POLKOMTEL S.A. GROUP

Consolidated Interim Financial Statements

as of and for the six month period ended June 30, 2011

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

for the six month period ended June 30, 2011

(all amounts in millions of PLN, except where stated otherwise)

	Notes	three month period ended June 30, 2011	three month period ended June 30, 2010	six month period ended June 30, 2011	six month period ended June 30, 2010*
			unaudited		
Operating revenues					
Revenue	5	1 827,2	1 926,1	3 588,6	3 748,5
Other operating income	7	79,0	58,7	325,9	131,3
		1 906,2	1 984,8	3 914,5	3 879,8
Operating expenses					
Costs of goods sold		(240,6)	(230,1)	(497,6)	(522,7)
Amortisation and depreciation	6	(319,0)	(335,4)	(654,9)	(672,7)
Materials and energy	6	(25,1)	(24,0)	(49,5)	(47,6)
Interconnect and roaming charges	6	(362,6)	(369,5)	(689,3)	(718,1)
External services	6	(260,4)	(286,6)	(545,6)	(578,4)
Employee benefits	6	(117,6)	(117,5)	(239,1)	(238,0)
Taxes and charges	6	(27,8)	(24,5)	(54,0)	(49,3)
Marketing costs and other overheads	6	(60,0)	(62,2)	(112,1)	(119,2)
Other operating expenses	8	(30,9)	(73,2)	(61,7)	(124,8)
		(1 444,0)	(1 523,0)	(2 903,8)	(3 070,8)
Operating profit		462,2	461,8	1 010,7	809,0
Finance income	9	8,9	56,1	34,7	42,7
Finance costs	10	(38,0)	(114,8)	(99,8)	(109,7)
Share of profits of associates	17	-	0,5	0,3	1,0
Gain on derecognition of investment	17	0,8	-	0,8	-
Profit before tax		433,9	403,6	946,7	743,0
Income tax expense	11	(79,8)	(81,2)	(173,4)	(146,2)
Net profit for the period		**354,1**	**322,4**	**773,3**	**596,8**
Total comprehensive income for the period		**354,1**	**322,4**	**773,3**	**596,8**

EARNINGS PER SHARE

Basic (PLN)	12	**17,3**	**15,7**	**37,7**	**29,1**
Diluted (PLN)	12	**17,3**	**15,7**	**37,7**	**29,1**

**The comparative information was restated. See note 4a Restatement of opening balances*

The accompanying notes are an integral part of these consolidated interim financial statements

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
as of June 30, 2011

(all amounts in millions of PLN, except where stated otherwise)

ASSETS	Notes	June 30, 2011	December 31, 2010
Non-current assets			
Property, plant and equipment	*13*	4 086,9	4 392,7
Goodwill	*14*	43,8	15,5
Intangible assets	*15*	2 091,7	2 125,7
Investments in associates and other entities	*18*	0,2	30,1
Deferred tax assets	*11*	9,6	-
		6 232,2	6 564,0
Current assets			
Inventories	*21*	136,1	140,6
Trade and other receivables	*22*	1 004,7	1 174,3
Cash and cash equivalents	*23*	801,4	29,2
Derivatives	*19,20*	10,5	9,8
		1 952,7	1 353,9
TOTAL ASSETS		**8 184,9**	**7 917,9**

The accompanying notes are an integral part of these consolidated interim financial statements

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (cont.)
as of June 30, 2011

(all amounts in millions of PLN, except where stated otherwise)

EQUITY AND LIABILITIES	Notes	June 30, 2011	December 31, 2010*
Shareholders' equity			
Share capital	25	2 050,0	2 050,0
Supplementary capital	26	683,4	683,4
Retained earnings	27	732,8	984,5
		3 466,2	3 717,9
Non-current liabilities			
Notes payable	30	955,8	959,2
UMTS license liability	28	832,6	807,6
Finance lease liabilities	29	7,4	7,8
Deferred tax liabilities	11	63,6	18,3
Provision for employee benefits	33	6,8	6,1
Other provisions	33	51,4	60,3
		1 917,6	1 859,3
Current liabilities			
Trade and other payables	32	1 535,6	668,9
Notes payable	30	61,0	56,2
UMTS license liability	28	59,1	57,3
Corporate income tax liabilities		30,9	7,6
Overdraft facilities	31	-	100,6
Finance lease liabilities	29	1,6	1,5
Derivatives	19	4,9	38,4
Provision for employee benefits	33	0,6	0,5
Other provisions	33	48,4	273,0
Accrued expenses	34	468,4	559,7
Deferred income	35	590,6	577,0
		2 801,1	2 340,7
TOTAL EQUITY AND LIABILITIES		**8 184,9**	**7 917,9**

**The comparative information was restated. See note 4a Restatement of opening balances.*

The accompanying notes are an integral part of these consolidated interim financial statements

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the six month period ended June 30, 2011
(all amounts in millions of PLN, except where stated otherwise)

	Share capital	Supplementary capital	Retained earnings	TOTAL
Balance as of January 1, 2010	**2 050,0**	**683,4**	**466,9**	**3 200,3**
Total comprehensive income for the period	-	-	596,8	596,8
Dividends paid in the period	-	-	(98,6)	(98,6)
Balance as of June 30, 2010	**2 050,0**	**683,4**	**965,1**	**3 698,5**
Balance as of January 1, 2011	**2 050,0**	**683,4**	**984,5**	**3 717,9**
Total comprehensive income for the period	-	-	773,3	773,3
Dividends to be paid			(1 025,0)	(1 025,0)
Balance as of June 30, 2011	**2 050,0**	**683,4**	**732,8**	**3 466,2**

The accompanying notes are an integral part of these consolidated interim financial statements

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

for the six month period ended June 30, 2011

(all amounts in millions of PLN, except where stated otherwise)

		six month period ended June 30, 2011	six month period ended June 30, 2010*
Operating activities			
Profit before tax:		946,7	743,0
Adjustments for:			
Share in profits of associates	*17*	(0,3)	(1,0)
Gain on derecognition of investment	*17*	(0,8)	-
Finance income and costs	*24*	52,8	63,3
Forex losses		6,5	10,0
Income tax paid		(115,7)	(131,6)
Depreciation and amortisation	*24*	649,3	668,7
Disposal and impairment loss on PPE	*24*	5,6	18,6
Profit on sale of fixed assets		(2,2)	(2,3)
Investments (income), net	*24*	(12,1)	(16,2)
Other adjustments		6,2	2,2
Cash from operating activities before movements in working capital		1 536,0	1 354,7
Increase / decrease in:			
Inventories	*24*	8,4	8,2
Trade and other receivables	*24*	218,6	168,0
Trade and other payables	*24*	(32,6)	99,3
Accrued expenses	*24*	(97,3)	(142,1)
Deferred income	*24*	13,6	(3,9)
Provisions	*24*	(223,1)	22,9
Net cash from operating activities		**1 423,6**	**1 507,1**

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (cont.)

for the six month period ended June 30, 2011

(all amounts in millions of PLN, except where stated otherwise)

	six month period ended June 30, 2011	six month period ended June 30, 2010*
Investing activities		
Proceeds from disposal of property, plant and equipment	6,9	3,1
Purchase of property, plant and equipment and intangibles	(487,3)	(385,0)
Dividends and shares in profits	2,3	2,0
Other investing activities	(3,1)	(27,1)
Net cash outflow on acquisition of subsidiaries	(27,8)	-
Net cash used in investing activities	**(509,0)**	**(407,0)**
Financing activities		
Dividends paid	(4,9)	(108,3)
Repayments of borrowings:		
bank loans and overdrafts	(101,2)	(1 580,0)
notes	(28,3)	(571,0)
interest paid	(1,0)	(36,0)
other financial payments (commission on loan)	(6,1)	(2,2)
finance lease payments	(1,1)	-
Proceeds from:		
bank loans and overdrafts	0,1	703,2
notes	-	491,2
interest	-	0,1
Net cash used in financing activities	**(142,5)**	**(1 103,0)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**772,2**	**(2,9)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**29,2**	**23,9**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**801,4**	**21,0**
Restricted cash	*11,9*	*12,0*

**The comparative information was restated. See note 4a Restatement of opening balances.*

The accompanying notes are an integral part of these consolidated interim financial statements

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

as of and for the six month period ended June 30, 2011
(all amounts in millions of PLN, except where stated otherwise)

1. General information

Polkomtel S.A. (hereinafter, the "Company", the "Parent Company") with its registered office at 3 Postepu St. in Warsaw, operates as a joint stock company and was incorporated by Notarial Deed dated December 19, 1995. The Company is registered in the National Court Register kept by the District Court in Warsaw, XIII Business Department of the National Court Register, Entry No. KRS 0000020908.

As of the reporting date the Polkomtel S.A. Group (the „Group") comprised the Parent Company and its subsidiaries: Nordisk Polska Sp z o.o., Liberty Poland S.A. (from April 1, 2011), Polkomtel Finance AB (publ.), LTE 5 Sp. z o.o. and LTE 6 Sp. z o.o. and indirect subsidiary Polkomtel Business Development Sp. z o.o. Additional information about the entities included in these consolidated interim financial statements is presented in the accompanying notes thereto.

The scope of the Group's business activities includes, among others:

- designing, installing, operating and managing telecommunication systems and networks in Poland, as well as any required infrastructure, with particular consideration of wireless technologies;
- developing and selling products and services in Poland, directly or indirectly using the aforementioned systems, networks and infrastructure;
- conducting any other activities with regard to the provision of telecommunication and related services in Poland (value added services, accompanying information services as well as services aimed at promoting the systems used, networks and provided services), personal insurance and property insurance, reinsurance, activities of insurance agents and brokers, other activities auxiliary to insurance.

As of the date of approval of these consolidated interim financial statements, the composition of the Company's Management Board was as follows:

- Jarosław Bauc, President of the Management Board, General Director of Polkomtel S.A.;
- Krzysztof Kilian, I Vice President of the Management Board, Marketing and CRM Director;
- Bogusława Matuszewska, Vice President of the Management Board, Sales and IT Director;
- Wojciech Dylewski, Management Board Member, Operations Director;
- Martin Moorhouse, Management Board Member, Finance Director.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

as of and for the six month period ended June 30, 2011
(all amounts in millions of PLN, except where stated otherwise)

2. Basis of preparation

(a) Statement of compliance

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (the "EU IFRS"), effective for accounting periods beginning on January 1, 2011, and represent a complete set of the Group's consolidated financial statements as of and for the six month period ended June 30, 2011. These consolidated interim financial statements comply with all requirements of EU IFRS, including the measurement and any supplementary disclosure requirements of IAS 34 *Interim Financial Reporting*.

These consolidated interim financial statements were approved by the Company's Management Board on August 24, 2011.

(b) Basis of measurement

These consolidated interim financial statements are prepared on the historical costs basis save for derivative financial instruments that are stated at fair value.

(c) Functional and presentation currency

The national currency of Poland is the Polish Zloty ("PLN"), which is the functional currency of the Parent Company as well as of its consolidated subsidiaries. PLN is also the currency in which these consolidated interim financial statements are presented.

