying amounts) constituted collaterals and guarantees for the repayment of liabilities:

	31/12/2014	31/12/2013
Intangible fixed assets		
Tangible fixed assets, including leased assets		
Financial assets (other than receivables)	13,781	13,781
Inventories	12,371	11,607
Movable property	24,283	18,413
Trade receivables and other		
Cash		
<b>Total carrying amount of assets constituting a liability collateral</b>	<b>50,435</b>	<b>43,801</b>

#### 7.5. Other information on financial instruments

##### 7.5.1. Information on the fair value of financial instruments

The comparison of the carrying amount of financial assets and liabilities with their fair value is as follows:

Class of financial instrument	Note No.	31/12/2014		31/12/2013	
		Fair value	Carrying amount	Fair value	Carrying amount
<i>Assets:</i>					
Loans	7.2	28	28	6	6
Trade receivables and other	10	40,396	40,396	43,704	43,704
Non-listed shares*					
Cash and cash equivalents	11	535	535	593	593
<i>Liabilities:</i>					
Loan facilities	7.3			2,313	2,313
Overdraft facilities	7.3	5,095	5,095	4,817	4,817
Loans					
Debt securities					
Trade liabilities and other	16	43,463	43,463	44,966	44,966

\*This item does not comprise shares and participations carried at cost because there is no reliable method to determine their fair value

The fair value is defined as an amount for which an asset could be exchanged or a liability settled in an arm's length transaction between buyers and settlers in the marketplace on the measurement date.

The Group measures the fair value of financial assets and financial liabilities in such a way so as to take into consideration to the largest extent possible market factors.

The Group did not measure the fair value of trade receivables and liabilities - their carrying amount has been deemed to be the reasonable approximation of the fair value.



Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2014 – 31/12/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

## 8. Deferred tax assets and liabilities

The deferred tax assets and liabilities have the following influence on the consolidated financial statements:

	Note No.	31/12/2014	31/12/2013
<i>As at period beginning:</i>			
Deferred income tax assets		1,133	999
Deferred income tax liabilities		7,017	6,720
Deferred tax at period beginning		-5,884	-5,721
<i>Change in the period influencing:</i>			
Result (+/-)	20	-589	-163
Other comprehensive income (+/-)			
Deferred tax at period end, including:		-6,474	-5,884
Deferred income tax assets		836	1,133
Deferred income tax liabilities		7,309	7,017

### Deferred income tax assets

Temporary differences	As at period beginning	Change:		At period end
		Result	other comprehensive income	
<b>As at 31/12/2014</b>				
<i>Assets:</i>				
Intangible fixed assets				
Tangible fixed assets	38	-7		31
Investment properties				
Financial derivatives				
Inventories	161	-92		69
Trade receivables	252	-6		246
Other receivables				
Investment properties				
Financial derivatives				
<i>Liabilities:</i>				
Employee benefits liabilities	247	-124		123
Provisions for employee benefits	223	-15		208
Other provisions and other liabilities	37	-1		36
Financial derivatives				
Trade liabilities	5	5		10
Loans, credits, other debt instruments				
Other liabilities	13	22		34
<i>Other:</i>				
Unsettled tax losses	158	-79		79
<b>Total</b>	<b>1,133</b>	<b>-298</b>		<b>836</b>
<b>As at 31/12/2013</b>				
<i>Assets:</i>				
Intangible fixed assets				
Tangible fixed assets	36	4		38
Investment properties				
Financial derivatives				
Inventories	102	59		161
Trade receivables	234	18		252
Other receivables	1	-1		
Investment properties				
Financial derivatives				
<i>Liabilities:</i>				
Employee benefits liabilities	277	-30		247
Provisions for employee benefits	197	26		223

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2014 – 31/12/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Temporary differences	As at period beginning	Change:		At period end
		Result	other comprehensive income	
Other provisions and other liabilities	51	-14		37
Financial derivatives				
Trade liabilities	3	2		5
Loans, credits, other debt instruments	3	-3		
Other liabilities	98	-86		13
<i>Other:</i>				
Unsettled tax losses		158		158
<b>Total</b>	<b>999</b>	<b>134</b>		<b>1,133</b>

#### Deferred income tax liabilities

Temporary differences	As at period beginning	Change:		At period end
		Result	other comprehensive income	
<b>As at 31/12/2014</b>				
<i>Assets:</i>				
Intangible fixed assets	6,964	286		<b>7,251</b>
Tangible fixed assets	18	-24		<b>-6</b>
Investment properties				
Financial derivatives				
Trade receivables	33	32		<b>65</b>
Construction contracts				
Other assets				
<i>Liabilities:</i>				
Financial derivatives				
Trade liabilities				
Loans, credits, other debt instruments				
Other liabilities	2	-2		<b>0</b>
<b>Total</b>	<b>7,017</b>	<b>292</b>		<b>7,309</b>
<b>As at 31/12/2013</b>				
<i>Assets:</i>				
Intangible fixed assets	6,428	536		6,964
Tangible fixed assets	41	-23		18
Investment properties				
Financial derivatives				
Trade receivables	251	-218		33
Construction contracts				
Other assets				
<i>Liabilities:</i>				
Financial derivatives				
Trade liabilities				
Loans, credits, other debt instruments				
Other liabilities		2		2
<b>Total</b>	<b>6,720</b>	<b>297</b>		<b>7,017</b>

## 9. Inventories

The consolidated financial statements of the Group comprise the following inventories:

	31/12/2014	31/12/2013
Materials		
Semi-products and work in progress		
Finished goods		
Goods	12,745	11,477
<b>Total carrying amount of the inventories</b>	<b>12,745</b>	<b>11,477</b>

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2014 – 31/12/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

In 2013, the Group recognised in the operating activities of the consolidated statement of profit or loss the costs of inventories sold in the total amount of kPLN 106,060 (2013: kPLN 106.562 )

The inventories Impairment charges made in 2014 in other operating costs of the consolidated statement of profit or loss amounted to kPLN 16 (2013: kPLN 366 )

As at 31/12/2013, the inventories in the carrying amount of kPLN 12,371 (2013: kPLN 11,607 PLN) constituted collaterals for the Group's liabilities. Information about the collaterals for liabilities is presented in Note No. 7.4.

