☐ - restated

POLISH FINANCIAL SUPERVISION AUTHORITY

Quarterly consolidated report for the first quarter of 2011

(quarter / year)

(according to par. 82 s. 2 and par. 83 s. 1 of the Decree of Minister of Finance dated 19 February 2009 - Journal of Laws No. 33, item 259)
for the issuers in sectors of production, construction, trade or services

for the **first quarter** of **2011**, i.e. **from 1 January 2011 to 31 March 2011**

including condensed consolidated financial statements prepared under: **International Financial Reporting Standards**
in currency: **PLN**

and condensed separate financial statements prepared under: **International Financial Reporting Standards**
in currency: **PLN**

date of issuance: **21 April 2011**

TELEKOMUNIKACJA POLSKA SA
(full name of issuer)

TPSA
(abbreviated name of the issuer)

Telecommunication (tel)
(classification according to WSE / sector)

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SELECTED FINANCIAL DATA	PLN '000		EUR '000	
	1 quarter cumulative period from 01/01/2011 to 31/03/2011	1 quarter cumulative period from 01/01/2010 to 31/03/2010	1 quarter cumulative period from 01/01/2011 to 31/03/2011	1 quarter cumulative period from 01/01/2010 to 31/03/2010
condensed consolidated financial statements data				
I. Revenue	3 729 000	3 873 000	938 302	976 329
II. Operating income	367 000	474 000	92 346	119 489
III. Profit before income tax	236 000	359 000	59 383	90 499
IV. Consolidated net income	189 000	285 000	47 557	71 845
V. Net income attributable to owners of TP S.A.	189 000	285 000	47 557	71 845
VI. Earnings per share (in PLN/EUR) (basic and diluted)	0.14	0.21	0.04	0.05
VII. Weighted average number of shares (in millions) (basic and diluted)	1 336	1 336	1 336	1 336
VIII. Total comprehensive income	183 000	263 000	46 047	66 299
IX. Total comprehensive income attributable to owners of TP S.A.	183 000	263 000	46 047	66 299
X. Net cash provided by operating activities	1 346 000	1 084 000	338 685	273 261
XI. Net cash used in investing activities	(946 000)	(621 000)	(238 035)	(156 545)
XII. Net cash used in financing activities	(15 000)	(27 000)	(3 774)	(6 806)
XIII. Total net change in cash and cash equivalents	385 000	436 000	96 875	109 910
	balance as at 31/03/2011	balance as at 31/12/2010	balance as at 31/03/2011	balance as at 31/12/2010
XIV. Total current assets	5 084 000	4 762 000	1 267 230	1 202 434
XV. Total non-current assets	23 014 000	24 111 000	5 736 434	6 088 175
XVI. Assets held for sale	609 000	-	151 798	-
XVII. Total assets	28 707 000	28 873 000	7 155 462	7 290 609
XVIII. Total current liabilities	7 722 000	8 145 000	1 924 774	2 056 662
XIX. Total non-current liabilities	6 087 000	6 094 000	1 517 236	1 538 772
XX. Total equity	14 816 000	14 634 000	3 693 013	3 695 175
XXI. Equity attributable to owners of TP S.A.	14 803 000	14 620 000	3 689 773	3 691 640
XXII. Share capital	4 007 000	4 007 000	998 779	1 011 792
XXIII. Liabilities related to assets held for sale	82 000	-	20 439	-
condensed separate financial statements data				
	1 quarter cumulative period from 01/01/2011 to 31/03/2011	1 quarter cumulative period from 01/01/2010 to 31/03/2010	1 quarter cumulative period from 01/01/2011 to 31/03/2011	1 quarter cumulative period from 01/01/2010 to 31/03/2010
I. Revenue	1 990 000	2 176 000	500 730	548 539
II. Operating income	91 000	243 000	22 898	61 257
III. Profit/(loss) before income tax	(25 000)	144 000	(6 291)	36 300
IV. Net income/(loss)	(20 000)	125 000	(5 032)	31 511
V. Earnings/(loss) per share (in PLN/EUR) (basic and diluted)	(0.01)	0.09	-	0.02
VI. Weighted average number of shares (in millions) (basic and diluted)	1 336	1 336	1 336	1 336
VII. Total comprehensive income/(loss)	(31 000)	109 000	(7 800)	27 477
VIII. Net cash provided by operating activities	465 000	663 000	117 005	167 133
IX. Net cash used in investing activities	(578 000)	(387 000)	(145 438)	(97 557)
X. Net cash provided by financing activities	379 000	217 000	95 365	54 703
XI. Total net change in cash and cash equivalents	266 000	493 000	66 932	124 278
	balance as at 31/03/2011	balance as at 31/12/2010	balance as at 31/03/2011	balance as at 31/12/2010
XII. Total current assets	4 100 000	3 658 000	1 021 960	923 667
XIII. Total non-current assets	24 062 000	24 959 000	5 997 657	6 302 300
XIV. Assets held for sale	401 000	-	99 953	-
XV. Total assets	28 563 000	28 617 000	7 119 569	7 225 968
XVI. Total current liabilities	7 484 000	7 420 000	1 865 450	1 873 595
XVII. Total non-current liabilities	8 210 000	8 297 000	2 046 412	2 095 043
XVIII. Total equity	12 869 000	12 900 000	3 207 707	3 257 329
XIX. Share capital	4 007 000	4 007 000	998 779	1 011 792

Pursuant to Art. 87 of the Decree of the Minister of Finance of 19 February 2009 on current and periodic information to be disclosed by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state - Journal of Laws of 2009, no. 33, item 259, with amendments ("the Decree of the Minister of Finance of 19 February 2009"), the Management Board of Telekomunikacja Polska S.A. ("TP S.A.", "the Company") discloses the following information:

I. Shareholders entitled to exercise at least 5% of total voting rights at the General Meeting of Shareholders of TP S.A., either directly or through subsidiaries as at the date of publication of the quarterly report and changes in the ownership structure in the period since the submission of the previous annual financial report

The ownership structure of the Company's share capital, based on the best information available to the Company as at 21 April 2011, i.e. the date of submission of the quarterly report for the first quarter of 2011:

Shareholder	Number of shares held	Number of votes at the General Meeting of Shareholders	Percentage of the total number of votes at the General Meeting of Shareholders	Nominal value of shares held (in PLN)	Share in the capital
France Telecom S.A.	664,999,999	664,999,999	49.79%	1,994,999,997	49.79%
Capital Group International, Inc. [(1)]	67,546,647	67,546,647	5.06%	202,639,941	5.06%
Other shareholders	603,102,375	603,102,375	45.15%	1,809,307,125	45.15%
TOTAL	**1,335,649,021**	**1,335,649,021**	**100.00%**	**4,006,947,063**	**100.00%**

[(1)] Number of shares according to the notification by Capital Group International, Inc. on 15 October 2010.

The ownership structure of the Company's share capital, based on the best information available to the Company as at 23 February 2011, i.e. the date of submission of the annual report for the 12 months ended 31 December 2010:

Shareholder	Number of shares held	Number of votes at the General Meeting of Shareholders	Percentage of the total number of votes at the General Meeting of Shareholders	Nominal value of shares held (in PLN)	Share in the capital
France Telecom S.A.	664,999,999	664,999,999	49.79%	1,994,999,997	49.79%
Capital Group International, Inc. [(1)]	67,546,647	67,546,647	5.06%	202,639,941	5.06%
Other shareholders	603,102,375	603,102,375	45.15%	1,809,307,125	45.15%
TOTAL	**1,335,649,021**	**1,335,649,021**	**100.00%**	**4,006,947,063**	**100.00%**

[(1)] Number of shares according to the notification by Capital Group International, Inc. on 15 October 2010.