(d) Use of estimates and judgements

The preparation of consolidated interim financial statements in conformity with EU IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimated.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The areas where critical judgements have been made in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated interim financial statements include:

- Revenue recognition,
- Loss allowances for loans and receivables,

- Economic useful lives, and depreciation and amortization methods for property, plant and equipment and intangible assets,
- Decommissioning liabilities in respect of property, plant and equipment,
- Valuation of derivatives and other financial instruments,
- Deferred income tax assets and liabilities,
- Provisions.

In preparing these consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied by the Group in its consolidated financial statements as of and for the year ended December 31, 2010.

3. Issued International Financial Reporting Standards and Interpretations whose application is not mandatory

The EU IFRSs include all International Accounting Standards, International Financial Reporting Standards and Interpretations, save for the Standards and Interpretations which have not yet been endorsed by the European Union or which have already been endorsed by the EU but are not yet effective.

In preparing these consolidated interim financial statements, the Group did not early adopt any new Standards which have already been published and adopted by the European Union and which should be applied for annual periods beginning after January 1, 2011.

New International Financial Reporting Standards and Interpretations yet to be adopted by the EU:

- Amendments to IFRS 1 *First-time Adoption of IFRS - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* (effective for periods beginning on or after July 1, 2011),
- Amendments to IAS 1 *Presentation of Items of Other Comprehensive Income* (effective for periods beginning on or after January 1, 2012),
- Amendments to IFRS 7 *Financial Instruments: Disclosures - Transfers of Financial Assets* (effective for periods beginning on or after July 1, 2011),
- IFRS 9 *Financial Instruments* (effective for periods beginning on or after January 1, 2013. Earlier application is permitted),
- Additions to IFRS 9 *Financial Instruments* issued in 2010 (effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted),
- IFRS 10 *Consolidated Financial Statements* (effective for annual periods beginning on or after January 1, 2013; to be applied retrospectively when there is a change in the control conclusion. Earlier application is permitted if IFRS 11, IFRS 12, IAS 27 (2011) and IAS 28 (2011) are also applied earlier),

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
as of and for the six month period ended June 30, 2011
(all amounts in millions of PLN, except where stated otherwise)

- IFRS 11 *Joint Arrangements* (effective for annual periods beginning on or after January 1, 2013; to be applied retrospectively subject to transitional provisions. Earlier application is permitted if IFRS 10, IFRS 12, IAS 27 (2011) and IAS 28 (2011) are also applied earlier),
- Amendments to IAS 12 *Income Taxes - Deferred Tax: Recovery of Underlying Assets* (effective for periods beginning on or after January 1, 2012). Earlier application is permitted. IFRS 12 *Disclosure of Interests in Other Entities* (effective for annual periods beginning on or after January 1, 2013; to be applied retrospectively. Earlier application is permitted),
- IFRS 13 *Fair Value Measurement* (Effective prospectively for annual periods beginning on or after January 1, 2013. Earlier application is permitted),
- amended IAS 19 *Employee Benefits* (effective for annual periods beginning on or after January 1, 2013),
- IAS 27 (2011*) Separate Financial Statements* (Effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted if IFRS 10, IFRS 11, IFRS 12 and IAS 28 (2011) are also applied earlier),
- IAS 28 (2011) *Investments in Associates and Joint Ventures* (Amendments effective for annual periods beginning on or after January 1, 2013; to be applied retrospectively. Earlier application is permitted if IFRS 10, IFRS 11, IFRS 12 and IAS 27 (2011) are also applied earlier).

The Parent Company's Management Board is analyzing the expected impact of these standards and interpretations, however currently does not believe the adoption of these regulations would have a significant impact on the Group's financial statements.

4. Accounting and consolidation policies

The accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as of December 31, 2010.

4a. Restatement of opening balances

The Group introduced the following changes to the comparative financial data:

- reclassification of a portion of notes payable from non-current to current (current and non-current notes payable as at December 31, 2010 before adjustment: PLN 18.1 m and PLN 997.3 m respectively, after adjustment: PLN 56.2 m and PLN 959.2 m respectively);
- netting of cost and income regarding allowances for written off and sold receivables (decrease of other operating income and other operating cost by PLN 14.5 m and decrease of financial income and financial expenses by PLN 0.1 m);
- adjustment of revenue from telecommunication services resulting in decrease of revenue for the period January 1, 2010 – June 30, 2010 by PLN 17.6 m and decrease in income tax by PLN 3.3 m in line with adequate adjustment in the statement of cash flows.

The Group has also introduced the following reclassification in the statement of cash flows:

- reclassification of change in impairment allowance for accounts receivable and impairment allowance for inventories from change in provisions to change in trade and other receivables and change in inventories, respectively;
- reclassification of change in provisions for liabilities from change in accrued expenses to change in provisions,
- reclassification of the amount of set-off of VAT receivables with income tax payables from change in trade and other payables to change in trade and other receivables,
- reclassification of foreign exchange differences from change in trade and other payables to a separate line forex losses;
- reclassification of commission on loans from net cash used in operating activities (other adjustments) to net cash used in financing activities (other financial payments – commission on loan).

As required by amended IAS 34 *Interim Financial Reporting* the consolidated interim statement of comprehensive income has been complemented by additional columns with data for the three-month period covering April 1, 2011 – June 30, 2011 and April 1, 2010 – June 30, 2010.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Investments in associates (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Investments in associates are accounted for using the equity method and are recognized initially at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with these of the Group, from the date that significant influence commences until the date that significant influence ceases.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing these consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in that investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to PLN (i.e. the functional currency of the Group's entities) at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to PLN at the average National Bank of Poland exchange rates at that date.

(c) Revenue

Revenue is recognized to the extent that the Group has delivered goods or rendered services under an agreement, the amount of revenue can be measured reliably and its is probable that the economic benefits associated with the transaction will flow to the Group. Revenue is measured at the fair value of the consideration received, exclusive of value added tax and any returns and discounts.

The Group principally obtains revenue from providing the following telecommunication services: access charges, airtime usage, messaging, interconnect fees, data transmission services and information provision, activation fees and equipment sales. Products and services may be sold separately or in bundled packages. Revenues from access charges, airtime usage and messaging are recognized at the time the services are performed, with unearned revenue from services to be provided in future periods deferred. For postpaid services, subscriber acquisition and retention costs are recognized as an expense for the period in which they are incurred. Revenue from interconnect fees is recognized at the time the services are performed, while revenues from activation fees are recognized at the moment of service activation. Revenue from the sale of prepaid credits is deferred until the final customer uses the airtime, or credit expires. The revenue is recognized at gross value, with simultaneous recognition of the cost of prepaid products distribution.

Revenues from the sale of premium rate services (data transmission and information provision), which are inseparably associated with additional customer benefits (content), are recognized when the Group has performed the related service. These revenues are recognized either at their gross amounts, where the Group acts as a principal (i.e. bears the significant risks associated with delivery of the content), or net of related amounts due to a content provider, if the Group acts as an agent, i.e. where the significant risks associated with delivery of the content are on the provider's side.

Revenues from the sale of mobile phones and accessories are recognized when the products are delivered and accepted by the customer. For device sales made to intermediaries, revenue is recognized if the significant risks associated with a device are transferred to the customer.

For contracts which include identifiable, separate elements, the amount received or due from the customer is allocated to these elements based on their relative fair values. The relative fair value of each individual element and thus the revenue recognized for this unit of accounting, however, is limited to the amount due from the customer, which does not depend on the delivery of additional elements.

The Group maintains a loyalty program for its customers with related award credits (points) recognized as a separately identifiable component of an arrangement. The portion of arrangement revenue attributed to the award credits is deferred until such date that their redemption is made by the customer taking into account the expected level of points' redemption [or as the obligation lapses]. The expenses related to discretionary points within the loyalty program are accrued until such date that the award credits are redeemed or expired.

(d) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realized.

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment, except for land, are measured in the consolidated statement of financial position at cost, increased by extension or modernisation costs, when it is expected that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group, less accumulated depreciation and any accumulated impairment losses.
Land is measured at cost less any accumulated impairment losses.

Spare parts, which are accounted for as items of property, plant and equipment, are measured at cost, less accumulated depreciation charges.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Included as part of the initial cost are also estimated costs of dismantling and removing the assets and restoring the site on which they are located, where applicable.

(ii) Depreciation

Depreciation of property, plant and equipment, which is calculated over the depreciable amount, which is the cost of an asset, less its residual value, commences when an asset is ready for its intended use. All items of property, plant and equipment, other than land and property under construction, are depreciated on a straight-line basis over the assets' estimated useful lives as follows:

	in years
Buildings and structures	20 – 40
Network systems and equipment	3.3 –14.3
Motor vehicles	5 – 7.1
Other property, plant and equipment	3.3 – 10

When an item of property, plant and equipment comprises individual components for which different depreciation rates are appropriate, each component is depreciated separately. Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(f) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Other leases are operating leases and the leased assets are not recognized on the Group's statement of financial position. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

(g) Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets and represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

(ii) Other intangible assets

Intangible assets, other than goodwill, include telecommunication licences (GSM 900, DCS 1800, UMTS and CDMA) as well as other licences and software.

The telecommunication licences are measured at cost less accumulated amortisation and any accumulated impairment losses. As the payments are deferred beyond normal credit terms the cost of a licence is its cash price equivalent (present value of licence payments discounted by the Company's marginal interest rate at the date of inception of license payments). The difference between this amount and total nominal payments is recognised as an interest expense using the effective interest method. The costs of the licenses are amortised using the straight-line method over their estimated useful lives, from the commercial commencement of the telecommunication services stipulated by a given license until the end of the license term.

Other intangible assets are measured in the consolidated statement of financial position at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of other intangible assets commences when the assets are ready for their intended use. Other intangible assets are amortised on a straight line basis over their expected economic useful lives.

The gain or loss arising on disposal or retirement of an item of intangible assets is determined as the difference between the proceeds and the carrying amount of the asset on disposal/retirement date and is recognised in the consolidated statement of comprehensive income in operating profit.

(h) Inventory

Inventory is stated at the lower of cost and net realizable value. Cost is determined on the weighted average method and comprises purchase price or production cost (including direct materials and, where applicable, direct labor costs and those overheads and charges (i.e. customs duties and border fees) that have been incurred in bringing the inventories to their present location and condition). Net realizable 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. In its estimation of the selling price the Group takes into account the expected revenues related to the sale of handsets in promotional offers.

(i) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Accounting for finance income and costs is discussed in note 4 (m) "Finance income and costs".

Available-for-sale financial assets

The Group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale monetary items, are recognized in other comprehensive income. When an investment is derecognized, the cumulative gain or loss in equity is transferred to profit or loss.

Other

Other non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

(ii) Derivative financial instruments

Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized immediately in profit or loss.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward currency exchange contracts.

(j) Share capital

Share capital is presented at the total nominal value of the registered shares of the Parent Company. As of June 30, 2011 the share capital of the Parent Company, according to the respective entry in the Court Register, amounted to PLN 2,050,000,000.00 divided into 20,500,000.00 ordinary shares with nominal value of PLN 100.00 each.