## 10. Trade Receivables and Other Receivables

The trade receivables and other receivables recognised by the Group as part of the class of receivables and loans(cf. Note No. 7.2) are as follows:

Long-term receivables:

	31/12/2014	31/12/2013
Retained amounts (deposits) under building services contracts		
Deposits received under other titles	1,004	979
Other receivables		
Impairment of receivables (-)		
<b>Long-term receivables</b>	<b>1,004</b>	<b>979</b>

Short-term receivables:

	31/12/2014	31/12/2013
<i>Financial assets (IAS 39):</i>		
Trade receivables	45,716	48,646
Impairment of trade receivables (-)	-5,320	-5,155
Net trade receivables	40,396	43,491
Receivables from the sale of fixed assets		
Retained amounts (deposits) under building services contracts		
Deposits received under other titles		
Other receivables		
Impairment of other financial receivables (-)		
Net other financial receivables		
<b>Financial receivables</b>	<b>40,396</b>	<b>43,491</b>
<i>Non-financial assets (outside IAS 39):</i>		
Other tax and other benefit receivables	9	350
Income tax receivables	65	121
Advances and prepayments		
Other non-financial receivables	486	502
Impairment of non-financial receivables (-)	-298	-289
<b>Non-financial receivables</b>	<b>261</b>	<b>684</b>
<b>Total short-term receivables</b>	<b>40,657</b>	<b>44,175</b>

The carrying amount of trade receivables is recognised by the Group as the reasonable approximation of their fair value (cf. Note No. 7.5).

The Group tested the receivables for impairment in accordance with its accounting principles (cf. item c) in the item "Drawing up basis and accounting rules"). The receivables impairment charges, which in 2014 were made in other operating costs of the consolidated statement of profit or loss amounted to:

- with regard to short-term financial receivables kPLN - 314 (2013: kPLN 679 )

The financial receivables impairment charges (i.e. trade receivables and other financial receivables):

	from 01/01 to 31/12/2014	from 01/01 to 31/12/2013
As at period beginning	5,444	4,875
Loss expensed as cost in the period	314	679
Reversal of impairments carried as revenue in the period (-)	-98	-38
Provisions used (-)	-40	-72
<b>At period end</b>	<b>5,619</b>	<b>5,444</b>

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2014 – 31/12/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

A further credit risk analysis concerning the receivables, including the age analysis of past due receivables not subject to the impairment charge, is presented in Note No. 25.

## 11. Cash and cash equivalents

	31/12/2014	31/12/2013
Cash at bank in PLN	206	283
Cash at bank in foreign currency		
Cash in hand	329	311
Short-term deposits		
Other		
<b>Total cash and cash equivalents</b>	<b>535</b>	<b>593</b>

For the purposes of this consolidated cash flow statement, the Group classifies cash in the manner as applied for the presentation in the statement of financial position.

## 12. Non-current assets held for sale and discontinued operation

There are no non-current assets held for sale and discontinued operations.

## 13. Shareholder's equity

### 13.1. Share capital

As at 31/12/2014, the share capital of the Parent Company amounted to kPLN 1.022 . (2013: kPLN 1.136 ) and was divided into 5,110,847 shares (2013: 5,110,847) of the nominal value of PLN 0.20 each. All shares have been fully paid up.

All shares equally participate in the dividend distribution. The shares are divided into ordinary bearer shares, which entitle to one vote at the General Meeting of Shareholders, and preferential shares, where 1 preferential share entitle to two votes.

On 18 December 2014, the Extraordinary General Meeting of Shareholders adopted a resolution on the increase of the share capital and on amendments to the Articles of Association. The share capital was increased by PLN 355,538.40 by an issue of 1,777,692 new series C bearer shares. the issue price was established at PLN 13 per share.

As at the statement date, the share capital increase had not been registered yet.

The change in the number of shares in the period covered by the financial statements results from the following transactions with the shareholders:

	from 01/01 to 31/12/2014	from 01/01 to 31/12/2013
<b>Shares issued and fully paid up for:</b>		
Number of shares at the period beginning	5,110,847	5,678,030
Issue of shares in relation with the option exercise (share-based payment programme)		
Issue of shares		
Redemption of shares (-)		-567,183
Number of shares at the period end	<b>5,110,847</b>	<b>5,110,847</b>

As at the balance sheet date, no shares in the Company were held by the Parent Company itself or any of its subsidiary or associated companies.

### 13.2. Other capitals

	31/12/2014	31/12/2013
Share premium	24,863	24,863
Other Capitals	1,459	1,459
Retained profits	29,301	28,380
<b>At period end</b>	<b>55,623</b>	<b>54,703</b>

By virtue of Resolution No. 3/2012 of the Ordinary General Meeting of Shareholders of Tell S.A. 29 October 2012, the Company's Management Board was authorised to purchase treasury shares for redemption in accordance with the terms and conditions defined in the said resolution and the terms and conditions defined by the

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2014 – 31/12/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Management Board. The Management Board was authorised to define the remaining principles for the treasury share purchase. This authorisation concerns both ordinary bearer shares and registered shares. The authorization to purchase the shares was granted until 31 March 2013.