II. Statement of changes in ownership of TP S.A.'s shares or rights to them (options) held by Members of the Management Board and the Supervisory Board of TP S.A., according to information obtained by TP S.A., in the period since the submission of the previous annual report

As part of the Company's incentive program, members of the Management Board of the Company acquired TP S.A. registered A-series bonds with a pre-emption right attached to the Bonds to subscribe for the Company's shares with priority over existing shareholders.

The number of bonds with a pre-emption right held by members of the Management Board of the Company at the dates of submission of the quarterly report for the first quarter of 2011 and the annual report for the 12 months ended 31 December 2010 is as follows:

	21 April 2011	23 February 2011
Maciej Witucki	305,557	305,557
Vincent Lobry	-	-
Piotr Muszyński	190,896	190,896
Jacques de Galzain	-	-
Jacek Kowalski	25,241	25,241

The members of the Supervisory Board of TP S.A. do not participate in the Company's incentive program and as at 21 April 2011 and 23 February 2011 held no bond with a pre-emption right.

As at 21 April 2011, i.e. the date of submission of the quarterly report for the first quarter of 2011, Maciej Witucki, President of the Management Board, held 4,000 TP S.A. shares and there was no TP S.A. share held by other members of the Management Board and the Supervisory Board of TP S.A.

As at 23 February 2011, i.e. the date of submission of the annual report for the 12 months ended 31 December 2010, Maciej Witucki, President of the Management Board, held 4,000 TP S.A. shares and there was no TP S.A. share held by other members of the Management Board and the Supervisory Board of TP S.A.

III. Information on guarantees or collaterals of loans or borrowings granted by the Company or its subsidiaries to other entities or their subsidiaries, where the total amount of the guarantee or a collateral accounts for 10% or more of the Company's equity

In the 3 months ended 31 March 2011, the Company and its subsidiaries did not grant guarantee or collateral of loan or borrowing to any entity or its subsidiary of the total value representing the equivalent of 10% or more of TP S.A.'s shareholders equity.

IV. The Management Board's comment on previously published financial forecasts

The Group does not publish financial forecasts as defined by the Decree of the Minister of Finance of 19 February 2009.

V. Factors which, in the opinion of the Group, may affect its results over at least the next quarter

Over the next quarter, the Group's results may be further influenced by increasing competition from:

- cable television operators, offering also fixed voice and Internet access services, the potential of which may grow even further as a result of consolidation of market players;
- alternative fixed line operators providing fixed voice and Internet access services based on wholesale access to the Group's infrastructure;

- existing and new mobile operators which:
  - may increase price pressure on mobile revenue by competing for new subscribers on a saturated market,
  - enter the fixed voice market by attracting customers with Home Zone offers and introduce services based on wholesale access to the Group's infrastructure.

The Group may be also influenced by changes in the regulatory environment in Poland, in particular by continuously evolving regulated wholesale offers introduced in the last two years as well as a decrease in mobile termination rates (MTRs). In exchange for investments, the President of the Office of Electronic Communication proposed to mobile operators a new timetable of MTR reductions until July 2012.

Profitability could be under pressure in 2011 as a result of both revenue erosion and impact of foreign exchange rate fluctuations. Another factor influencing the market, including the Group, may be developments related to consolidation of players in the Polish telecommunication market, which has been progressing since 2010, as well as potential ownership changes in Polkomtel S.A.

A Memorandum of Understanding ("MoU") concerning implementation of transparency and non-discrimination in inter-operator relations has been in force since 22 October 2009. Information on the MoU and its impact on the Group was presented in Note 30.1.c to the Telekomunikacja Polska Group IFRS Consolidated Financial Statements for the year ended 31 December 2010.

As described in Note 7 to the Telekomunikacja Polska Group Condensed IFRS Quarterly Consolidated Financial Statements for the 3 months ended 31 March 2011, there are some major legal and regulatory proceedings, the outcome of which is uncertain and may influence the Group's results.

VI. Foreign exchange rates

The balance sheet data as at 31 March 2011 and 31 December 2010 presented in the table "Selected financial data" was translated into Euro at the average exchange rate of the National Bank of Poland ("NBP") on the balance sheet dates. The income statement data, together with the statement of comprehensive income and statement of cash flows data for the 3 months ended 31 March 2011 and 2010, were translated into Euro at an exchange rate which is the arithmetical average of the average NBP rates published by the NBP on the last day of each month of 3 month periods ended 31 March 2011 and 2010.

The exchange rates used in translation of balance sheet, income statement, statement of comprehensive income and statement of cash flows data are presented below:

	31 March 2011	31 December 2010	31 March 2010
Balance sheet	4.0119 PLN	3.9603 PLN	Not applicable
Income statement, statement of comprehensive income, statement of cash flows	3.9742 PLN	Not applicable	3.9669 PLN

TELEKOMUNIKACJA POLSKA GROUP

CONDENSED IFRS QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS FOR THE 3 MONTHS ENDED 31 MARCH 2011

Contents

CONSOLIDATED INCOME STATEMENT

(in PLN millions, except for share data)

	3 months ended 31 March 2011 *(unaudited)*	***3 months ended 31 March 2010*** *(unaudited)*
Revenue	**3,729**	**3,873**
External purchases	(1,703)	(1,738)
Labour expenses	(556)	(592)
Other operating expense	(170)	(168)
Other operating income	40	36
Gains on disposal of assets	5	9
Depreciation and amortization	(978)	(941)
Impairment of non-current assets	-	(5)
Operating income	**367**	**474**
Interest income	24	20
Interest expense and other financial charges	(140)	(133)
Foreign exchange gains	5	15
Discounting expense	(20)	(17)
Finance costs, net	**(131)**	**(115)**
Income tax	(47)	(74)
Consolidated net income	**189**	**285**
Net income attributable to owners of TP S.A.	189	285
Net income attributable to non-controlling interests	-	-
Earnings per share (in PLN) (basic and diluted)	**0.14**	**0.21**
Weighted average number of shares (in millions) (basic and diluted)	1,336	1,336

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in PLN millions)

	3 months ended 31 March 2011 *(unaudited)*	***3 months ended 31 March 2010*** *(unaudited)*
Consolidated net income	**189**	**285**
Losses on cash flow hedges	(11)	(26)
Actuarial gains on post-employment benefits	4	-
Income tax relating to components of other comprehensive income	1	5
Translation adjustment	-	(1)
Other comprehensive loss, net of tax	**(6)**	**(22)**
Total comprehensive income	**183**	**263**
Total comprehensive income attributable to owners of TP S.A.	183	263
Total comprehensive income attributable to non-controlling interests	-	-

CONSOLIDATED BALANCE SHEET

(in PLN millions)

	At 31 March 2011 (unaudited)	*At 31 December 2010 (audited)*
ASSETS		
Goodwill	4,016	4,016
Other intangible assets	2,847	2,861
Property, plant and equipment	15,491	16,500
Investments in associates	3	3
Financial assets available for sale	4	4
Loans and receivables excluding trade receivables	12	22
Financial assets at fair value through profit or loss	47	52
Hedging derivatives	45	50
Deferred tax assets	549	603
Total non-current assets	**23,014**	**24,111**
Inventories	275	272
Trade receivables	1,551	1,637
Loans and receivables excluding trade receivables	8	10
Financial assets at fair value through profit or loss	108	28
Hedging derivatives	6	1
Income tax assets	9	7
Other assets	167	266
Prepaid expenses	135	94
Cash and cash equivalents	2,825	2,447
Total current assets	**5,084**	**4,762**
Assets held for sale	609	-
TOTAL ASSETS	**28,707**	**28,873**
EQUITY AND LIABILITIES		
Share capital	4,007	4,007
Share premium	832	832
Other reserves	21	27
Translation adjustment	(6)	(6)
Retained earnings	9,949	9,760
Equity attributable to owners of TP S.A.	**14,803**	**14,620**
Non-controlling interests	13	14
Total equity	**14,816**	**14,634**
Financial liabilities at amortised cost excluding trade payables	4,474	4,456
Financial liabilities at fair value through profit or loss	81	90
Hedging derivatives	192	191
Trade payables	772	751
Employee benefits	306	342
Provisions	192	189
Deferred tax liabilities	2	9
Deferred income	68	66
Total non-current liabilities	**6,087**	**6,094**
Financial liabilities at amortised cost excluding trade payables	1,736	1,547
Financial liabilities at fair value through profit or loss	13	55
Hedging derivatives	43	54
Trade payables	2,632	3,156
Employee benefits	283	266
Provisions	2,265	2,242
Income tax payable	2	72
Other liabilities	201	220
Deferred income	547	533
Total current liabilities	**7,722**	**8,145**
Liabilities related to assets held for sale	82	-
TOTAL EQUITY AND LIABILITIES	**28,707**	**28,873**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in PLN millions)