(k) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence its is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in other comprehensive income is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its cash-generated unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(l) Employee benefits

(i) Defined contribution plans

All the Group's entities are obligated, under Polish law, to collect and remit social security premiums on behalf of their employees. Such obligations for contributions to defined contribution pension plans, including Poland's state pension fund (ZUS), are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Other employee benefits

The Group's net obligation in respect of long-term employee benefits other than the state pension plan (such as death benefits, retirement and disability benefits) is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The provision is determined quarterly by means of an actuarial valuation using the Projected Unit Method. The related actuarial gains and losses are recognized in profit or loss in the period in which they arise.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(m) Provisions

A provision is recognized when the Group, as a result of a past event, has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that the Group will be required to settle that obligation (an outflow of economic benefits will be required). Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

(n) Finance income and costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, fair value gains on financial assets at fair value through profit or loss and gains on the remeasurement to fair value of any pre-existing interest in an acquiree. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive dividend is established, which in the case of securities is normally the ex-dividend date.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, losses on disposal of available-for-sale financial assets, fair value losses on financial instruments at fair value through profit or loss and impairment losses recognised on financial assets (other than trade receivables).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(o) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive ordinary shares.

(p) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Group's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Inter-segment pricing is determined on an arm's length basis.

5. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and for disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The fair value of items of plant, equipment, fixtures and fittings is based on market approach and cost approaches using quoted market prices for similar items when available.

When no quoted market prices are available, the fair value of property, plant and equipment is primarily determined using depreciated replacement cost. This method considers the cost to reproduce or replace the property, plant and equipment, adjusted for physical, functional or economical depreciation, and obsolescence.

(b) Equity and debt securities

The fair value of equity and debt securities is determined by reference to their quoted closing bid price at the reporting date, or if unquoted, determined using a valuation technique. Valuation techniques employed include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate. The fair value of held-to-maturity investments is determined for disclosure purposes only.

(c) Trade and other receivables

For trade and other receivables and various deposits, the Group considers their carrying amounts be the best estimates of fair values, due to the short-term nature and high liquidity of these instruments. This fair value is determined for disclosure purposes or when acquired in a business combination.

(d) Derivatives

The fair value of derivative financial instruments is determined using the present value of estimated future cash flows, discounted using interest rates observed by the Group at the end of the period. The forward currency exchange contracts, interest rate swaps and cross-currency interest rate swaps are valued taking into account the changes in currency spot rates and changes in the interest rate differential. All methods and assumptions used in the valuation of derivative financial instruments are based on commonly used models and techniques. Based on the market value hierarchy provided by IFRS 7 we believe the fair values of our derivative instruments to be Level 2 measurements.

(e) Non-derivative financial liabilities

For trade accounts payable and deposits received from customers, the Group considers their carrying amounts to be the best estimation of their respective fair values, determined for disclosure purposes, due to the short term nature and high liquidity of these instruments. Fair value of non-derivative financial liabilities other than trade accounts payable and deposits, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

(all amounts in millions of PLN, except where stated otherwise)

5 . Revenue

The Group's revenues for the reporting periods are as follows:

	three month period ended June 30, 2011	three month period ended June 30, 2010	six month period ended June 30, 2011	six month period ended June 30, 2010*
		unaudited		
Billing charges	820,6	858,7	1 581,8	1 663,5
Monthly fees	586,2	619,1	1 185,9	1 230,0
Interconnect and roaming revenues	365,0	381,8	695,6	728,3
Other	24,4	32,2	62,3	61,4
Total sales of services	**1 796,2**	**1 891,8**	**3 525,6**	**3 683,2**
Sale of cellular handsets and accessories	31,0	34,3	63,0	65,3
Total sales of goods	**31,0**	**34,3**	**63,0**	**65,3**
Total revenues	**1 827,2**	**1 926,1**	**3 588,6**	**3 748,5**

The Group operates as one operating segment with a single group of related services and products (telecommunication services and cellular handsets and accessories sales). Consequently, management monitors operating results on such group - wide basis for the purpose of making decisions about resources allocation and performance assessment.

Revenue is generated nearly entirely on the territory of Poland (approximately 0.7% of total operating revenue came from companies registered outside of Poland).

None of individual customers with whom the Group concludes transactions has a share of 10% or more in the Group's total revenues.

(all amounts in millions of PLN, except where stated otherwise)

6 . Operating expenses

	three month period ended June 30, 2011	three month period ended June 30, 2010	six month period ended June 30, 2011	six month period ended June 30, 2010*
		unaudited		
Costs of goods sold	240,6	230,1	497,6	522,7
Materials and energy	25,1	24,0	49,5	47,6
Interconnect charges	362,6	369,5	689,3	718,1
External services including dealer commission and lease of land	260,4	286,6	545,6	578,4
Taxes and charges	27,8	24,5	54,0	49,3
Wages and salaries	97,1	99,1	197,6	199,5
Social security costs and other personal costs	20,5	18,4	41,5	38,5
Amortisation and depreciation	315,4	333,5	649,3	668,7
Disposal and impairment of PPE	3,6	1,9	5,6	4,0
Marketing costs and other overheads	60,0	62,2	112,1	119,2
Other operating expenses	30,9	73,2	61,7	124,8
Total operating expenses	**1 444,0**	**1 523,0**	**2 903,8**	**3 070,8**

7 . Other operating income

	three month period ended June 30, 2011	three month period ended June 30, 2010	six month period ended June 30, 2011	six month period ended June 30, 2010*
		unaudited		
Gain on sale of fixed assets	1,3	1,2	2,3	2,3
Grants	0,1	0,1	0,1	0,1
Contract cancellation charges and similar	28,5	27,9	55,5	64,9
Reversal of trade receivables allowances	1,5	1,9	13,5	23,4
Reversal of provisions	17,9	15,2	205,6	16,4
Sales of receivables	9,1	2,1	17,4	6,6
Rental income	3,0	4,4	7,0	8,0
Other	17,6	5,9	24,5	9,6
Total other operating income	**79,0**	**58,7**	**325,9**	**131,3**

8 . Other operating expenses

	three month period ended June 30, 2011	three month period ended June 30, 2010	six month period ended June 30, 2011	six month period ended June 30, 2010*
		unaudited		
Donations	2,1	5,1	4,5	9,2
Provisions for liabilities	17,8	24,2	18,6	38,5
Trade receivables allowances	6,2	-	28,2	28,5
Written off debt, penalties and sold receivables	2,7	27,8	5,2	30,2
Impairment of assets classified as held for sale	-	14,6	-	14,6
Other	2,1	1,5	5,2	3,8
Total other operating expenses	**30,9**	**73,2**	**61,7**	**124,8**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

as of and for the six month period ended June 30, 2011

(all amounts in millions of PLN, except where stated otherwise)

9 . Finance income

	three month period ended June 30, 2011	three month period ended June 30, 2010	six month period ended June 30, 2011	six month period ended June 30, 2010*
		unaudited		
Interest received	8,6	3,3	14,1	8,9
Gain on disposal of derivatives	0,1	2,1	7,1	2,2
Gain on revaluation of derivatives	-	41,8	13,4	24,8
Impairment of investments	-	6,3	-	6,3
Other	0,2	2,6	0,1	0,5
Total finance income	**8,9**	**56,1**	**34,7**	**42,7**

10 . Finance costs

	three month period ended June 30, 2011	three month period ended June 30, 2010	six month period ended June 30, 2011	six month period ended June 30, 2010*
		unaudited		
Discount on UMTS liability	10,2	10,4	20,3	20,7
Interest on bank overdraft, loans and bonds	0,1	15,6	0,6	37,2
Other interest and impairment on interest receivable	1,9	-	7,0	4,6
Interest on notes and commercial papers	15,8	-	29,8	-
Loss on valuation and disposal of derivatives	5,1	5,3	10,2	18,5
Exchange rate losses, net	3,6	71,9	25,5	17,0
Commissions on loans	1,1	-	6,1	-
Other	0,2	11,6	0,3	11,7
Total finance costs	**38,0**	**114,8**	**99,8**	**109,7**

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(all amounts in millions of PLN, except where stated otherwise)

11 . Income tax

a) **Income tax expense**

	three month period ended June 30, 2011	three month period ended June 30, 2010	six month period ended June 30, 2011	six month period ended June 30, 2010*
		unaudited		
Current income tax expense	(95,8)	(76,9)	(170,4)	(155,5)
Adjustment to income tax for previous year	0,3	-	31,8	32,5
Deferred income tax expense	15,7	(4,3)	(34,8)	(23,2)
Income tax expense for the period	**(79,8)**	**(81,2)**	**(173,4)**	**(146,2)**

b) **Effective tax rate reconciliation**

	three month period ended June 30, 2011	three month period ended June 30, 2010	six month period ended June 30, 2011	six month period ended June 30, 2010*
		unaudited		
Profit before tax	433,9	403,6	946,7	743,0
Tax calculated at the currently enacted tax rate in Poland of 19%	82,4	76,7	179,9	141,2
Change in unrecognised deferred tax assets	(11,1)	3,6	(11,0)	4,5
Tax impact of non-taxable revenues and tax non-deductible costs	8,5	0,9	4,5	0,5
Income tax expense recognised in the consolidated statement of comprehensive income	**79,8**	**81,2**	**173,4**	**146,2**
Effective tax rate	**18%**	**20%**	**18%**	**20%**

(all amounts in millions of PLN, except where stated otherwise)

c) **Deferred tax**

	as of June 30, 2011	as of December 31, 2010
Deductible temporary differences		
Valuation allowance for shares in affiliated company	-	13,1
Valuation allowance for inventory	5,4	19,1
Valuation allowance for receivables	19,5	16,3
Valuation of derivatives (net)	-	28,6
Property, plant and equipment owned	0,6	-
Valuation of loan from affiliated company	24,6	15,8
Accrued interest on short term loans received	-	0,4
Lease liabilities	9,0	9,3
Estimated cost of rebates for roaming services granted (accruals)	26,3	28,8
Provision for employee benefits	7,3	6,7
Other provisions for liabilities	57,1	239,6
Accrued expenses	537,5	669,0
Deferred income - monthly fees	276,3	246,8
Deferred income 5-Plus Program	45,1	42,7
Deferred income- telecards	254,5	257,5
Deferred income - marketing support	11,7	12,4
Deferred income from domestic roaming	4,6	18,3
Other prepayments	1,5	1,7
Other deductible temporary differences	0,2	-
Total deductible temporary differences	**1 281,2**	**1 626,1**
Tax losses for prior years	39,1	-
Tax rate	19%	19%
Deferred tax assets	**250,9**	**309,0**

	as of June 30, 2011	as of December 31, 2010
Taxable temporary differences		
Valuation of telecommunication licenses	472,5	588,7
Other intangibles	291,1	252,5
Property, plant and equipment owned	681,7	682,5
Property, plant and equipment leased	9,9	10,3
Valuation of derivaties (net effect)	5,5	-
Accrued interest on loan granted to affiliated company	5,4	3,3
Accrued interest and other prepayments	3,1	1,3
Accrued billing revenues	32,1	38,8
Accrued revenues from prepaid	1,3	1,2
Accrued value of rebates referring to roaming services	48,9	56,3
Accrued rebates for prepaid	19,0	20,0
Accrued revenues for marketing support	24,0	39,9
Accrued revenues 5plus Program and mobile advertising	0,3	0,4
Marketing activities	0,6	-
Trade liabilities - estimated rebates for phones	9,1	27,2
Total taxable temporary differences	**1 604,5**	**1 722,4**
Tax rate	19%	19%
Deferred tax liabilities	**304,9**	**327,3**

(all amounts in millions of PLN, except where stated otherwise)

Net deferred tax assets as at the beginning of the period	-	-
Net deferred tax liabilities as at the beginning of the period	**(18,3)**	**38,5**
Net deferred tax assets as at the end of the period	**9,6**	-
Net deferred tax liabilities as at the end of the period	**(63,6)**	**(18,3)**
Change in deferred tax assets and liabilities	(35,7)	(20,2)
Change in deferred tax assets and liabilities resulting from fair value of net assets of acquired entity recognised in goodwill	0,9	-
Deferred tax in the net profit for the period	**(34,8)**	**(20,2)**

	as of June 30, 2011	**as of December 31, 2010**
Unrecognised deferred tax assets		
Valuation of loan from affiliated company	-	1,1
Accruals	-	0,6
Tax losses	-	9,3
Total unrecognised deferred tax assets	**-**	**11,0**

In the current reporting period the Group recognised deferred tax assets based on all deductible temporary differences based on assumption that future taxable profit will be available against which the Group can utilize the benefits there from.