In the period from the adoption of the resolution on the purchase of treasury shares for redemption until 31 March 2013, the Company purchased 567.183 treasury shares at the price of PLN 14 per share.

The share redemption was effected upon the registration by the court of law of an amendment to the Articles of Association related to the share capital decrease, as appropriate, on 04 July 2013.

#### 14. Employee benefits

##### 14.1. Costs of Employee Benefits

	from 01/01 to 31/12/2014	from 01/01 to 31/12/2013
Payroll costs	23,022	22,150
Social insurance	4,321	4,091
Costs of future befits (provisions for retirement benefits)	72	838
<b>Total costs of employee benefits</b>	<b>27,415</b>	<b>27,078</b>

##### 14.2. Employee benefit liabilities

The employee benefit liabilities recognised in the consolidated statement of financial position comprise:

	Short-term liabilities and provisions		Long-term liabilities and provisions	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
<i>Short-term employee benefits:</i>				
Payroll liabilities	1,399	2,000		
Social insurance liabilities	1,072	1,126		
Provisions for accrued holidays	1,021	1,106		
<b>Short-term employee benefits</b>	<b>3,492</b>	<b>4,231</b>		
<i>Other long-term employee benefits:</i>				
Provisions for jubilee bonuses			72	68
Provisions for retirement benefits				
Other provisions				
Other long-term employee benefits				
<b>Total employee benefit liabilities and provisions</b>	<b>3,492</b>	<b>4,231</b>	<b>72</b>	<b>68</b>

The following items influenced changes in long-term employee benefits:

	Provisions for other long-term employee benefits			
	jubilee bonuses	retirement benefits	other	total
<b>for the period from 01/01 to 31/12/2014</b>				
As at period beginning		68		68
<i>Changes recognised in the statement of profit or loss:</i>				
Current and past service costs		5		5
Interest expense				
Actuarial profits (-) or losses (+)				
<i>Changes without impact on the statement of profit or loss:</i>				
Benefits paid out (-)				
Present value of provisions as at 31/12/2014		72		72
<b>for the period from 01/01 to 31/12/2013</b>				
As at period beginning		74		74
<i>Changes recognised in the statement of profit or loss:</i>				
Current and past service costs		-6		-6
Interest expense				
Actuarial profits (-) or losses (+)				

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2014 – 31/12/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Changes without impact on the statement of profit or loss:				
Benefits paid out (-)				
Present value of provisions as at 31/12/2013		68		68

## 15. Other provisions

The value of provisions recognised in the consolidated financial statements and changes thereto in particular periods have been as follows:

	Short-term provisions		Long-term provisions	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Provision for cases in court				
Provisions for loss on building services contracts				
Provision for restructuring costs				
Other provisions				
Total other provisions	0	0	0	0

	Provisions for:				
	litigations in Court	loss on building services contracts	restructuring costs	other	total
<b>for the period from 01/01 to 31/12/2014</b>					
As at period beginning					
Provision increase carried as expense in the period					
Provision increase carried as income in the period (-)					
Utilisation of provisions (-)					
Increase by business combination					
Other changes (net exchange differences on conversion)					
Provisions as at 31/12/2014					
<b>for the period from 01/01 to 31/12/2013</b>					
As at period beginning				98	98
Provision increase carried as expense in the period					
Provision increase carried as income in the period (-)					
Utilisation of provisions (-)				-96	-96
Increase by business combination					
Other changes (net exchange differences on conversion)					
Provisions as at 31/12/2013				0	0

## 16. Trade liabilities and other liabilities

The trade liabilities and other liabilities (cf. also Note No. 7) are as follows:

Short-term liabilities:

	31/12/2014	31/12/2013
<i>Financial liabilities (IAS 39):</i>		
Trade liabilities	43,463	44,966
Liabilities under the purchase of fixed assets		
Other financial liabilities		
Financial Liabilities	43,463	44,966
<i>Non-financial liabilities (outside IAS 39):</i>		
Other tax and other benefit liabilities	3,270	1,782
Income tax liabilities	596	1,570
Advances and prepayments received for deliveries		
Liabilities under building services contracts		

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2014 – 31/12/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

	31/12/2014	31/12/2013
Advances received for building services		
Other non-financial liabilities	319	333
Non-financial liabilities	4,184	3,686
<b>Total short-term liabilities</b>	<b>47,648</b>	<b>48,652</b>

The carrying amount of trade liabilities is recognised by the Group as the reasonable approximation of their fair value (cf. Note No. 7.5).

## 17. Accruals and prepayments

	Short-term accruals and prepayments		Long-term accruals and prepayments	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
<b>Assets - accruals and prepayments:</b>				
Lease rents		129		129
Other prepaid expenses	294	156		
Assets - total accruals and prepayments:	<b>294</b>	<b>285</b>	<b>0</b>	<b>129</b>

## 18. Operating revenue and costs

### 18.1. Revenue from the sale of goods and services

	Note	from 01/01 to 31/12/2014	from 01/01 to 31/12/2013
Revenue from the sale of telecommunications services		96,900	103,494
Sets and pre-paid refillments		15,927	19,908
Postpaid contract phones		125,506	130,726
Other revenue from the sale of goods and services		10,300	9,737
Total revenue from the sale of goods and services		<b>248,632</b>	<b>263,865</b>

The revenue from the sale is presented in the table below Item c hereof entitled "Accounting Policies" contains a description of different ways of recognition in the books of account of the Group companies of the subsidised sale of mobile phones by particular operators. Irrespective of this different way of mobile phone sale settlement by particular operators, the effects on such operations are neutral for the results of all Group companies.