	Number of shares in issue (not in millions)	Share capital	Share premium	Other reserves				Translation adjustment	Retained earnings	Total	Non-controlling interests	Total equity
				Hedging instruments	Actuarial losses on post-employment benefits	Deferred tax	Share-based payments					
Balance at 1 January 2010 *(audited)*	**1 335 649 021**	**4,007**	**832**	**20**	**(50)**	**5**	**75**	**(6)**	**11,656**	**16,539**	**14**	**16,553**
Total comprehensive income for the 3 months ended 31 March 2010		-	-	(26)	-	5	-	(1)	285	263	-	263
Share-based payments		-	-	-	-	-	3	-	-	3	-	3
Balance at 31 March 2010 *(unaudited)*	**1 335 649 021**	**4,007**	**832**	**(6)**	**(50)**	**10**	**78**	**(7)**	**11,941**	**16,805**	**14**	**16,819**
Balance at 1 January 2011 *(audited)*	**1 335 649 021**	**4,007**	**832**	**2**	**(66)**	**12**	**79**	**(6)**	**9,760**	**14,620**	**14**	**14,634**
Total comprehensive income for the 3 months ended 31 March 2011		-	-	(11)	4	1	-	-	189	183	-	183
Dividends		-	-	-	-	-	-	-	-	-	(1)	(1)
Balance at 31 March 2011 *(unaudited)*	**1 335 649 021**	**4,007**	**832**	**(9)**	**(62)**	**13**	**79**	**(6)**	**9,949**	**14,803**	**13**	**14,816**

CONSOLIDATED STATEMENT OF CASH FLOWS

(in PLN millions)

	3 months ended 31 March 2011 *(unaudited)*	***3 months ended 31 March 2010*** *(unaudited)*
OPERATING ACTIVITIES		
Consolidated net income	189	285
Adjustments to reconcile net income to funds generated from operations		
Depreciation and amortization	978	941
Impairment of non-current assets	-	5
Gains on disposal of assets	(5)	(9)
Change in provisions	9	(6)
Income tax	47	74
Finance costs, net excluding realised exchange rate effect on cash and cash equivalents	136	119
Operational foreign exchange and derivatives losses, net	5	2
Share-based payments	-	3
Change in working capital (trade)		
Decrease/(increase) in inventories	(4)	(6)
Decrease/(increase) in trade receivables	12	(41)
Increase/(decrease) in trade payables	81	9
Change in working capital (non-trade)		
Decrease/(increase) in prepaid expenses and other receivables	46	(63)
Increase/(decrease) in accrued expenses, other payables and deferred income	27	(3)
Interest received	24	21
Interest and interest rate effect on derivatives paid, net	(99)	(125)
Exchange rate effect on derivatives, net	(43)	(55)
Income tax paid	(57)	(67)
Net cash provided by operating activities	**1,346**	**1,084**
INVESTING ACTIVITIES		
Purchases of property, plant and equipment and intangible assets	(352)	(200)
Increase/(decrease) in amounts due to fixed assets suppliers	(596)	(420)
Proceeds from sale of property, plant and equipment and intangible assets	5	12
Decrease/(increase) in marketable securities and other financial assets	1	4
Exchange rate effect on derivatives, net	(4)	(17)
Net cash used in investing activities	**(946)**	**(621)**
FINANCING ACTIVITIES		
Repayment of long-term debt	(3)	(3)
Decrease in bank overdrafts and other short-term borrowings	(2)	(1)
Exchange rate effect on derivatives, net	(10)	(23)
Net cash used in financing activities	**(15)**	**(27)**
Net change in cash and cash equivalents	385	436
Cash and cash equivalents at the beginning of the period	2,447	2,218
Cash and cash equivalents at the end of the period	**2,832**(1)	**2,654**

(1) Includes PLN 7 million of cash and cash equivalents classified as assets held for sale.

SEGMENT REVENUE AND SEGMENT RESULTS

For management purposes, the Group is organized into business units based on their products, and has two reportable operating segments as follows:

- Fixed line segment which includes entities offering predominantly telecom services based on fixed line technology and other companies offering services predominantly for those entities, and
- Mobile segment which includes entities offering predominantly telecom services based on mobile technology and other companies offering services predominantly for those entities.

Margin earned by Orange Customer Service Sp. z o.o. on intragroup transactions is eliminated from fixed and mobile segment data.

Segment performance is evaluated based on revenue, EBITDA, EBIT and capital expenditures. EBITDA corresponds to operating income before depreciation and amortization expense and reversal of impairment/impairment of goodwill and other non-current assets. EBIT corresponds to operating income.

Financing and income tax are managed on a group basis and are not allocated to operating segments.

Basic financial data on the business segments is presented below:

(in PLN millions)	Fixed line telecommunications	Mobile telecommunications	Eliminations and unallocated items	Consolidated
	3 months ended 31 March 2011			
Revenue:	2,131	1,856	(258)	3,729
External	1,938	1,791	-	3,729
Inter-segment	193	65	(258)	-
EBITDA	821	524	-	1,345
EBIT	217	150	-	367
Capital expenditures	227	125	-	352
	3 months ended 31 March 2010			
Revenue:	2,311	1,816	(254)	3,873
External	2,129	1,744	-	3,873
Inter-segment	182	72	(254)	-
EBITDA	919	501	-	1,420
EBIT	293	181	-	474
Capital expenditures	144	57	-	201

1. The Telekomunikacja Polska Group

Telekomunikacja Polska S.A. (“Telekomunikacja Polska” or “the Company” or “TP S.A.”), a joint stock company, was incorporated and commenced its operations on 4 December 1991. The Telekomunikacja Polska Group (“the Group”) comprises Telekomunikacja Polska and its subsidiaries.

The Group is the principal supplier of telecommunications services in Poland. Telekomunikacja Polska provides services, including fixed-line telecommunications services (local calls and long distance calls – domestic and international), Integrated Services Digital Network (“ISDN”), voice mail, dial-up and fixed access to the Internet, TV and Voice over Internet Protocol (“VoIP”). Telekomunikacja Polska provides telecommunications services on the basis of entry number 1 in the register of telecommunications companies maintained by the President of Office of Electronic Communication (“UKE”). Through its subsidiary, Polska Telefonia Komórkowa-Centertel Sp. z o.o. (“PTK-Centertel”), the Group is one of Poland’s major DCS 1800 and GSM 900 mobile telecommunications providers. PTK-Centertel also provides third generation UMTS services and services based on the CDMA technology. In addition, the Group provides leased lines, radio-communications and other telecommunications value added services, sells telecommunications equipment, electronic phone cards and provides data transmission, multimedia services and various Internet services.

Telekomunikacja Polska’s registered office is located in Warsaw at 18 Twarda St.