The tax losses expire in the following years:

Tax year	**Year of expiration**	**Tax loss**
2007	2012	1,0
2008	2013	6,0
2009	2014	12,5
2010	2015	19,6
		39,1

12 . Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

At the reporting date, and during the period, the Company did not have any financial instruments that could have a dilutive effect. Therefore, its basic earning per share and diluted earning per share, presented below, are equal.

	three month period ended June 30, 2011	**three month period ended June 30, 2010**	**six month period ended June 30, 2011**	**six month period ended June 30, 2010**
Net profit for the period	354,1	322,4	773,3	596,8
Net profit attributable to ordinary shareholders for basic and diluted EPS	**354,1**	**322,4**	**773,3**	**596,8**
Weighted average number of ordinary shares for the purposes of basic earnings per share (mln)	20,5	20,5	20,5	20,5
Adjusted weighted average number of ordinary shares applicable to diluted EPS (mln)	**20,5**	**20,5**	**20,5**	**20,5**
Basic EPS (PLN)	**17,3**	**15,7**	**37,7**	**29,1**
Diluted EPS (PLN)	**17,3**	**15,7**	**37,7**	**29,1**

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(all amounts in millions of PLN, except where stated otherwise)

13. Property, plant and equipment

	Land	Buildings & structures	Network system & equipment	Motor vehicles	Other PPE	Property, plant and equipment under construction	Prepayments for property, plant and equipment	Total
Gross book value:								
Balance as of January 1, 2010	31,9	137,3	10 048,6	42,3	187,8	534,2	0,2	**10 982,3**
Reclassification from PPE under construction	-	-	21,2	-	-	(21,2)	-	-
Balance as of January 1, 2010	31,9	137,3	10 069,8	42,3	187,8	513,0	0,2	**10 982,3**
Additions	-	4,4	617,3	18,3	10,4	655,2	-	**1 305,6**
Disposals	-	(0,3)	(139,4)	(9,3)	(31,1)	(693,3)	-	**(873,4)**
Other adjustments	-	-	16,9	-	-	-	-	**16,9**
Balance as of December 31, 2010	**31,9**	**141,4**	**10 564,6**	**51,3**	**167,1**	**474,9**	**0,2**	**11 431,4**
Accumulated depreciation:								
Balance as of January 1, 2010	-	46,7	5 870,1	24,1	147,5	-	-	**6 088,4**
Depreciation charge for period	-	5,0	1 045,3	7,3	16,5	-	-	**1 074,1**
Disposals	-	(0,3)	(121,3)	(8,3)	(30,9)	-	-	**(160,8)**
Balance as of December 31, 2010	**-**	**51,4**	**6 794,1**	**23,1**	**133,1**	**-**	**-**	**7 001,7**
Impairment losses:								
Balance as of January 1, 2010	-	-	-	-	-	13,1	-	**13,1**
Additions	-	-	16,8	-	-	11,1	-	**27,9**
Reversals	-	-	(0,5)	-	-	(0,2)	-	**(0,7)**
Use	-	-	(3,5)	-	-	-	-	**(3,5)**
Other adjustments	-	-	0,2	-	-	-	-	**0,2**
Balance as of December 31, 2010	**-**	**-**	**13,0**	**-**	**-**	**24,0**	**-**	**37,0**
Net book value as of December 31, 2010	**31,9**	**90,0**	**3 757,5**	**28,2**	**34,0**	**450,9**	**0,2**	**4 392,7**
Net book value as of January 1, 2010	**31,9**	**90,6**	**4 178,5**	**18,2**	**40,3**	**499,9**	**0,2**	**4 857,7**

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(all amounts in millions of PLN, except where stated otherwise)

13. Property, plant and equipment (cont.)

	Land	Buildings & structures	Network system & equipment	Motor vehicles	Other PPE	Property, plant and equipment under construction	Prepayments for property, plant and equipment	Total
Gross book value:								
Balance as of January 1, 2011	31,9	141,4	10 564,6	51,3	167,1	474,9	0,2	11 431,4
Additions	-	2,0	268,5	0,7	5,2	256,7	-	533,1
Acquisition through business combinations	-	4,8	3,5	1,1	1,0	0,1	-	10,5
Disposals	-	-	(95,4)	(7,1)	(0,5)	(299,3)	(0,1)	(402,4)
Other adjustments	-	-	31,4	-	-	(31,3)	-	0,1
Balance as at June 30, 2011	31,9	148,2	10 772,6	46,0	172,8	401,1	0,1	11 572,7
Accumulated depreciation:								
Balance as of January 1, 2011	-	51,4	6 794,1	23,1	133,1	-	-	7 001,7
Depreciation charge for period	-	2,8	515,8	4,0	10,2	-	-	532,8
Acquisition through business combinations	-	2,3	2,6	0,4	1,0	-	-	6,3
Disposals	-	-	(85,9)	(6,8)	(0,5)	-	-	(93,2)
Balance as at June 30, 2011	-	56,5	7 226,6	20,7	143,8	-	-	7 447,6
Impairment losses:								
Balance as of January 1, 2011	-	-	13,0	-	-	24,0	-	37,0
Additions	-	-	1,9	-	-	-	-	1,9
Use	-	-	(0,7)	-	-	-	-	(0,7)
Balance as at June 30, 2011	-	-	14,2	-	-	24,0	-	38,2
Net book value as at June 30, 2011	31,9	91,7	3 531,8	25,3	29,0	377,1	0,1	4 086,9
Net book value as of January 1, 2011	31,9	90,0	3 757,5	28,2	34,0	450,9	0,2	4 392,7

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(all amounts in millions of PLN, except where stated otherwise)

14 . Goodwill

	as of June 30, 2011	as of December 31, 2010
Acquisition of Nordisk Polska Sp. z o.o.	15,5	15,5
Acquisition of Liberty Poland S.A.	28,3	-
Total goodwill	**43,8**	**15,5**

Goodwill results from the purchase of 100% of the shares in Nordisk Polska Sp. z o.o. in 2009 and the purchase of 100% of the shares in Liberty Poland S.A. (38.42% of the shares in 2008, 11% of shares in May 2010 and 50.58% of shares in April 2011). For more information on goodwill related to the acqusition of Liberty Poland S.A. refer to note 17 Business combinations.

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(all amounts in millions of PLN, except where stated otherwise)

15. Intangible assets

	Telecommunication licenses	Cost of organisation of licenses	Software and other intangibles	Intangibles under development	Total
Gross book value:					
Balance as of January 1, 2010	**2 798,5**	**23,1**	**1 239,0**	**164,1**	**4 224,7**
Additions	-	-	158,9	202,2	**361,1**
Disposals	-	-	(31,8)	(158,9)	**(190,7)**
Other adjustments	-	-	0,2	31,1	**31,3**
Balance as of December 31, 2010	**2 798,5**	**23,1**	**1 366,3**	**238,5**	**4 426,4**
Accumulated amortisation:					
Balance as of January 1, 2010	**1 169,3**	**11,3**	**895,1**	-	**2 075,7**
Amortisation charge for period	187,5	1,6	65,5	-	**254,6**
Disposals	-	-	(31,7)	-	**(31,7)**
Other adjustments	(8,8)	-	8,9	-	**0,1**
Balance as of December 31, 2010	**1 348,0**	**12,9**	**937,8**	**-**	**2 298,7**
Impairment losses:					
Balance as of January 1, 2010	-	**-**	**0,6**	-	**0,6**
Additions	-	0,1	0,1	2,5	**2,7**
Reversal	-	-	(0,4)	(0,1)	**(0,5)**
Use	-	-	(0,1)	(0,7)	**(0,8)**
Balance as of December 31, 2010	**-**	**0,1**	**0,2**	**1,7**	**2,0**
Net book value as of December 31, 2010	**1 450,5**	**10,1**	**428,3**	**236,8**	**2 125,7**
Net book value as of January 1, 2010	**1 629,2**	**11,8**	**343,3**	**164,1**	**2 148,4**

As of December 31, 2010 the balance of telecommunication licences comprised the following

	Gross book value	Carrying amount	Expiration date
Licence GSM 900*	846,2	9,8	23/02/2011
Licence DCS 1800	194,5	49,2	13/09/2014
Licence UMTS	1 741,7	1 378,7	01/01/2023
Licence CDMA	16,1	12,8	31/12/2020
Total:	**2 798,5**	**1 450,5**	

* In January 2011, the Company received a decision of the President of the Office of Electronic Communications granting the extension of the GSM license for frequencies of 900 MHz till February 24, 2026

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15. Intangible assets (cont.)

	Telecommunication licenses	Cost of organisation of licenses	Software and other intangibles	Intangibles under development	Total
Gross book value:					
Balance as of January 1, 2011	2 798,5	23,1	1 366,3	238,5	4 426,4
Additions	-	-	106,1	63,9	170,0
Acquisitions through business combinations	-	6,0	9,1	0,1	15,2
Disposals	-	-	(1,8)	(106,1)	(107,9)
Other adjustments	-	-	-	9,0	9,0
Balance as of June 30, 2011	2 798,5	29,1	1 479,7	205,4	4 512,7
Accumulated amortisation:					
Balance as of January 1, 2011	1 348,0	12,9	937,8	-	2 298,7
Amortisation charge for period	74,2	0,8	41,5	-	116,5
Acquisitions through business combinations	-	4,1	1,5	-	5,6
Disposals	-	-	(1,8)	-	(1,8)
Balance as of June 30, 2011	1 422,2	17,8	979,0	-	2 419,0
Impairment losses:					
Balance as of January 1, 2011	-	0,1	0,2	1,7	2,0
Balance as of June 30, 2011	-	0,1	0,2	1,7	2,0
Net book value as of June 30, 2011	1 376,3	11,2	500,5	203,7	2 091,7
Net book value as of January 1, 2011	1 450,5	10,1	428,3	236,8	2 125,7

As of June 30, 2011 the balance of telecommunication licences comprised the following:

	Gross book value	Carrying amount	Expiration date
Licence GSM 900*	846,2	-	24/02/2026
Licence DCS 1800	194,5	42,5	13/09/2014
Licence UMTS	1 741,7	1 321,6	01/01/2023
Licence CDMA	16,1	12,2	31/12/2020
Total:	2 798,5	1 376,3	

* In January 2011, the Company received a decision of the President of the Office of Electronic Communications granting the extension of the GSM license for frequencies of 900 MHz till February 24, 2026.