If all Group companies settled the value of subsidised phones in the same way as Tell S.A, the Group's revenue would amount to in 2014 and 2013, respectively, kPLN 190.915 and kPLN 193.727. The costs of sale in 2014 and 2013 would be, respectively, kPLN 130.614 and kPLN 132.443.

### 18.2. Costs per type

	Note	from 01/01 to 31/12/2014	from 01/01 to 31/12/2013
Amortisation and depreciation	4.5	1,826	1,744
Employee benefits	14	28,384	27,123
Consumption of materials and energy		2,638	2,316
Contracted services		97,727	109,687
Taxes and fees		181	221
Other costs by type		2,431	2,602
Total costs per type		<b>133,189</b>	<b>143,693</b>
Value of goods and materials sold		106,060	106,562
Change in products and work in progress (+/-)		-912	-190
Cost of own work capitalised (-)			
Own cost of the sale, selling costs and administration costs		<b>132,277</b>	<b>143,883</b>

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2014 – 31/12/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

### 18.3. Other operating income

	Note	from 01/01 to 31/12/2014	from 01/01 to 31/12/2013
Profit from the sale of non-financial fixed assets		21	
Measurement of investment properties at fair value			
Reversal of impairment of tangible fixed assets and intangible fixed assets			
Reversal of impairment of financial receivables		47	38
Reversal of impairment of non-financial receivables			
Reversal of impairment of inventories	9	494	19
Write-back of unused provisions	14.15	153	96
Penalties and indemnities received		84	144
Subsidies received		137	114
Other revenue		492	230
Total other operating revenue		1,428	641

### 18.4. Other operating expense

	Note	from 01/01 to 31/12/2014	from 01/01 to 31/12/2013
Loss on the sale of non-financial fixed assets			134
Measurement of investment properties at fair value			
Goodwill impairment			
Impairment of tangible fixed assets and intangible fixed assets			
Impairment of financial receivables	10	305	679
Impairment of non-financial receivables		9	
Impairment of inventories	9	16	366
Reversal of impairment of inventories (-)			
Set-up of provisions	14.15	72	884
Penalties and indemnities paid		99	42
Other costs		430	441
Total other operating costs		931	2,546

## 19. Financial income and expenses

### 19.1. Financial income

	Note	from 01/01 to 31/12/2014	from 01/01 to 31/12/2013
<b>Income from the interest on financial instruments not carried at fair value through profit or loss</b>			
Cash and cash equivalents (deposits)	11	21	55
Loans and receivables	7.2,10	55	66
Held-to-maturity debt securities			
Income from the interest on financial instruments not carried at fair value through profit or loss		76	121
<b>Gains on revaluation and realization of financial instruments carried at fair value through profit or loss:</b>			
Trading derivatives			
Hedging derivatives			
Listed shares			
Debt securities			
Investment fund units			
Gains on revaluation and realization of financial instruments carried at fair value through profit or loss			
<b>Exchange difference gains/losses (+/-):</b>			
Cash and cash equivalents			
Loans and receivables			
Financial liabilities measured at amortised cost			



Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2014 – 31/12/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

	Note	from 01/01 to 31/12/2014	from 01/01 to 31/12/2013
Exchange difference gains/losses (+/-)			
Gains on available-for-sale assets transferred from equity			
Dividends on available-for-sale financial assets			
Reversal of impairment of receivables and loans			
Reversal of impairment of investments held to maturity			
Interest on impaired financial assets			
Other financial income			26
<b>Total financial income</b>		<b>76</b>	<b>147</b>

#### 19.2. Financial costs

	Note	from 01/01 to 31/12/2014	from 01/01 to 31/12/2013
<b>Interest costs concerning financial instruments not carried at fair value through profit or loss</b>			
Financial lease liabilities			
Credit facilities in the credit account and overdraft facilities	7.3	616	518
Loans			
Debt securities			
Trade liabilities and other liabilities			3
Interest costs concerning financial instrument not carried at fair value through profit or loss		613	521
<b>Losses on revaluation and realization of financial instruments carried at fair value through profit or loss:</b>			
Trading derivatives			
Hedging derivatives			
Listed shares			
Debt securities			
Investment fund units			
Losses on revaluation and realization of financial instruments carried at fair value through profit or loss			
<b>Exchange difference (gains) losses (+/-):</b>			
Cash and cash equivalents			
Loans and receivables			
Financial liabilities measured at amortised cost			2
Exchange difference (gains) losses (+/-)			2
Losses on available-for-sale assets transferred from equity			
Impairment of investments in associates		1,287	
Impairment of held-to-maturity investments			
Impairment of available-for-sale financial assets			
Other financial costs		968	238
<b>Total financial costs</b>		<b>2,871</b>	<b>761</b>

Impairment of receivables concerning the operating activity recognised by the Group as other operating expenses (cf. Note No. 18).