2. Statement of compliance and basis for preparation

<u>Basis for preparation</u>

These unaudited Condensed Quarterly Consolidated Financial Statements of the Group (the “Quarterly Consolidated Financial Statements”) are prepared in accordance with International Accounting Standard (“IAS”) 34 - Interim Financial Reporting (“IAS 34”) and with all accounting standards applicable to interim financial reporting adopted by the European Union, issued and effective as at the time of preparing the Quarterly Consolidated Financial Statements (see also Note 3).

These Quarterly Consolidated Financial Statements should be read in conjunction with the audited Telekomunikacja Polska Group IFRS Consolidated Financial Statements and the notes thereto (“IFRS Consolidated Financial Statements”) for the year ended 31 December 2010.

The Quarterly Consolidated Financial Statements include the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and selected explanatory notes.

Costs that arise unevenly during the year are anticipated or deferred in the quarterly financial statements, only if it would also be appropriate to anticipate or defer such costs at the end of the year.

These Quarterly Consolidated Financial Statements are prepared in millions of Polish zloty (“PLN”) and were authorized for issuance by the Management Board on 20 April 2011.

<u>Adoption of standards, amendments to standards and interpretations which are compulsory as at 1 January 2011</u>

The following standards or amendments to standards and interpretations (already endorsed or in the process of being endorsed by the European Union) have become effective and are compulsory as at January 1, 2011:

- Amendments to IAS 32 “Financial Instruments: Presentation” ,
- Amendments to IAS 24 “Related Party Disclosures”,
- IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments” ,
- Amendments to IFRIC 14 “Prepayments of a Minimum Funding Requirement”,
- Improvements to International Financial Reporting Standards – a collection of amendments to IFRSs, the amendments are effective, in most cases, for annual periods beginning on or after 1 January 2011.

The adoption of the standards and interpretations presented above did not result in any significant changes to the Group’s accounting policies and to the presentation of the financial statements.

Standards and interpretations issued but not yet adopted

Management has not opted for early application of the following standards and interpretations (already endorsed or in the process of being endorsed by the European Union):

- IFRS 9 "Financial Instruments" applicable for financial years beginning on or after 1 January 2013. This standard has not been endorsed by the European Union,
- Amendments to IFRS 7 "Financial Instruments: Disclosures" applicable for financial years beginning on or after 1 July 2011. These amendments have not been endorsed by the European Union.

Management is currently analyzing the practical consequences of these new standards and interpretations and the effect of their application on the financial statements.

3. Statement of accounting policies

The accounting policies and methods of computation used in the preparation of the Quarterly Consolidated Financial Statements are consistent with those described in the audited Telekomunikacja Polska Group IFRS Consolidated Financial Statements for the year ended 31 December 2010 (see Notes 2 and 3 to Telekomunikacja Polska Group IFRS Consolidated Financial Statements for the year ended 31 December 2010).

4. Explanatory comments about the seasonality or cyclicality of interim Group operations

The Group's activities are not subject to any significant seasonality or cyclical trends of operations.

5. The nature and amount of items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence

The effect of changes in the composition of the Group during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinued operations

The list of entities included in the Group's consolidation as at and for the 3 months ended 31 March 2011 is presented in the Note 1.2 of the Telekomunikacja Polska Group IFRS Consolidated Financial Statements for the year ended 31 December 2010. Additionally, during the 3 months ended 31 March 2011, the Group incorporated Bilbo Sp. z o.o., a fully owned subsidiary, whose scope of activities comprises investment operations.

On 24 March 2011, the Group signed a preliminary sale agreement for all the shares of TP Emitel Sp. z o.o. ("TP Emitel") for a total price amounting to approximately PLN 1.7 billion. The agreement is subject to the following suspensory condition not within the Group's control: obtaining an approval of the Office of Competition and Consumer Protection by 31 July 2011.

Pursuant to the agreement, the following TP Emitel's assets and liabilities have been classified as held for sale and presented separately in the consolidated balance sheet as at 31 March 2011:

(in PLN millions)	*At 31 March 2011*
Assets held for sale:	**609**
- Property, plant and equipment	385
- Trade receivables	66
- Bonds issued by TP S.A.[1]	121
- Cash and cash equivalents	7
- Other	30
Liabilities related to assets held for sale:	**82**
- Trade payables	32
- Employee benefits	24
- Other	26

[1] Bonds issued by TP S.A. to TP Emitel have been included in the consolidated balance sheet as at 31 March 2011 in assets held for sale and in current financial liabilities at amortised cost.

TP Emitel is included in fixed line telecommunications operating segment.

Other items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence

As at 31 March 2011, the Management of the Group performed an assessment of risks of on-going and potential legal and regulatory proceedings. As a result, the Group recognised provisions for known and quantifiable risks related to these proceedings, which represent the Group's best estimate of the amounts which are more likely than not to be paid. The actual amount of a penalty or a claim, if any, is dependent on a number of future events, the outcome of which is uncertain, and as a consequence, the amount of the provision may change at a future date. As a rule, the provisions are not disclosed on a case-by-case basis, as, in the opinion of the Management, such disclosure could prejudice the outcome of the pending cases.

Details of status of significant risks are presented in Note 7.

6. Dividends paid (aggregate or per share) separately for ordinary shares and other shares

On 14 April 2011, the General Shareholders' Meeting of TP S.A. adopted a resolution on the payment of an ordinary dividend of PLN 1.50 per share, i.e. PLN 2,003 million. The payment date will be 7 July 2011.

7. Current status of major contingent liabilities or contingent assets since the last annual balance sheet date

a. Proceedings by UKE, UOKiK and the European Commission

Proceedings by UKE related to broadband access
On 25 September 2006, UKE imposed a fine of PLN 100 million on TP S.A. for the infringement of the obligation to determine the price of the services on the basis of the cost of their provision and on clear, objective and non-discriminatory criteria, as a result of not implementing the offer to sell Neostrada (Internet services) separately from the fixed line subscription (allocating costs of local loop entirely to fixed line subscription). TP S.A. did not pay the fine and appealed to the Court of Competition and Consumer Protection ("SOKiK"). On 22 May 2007, the Court invalidated the fine on procedural grounds. UKE appealed this verdict and on 10 April 2008, the Appeal Court revoked the judgment of SOKiK and remanded the case back to consideration by SOKiK. On 2 June 2009, SOKiK suspended the proceeding until the end of the European Commission proceeding against Poland in the European Court of Justice on attempts of UKE to regulate retail prices of broadband services without a prior analysis of a relevant market, the result of which could, in SOKiK opinion, impact the proceeding suspended by SOKiK. On 22 February 2007, after TP S.A. had separated providing Neostrada from fixed line services, UKE imposed a fine of

PLN 339 million on TP S.A. for non-performance of the regulatory obligation to submit its Neostrada price list for UKE's approval, and for failing to demonstrate that TP S.A. had met the requirements of the Polish Telecommunication Law that the price of services (in particular the additional charge for the maintenance of the local loop paid by the Neostrada customers who do not subscribe for TP S.A.'s traditional fixed-line analogue services on the same local loop) be based on their cost and determined on clear, objective and non-discriminatory criteria. TP S.A. did not pay the fine and, on 7 March 2007, appealed against the decision. SOKiK suspended also this proceeding.

On 6 May 2010 the European Court of Justice passed a judgment in the European Commission proceeding against Poland. The Court ruled that by regulating retail tariffs for broadband access services without carrying out a prior market analysis, Poland has failed to fulfil its obligations under the Universal Service Directive in conjunction with the Framework Directive. SOKiK has resumed both appeal proceedings concerning the fines of PLN 100 million and PLN 339 million. TP S.A. believes that UKE has no right to challenge the Neostrada price since it is not defined as a regulated service and that the criteria used for setting Neostrada price were transparent and objective. On 18 April 2011 SOKiK overruled the UKE's decision imposing the fine of PLN 339 million. In the proceeding concerning the fine of PLN 100 million, SOKiK scheduled a hearing on 12 July 2011.