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16 . Consolidated subsidiaries

Name of the entity	Headquarters	Activities	Parent Company's percentage share in capital	
			as of June 30, 2011	as of December 31, 2010
Nordisk Polska Sp. z o.o.	02-676 Warsaw ul. Postępu 3	1. wireline telecommunications; 2. wireless (mobile) telecommunications; 3. other communications operations.	100%	100%
Polkomtel Finance AB (publ)	Norrlandsgatan 18, 111 43 Stockholm, Sweden	1. issuer of the Notes (see note 30), 2. other financial activities, including lending.	100%	100%
Liberty Poland S.A.	41-902 Bytom ul. Wrocławska 58	1. sales activities – wholesale and retail in the field of sale of telecommunication equipment (handsets and accessories in particular); 2. provision of services in the following areas: telecommunications and IT as well as marketing and advertising 3. activities of agents specializing in selling specified goods or specific group of goods not classified anywhere else; 4. other telecommunications operations;	100%	49.42%

(all amounts in millions of PLN, except where stated otherwise)

17 . Business combinations

On April 1, 2011 the Group gained full control over its former associate, Liberty Poland S.A, an unlisted company specializing mainly in sales activities in the field of sale of telecommunications equipment and provision of telecommunications services. The above business combination was achieved in three stages. The first agreement was concluded by and between Polkomtel S.A. and Telera Holding B.V. on March 6, 2008 by virtue of which Polkomtel S.A. obtained the right to acquire 38.42% shares of Liberty Poland S.A. The agreement came into effect on July 16, 2008. Under the agreement of May 20, 2010 Polkomtel S.A. acquired a further 11% stake in Liberty Poland S.A. and agreed to purchase the remaining 50.58% shares on April 1, 2011. Following the execution of the above agreement, the Parent Company became the sole shareholder of Liberty Poland S.A.

The purpose of the acquisition was to secure the Group's distribution channels.

Goodwill and the fair values of identifiable assets and liabilities of Liberty Poland S.A as at the date of acquisition were as follows:

	Fair value recognised on acquisition
Assets	
Intangible assets	9,6
Property, plant and equipment	4,2
Inventories	3,9
Receivables and prepayments	49,0
Cash and cash equivalents	22,9
Deferred tax asset	0,5
Total assets	**90,1**
Liabilities	
Provision for employee benefits and similar	0,7
Payables	57,7
Deferred tax liability	1,4
Total liabilities	**59,8**
Total identifiable net assets at fair value	**30,3**
Total purchase consideration transferred (for 100% of shares)	**92,5**
Goodwill arising on acquisition	62,2
Impairment	(33,9)
Goodwill arising on acqusition, net	**28,3**

From the date of acquisition of the controlling stake by the Group (April 1, 2011), Liberty Poland S.A. has contributed PLN 9 mln of revenue and PLN 1.8 mln net profit of the Group for the six month period ended June 30, 2011. Had the combination taken place at the beginning of the year, revenue of the Group would have been PLN 3,880.2 mln and net profit of the Group would be PLN 772.7 mln.

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	as of June 30, 2011
Analysis of cash flows on acqusition:	
Consideration paid on April 1, 2011 for 50,58% of shares	50,7
Net cash acquired with the subsidiary (included in cash flows from investing activities)	(22,9)
Net cash flow on acqusition	**27,8**

	three month period ended June 30, 2011	three month period ended June 30, 2010	six month period ended June 30, 2011	six month period ended June 30, 2010
Gain on derecognition of investment				
Gain on derecognition of investment in Liberty Poland S.A.	0,8	-	0,8	-
Total gain on derecognition of investment	**0,8**	**-**	**0,8**	**-**

The table below presents the financial information relating to the share in profit of Liberty Poland S.A. prior to the acquisition of 100% of shares included in the statement of comprehensive income.

	three month period ended June 30, 2011	three month period ended June 30, 2010	six month period ended June 30, 2011	six month period ended June 30, 2010
Total revenue of Liberty Poland S.A. in the period before the acqusition (April 1, 2011)	-	141,3	158,3	279,2
Total profit of Liberty Poland S.A. in the period before the acqusition (April 1, 2011)	-	1,3	0,5	2,6
Group's share of profits of associates	**-**	**0,5**	**0,3**	**1,0**

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18. Investments in associates and other entities

	Investments in associates and other entities June 30, 2011		Total
	shares in associates valued using equity method	shares in other related entities	
Investments in associates and other entities at the beginning of the period (opening balance)	29,9	0,2	30,1
- increase	0,3	-	0,3
share in profit of associates	0,3	-	0,3
- decrease	(30,2)	-	(30,2)
dividend received	(2,3)	-	(2,3)
aquisition through business combinations	(27,9)	-	(27,9)
Investments in associates and other entities at the end of the period (closing balance)	-	0,2	0,2

Other entities

Name of the entity and its legal form	Headquarters	Activities	Nature of the association	Date of obtaining a significant influence or control	Investment cost	Carrying amount	Stake in share capital
4MNO Spółka z o o (1	01-031 Warsaw Al. Jana Pawła II 61C nr lok 304	provision of mobile TV services	associate	2008	0,1	0,1	25%
LTE 5 Sp z o o (1	02-676 Warsaw ul Postępu 3	The scope of operations of the entity covers, among others, operations in the field of wireline and wireless telecommunications, excluding satellite telecommunications, as well as operations in the field of other types of telecommunications.	subsidiary	2010	0,05	0,05	100%
LTE 6 Sp z o o (1	02-676 Warsaw ul Postępu 3	The scope of operations of the entity covers, among others, operations in the field of wireline and wireless telecommunications, excluding satellite telecommunications, as well as operations in the field of other types of telecommunications.	subsidiary	2010	0,05	0,05	100%
Polkomtel Business Development Sp z o o. (2	03-186 Warsaw, ul Fleminga 33b	Other activities supporting financial services excluding insurance and pension funds.	subsidiary	2011	0,01	0,01	100%
					Total	0,2	

1) 4MNO Sp. z oo, LTE 5 Sp. z o.o. and LTE 6 Sp. z o.o. are not consolidated on the grounds that their inclusion would not influence the economic decisions of users of the Group's consolidated interim financial statements.

2) Polkomtel Business Development Sp. z o.o. , a wholly owned subsidiary of Liberty Poland S.A. with share capital of PLN 5,000, was registered on February 2, 2011. Until the balance sheet date the Company has not performed any business activities.

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19 . Financial assets and liabilities

	as of June 30, 2011		as of December 31, 2010	
Financial assets	**book value**	**fair value**	**book value**	**fair value**
Financial assets at fair value through profit or loss	10,5	10,5	9,8	9,8
Loans and receivables	895,7	895,7	990,9	990,9
Cash	801,4	801,4	29,2	29,2
Total	1 707,6	1 707,6	1 029,9	1 029,9

	as of June 30, 2011		as of December 31, 2010	
Non-current financial liabilities	book value	fair value	book value	fair value
Financial liabilities at amortized cost:	1 795,8	1 868,6	1 774,6	1 874,9
Leases	7,4	7,4	7,8	7,8
Notes	955,8	953,6	959,2	956,8
UMTS License	832,6	907,6	807,6	910,3
Total	1 795,8	1 868,6	1 774,6	1 874,9

	as of June 30, 2011		as of December 31, 2010	
Current financial liabilities	book value	fair value	book value	fair value
Financial liabilities at fair value through profit or loss	4,9	4,9	38,4	38,4
Financial liabilities at amortized cost:	1 414,2	1 417,9	661,7	666,1
Trade liabilities	377,6	377,6	546,7	546,7
Payables due to related parties (dividends)	914,9	914,9	-	-
Leases	1,6	1,6	1,5	1,5
Notes	61,0	64,2	56,2	59,1
UMTS License	59,1	59,6	57,3	61,4
Total	1 419,1	1 422,8	700,1	704,5

Carrying value of trade liabilities approximate their fair values due to a close maturity date.

Item of income, expense, gains or losses

	six month period ended June 30, 2011		six month period ended June 30, 2010	
	finance gains/income	**finance loss/costs**	**finance gains/income**	**finance loss/costs**
Financial assets and liabilities at fair value through profit or loss	20,4	10,2	27,0	18,5
Loans and receivables	14,2	5,7	8,9	8,5
Financial liabilities measured at amortised cost	-	57,0	-	62,5
Total	34,6	72,9	35,9	89,5

Foreign currency gains and losses from cash, liabilities, trade receivables and license liabilities

	six month period ended June 30, 2011	six month period ended June 30, 2010
Foreign currency losses (net)	25,5	17,0

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19 . **Financial instruments (cont.)**

Trade receivables - age structure

June 30, 2011	**TOTAL**	Not due and overdue up to 1 month	over 1 month to 2 months	over 2 months to 3 months	over 3 months to 6 months	over 6 months to 12 months	over 12 months
Trade receivables	1 198,0	902,2	16,8	8,2	29,9	49,6	191,3
Total	**1 198,0**	**902,2**	**16,8**	**8,2**	**29,9**	**49,6**	**191,3**
Allowance for doubtful accounts	(302,3)						
Trade receivables, net	**895,7**						

December 31, 2010	**TOTAL**	Not due and overdue up to 1 month	over 1 month to 2 months	over 2 months to 3 months	over 3 months to 6 months	over 6 months to 12 months	over 12 months
Trade receivables	1 367,7	1 013,7	15,9	10,5	29,7	72,9	225,0
Total	**1 367,7**	**1 013,7**	**15,9**	**10,5**	**29,7**	**72,9**	**225,0**
Allowance for doubtful accounts	(376,8)						
Trade receivables, net	**990,9**						

20. Financial risk management

(a) Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
  - (i) currency risk
  - (ii) interest rate risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated interim financial statements.

Risk management framework

The Management Board has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers as well as cash and cash equivalents.

The Group had no significant concentrations of credit risk during the three and six month period ended June 30, 2011.

Cash deposits are limited to high credit quality financial institutions only. With respect to trade accounts receivable the risk is limited due to the fact that the Group has a large and diversified base of customers who are dispersed geographically over the entire country. Also, the provision of post-paid services to significant customers is preceded by appropriate verification of their creditworthiness. Retail customer verification and dunning processes are more automatic and are based on CRM and billing systems functionalities. The Group applies usage limits, sales limits and monitors accounts receivable balances on an ongoing basis and if necessary ceases business with customers who exceed their limits.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

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20.Financial risk management

	Carrying amount	
	June 30, 2011	**December 31, 2010**
Trade and other receivables from third parties	1,192.5	1,322.2
Trade and other receivables from related parties	5.5	45.4
Cash and cash equivalents	801.4	29.2
Other financial assets and derivative financial instruments	10.5	9.8
	2,009.9	**1,406.6**

Impairment losses

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. Management believes there is no further credit risk allowance required in excess of the normal allowance for bad and doubtful accounts receivable.