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2014 – 31/12/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

## 20. Income Tax

	Note	from 01/01 to 31/12/2014	from 01/01 to 31/12/2013
<b>Current tax:</b>			
Settlement of tax for the reporting period		1,370	2,008
Adjustment of tax for previous periods		6	
Current tax		1,376	2,008
<b>Deferred income tax:</b>			
Temporary difference occurrence and reversal	8	669	163
Settlement of unrealised tax losses		-79	159
Deferred tax		590	322
Total income tax		1,966	2,330

Reconciliation of the income tax calculated in accordance with the 19 % rate on the result before tax as disclosed in the consolidated statement of profit or loss is as follows:

	Note	from 01/01 to 31/12/2014	from 01/01 to 31/12/2013
Pre-tax result		7,997	10,901
Tax rate applied by the Parent Company		19%	19%
Income tax as per the domestic tax rate in the country of the Parent Company		1,519	2,008
<b>Reconciliation of the income tax due to:</b>			
Application of different tax rates in Group companies (+/-)			
Non-taxable revenues (-)		-213	-65
Permanently non-tax deductible costs (+)		404	175
Utilisation of previously non-recognised tax losses (-)		-594	-802
Unrecognised deferred tax asset concerning deductible temporary differences (+)	8		
Unrecognised deferred tax asset concerning tax losses (+)		252	470
Adjustment of tax for previous periods (+/-)		6	
Income Tax		1,376	2,008
Average tax rate applied		17%	18%

## 21. Earnings per share and dividends paid

### 21.1. Earnings per share

The earnings per share are calculated in accordance with the formula: net profit attributable to the Parent Company's shareholders divided by average weighted number of ordinary shares in the given period.

In order to calculate both the basic and the diluted earnings (losses) per share, the Group uses in the numerator the net profit (loss) attributable to the shareholders of the parent company, i.e. there is no diluting effect that would influence the amount of profit (loss).

The calculation of the basic and diluted earnings (losses) per share together with the reconciliation of the average weighted diluted number of shares is presented below.

	from 01/01 to 31/12/2014	from 01/01 to 31/12/2013
<b>Number of shares inserted in the denominator of the formula</b>		
Average weighted number of ordinary shares	5,110,847	5,396,769
Dilution effect of options convertible into shares		
Average weighted diluted number of ordinary shares	5,110,847	5,396,769
<b>Continued activities</b>		
Net profit (loss) on continued activities in PLN	6,031,064.46	8,570,531.90
Basic profit (loss) per share (PLN)	1.18	1.59
Diluted profit (loss) per share (PLN)	1.18	1.59
<b>Discontinued operations</b>		

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2014 – 31/12/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

	from 01/01 to 31/12/2014	from 01/01 to 31/12/2013
Net profit (loss) on discontinued operations		
Basic profit (loss) per share (PLN)		
Diluted profit (loss) per share (PLN)		
<b>Continued and discontinued operations</b>		
Net profit (loss)	6,031,064.46	8,570,531.90
Basic profit (loss) per share (PLN)	1.18	1.59
Diluted profit (loss) per share (PLN)	1.18	1.59

## 21.2. Dividends

The Parent Company paid dividends for 2013. The General Meeting of Shareholders adopted resolution No. 3/2014 concerning the distribution of the 2013 net profit for PLN 9,801,796.85 and decided to allocate the net profit to:

- the payment of dividend in an amount of PLN 1 per one share in the Company,
- the supplementary capital in an amount remaining after the payment of the dividend.

The dividend day was determined to be 11 December 2014, and the dividend payment date - 29 December 2014. In total, the amount of PLN 5,110,847.00 was paid out as dividend and PLN 4.690.949,85 was allocated to the supplementary capital.

## 22. Cash flows

In order to determine the cash flow from operating activities, the following adjustments of the pre-tax profit (loss) were made:

	from 01/01 to 31/12/2014	from 01/01 to 31/12/2013
<b>Adjustments:</b>		
Depreciation of tangible fixed assets	1,537	1,433
Amortisation of intangible fixed	290	311
Change in the fair value of investment properties		
Profit (loss) on financial assets (liabilities) carried at fair value through profit or loss		
Cash flow hedging instruments transferred from equity		
Impairment loss on financial assets	1,287	
Profit (loss) on the sale of non-financial fixed assets	4	137
Profit (loss) on the sale of financial assets (other than derivatives)		
Exchange difference gains/losses		
Interest expense	387	622
Interest and dividend income	-14	-36
Cost of share-based payments (incentive programmes)		
Share in the profit (loss) of associate companies		
Other adjustments	129	
Total adjustments	3,620	2,467
Change in inventories	-1,268	-733
Change in receivables	3,436	3,726
Change in liabilities	-1,067	-9,637
Change in provisions and prepayments	-660	135
Change in building contracts		
Changes in working capital	441	-6,508

## 23. Transactions with related parties

The parties related to the Group comprise key management personnel and subsidiary companies excluded from consolidation.

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2014 – 31/12/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Unsettled balances of receivables and liabilities are usually settled in cash.  
Information on contingent liabilities concerning related parties is presented in Note No. 24.

### 23.1. Transactions with key management personnel

According to the Group interpretation, the key management personnel includes members of the management boards of the Parent Company and subsidiaries. The remuneration of key personnel in the period covered by the consolidated financial statements amounted to:

	from 01/01 to 31/12/2014	from 01/01 to 31/12/2013
<b>Benefits for the management personnel</b>		
Short-term employee benefits	1,748	2,026
Work termination benefits		
Share-based payments		
Other benefits		
<b>Total benefits</b>	<b>1,748</b>	<b>2,026</b>

Detailed information about the remuneration of the Management Board of the Parent Company is presented in Note No. 29.

The Group did not grant any loans to the key management personnel in the period covered by these consolidated financial statements.