Proceedings by UOKiK related to IP traffic
On 20 December 2007, Office of Competition and Consumer Protection ("UOKiK") issued a decision concluding that TP S.A. had engaged in practices restricting competition when it downgraded IP traffic coming from domestic operators' networks to TP S.A.'s network via foreign operators' networks and imposed a fine of PLN 75 million on the Company. At the same time, UOKiK ordered TP S.A. to immediately cease this practice. TP S.A. disagrees with the decision of UOKiK and did not pay the fine. On 2 January 2008, TP S.A. appealed to SOKiK against the decision. On 11 April 2011, SOKiK announced its verdict stating that TP S.A. ceased the practice on 14 July 2006 and reduced the fine to the amount of PLN 38 million. TP S.A. is awaiting written reasoning of the verdict from SOKiK to develop its position.

Proceedings by UOKiK related to mobile television
On 21 September 2010, UOKiK initiated competition proceedings against PTK- Centertel, Polkomtel S.A., Polska Telefonia Cyfrowa Sp. z o.o. and P4 Sp. z o.o. claiming that they concluded an agreement regarding their relations with Info TV FM Sp. z o.o.
Info TV FM Sp. z o.o. is a telecommunications operator working in the field of radio diffusion and providing its services to radio and television broadcasters. 4MNO Sp. z o.o. (formerly Mobile TV Sp. z o.o.) is a company in which the four above companies involved in the proceedings are shareholders. UOKiK gave its prior approval to set up Mobile TV Sp. z o.o. Both companies applied to UKE for a license to broadcast in the frequency band designed for the provision of audiovisual media services in DVB-H technology.
In March 2009, Info TV FM Sp. z o.o. was granted permission to use these frequencies. However, none of the four companies decided to introduce mobile television services to its customers.
UOKiK claims that there was an agreement concluded between the four companies involved in the proceedings and it could restrict competition on the domestic wholesale market for mobile television based on DVB-H technology, and, as a result, limit the possibility for consumers to use mobile television.
The Management Board of PTK-Centertel did not agree on common actions with the other companies aimed at restricting the introduction of DVB-H service based on the offer of Info TV FM Sp. z o.o. It decided not to introduce mobile television services due to the market situation and for commercial reasons.
PTK-Centertel provided explanations to UOKiK on 5 October 2010. At this stage, the Group is not in a position to predict the evolution of these proceedings, and the risk related thereto is therefore classified as a contingent liability as defined by IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

According to the Act on Competition and Consumer Protection, in case of non-compliance with its regulations, the President of the UOKiK is empowered to impose on an entity penalties of up to a maximum amount of EUR 50 million for refusal to provide requested information or also up to a maximum amount of 10% of an entity's prior year's revenue for a breach of the law.

Proceedings before the European Commission related to broadband access
In September 2008, the European Commission conducted an inspection at the premises of TP S.A. and PTK-Centertel. The aim of the inspection was to gather evidence of a possible breach by TP S.A. of competition rules on the broadband Internet market. On 17 April 2009, the European Commission notified TP S.A. of initiation of proceedings on the supposed refusal to provide services and non-price discrimination on the Polish wholesale market of broadband access to the Internet. On 1 March 2010, TP S.A. received a Statement of Objections from

the European Commission regarding an alleged abuse of dominant position, by refusing to supply access to its wholesale broadband services. The Company responded to the Statement of Objections on 2 June 2010 and an audience before the European Commission took place on 10 September 2010. In the course of the proceedings, state of play meetings with the European Commission also took place, with the latest meeting on 9 December 2010. TP S.A. received from the European Commission the letter of facts dated 28 January 2011 presenting evidence collected after the issue of the Statement of Objections as well as findings of the European Commission. Although the letter does not state additional objections against TP S.A., the Commission still asserts that TP S.A. has infringed the competition rules. TP S.A. responded to the letter of facts on 7 March 2011.

Under European law, the European Commission may impose a fine on an entity of up to 10% of its total turnover of the preceding business year if it proves infringement of rules on competition. Moreover, the Commission may impose any behavioural or structural remedies which are proportionate to the infringement committed and necessary to bring the infringement effectively to an end. Such a decision can be appealed to the General Court (formerly the Court of First Instance). The Commission may also impose a fine of up to 1% of the total turnover of the preceding business year for providing incorrect or misleading information.

b. Dispute with DPTG

Information on the background and earlier stages of the arbitration proceedings between the Company and DPTG is presented in Note 31.d to the Telekomunikacja Polska Group IFRS Consolidated Financial Statements for the year ended 31 December 2010 and has been consistently referred to in the consolidated financial statements of the Group since 2001 together with the development of the case over the years.

In June 2008, the Arbitration Tribunal decided to split the case into two periods and to render firstly an award settling DPTG's rights for the period from February 1994 to June 2004. On 3 September 2010, the Tribunal issued its partial award for the period from February 1994 to June 2004 (Phase I). It settles DPTG's claims at DKK 2,946 million (approximately EUR 396 million) including interest. The partial award was issued after nine years of arbitration proceedings. During this time, TP S.A. consistently contested both the basis of the DPTG case and, in particular, its interpretation of the contract, as a joint-venture and its related broad interpretation of the financing sub-clause at the heart of the dispute (14.8% of the certain profit from NSL over a period of 15 years) as well as the amount claimed. According to TP S.A., the contract is a sale contract. The contract valued DPTG's supplies remaining to be paid at EUR 17 million. By 2006, DPTG had already received from TP S.A. over EUR 84 million in performance of the contract.

The partial award states that the contract is a sale contract but nevertheless awards DPTG an amount as if the contract was a joint-venture. TP S.A., its legal counsel and independent experts all believe that the amount awarded is many times higher than DPTG's rights. Given the amounts awarded for Phase I, and potentially for Phase II, and the lack of consistency of the award, it is TP S.A's position that this award is contrary to Public Policy.

Since 2001, TP S.A. has made what it considered to be an appropriate provision for this matter, as supported by outside counsel and other professional advisors. TP S.A.'s Management Board has conducted the necessary reassessment of the provision in consideration both of this partial award and of the potential award to DPTG for the period from July 2004 to January 2009 (Phase II). As at 31 December 2010, the provision was increased from approximately DKK 2,050 million (an equivalent of EUR 275 million or PLN 1,100 million) to approximately DKK 4,040 million (an equivalent of EUR 542 million or PLN 2,161 million). The revised amount is made up of the sum of the Arbitration Tribunal's award for Phase I (including interest) and of the result of the linear projection of the DKK 2,001 million awarded in the partial decision of the Tribunal for the 125 months of Phase I onto the 55 months of Phase II, amounting to DKK 880 million (EUR 118 million) in principal and approximately DKK 216 million (EUR 29 million) in interest. The Management will assess the level of the provision on a regular basis taking into account further developments of the matter.

The Company's Management was obliged to adjust the level of provision for this matter by virtue of the fact that an arbitral award has been rendered. Nevertheless, it strongly disputes both the contractual basis of the claim and the amounts awarded. Therefore, the amount of the provision should in no way be viewed as an indication by TP S.A. of the proper outcome of the dispute. On the contrary, and as mentioned above, it is the strongly held opinion of TP S.A.'s Management and its counsel that the award is in clear violation of the basic rules of Public Policy. TP S.A.'s Management, acting in the best interests of the Company and its shareholders, is using all reasonable legal actions to resist the award issued by the Arbitration Tribunal.

As a consequence, TP S.A. did not pay the partial award. TP S.A. challenged the arbitrators, claiming for their dismissal from the further proceedings on Phase II. One of three challenges was rejected on 5 April 2011, while two other are pending. On 2 December 2010, TP S.A. filed a claim before the Commercial Court in Vienna claiming for the setting aside of the partial award for Phase I. On 30 March 2011, the Court ordered both parties to file further written submissions by 14 July 2011. A further hearing at the Vienna Commercial Court is scheduled for 8 September 2011.