The allowance accounts in respect of trade receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off directly.

For aging of trade receivables at the reporting date refer to note Financial instruments.

For movement in the allowance for impairment in respect of trade receivables during the period refer to note Trade and other receivables.

Based on past experience and its best knowledge, the Group believes that, apart from the above, no additional impairment allowance for trade receivables is necessary.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Liquidity risk is assessed in conjunction with the Group's budgeted cash flows and by managing proper current liabilities structure. Unexpected business circumstances that may lead to deteriorating liquidity position are balanced with the demand for the Company's debt, reflected in credit margins offered by the banks, which are at least as favourable as margins offered to the other Polish companies with similar financial situation. The method of measuring the liquidity risk consists of the analysis of the cover of current liabilities with available financing including loans and bonds.

Refer to notes UMTS license liability, Finance lease liabilities and Notes payable for contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements. It is

(all amounts in millions of PLN, except where stated otherwise)

20.Financial risk management

not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group enters into derivatives, and also incurs financial liabilities, in order to manage market risks. The Group does not apply hedge accounting in order to manage volatility in profit or loss.

(i) Currency risk

The Group's revenues are denominated primarily in PLN while a substantial portion of operating costs and capital expenditures are incurred in foreign currencies. The main specific sources of the Group's currency risk are: the UMTS license agreement, agreements with the suppliers of goods (mainly handsets), agreements with the suppliers of equipment for telecommunication networks, agreements for the lease of land on which the elements of telecommunication networks are installed, office lease agreements, as well as roaming and interconnect agreements. In order to mitigate the currency risk the Group enters into forward currency exchange transactions and acquires currency options and swaps on a regular basis to reduce its exposure against currency risk. The exposure that is hedged results from the analysis of the budget plans.

The Group's exposure to foreign currency risk (for the most significant currencies) is illustrated in the table below as the carrying amounts of the Group's financial instruments denominated in foreign currencies, translated to PLN using the National Bank of Poland's rate as of the reporting date. At the end of each respective period presented the Group was exposed to currency risk primarily in respect of EUR and USD exchange rate variability with EUR exposure accounting for approximately 95% of the total in any given period:

	Foreign currency denominated June 30, 2011	**Foreign currency denominated December 31, 2010**
Trade and other receivables	18,9	14,7
Cash and cash equivalents	1,3	2,1
UMTS license liability	(891,7)	(864,8)
Trade and other payables	(14,6)	(40,0)
Gross exposure	(886,1)	(888,0)
FX derivative contracts EUR	727,6	683,2
FX derivative contracts USD	20,6	29,6
Total derivative contracts	748,2	712,8
Net exposure	**(137,9)**	**(175,2)**

The following significant exchange rates applied during the period:

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20. Financial risk management

	Reporting date spot rate		Reporting period average spot rate	
	June 30, 2011	**December 31, 2010**	**June 30, 2011**	**December 31, 2010**
USD	2.7517	2.9641	2.8179	3.0179
EUR	3.9866	3.9603	3.9537	3.9939

Sensitivity analysis

A strengthening or weakening of PLN, as indicated below, against all foreign currencies as of June 30, 2011 would have increased or decreased respectively profit or loss before taxes by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for December 31, 2010. The sensitivity to currency volatility is analysed in one year period.

	Strengthening of PLN by 5%	Weakening of PLN by 5%
	Profit or loss	**Profit or loss**
June 30, 2011		
sensitivity of gross exposure	44.30	(44.30)
sensitivity of hedging contracts	(36.90)	37.14
Sensitivity net	7.40	(7.16)
December 31, 2010		
sensitivity of gross exposure	44.40	(44.40)
sensitivity of hedging contracts	(35.64)	35.96
Sensitivity net	8.76	(8.44)

(ii) Interest rate risk

The Group's moderate financial leverage and also moderate level of cash investments reduces the potential effect of changes in interest rates on its financial results. The Group is exposed to interest rate risk resulting from, primarily, the variability of future cash flows in respect of its variable rate debt, including floating rate notes as well as various bank loans and overdrafts. At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

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20.Financial risk management

	Carrying amount	
	June 30, 2011	**December 31, 2010**
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	895.0	874.1
	895.0	**874.1**
Variable rate instruments		
Financial assets	-	-
Financial liabilities	1,016.9	1,116.1
	1,016.9	**1,116.1**

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) cash flows by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for December 31, 2010. The cash flow sensitivity to interest rates is analysed on an annualised basis.

	Cash Flow	
	100 bp increase	**100 bp decrease**
June 30, 2011		
Variable rate instruments	(10.0)	10
Derivatives	2.5	(2.5)
Cash flow sensitivity (net)	(7.5)	7.5
December 31, 2010		
Variable rate instruments	(10.0)	10.0
Derivatives	2.5	(2.5)
Cash flow sensitivity (net)	(7.5)	7.5

(e) Accounting classifications and fair values

(i) *Fair values versus carrying amounts*

For fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position refer to note Financial assets and liabilities.

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20. Financial risk management

(f) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management seeks to maintain a sufficient capital base for meeting the Group's operational and strategic needs, and to maintain confidence of market participants. The Group may issue shares, increase debt or sell assets in order to maintain or improve its equity structure.

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21 . Inventories

	as of June 30, 2011	as of December 31, 2010
Materials	1,6	2,3
Trade goods	134,5	138,3
Total inventories (carrying amount)	**136,1**	**140,6**

Allowances for inventories

	six month period ended June 30, 2011	twelve month period ended December 31, 2010
Opening balance	19,3	22,2
- increase	3,2	5,3
- decrease - use	(14,0)	(6,2)
- decrease - release	(2,5)	(2,0)
Closing balance	**6,0**	**19,3**

22 . Trade and other receivables

	as of June 30, 2011	as of December 31, 2010
Trade accounts receivable from other entities	1 192,5	1 322,2
Receivables from related parties	5,5	45,5
Tax receivables	29,6	111,8
Other receivables	10,3	21,6
Prepaid expenses	69,1	50,0
Allowance for doubtful accounts	(302,3)	(376,8)
Total trade and other receivables	**1 004,7**	**1 174,3**

Trade receivables include accrued income that amounted to, respectively, PLN 241.2 million on June 30, 2011 and PLN 287.4 million on December 31, 2010.

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Trade accounts receivable allowances

	six month period ended June 30, 2011	twelve month period ended December 31, 2010
Opening balance	376,8	475,8
- increase	32,7	119,6
- increase related to business acqusition	0,6	-
- decrease - use	(94,2)	(170,8)
- decrease - release	(13,6)	(47,8)
Total trade accounts receivables allowances	**302,3**	**376,8**

Trade accounts receivable allowances are presented as other operating costs or finance costs (accrued interest) in the consolidated statement of comprehensive income based on the nature of the underlying receivable balance.

23 . Cash and cash equivalents

	as of June 30, 2011	as of December 31, 2010
Cash in hand	0,4	0,1
Cash in bank (current accounts)	4,2	10,1
Short term bank deposits	796,7	19,0
Cash in transit	0,1	-
Total cash and cash equivalents	**801,4**	**29,2**

24 . Supplementary statement of cash flow information

a) Finance income and costs

	six month period ended June 30, 2011	six month period ended June 30, 2010
Interest expenses on notes	29,7	-
Discount on telecommunication license	20,3	20,7
Interest expenses on loans and overdrafts	0,6	41,4
Interest on lease liabilities	0,3	-
Net interest expenses on SWAP	1,9	1,2
Total	**52,8**	**63,3**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(all amounts in millions of PLN, except where stated otherwise)

b) Depreciation and amortisation

	six month period ended June 30, 2011	six month period ended June 30, 2010
Amortisation of intangible fixed assets	116,5	124,7
Depreciation of property, plant and equipment	532,8	544,0
Total	**649,3**	**668,7**

c) Impairment loss

	six month period ended June 30, 2011	six month period ended June 30, 2010
Impairment loss on property, plant and equipment and net loss on disposal thereof	5,6	18,6
Total	**5,6**	**18,6**

d) Investments income/loss

	six month period ended June 30, 2011	six month period ended June 30, 2010
Revaluation of shares	-	(2,4)
Net loss on derivatives	(12,1)	(13,8)
Total	**(12,1)**	**(16,2)**

e) Change in inventories

	six month period ended June 30, 2011	six month period ended June 30, 2010
Total change in inventories	4,5	8,2
Opening balance of inventories of associate reclassified to subsidiary	3,5	-
Change in inventories resulting from business combination	0,4	-
Total	**8,4**	**8,2**

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(all amounts in millions of PLN, except where stated otherwise)

f) Change in accounts receivable

	six month period ended June 30, 2011	six month period ended June 30, 2010
Total change in receivables	169,6	143,1
Opening balance of receivables of associate reclassified to subsidiary	38,5	-
Change in trade receivables resulting from business combination	10,5	-
Civil tax on purchase of shares paid upfront	-	0,5
Compensation of CIT payables with VAT receivables	-	23,9
Commission on loans paid upfront reclassified to financing activities	-	0,5
Total	**218,6**	**168,0**

g) Change in accounts payable

	six month period ended June 30, 2011	six month period ended June 30, 2010
Change in trade and other payables	866,7	(72,1)
Opening balance of payables of associate reclassified to subsidiary	(53,0)	-
Change in trade payables resulting from business combination	2,6	-
Advance payment for dividends approved but not paid	(1 025,0)	(2,6)
Dividends for prior year paid in the current year	4,9	12,3
Change in lease liabilities (VAT & insurance invoiced and not paid)	(0,2)	-
Change in investment liabilities	171,4	161,7
Total	**(32,6)**	**99,3**

h) Change in accrued expenses

	six month period ended June 30, 2011	six month period ended June 30, 2010
Total change in accrued expenses	(91,2)	(141,7)
Opening balance of accrued expenses of associate reclassified to subsidiary	(0,7)	-
Change in accrued expenses resulting from business combination	(5,8)	-
Change in accruals for interest expenses	0,4	(0,4)
Total	**(97,3)**	**(142,1)**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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i) Change in provisions

	six month period ended June 30, 2011	six month period ended June 30, 2010
Total change in provisions for liabilities and provision for pension benefits and similar	(232,8)	27,1
Opening balance of provisions of associate reclassified to subsidiary	(0,3)	-
Change in provisions resulting from business combination	(0,4)	-
Total change in provision for costs of dismantling and removing assets and restoring sites	8,5	(5,6)
Discount on provision for costs of dismantling and removing assets and restoring sites	1,9	1,4
Total	**(223,1)**	**22,9**

25 . Share capital

	as of June 30, 2011	as of December 31, 2010
Authorised:		
20.5 million ordinary shares of par value PLN 100	2 050,0	2 050,0
at the end of the reporting period	**2 050,0**	**2 050,0**

The Parent Company has one class of ordinary shares.