### 23.2. Transactions with associated companies, unconsolidated subsidiaries and other related parties

In the period covered by these consolidated financial statements, the following revenue from the sales and receivables from associate, subsidiary and other parties were recognised:

	Interest income		Revenue from operating activities		Receivables	
	since 01.01 to 31/12/2014	from 01/01 to 31/12/2013	since 01.01 to 31/12/2014	from 01/01 to 31/12/2013	31/12/2014	31/12/2013
<b>Sales to:</b>						
The parent company						
A subsidiary	643	693	549	625	6,282	6,582
An associate						
A joint venture						
Key management personnel						
Other related parties						
<b>Total</b>	<b>643</b>	<b>693</b>	<b>549</b>	<b>625</b>	<b>6,282</b>	<b>6,582</b>

There were no impairment charges on receivables from related parties, therefore no costs on this account were recognised in the consolidated statement of profit or loss.

In 2014, the Parent Company granted to its subsidiaries loans in the amount of kPLN 8.050 (2013: kPLN 11.230 ) The balance of loans granted to these subsidiary companies as at 31/12/2013 amounted to kPLN 6,282 (31/12/2013: kPLN 6.582 ) The loans are short-term and shall be repaid by 30 June 2015.

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2014 – 31/12/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

## 24. Contingent assets and liabilities

The value of contingent liabilities as at the end of particular periods (including provisions concerning related parties) is as follows:

	31/12/2014	31/12/2013
<b>To associated parties:</b>		
Liability payment guarantee		
Guarantees originated		
Guarantees originated in relation with the building services contracts		
Disputed cases and cases in court		
Other Contingent Liabilities		
Total associates		
<b>To subsidiary companies not subject to consolidation and other related parties:</b>		
Liability payment guarantee		
Guarantees originated		
Guarantees originated in relation with the building services contracts		
Disputed cases and cases in court		
Other Contingent Liabilities		
Total subsidiary companies excluded from consolidation and other related parties		
<b>To other parties:</b>		
Liability payment guarantee	32,285	34,105
Guarantees originated		
Guarantees originated in relation with the building services contracts		
Disputed cases and cases in court		
Disputed cases and cases in court related to the IRS		
Other Contingent Liabilities		
Total other parties	32,285	34,105
<b>Total contingent liabilities</b>	<b>32,285</b>	<b>34,105</b>

## 25. Risk relating to the financial instruments

The Group is exposed to numerous risks related to the financial instruments. The Group's financial assets and liabilities as broken down into categories are presented in Note No. 7.1. Risk to which the Group is exposed include:

- market risk, comprising the currency risk and the interest rate risk,
- credit risk and
- liquidity risk.

The Group's financial risk management is coordinated by the Parent Company in close cooperation with the Management Boards and financial directors of subsidiaries. In the risk management process, the following objectives are of the highest importance:

- hedging of short-term and mid-term cash flows,
- stabilisation of the Group's financial result fluctuations,
- performance of the financial forecasts assumed by the fulfilment of budgetary assumptions,
- achievement of the rate of return on long-term investments and obtaining optimal sources of finance for the investing activities.

The Group does not contract transactions at financial markets for speculative purposes. From the economic side, the transactions effected are to hedge against defined risks.

Below are presented the most important risk the Group is exposed to.

### 25.1. Market risk

#### Currency risk sensitivity analysis

Most Group's transactions are effected in PLN.

#### Interest rate risk sensitivity analysis

The interest rate risk management concentrates on minimising the interest flow fluctuations in variable interest rate financial assets and liabilities. The Group is exposed to the interest rate risk in relation with the following categories of financial assets and liabilities:

- credits,

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2014 – 31/12/2014	Reporting currency:	Polish zloty (PLN)
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- loans.

The characteristics of the above instruments, including the variable and fixed interest rates, is presented in Notes No. 7.2 and 7.3.

Below is presented the sensitivity analysis of the financial result and other comprehensive income with regard to the potential fluctuations of the interest rate up and down by 1%. The calculation was made on the basis of a shift in the average interest rate in the period by (+/-) 1% and with reference to those financial assets and liabilities that are sensitive to interest rate changes, i.e. those with a variable interest rate.

	Rate fluctuations	Impact on the financial result:		Impact on other comprehensive income:	
		31/12/2014	31/12/2013	31/12/2014	31/12/2013
Interest rate rise	1%	84	62		
Interest rate fall	-1%	-84	-62		

## 25.2. Credit risk

The Group's maximum exposure to credit risk is defined by the carrying amount of the following financial assets:

	Note	31/12/2014	31/12/2013
Loans	7.2	28	6
Trade receivables and other financial receivables	10	40,396	44,682
Remaining classes of other financial assets			
Cash and cash equivalents	11	535	593
Contingent liabilities under collaterals and sureties granted.	24	36,925	34,105
Total exposure to credit risk		77,884	79,386

The Group monitors on an on-going basis the client's past due amounts as well as creditor's payments, analysing the credit risk on an individual basis and within particular classes of assets as defined by particular credit risk types (e.g. resulting from the business segment, region or structure of clients). Additionally, as part of the credit risk management, the Group enters into transactions with contractor of confirmed reliability.

In the assessment of the Parent Company's Management Board, the above financial assets which are not past due nor impaired as at the particular balance sheet days should be deemed good credit quality assets. Therefore, the Group did not establish any securities or any additional elements improving the crediting conditions.

With regard to trade receivables, the Group is not exposed to credit risk in relation with a single significant contractor or contractors of similar properties. Based in historical past due tendencies, the not impaired past due receivables do not display any considerable quality deterioration - most of them are within the period of one month and there are no concerns as to their collection.

The credit risk concerning cash and cash equivalents, market securities and derivatives is considered insignificant due to the high reliability of entities being parties to the transactions, i.e. mainly banks.