On 22 December 2010, TP S.A. was notified by the Court in Warsaw that DPTG had filed a motion to ascertain enforceability of the partial award in Poland and obtain an enforceability clause with regards to it. On 9 March 2011, the Court in Warsaw postponed the first hearing without scheduling a new date and, on the motion of DPTG, ordered a three-month period for DPTG to respond to TP S.A.'s defence.

On 14 January 2011, DPTG filed its claim for Phase II, which amounts to DKK 2,386 million (approximately EUR 320 million) including interest. The Tribunal has directed TP S.A. to submit its answer to this claim by 27 May 2011.

8. Information on the conclusion of one or more significant transactions by the Company or its subsidiaries with related party

As at 31 March 2011, France Telecom S.A. owned 49.79% of shares of the Company and held 49.79% of votes. France Telecom S.A. has the power to appoint the majority of TP S.A.'s Supervisory Board members. The Supervisory Board appoints and dismisses members of the Management Board.

The Group's income earned from related parties comprises mainly interconnect, data transmission and research and development services. The purchases from the France Telecom Group mainly comprise costs of interconnect and leased lines, network services, IT services, consulting services and brand fees.

(in PLN millions)	*3 months ended 31 March 2011*	*3 months ended 31 March 2010*
Sales of goods and services to:	**42**	**43**
- France Telecom S.A. (parent)	30	29
- France Telecom (group)	12	14
Purchases of goods (including inventories, tangible and intangible assets) and services from:	**72**	**70**
- France Telecom S.A. (parent)	29	22
- France Telecom (group)	43	48
- including Orange Brand Services Limited (brand licence agreement)	*28*	*29*

(in PLN millions)	*At 31 March 2011*	*At 31 December 2010*
Receivables from:	**88**	**96**
- France Telecom S.A. (parent)	61	66
- France Telecom (group)	27	30
Payables to:	**198**	**189**
- France Telecom S.A. (parent)	118	102
- France Telecom (group)	80	87

Remuneration and bonuses, compensation and termination indemnities, including compensation under a competition prohibition clause (cash, benefits in kind or any other benefits) paid in accordance with contractual commitments, by TP S.A. and Telekomunikacja Polska Group entities to TP S.A.'s Management Board and Supervisory Board members during the 3 months ended 31 March 2011 and 2010 amounted to PLN 4.1 million and PLN 2.7 million, respectively. In addition, PLN 2.2 million of a termination benefit accrued in 2009 was paid during the 3 months ended 31 March 2010. In the 3 months ended 31 March 2011 and 2010, the amount of accrued costs for bonuses for the Company's Management Board amounted to PLN 0.8 million and PLN 0.7 million, respectively.

In the 3 months ended 31 March 2011 no cost was recognised in respect of TP S.A.'s incentive programme as the vesting period of the programme ended in 2010. During the 3 months ended 31 March 2010, the estimated cost of share based payments under TP S.A.'s incentive programme allocated to the Company's Management Board amounted to PLN 0.2 million.

On 14 January 2011, Mr Roland Dubois resigned from the position of Management Board Member of TP S.A. in charge of Finance – Chief Financial Officer. As of 17 January 2011, his duties were passed on to Mr Jacques de Galzain.

On 27 January 2011, the Supervisory Board of the Company appointed Mr Jacques de Galzain and Mr Jacek Kowalski as Members of the Management Board of TP S.A. The Supervisory Board also appointed Mr Piotr Muszyński for a subsequent term of office.

Mr Raoul Roverato resigned from the Supervisory Board of TP S.A. with effect from 26 January 2011. On 27 January 2011, the Supervisory Board appointed Mr Gerard Ries as a Member of the Supervisory Board of TP S.A.

On 24 March 2011, Mr Olivier Barberot resigned from the Supervisory Board of TP S.A. On the same day, the Supervisory Board appointed Mr Pierre Louette as a Member of the Supervisory Board of TP S.A.

On 14 April 2011, the General Shareholders' Meeting of TP S.A. renewed mandates of the following Members of the Supervisory Board of TP S.A., whose term of office expired as of the day of this General Meeting: Mr Timothy Boatman and Mr Gerard Ries.

9. Subsequent events

There was no significant event after the balance sheet date.

Pursuant to Art. 87 of the Decree of the Minister of Finance of 19 February 2009 on current and periodic information to be disclosed by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state - Journal of Laws of 2009, no. 33, item 259, with amendments ("the Decree of the Minister of Finance of 19 February 2009"), the Management Board of Telekomunikacja Polska S.A. ("TP S.A.", "the Company") discloses the following information:

I. Shareholders entitled to exercise at least 5% of total voting rights at the General Meeting of Shareholders of TP S.A., either directly or through subsidiaries as at the date of publication of the quarterly report and changes in the ownership structure in the period since the submission of the previous annual financial report

The ownership structure of the Company's share capital, based on the best information available to the Company as at 21 April 2011, i.e. the date of submission of the quarterly report for the first quarter of 2011:

Shareholder	Number of shares held	Number of votes at the General Meeting of Shareholders	Percentage of the total number of votes at the General Meeting of Shareholders	Nominal value of shares held (in PLN)	Share in the capital
France Telecom S.A.	664,999,999	664,999,999	49.79%	1,994,999,997	49.79%
Capital Group International, Inc. (1)	67,546,647	67,546,647	5.06%	202,639,941	5.06%
Other shareholders	603,102,375	603,102,375	45.15%	1,809,307,125	45.15%
TOTAL	**1,335,649,021**	**1,335,649,021**	**100.00%**	**4,006,947,063**	**100.00%**

(1) Number of shares according to the notification by Capital Group International, Inc. on 15 October 2010.

The ownership structure of the Company's share capital, based on the best information available to the Company as at 23 February 2011, i.e. the date of submission of the annual report for the 12 months ended 31 December 2010:

Shareholder	Number of shares held	Number of votes at the General Meeting of Shareholders	Percentage of the total number of votes at the General Meeting of Shareholders	Nominal value of shares held (in PLN)	Share in the capital
France Telecom S.A.	664,999,999	664,999,999	49.79%	1,994,999,997	49.79%
Capital Group International, Inc. (1)	67,546,647	67,546,647	5.06%	202,639,941	5.06%
Other shareholders	603,102,375	603,102,375	45.15%	1,809,307,125	45.15%
TOTAL	**1,335,649,021**	**1,335,649,021**	**100.00%**	**4,006,947,063**	**100.00%**

(1) Number of shares according to the notification by Capital Group International, Inc. on 15 October 2010.

II. Statement of changes in ownership of TP S.A.'s shares or rights to them (options) held by Members of the Management Board and the Supervisory Board of TP S.A., according to information obtained by TP S.A., in the period since the submission of the previous annual report

As part of the Company's incentive program, members of the Management Board of the Company acquired TP S.A. registered A-series bonds with a pre-emption right attached to the Bonds to subscribe for the Company's shares with priority over existing shareholders.

The number of bonds with a pre-emption right held by members of the Management Board of the Company at the dates of submission of the quarterly report for the first quarter of 2011 and the annual report for the 12 months ended 31 December 2010 is as follows:

	21 April 2011	23 February 2011
Maciej Witucki	305,557	305,557
Vincent Lobry	-	-
Piotr Muszyński	190,896	190,896
Jacques de Galzain	-	-
Jacek Kowalski	25,241	25,241

The members of the Supervisory Board of TP S.A. do not participate in the Company's incentive program and as at 21 April 2011 and 23 February 2011 held no bond with a pre-emption right.

As at 21 April 2011, i.e. the date of submission of the quarterly report for the first quarter of 2011, Maciej Witucki, President of the Management Board, held 4,000 TP S.A. shares and there was no TP S.A. share held by other members of the Management Board and the Supervisory Board of TP S.A.