Ownership structure

	as of June 30, 2011 *number of shares*	as of June 30, 2011 *% of shares*
Shareholders:		
Polski Koncern Naftowy ORLEN S.A.	5 000 266	24,39%
KGHM Polska Miedź S.A.	5 000 266	24,39%
PGE Polska Grupa Energetyczna S.A.	4 479 191	21,85%
Vodafone Americas, Inc.	4 019 780	19,61%
Węglokoks S.A.	1 020 011	4,98%
Vodafone International Holdings B.V.	980 486	4,78%
Total number of shares	**20 500 000**	**100%**

On June 30, 2011 the Shareholders of the Parent Company concluded, as the Sellers, the Preliminary Share Purchase Agreement in respect of all of their shares in Polkomtel S.A. ("Agreement") with Spartan Capital Holdings Ltd.

The sale of shares will take place upon fulfillment of certain conditions included in the Agreement.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

as of and for the six month period ended June 30, 2011

(all amounts in millions of PLN, except where stated otherwise)

26 . Supplementary capital

	as of June 30, 2011	as of December 31, 2010
Supplementary capital	683,4	683,4
Supplementary capital	**683,4**	**683,4**

In accordance with the Commercial Companies Code the Parent Company establishes a supplementary capital in the amount of 8% of the profit for a given financial year, until this capital reaches at least one third of its share capital. Net profit, generated by the Parent Company for a given financial year, less the allowance for supplementary capital as per Commercial Companies Code, is allocated for payment of dividend to shareholders.

27 . Retained earnings

	as of June 30, 2011	as of December 31, 2010
Net profit for the period	773,3	1 118,9
Advance dividend payment	-	(502,7)
Dividends to be paid in 2011	(1 025,0)	-
Reserve capital	984,5	368,3
Retained earnings	**732,8**	**984,5**

Reserve Capital is the difference between the net profit reported in the financial statements prepared according to EU IFRS and the net profit resulting from the company's statutory reports drafted according to Polish Accounting Standards and subject to distribution to shareholders.

Based on the resolution no. 6 of the General Shareholders Meeting dated April 8, 2011, net profit for 2010 in the amount of PLN 1,2 billion was allocated as follows:
* PLN 1,151.8 million will be paid as dividend for shareholders,
* PLN 0.2 million will be transferred to reserve capital.

Furthermore the General Shareholders Meeting based on the above resolution assigned reserve capital from previous years amounting to PLN 375.9 million to dividend.

The total amount assigned to dividend payment amounted to PLN 1,527.7 million. The dividend was paid in two advances: PLN 317.6 million was paid on November 4, 2010 and PLN 185.1 million on December 28, 2010. The outstanding amount of PLN 1,025.0 mln was paid on July 29, 2011. The dividends were paid net of tax amounting to PLN 40.4 mln in line with the current tax regulations.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(all amounts in millions of PLN, except where stated otherwise)

28 . UMTS license liability

		as of June 30, 2011	as of December 31, 2010
Payments outstanding:			
	September 30, 2011	59,8	59,4
	September 30, 2012	59,8	59,4
	September 30, 2013	59,8	59,4
	September 30, 2014	111,6	110,9
	September 30, 2015	111,6	110,9
	thereafter	793,3	788,1
Total payments		**1 195,9**	**1 188,1**
Amounts representing discount		(304,2)	(323,2)
Total present value of minimum payments		**891,7**	**864,9**
Current portion		59,1	57,3
Non-current portion		832,6	807,6

29 . Finance lease liabilities

a) Finance lease liabilities are payable as follows:

	as of June 30, 2011	as of December 31, 2010
a) payable within 1 year	2,1	2,0
b) payable from 1 year up to 3 years	8,0	8,7
Total minimum lease payments	**10,1**	**10,7**
Interest	(1,1)	(1,4)
Total present value of minimum lease payments including:	**9,0**	**9,3**
Current liabilities	1,6	1,5
Non-current liabilities	7,4	7,8

b) Total present value of minimum lease payments

	as of June 30, 2011	as of December 31, 2010
a) payable within 1 year	1,6	1,5
b) payable from 1 year up to 3 years	7,4	7,8
Total present value of minimum lease payments	**9,0**	**9,3**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(all amounts in millions of PLN, except where stated otherwise)

30 . Notes payable

	as of June 30, 2011	as of December 31, 2010
Notes payable	**1 016,8**	**1 015,4**
Current portion	61,0	56,2
Non-current portion	955,8	959,2

		Contractual undiscounted cash-flows		
Maturity analysis	**Carrying amount**	**up to 1 year**	**from 1 year to 3 years**	**from 3 years to 5 years**
Notes payable	1 016,8	61,0	121,6	1 072,1
Total notes payable	**1 016,8**	**61,0**	**121,6**	**1 072,1**

The notes were issued by Polkomtel Finance AB (publ.) in PLN in September 2010. The interest on notes is WIBOR6M plus margin and is payable every six months. The principal due date is on Septemer 6, 2015. All two thousand notes are quoted on Catalyst Security Market.

31 . Available borrowing facilities

Indebtness as of June 30, 2011					
Instrument	**Maturity**	**Currency**	**Limit/nominal value**	**Utilization**	**Interest rate**
Loan	July 6, 2011	PLN	1,600.0	0.0	WIBOR + margin
Loan	May 12, 2012	PLN	75.0	0.0	WIBOR + margin
Over-draft	May 24, 2012	PLN	100.0	0.0	WIBOR + margin
Over-draft	November 4, 2011	PLN	50.0	0.0	WIBOR + margin
Over-draft	April 20, 2011	PLN	100.0	0.0	WIBOR + margin
Bonds (CP)	May 25, 2015	PLN	1,000.0	0.0	WIBOR + margin
Bonds (Euro Medium Note Programme)	September 6, 2015	PLN	1,000.0	1,000.0	WIBOR + margin
Total			**3,925.0**	**1,000.0**	

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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Indebtness as of December 31, 2010					
Instrument	**Maturity**	**Currency**	**Limit/nominal value**	**Utilization**	**Interest rate**
Loan	July 6, 2011	PLN	1,600.0	0.0	WIBOR + margin
Loan	July 16, 2012	PLN	140.0	0.0	WIBOR + margin
Over-draft	April 22, 2011	PLN	100.0	60.9	WIBOR + margin
Over-draft	November 4, 2011	PLN	50.0	19.7	WIBOR + margin
Over-draft	February 21, 2011	PLN	100,0	5.7	WIBOR + margin
Over-draft	February 28, 2011	PLN	100,0	14.3	WIBOR + margin
Over-draft	April 20, 2011	PLN	100,0	0.0	WIBOR + margin
Over-draft	February 19, 2011	PLN	50.0	0.0	WIBOR + margin
Over-draft	March 30, 2011	PLN	100.0	0.0	WIBOR + margin
Bonds (CP)	May 25, 2015	PLN	1,000.0	0.0	WIBOR + margin
Bonds (Euro Medium Note Programme)	September 6, 2015	PLN	1,000.0	1,000.0	WIBOR + margin
Total			**4,340.0**	**1,100.6**	

On July 6, 2006 the Parent Company entered into 5-year revolving facility agreement for the amount of PLN 1,600.0 million with a group of 8 banks. The agreement has been signed for general purposes, including dividend payments for Company's Shareholders.

On January 26, 2011 the Parent Company concluded a 5-year revolving loan agreement, with a consortium of banks for the total amount of PLN 1,200.0 million. The loan facility will be available from July 6, 2011. The purpose of the Agreement is, among others, to refinance the existing facility which was provided on the basis of the facility agreement concluded on July 6, 2006. The interest rate is based on WIBOR rate plus a bank margin. The facility is not secured by the Company's assets.

On May 25, 2010, the Parent Company established five-year program which involves issuing non-public bonds on the local market, in accordance with the Bonds Act, with the maximum issue amount of PLN 1,000.0 million. As of the balance sheet date the Parent Company had no debt resulting from the bond issue program.

On May 12, 2010 the Company established an EMTN Program via its Swedish subsidiary, Polkomtel Finance AB (publ). The program enables issuing of Eurobonds with a maximum value of EUR 1,000,000,000.00. The program has been registered at the Stock Exchange in Luxembourg. As of the balance sheet date nominal value of issued bonds amounted to PLN 1,000,000,000.00. The issued bonds are listed on the alternative trading market administered by BondSpot S.A.

Additionally, the Parent Company has been financing its on-going operations by short-term loans.

32 . Trade and other payables

	as of June 30, 2011	**as of December 31, 2010**
Trade accounts payable to third parties	193,2	233,7
Trade accounts payable to related parties	0,3	1,2
Payables due to related parties (dividends)	914,9	-
Payables due to other parties (dividends)	83,0	-
Investment liabilities	101,1	311,8
Other tax payables (VAT, social security, personal income tax)	27,2	-
Other account payable	215,9	122,2
Trade and other payables	**1 535,6**	**668,9**

The carrying amounts of these financial instruments approximate their respective fair values.

(all amounts in millions of PLN, except where stated otherwise)

33 . Provisions

Provisions for employee benefits	six month period ended June 30, 2011	twelve month period ended December 31, 2010
Provision for employee benefits – OB	6,7	5,5
- increase (during the period)	0,1	1,1
-increase related to business combination	0,9	-
- decrease (used during the period)	0,3	-
Provision for employee benefits – CB	7,4	6,6
Non - current	6,8	6,1
Current	0,6	0,5

Other provisions	six month period ended June 30, 2011	twelve month period ended December 31, 2010
Provision for loyalty program – points granted for clients – OB	16,4	18,3
- increase	1,2	4,1
- decrease (used during the period)	9,0	4,9
- decrease (released during the period)	-	1,1
Provision for loyalty program – points granted for clients – CB	**8,6**	**16,4**
Provision for costs of dismantling and removing assets and restoring sites – OB	58,4	41,4
- increase	1,9	23,9
- decrease (released during the period)	10,5	6,9
Provision for costs of dismantling and removing assets and restoring sites – CB	**49,8**	**58,4**
Provision for Universal Services Fund – OB	211,2	162,0
- increase	16,9	49,2
- decrease (used during the period)	30,0	-
- decrease (released during the period)	198,1	-
Provision for Universal Services Fund – CB	-	**211,2**
Other – OB	47,3	46,7
- increase	1,8	33,7
- decrease (used during the period)	0,5	2,3
- decrease (released during the period)	7,2	30,8
Other – CB	**41,4**	**47,3**
Total other provisions – OB.	333,3	268,4
- increase	21,8	110,9
- decrease (used during the period)	39,5	7,2
- decrease (released during the period)	215,8	38,8
Total other provisions – CB	99,8	333,3
Non - current	51,4	60,3
Current	48,4	273,0

(all amounts in millions of PLN, except where stated otherwise)

33 . Provisions (cont.)

The provision for the point-based loyalty program is established for liabilities towards customers resulting from the discretionary points granted to customers of the 5 PLUS program. These points will be exchanged by customers for awards in the future.