The impairment charges concerning the financial assets exposed to credit risk are described in detail in Notes No. 7.2 and 10.

## 25.3. Liquidity risk

The Group is exposed to the liquidity risk, i.e. the loss of capacity to settle its financial obligations on time. The Group manages the liquidity risk by monitoring the payment terms and the demand for cash related to short-term payment servicing (current transactions monitored on a weekly basis) and the long-term demand for cash based on the cash flow forecasts updated on a monthly basis. The demand for cash is compared to the available sources of financing (including in particular by the assessment of capacity to obtain financing in the form of loans) and is confronted with investments of freely available funds.

As at the balance sheet date, the Group's financial liabilities other than derivatives were within the following maturity ranges:

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2014 – 31/12/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

	Note	Short-term:		Long-term:			Flows before discounting
		up to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	above 5 years	
<b>As at 31/12/2014</b>							
Loan facilities	7.3						
Overdraft facilities	7.3	5,095					5,095
Loans							
Debt securities							
Financial lease							
Trade liabilities and other financial liabilities	16	43,463					43,463
Exposure to liquidity risk total		48,558					48,558
<b>As at 31/12/2013</b>							
Loan facilities	7.3	1,283	570	460			2,313
Overdraft facilities	7.3	4,817					4,817
Loans							
Debt securities							
Financial lease							
Trade liabilities and other financial liabilities	16	44,966					44,966
Exposure to liquidity risk total		51,066	570	460			52,096

The table shows the contractual value of liabilities, without taking into consideration the discount related to the measurement of liabilities at amortised cost, therefore the values presented may be different from the values in the consolidated statement of financial position.

As at particular balance sheet days, the Group also had free overdraft facilities in the following amounts:

	31/12/2014	31/12/2013
Overdraft facilities granted	15,137	13,000
Overdraft facilities used	5,095	4,817
Overdraft facilities available	10,042	8,183

## 26. Capital Management

The Group manages the equity in order to ensure the Group's going concern and to ensure the rate of return as expected by shareholders and other entities interested in the financial standing of the Group.

The Group monitors the capital level on the basis of carrying amount of equity as increased by subordinated loans from the shareholder. On the basis of such defined capital amount, the Group calculates the equity to total sources of finance ratio. The Group assumes the maintenance of this ratio at the level not lower than 0.5.

Additionally, in order to monitor the debt service capacity, the Group calculates the ratio of debt (i.e. lease liabilities, loans, credits and other debt instruments) to EBITDA (earnings before interest, taxes, depreciation and amortisation). The Group assumes the maintenance of this debt to EBITDA ratio at the level not lower than 3.0.

The above-mentioned objectives of the Group are consistent with the requirements imposed by loan agreements as presented in detail in Note No. 7.4.

Neither the Group and the Parent Company are subject to external capital requirements.

In the period covered by the consolidated financial statements, the above-mentioned ratios were at the following levels:

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2014 – 31/12/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

	31/12/2014	31/12/2013
<i>Capital:</i>		
Shareholder's equity	56,645	55,725
Subordinated loans received from the shareholder		
Capital from the valuation of flow hedging instruments (-)		
<b>Capital</b>	<b>56,645</b>	<b>55,725</b>
<i>Total sources of finance:</i>		
Shareholder's equity	56,645	55,725
Loans, credits, other debt instruments	5,095	7,130
Financial lease		
<b>Total sources of finance</b>	<b>61,740</b>	<b>62,855</b>
<b>Total capital to sources of finance ratio</b>	<b>0.92</b>	<b>0.89</b>
<i>EBITDA</i>		
Operating profit (loss)	10,792	11,515
Amortisation and depreciation	1,826	1,744
<b>EBITDA</b>	<b>12,618</b>	<b>13,258</b>
<i>Debt:</i>		
Loans, credits, other debt instruments	5,095	7,130
Financial lease		
<b>Debt</b>	<b>5,095</b>	<b>7,130</b>
<b>Debt to EBITDA ratio</b>	<b>0.40</b>	<b>0.54</b>

In all the periods, the ratios and indicators were at the levels as assumed by the Group.

## 27. Events after the Balance Sheet Date

After 31/12/2014, there were no events that required disclosure in the consolidated financial statements for 2014.

## 28. Other information

### 28.1. Selected financial data converted into EUR

In the periods covered by these financial statements, the following average exchange rates of PLN and EUR published by the National Bank of Poland were used:

- the exchange rate in force on the last day of the reporting period: 31/12/2014 4.2623 PLN/EUR, 31/12/2013 4.1472 PLN/EUR,
- the average exchange rate in the period, calculated as an arithmetical average of exchange rate in force on the last day of each month in the given period: 01/01 - 31/12/2014 4.1892 PLN/EUR, 01/01 - 31/12/2013 4.2110 PLN/EUR.

The highest and the lowest exchange rate in force in each period were as follows: 01/01 - 31/12/2014 4.2623 /4.1420 PLN/EUR, 01/01 - 31/12/2013 4.3292 /4.1419 PLN/EUR.