As at 23 February 2011, i.e. the date of submission of the annual report for the 12 months ended 31 December 2010, Maciej Witucki, President of the Management Board, held 4,000 TP S.A. shares and there was no TP S.A. share held by other members of the Management Board and the Supervisory Board of TP S.A.

III. Information on guarantees or collaterals of loans or borrowings granted by the Company or its subsidiaries to other entities or their subsidiaries, where the total amount of the guarantee or a collateral accounts for 10% or more of the Company's equity

In the 3 months ended 31 March 2011, the Company and its subsidiaries did not grant guarantee or collateral of loan or borrowing to any entity or its subsidiary of the total value representing the equivalent of 10% or more of TP S.A.'s shareholders equity.

IV. The Management Board's comment on previously published financial forecasts

TP S.A. does not publish financial forecasts as defined by the Decree of the Minister of Finance of 19 February 2009.

V. Factors which, in the opinion of TP S.A., may affect its results over at least the next quarter

Over the next quarter, the Company's results may be further influenced by increasing competition from:

- cable television operators, offering also fixed voice and Internet access services, the potential of which may grow even further as a result of consolidation of market players;
- alternative fixed line operators providing fixed voice and Internet access services based on wholesale access to TP S.A.'s infrastructure;

- existing and new mobile operators which:
  - may increase price pressure on TP S.A.'s fixed revenue by competing for new subscribers on a saturated market and thus increasing F2M substitution,
  - enter the fixed voice market by attracting customers with Home Zone offers and introduce services based on wholesale access to TP S.A.'s infrastructure.

The Company may be also influenced by changes in the regulatory environment in Poland, in particular by continuously evolving regulated wholesale offers introduced in the last two years as well as a decrease in mobile termination rates (MTRs). In exchange for investments, the President of the Office of Electronic Communication proposed to mobile operators a new timetable of MTR reductions until July 2012.

Profitability could be under pressure in 2011 as a result of both revenue erosion and impact of foreign exchange rate fluctuations. Another factor influencing the market, including the Company, may be developments related to consolidation of players in the Polish telecommunication market, which has been progressing since 2010, as well as potential ownership changes in Polkomtel S.A.

A Memorandum of Understanding ("MoU") concerning implementation of transparency and non-discrimination in inter-operator relations has been in force since 22 October 2009. Information on the MoU and its impact on the Company was presented in Note 28.1.c to the Telekomunikacja Polska S.A. IFRS Separate Financial Statements for the year ended 31 December 2010.

As described in Note 8 to the Telekomunikacja Polska S.A. Condensed IFRS Quarterly Separate Financial Statements for the 3 months ended 31 March 2011, there are some major legal and regulatory proceedings, the outcome of which is uncertain and may influence the Company's results.

VI. Foreign exchange rates

The balance sheet data as at 31 March 2011 and 31 December 2010 presented in the table "Selected financial data" was translated into Euro at the average exchange rate of the National Bank of Poland ("NBP") on the balance sheet dates. The income statement data, together with the statement of comprehensive income and statement of cash flows data for the 3 months ended 31 March 2011 and 2010, were translated into Euro at an exchange rate which is the arithmetical average of the average NBP rates published by the NBP on the last day of each month of 3 month periods ended 31 March 2011 and 2010.

The exchange rates used in translation of balance sheet, income statement, statement of comprehensive income and statement of cash flows data are presented below:

	31 March 2011	31 December 2010	31 March 2010
Balance sheet	4.0119 PLN	3.9603 PLN	Not applicable
Income statement, statement of comprehensive income, statement of cash flows	3.9742 PLN	Not applicable	3.9669 PLN

TELEKOMUNIKACJA POLSKA S.A.

CONDENSED IFRS QUARTERLY SEPARATE FINANCIAL STATEMENTS FOR THE 3 MONTHS ENDED 31 MARCH 2011

Contents

INCOME STATEMENT

(in PLN millions, except for share data)

	3 months ended 31 March 2011 (unaudited)	*3 months ended 31 March 2010 (unaudited)*
Revenue	**1,990**	**2,176**
External purchases	(948)	(824)
Labour expenses	(352)	(453)
Other operating expense	(100)	(108)
Other operating income	77	52
Gains on disposal of assets	7	7
Depreciation and amortization	(583)	(602)
Impairment of non-current assets	-	(5)
Operating income	**91**	**243**
Dividend income	-	79
Interest income	98	102
Interest expense and other financial charges	(223)	(218)
Foreign exchange gains/(losses)	14	(53)
Discounting expense	(5)	(9)
Finance costs, net	**(116)**	**(99)**
Income tax	5	(19)
Net income/(loss)	**(20)**	**125**
Earnings/(loss) per share (in PLN) (basic and diluted)	**(0.01)**	**0.09**
Weighted average number of shares (in millions) (basic and diluted)	1,336	1,336

STATEMENT OF COMPREHENSIVE INCOME

(in PLN millions)

	3 months ended 31 March 2011 (unaudited)	*3 months ended 31 March 2010 (unaudited)*
Net income/(loss)	**(20)**	**125**
Losses on cash flow hedges	(14)	(20)
Income tax relating to components of other comprehensive income	3	4
Other comprehensive loss, net of tax	**(11)**	**(16)**
Total comprehensive income/(loss)	**(31)**	**109**

BALANCE SHEET

(in PLN millions)

	At 31 March 2011 (unaudited)	*At 31 December 2010 (audited)*
ASSETS		
Intangible assets	1,239	1,247
Property, plant and equipment	12,294	12,657
Investments in subsidiaries	7,235	7,636
Financial assets available for sale	4	4
Loans and receivables excluding trade receivables	3,072	3,147
Financial assets at fair value through profit or loss	52	57
Hedging derivatives	40	45
Deferred tax assets	126	166
Total non-current assets	**24,062**	**24,959**
Inventories	51	41
Trade receivables	923	857
Loans and receivables excluding trade receivables	308	304
Financial assets at fair value through profit or loss	103	20
Hedging derivatives	2	-
Income tax assets	7	6
Other assets	110	126
Prepaid expenses	62	36
Cash and cash equivalents	2,534	2,268
Total current assets	**4,100**	**3,658**
Assets held for sale	401	-
TOTAL ASSETS	**28,563**	**28,617**
EQUITY AND LIABILITIES		
Share capital	4,007	4,007
Share premium	832	832
Other reserves	4	15
Retained earnings	8,026	8,046
Total equity	**12,869**	**12,900**
Financial liabilities at amortised cost excluding trade payables	7,498	7,556
Financial liabilities at fair value through profit or loss	81	90
Hedging derivatives	192	191
Employee benefits	247	269
Provisions	128	127
Deferred income	64	64
Total non-current liabilities	**8,210**	**8,297**
Financial liabilities at amortised cost excluding trade payables	3,050	2,580
Financial liabilities at fair value through profit or loss	14	55
Hedging derivatives	43	54
Trade payables	1,771	2,100
Employee benefits	179	167
Provisions	2,200	2,176
Income tax payable	-	39
Other liabilities	162	180
Deferred income	65	69
Total current liabilities	**7,484**	**7,420**
TOTAL EQUITY AND LIABILITIES	**28,563**	**28,617**

STATEMENT OF CHANGES IN EQUITY

(in PLN millions)