The provision for employee benefits has been calculated based on the market return on 10-year treasury bonds, assumptions related to inflation and the forecasted growth of salaries.

The provision for costs of restoring assets to their original state has been calculated assuming a discount rate of 6.47% which was applied to the estimated cost of restoring to original condition and de-installation.

The item 'Other' contains a provision for disputable cases (incl. cases related to taxes) as well as interest on liabilities.

34 . Accrued expenses

	as of June 30, 2011	as of December 31, 2010
Interconnect and roaming	160,6	178,4
Dealers' commissions	107,3	133,9
Other external services	64,7	75,6
Accrued wages, salaries and vacation pay	59,7	103,4
Accruals for SMS Premium costs	29,1	28,9
Other	47,0	39,5
Total accrued expenses	**468,4**	**559,7**

35 . Deferred income

	as of June 30, 2011	as of December 31, 2010
Monthly access fee billed in advance	276,2	246,8
Prepaid cards	253,6	257,2
Other	60,8	73,0
Total deferred income	**590,6**	**577,0**

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36 . Commitments

The Group is committed to make payments under non-cancellable operating leases of land used for its network locations as well as under office rentals. The amounts committed to are as follows:

	as of June 30, 2011	as of December 31, 2010
< 1 year	272,6	242,6
1 – 5 years	844,1	779,4
> 5 years	461,0	505,4
	1 577,7	**1 527,4**

Lease agreements are concluded for undefined or defined periods of time, for various periods. Most of the agreements contain an automatic extension clause. Individual agreements are not material to the Group.

To calculate the liabilities on account of agreements concluded for unlimited period of time, we assumed a 10-year period.

Lease costs, as included in the consolidated statement of comprehensive income for the six month period ended June 30, 2011, amounted to PLN 122,3 mln

The fees on account of non-cancellable operating leases

	as of June 30, 2011	as of December 31, 2010
< 1 year	121,9	88,1
1 - 5 years	78,6	82,2
> 5 years	13,6	7,4
	214,1	**177,7**

Non-cancellable operating lease payments were calculated / estimated for the majority of lease agreements as payments during the termination period.

The tables above include commitments at nominal value before discounting.

37 . Contingencies

Promissory notes and bank guarantees issued for the Parent Company for the benefit of other contracting parties and aimed at guaranteeing due performance of contracts by the Parent Company amounted to PLN 8.6 million as of June 30, 2011, with the amount of EUR 1.4 million being the guarantee issued to WAN 11 Limited Liability Company.

The Parent Company offered a guarantee to the holders of notes issued under the Euro Medium Note Programme by Polkomtel Finance AB (publ) on September 6, 2010. The guarantee secures the holders' interests, especially as regards the issuer's obligations related to payments resulting from the notes. The maximum value of the bond issue under the above program is EUR 1,000.0 million, until June 30, 2011 the Company issued bonds in amount of PLN 1,000.0 million.

Proceedings by UKE and UOKiK

The Group's operations are regulated, among others, by the Telecommunication Law Act of July 16, 2004 ("Telecommunication Law") and by the Competition and Consumer Protection Act of February 16, 2007.

In accordance with the Telecommunication Law, in case of non fulfilment of the requirements determined in the Act the President of the Electronic Communication Office ("UKE President) may impose on the entity a penalty in the amount of up to 3% of the revenue reported in the previous calendar year. In accordance with the provisions of the Competition and Consumer Protection Act, the President of the Office for Competition and Consumer Protection ("UOKiK President") may impose on the enterprise a penalty in the amount of up to 10 % of the revenue reported in the financial year preceding the year of imposing the penalty for breach of law or a penalty in the amount up to EUR 50.0 million for infringement of regulations (e.g. non fulfilment of the obligation to provide information).

On March 15, 2011 the decision of the President of the Office for Consumer and Competition Protection was delivered to the Group regarding a penalty in the amount of PLN 130.7 million for alleged lack of cooperation during UOKiK inspection of POLKOMTEL S.A. The inspection was carried out in the investigation of a preliminary determination of whether actions taken by entrepreneurs for mobile TV services may constitute a violation of Competition and Consumer Protection Act, including whether the case is an antitrust.

The Parent Company appealed to the Consumer and Competition Protection Court against the decision of the UOKiK President. In the Parent Company's opinion, during the inspection the Parent Company had fully and at all times cooperated with UOKiK in the scope provided by the law and as at the present stage of the process it is impossible to determine its outcome, hence the Group has not recognised a provision for this penalty in its financial statement.

On September 21, 2010 the President of UOKiK initiated antitrust proceedings on imposing a penalty on the Parent Company, Polska Telefonia Cyfrowa Sp. z o.o., Polska Telefonia Komórkowa Centertel Sp. z o.o. and P4 Sp. z o.o. on suspicion of signing a mutual agreement on the domestic retail market for mobile telecommunication services which would be aimed at or result in limitation of competition on the wholesale market of mobile TV services for DVB-H technology and retail market for mobile telecommunication services.

On December 23, 2010 President of UOKiK initiated proceedings in connection with an allegation that the practices of the Parent Company violate collective consumer interests, concerning the misleading information included in advertisements.

As of the date of preparation of these financial statements the proceedings are still in progress.

The UOKIK President is also conducting explanatory proceedings related to some aspects of carrying out activities by telecommunication enterprises.

Other administrative and legal proceedings

In addition to the matters described above, the Group is party to other legal and administrative proceedings.
The Group believes that adequate provisions were made for all known and identified risks for which a reliable estimate can be made.

Tax contingent liabilities

Tax settlements are subject to review and investigation by tax authorities, which are entitled to impose severe fines, penalties and interest charges. Tax regulations change frequently which often lead to a lack of their clarity and integrity. Furthermore, frequent contradictions in tax interpretations both within government bodies and between companies and government bodies create uncertainties and conflicts. These facts create tax risks in Poland that are substantially more significant than those typically found in countries with more developed tax systems.

Tax authorities may examine accounting records up to five years after the end of the year in which the final tax payments were to be made. Consequently, the Group may be subject to additional tax liabilities, which may arise as a result of tax audits. The Group believes that adequate provisions have been recorded for all known and quantifiable risks in this regard.

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38 . Related party transactions

For reporting purposes the Parent Company has assumed related entities to be its shareholders holding a stake exceeding 5% of Polkomtel S.A. shares as well as the companies in which Polkomtel S.A. holds at least a 20% stake.

In the Management Board's opinion all transactions with related entities were conducted at arm's length.

Value of sales and purchases presented in the following tables has been determined based on the invoices recorded by Polkomtel S.A. in the reporting period.

	Purchases	
	six month period ended June 30, 2011	six month period ended June 30, 2010
Polski Koncern Naftowy Orlen S.A.	2,9	2,9
KGHM Polska Miedź S.A.	0,1	0,1
Liberty Poland S.A.*	87,5	131,8
Total	**90,5**	**134,8**

* purchases for the period prior to the acqusition (January 1, 2011- March 31, 2011)

	Amounts payable	
	as of June 30, 2011	as of December 31, 2010
Polski Koncern Naftowy Orlen S.A.	250,3	0,4
KGHM Polska Miedź S.A.	250,0	-
PGE Polska Grupa Energetyczna S.A.	224,0	-
Liberty Poland S.A.*	-	0,8
Vodafone Americas, Inc.	191,0	-
Total	**915,3**	**1,2**

* as of June 30, 2011 Liberty Poland S.A. is subject to consolidation

	Sales	
	six month period ended June 30, 2011	six month period ended June 30, 2010
Polski Koncern Naftowy Orlen S.A.	25,4	29,1
KGHM Polska Miedź S.A.	0,7	0,6
PGE Polska Grupa Energetyczna S.A.	0,2	0,1
Liberty Poland S.A.*	65,9	119,5
Total	**92,2**	**149,3**

* sales for the period prior to the acqusition (January 1, 2011- March 31, 2011)

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38 . Related party transaction (cont.)

	Amounts receivable	
	as of June 30, 2011	as of December 31, 2010
Polski Koncern Naftowy Orlen S.A.	5,1	12,2
KGHM Polska Miedź S.A.	0,3	0,3
PGE Polska Grupa Energetyczna S.A.	0,1	0,1
Liberty Poland S.A*	-	32,9
Total	**5,5**	**45,5**

* as of June 30, 2011 Liberty Poland S.A. is subject to consolidation

39 . Transactions with management and close family members of the Parent Company and subsidiaries

	six month period ended June 30, 2011	twelve month period ended December 31, 2010
Management Board	8,7	15,3
Supervisory Board	0,9	1,6
Termination benefits	0,5	-
Total	**10,1**	**16,9**

The above amounts relate to the remuneration paid and other benefits of the management Board and Supervisory Board members in the reporting periods.

40 .Transactions between Polkomtel S.A. and Shareholders who hold at least 5% stake in Polkomtel S.A. as well as transactions with the companies from Shareholders' groups (ORLEN, KGHM, PGE, Vodafone)

	Purchases	Amounts payable
	six month period ended June 30, 2011	as of June 30, 2011
ORLEN Group	3,0	250,3
KGHM Group	1,7	250,3
PGE Group	17,4	224,9
Vodafone Group *	4,4	239,0
Total	**26,5**	**964,5**

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	Sales six month period ended June 30, 2011	Amounts receivable as of June 30, 2011
ORLEN Group	27,2	5,5
KGHM Group	4,9	1,0
PGE Group	18,6	4,2
Vodafone Group**	(3,9)	0,2
Total	**46,8**	**10,9**

*) The value of purchase includes (PLN 5.9 million) discount notes for the years 2008-2010 introduced in 1H2011 to individual counterparties of the Vodafone Group

**) The value of sales includes (PLN 10.3 million) discount notes for the years 2009-2010 introduced in 1H2011 to individual counterparties of the Vodafone Group

41 . Transactions with related parties of Liberty Poland S.A. (in '000s PLN).

	Sales for the six month period ended June 30, 2011	Purchases in the six month period ended June 30, 2011
Legal entities	27,8	40,0
Private persons	-	71,7
Total	**27,8**	**111,7**

42 . Headcount

Actual headcount:

	as of June 30, 2011	as of December 31, 2010
Operating Division	1 174	1 138
Sales Division	1 232	947
Marketing Division	287	289
Other	1 416	1 292
Total	**4 109**	**3 666**

43 . Events after the reporting period

On August 11, 2011 Polkomtel S.A. purchased from Liberty Poland S.A. 100% shares of Polkomtel Business Development Sp. z o.o. for PLN 5 thousand. On August 12, 2011 Extraordinary Stakeholders Meeting of Polkomtel Business Development Sp. z o.o. approved the capital increase by PLN 32 million. New 640,000 shares with the nominal value of PLN 50 each were acquired by Polkomtel S.A. The consideration for the new shares in the total amount of PLN 32 million was settled in cash on August 16, 2011.

Signatures of Management Board Members

....
Jarosław Bauc
President of the Management Board

....
Krzysztof Kilian
I Vice President of the Management Board

....
Bogusława Matuszewska
Vice President of the Management Board

....
Wojciech Dylewski
Management Board Member

....
Martin Moorhouse
Management Board Member