The basic items of the consolidated statement of financial position, consolidated statement of profit or loss and consolidated cash flow statements as converted into EUR are presented in the table:

	from 01/01 to 31/12/2014	from 01/01 to 31/12/2013	from 01/01 to 31/12/2014	from 01/01 to 31/12/2013
	in k PLN		in k EUR	
<b>Statement of profit or loss</b>				
Sale revenues	248,632	263,865	59,351	62,661
Operating profit (loss)	10,792	11,515	2,576	2,734
Profit (loss) before taxation	7,997	10,901	1,909	2,589
Net profit (loss)	6,031	8,571	1,440	2,035
Net profit (loss) - share of the shareholders of the Parent Company	6,031	8,571	1,440	2,035
Earnings per share (PLN)	1.18	1.59	0.28	0.38
Diluted earnings per share (PLN)	1.18	1.59	0.28	0.38
Average exchange rate PLN / EUR in the period	X	X	4.1892	4.2110
<b>Cash flow statement</b>				
Net cash flow from	9,764	5,168	2,331	1,227



Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2014 – 31/12/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

	from 01/01 to 31/12/2014	from 01/01 to 31/12/2013	from 01/01 to 31/12/2014	from 01/01 to 31/12/2013
	in k PLN		in k EUR	
operating activity				
Net cash flow from investment activity	-2,170	-1,671	-518	-397
Net cash flow from financial activity	-7,652	-12,255	-1,827	-2,910
Change in cash and cash equivalents	-59	-8,758	-14	-2,080
Average exchange rate PLN / EUR in the period	X	X	4.1892	4.2110

	31/12/2014	31/12/2013	31/12/2014	31/12/2013
<b>Statement of financial position</b>	in k PLN		in k EUR	
Assets	119,189	122,823	27,964	29,616
Long-term liabilities	7,382	7,545	1,732	1,819
Short-term liabilities	55,162	59,553	12,942	14,360
Shareholder's equity	56,645	55,725	13,290	13,437
Total equity -share of the parent company shareholders	56,645	55,725	13,290	13,437
PLN / EUR exchange rate at period end	X	X	4.2623	4.1472

## 28.2. Ownership structure of the share capital

	Number of shares	Number of votes	Par Value of Shares	% of votes
<b>As at 31/12/2014</b>				
Neo Fund 1 Sp. z o.o.*	1,418,840	2,640,544	283,768	40.67%
Waldemar Ziomek	453,648	613,256	90,730	9.45%
MS Investment Sp. z o. o. s.k.	530,032	530,032	106,006	8.16%
AVIVA Investors FIO**	657,672	657,672	131,534	10.13%
Quercus Parasolowy SFIO	877,179	877,179	175,436	13.51%
Quercus Absolute Return FIZ				
	3,937,371	5,318,683	787,474	81.92%
<b>As at 31/12/2013</b>				
Neo Fund 1 Sp. z o.o.*	1,157,970	2,315,940	231,594	35.67%
V Group S.A.	529,093	529,093	105,819	8.15%
Waldemar Ziomek	453,648	613,256	90,730	9.45%
AVIVA Investors FIO**	657,672	657,672	131,534	10.13%
Quercus Parasolowy SFIO	877,179	877,179	175,436	13.51%
Quercus Absolute Return FIZ				
Total	3,675,562	4,993,140	735,112	76.91%

\* Shares acquired indirectly by Neo Investment spółka akcyjna

\*\* number of shares held by Funds represented at the Ordinary General Meeting of Shareholders on 28/04/2011.

## 28.3. Remuneration of the members of the Management Board of the Parent Company

The total value of remuneration and other benefits received by members of the Management Board of the Parent Company was as follows:

	In the Company:		In subsidiaries and associates:		Total
	Remuneration	Other benefits	Remuneration	Other benefits	
<b>Period from 01/01 to 31/12/2014</b>					
Rafał Stempniewicz	493				493
Stanisław Górski	321				321
Robert Krasowski	489				489
Total	1,303				1,303

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2014 – 31/12/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

	In the Company:		In subsidiaries and associates:		Total
	Remuneration	Other benefits	Remuneration	Other benefits	
<b>Period from 01/01 to 31/12/2013</b>					
Rafał Stempniewicz	728				728
Stanisław Górski	331				331
Robert Krasowski	509				509
<b>Total</b>	<b>1,568</b>				<b>1,568</b>

#### 28.4. Remuneration of the entity authorised to audit financial statements

The auditor in charge of auditing and reviewing the financial statements of the Group is Grant Thornton Frąckowiak.

The auditor's remuneration as broken down into details amounted to:

	from 01/01 to 31/12/2014	from 01/01 to 31/12/2013
Audit of annual financial statements	58	65
Review of financial statements	42	45
Tax advisory	86	30
Other services	1	
<b>Total</b>	<b>188</b>	<b>140</b>

#### 28.5. Employment

The average employment in the Group as broken down into particular professional groups as well as the employee rotation were as follows:

	from 01/01 to 31/12/2014	from 01/01 to 31/12/2013
White collar	618	606
Blue collar	3	4
<b>Total</b>	<b>621</b>	<b>610</b>

	from 01/01 to 31/12/2014	from 01/01 to 31/12/2013
Number of employees hired	268	218
Number of employees dismissed (-)	262	-232
<b>Total</b>	<b>-6</b>	<b>-14</b>

Name of the group:	Tell S.A. Group		
Period covered by the financial statements:	01/01/2014 – 31/12/2014	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

## 29. Approval for publication

The consolidated financial statements made for the year ended on 31 December 2014 (including comparable data) have been approved for publication by the Company's Management Board on 16 March 2015.

Signatures of all Management Board Members

Data	Name and surname	Position	Signature
16 March 2015	Rafał Stempniewicz	President of the Management Board	
16 March 2015	Stanisław Górski	Member of the Management Board	
16 March 2015	Robert Krasowski	Member of the Management Board	

Signature of the person responsible for the preparation of the consolidated financial statements

Data	Name and surname	Position	Signature
16 March 2015	Jolanta Stachowiak	Chief Accountant	