	Number of shares in issue (not in millions)	Share capital	Share premium	Other reserves				Retained earnings	Total
				Hedging instruments	Actuarial losses on post-employment benefits	Deferred tax	Share-based payments		
Balance at 1 January 2010 *(audited)*	**1 335 649 021**	**4,007**	**832**	**11**	**(51)**	**7**	**64**	**9,026**	**13,896**
Total comprehensive income for the 3 months ended 31 March 2010		-	-	(20)	-	4	-	125	109
Share-based payments		-	-	-	-	-	2	-	2
Balance at 31 March 2010 *(unaudited)*	**1 335 649 021**	**4,007**	**832**	**(9)**	**(51)**	**11**	**66**	**9,151**	**14,007**
Balance at 1 January 2011 *(audited)*	**1 335 649 021**	**4,007**	**832**	**2**	**(67)**	**12**	**68**	**8,046**	**12,900**
Total comprehensive loss for the 3 months ended 31 March 2011		-	-	(14)	-	3	-	(20)	(31)
Balance at 31 March 2011 *(unaudited)*	**1 335 649 021**	**4,007**	**832**	**(12)**	**(67)**	**15**	**68**	**8,026**	**12,869**

STATEMENT OF CASH FLOWS

(in PLN millions)

	3 months ended 31 March 2011 (unaudited)	*3 months ended 31 March 2010 (unaudited)*
OPERATING ACTIVITIES		
Net income/(loss)	(20)	125
Adjustments to reconcile net income/(loss) to funds generated from operations		
Depreciation and amortization	583	602
Impairment of non-current assets	-	5
Gains on disposal of assets	(7)	(7)
Change in provisions	(26)	(9)
Income tax	(5)	19
Finance costs, net excluding realised exchange rate effect on cash and cash equivalents	115	99
Operational foreign exchange and derivatives (gains)/losses, net	(1)	2
Share-based payments	-	2
Change in working capital (trade)		
Decrease/(increase) in inventories	(10)	-
Decrease/(increase) in trade receivables	(63)	(65)
Increase/(decrease) in trade payables	40	140
Change in working capital (non-trade)		
Decrease/(increase) in prepaid expenses and other receivables	19	(52)
Increase/(decrease) in accrued expenses, other payables and deferred income	(14)	-
Interest received	23	21
Interest and interest rates effect on derivatives paid, net	(105)	(131)
Exchange rate effect on derivatives, net	(43)	(54)
Income tax paid	(21)	(34)
Net cash provided by operating activities	**465**	**663**
INVESTING ACTIVITIES		
Purchases of property, plant and equipment and intangible assets	(215)	(129)
Increase/(decrease) in amounts due to fixed assets suppliers	(367)	(245)
Proceeds from sale of property, plant and equipment and intangible assets	7	11
Decrease/(increase) in marketable securities and other financial assets	2	3
Exchange rate effect on derivatives, net	(5)	(27)
Net cash used in investing activities	**(578)**	**(387)**
FINANCING ACTIVITIES		
Repayment of long-term debt	(2)	(3)
Increase in bank overdrafts and other short-term borrowings	391	243
Exchange rate effect on derivatives, net	(10)	(23)
Net cash provided by financing activities	**379**	**217**
Net change in cash and cash equivalents	266	493
Cash and cash equivalents at the beginning of the period	2,268	1,996
Cash and cash equivalents at the end of the period	**2,534**	**2,489**

1. Telekomunikacja Polska S.A.

Telekomunikacja Polska S.A. ("Telekomunikacja Polska" or "the Company" or "TP S.A."), a joint stock company, was incorporated and commenced its operations on 4 December 1991.

The Company is the principal supplier of telecommunications services in Poland. Telekomunikacja Polska provides services, including fixed-line telecommunications services (local calls and long distance calls – domestic and international), Integrated Services Digital Network ("ISDN"), voice mail, dial-up and fixed access to the Internet, TV and Voice over Internet Protocol ("VoIP"). In addition, the Company provides leased lines, radio-communications and other telecommunications value added services, sells telecommunications equipment, electronic phone cards and provides data transmission, multimedia services and various Internet services. Telekomunikacja Polska provides telecommunications services on the basis of entry number 1 in the register of telecommunications companies maintained by the President of Office of Electronic Communication ("UKE").

Telekomunikacja Polska's registered office is located in Warsaw at 18 Twarda St.

2. Statement of compliance and basis for preparation

Basis for preparation

These unaudited Condensed Quarterly Separate Financial Statements (the "Quarterly Separate Financial Statements") are prepared in accordance with International Accounting Standard ("IAS") 34 - Interim Financial Reporting ("IAS 34") and with all accounting standards applicable to interim financial reporting adopted by the European Union, issued and effective as at the time of preparing the Quarterly Separate Financial Statements (see also Note 3).

These Quarterly Separate Financial Statements should be read in conjunction with the audited Telekomunikacja Polska S.A. IFRS Separate Financial Statements and the notes thereto ("IFRS Separate Financial Statements") for the year ended 31 December 2010.

The Quarterly Separate Financial Statements include the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and selected explanatory notes.

Costs that arise unevenly during the year are anticipated or deferred in the quarterly financial statements, only if it would also be appropriate to anticipate or defer such costs at the end of the year.

These Quarterly Separate Financial Statements are prepared in millions of Polish zloty ("PLN") and were authorized for issuance by the Management Board on 20 April 2011.

Adoption of standards, amendments to standards and interpretations which are compulsory as at 1 January 2011

The following standards or amendments to standards and interpretations (already endorsed or in the process of being endorsed by the European Union) have become effective and are compulsory as at January 1, 2011:

- Amendments to IAS 32 "Financial Instruments: Presentation" ,
- Amendments to IAS 24 "Related Party Disclosures",
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" ,
- Amendments to IFRIC 14 "Prepayments of a Minimum Funding Requirement" ,
- Improvements to International Financial Reporting Standards – a collection of amendments to IFRSs, the amendments are effective, in most cases, for annual periods beginning on or after 1 January 2011.

The adoption of the standards and interpretations presented above did not result in any significant changes to the Company's accounting policies and to the presentation of the financial statements.

Standards and interpretations issued but not yet adopted

Management has not opted for early application of the following standards and interpretations (already endorsed or in the process of being endorsed by the European Union):

- IFRS 9 "Financial Instruments" applicable for financial years beginning on or after 1 January 2013. This standard has not been endorsed by the European Union,
- Amendments to IFRS 7 "Financial Instruments: Disclosures" applicable for financial years beginning on or after 1 July 2011. These amendments have not been endorsed by the European Union.

Management is currently analyzing the practical consequences of these new standards and interpretations and the effect of their application on the financial statements.

3. Statement of accounting policies

The accounting policies and methods of computation used in the preparation of the Quarterly Separate Financial Statements are consistent with those described in the audited Telekomunikacja Polska IFRS Separate Financial Statements for the year ended 31 December 2010 (see Notes 2 and 3 to Telekomunikacja Polska S.A. IFRS Separate Financial Statements for the year ended 31 December 2010).

4. Explanatory comments about the seasonality or cyclicality of interim operations

The Company's activities are not subject to any significant seasonality or cyclical trends of operations.

5. The nature and amount of items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence

5.1. The effect of changes in the composition of the Company during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinued operations

The list of subsidiaries of the Company as at and for the 3 months ended 31 March 2011 is presented in the Note 14.1 of the Telekomunikacja Polska S.A. IFRS Separate Financial Statements for the year ended 31 December 2010. Additionally, during the 3 months ended 31 March 2011, TP S.A. incorporated Bilbo Sp. z o.o., a fully owned subsidiary, whose scope of activities comprises investment operations.

On 24 March 2011, Bilbo Sp. z o.o. together with TP S.A. signed a preliminary sale agreement for all the shares of TP Emitel Sp. z o.o. ("TP Emitel") for a total price amounting to approximately PLN 1.7 billion. The agreement is subject to the following suspensory condition not within TP S.A.'s control: obtaining an approval of the Office of Competition and Consumer Protection by 31 July 2011.

Following the agreement, the Company's investment in TP Emitel has been classified as an asset held for sale and presented separately in the balance sheet as at 31 March 2011.

5.2. Other items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence

As at 31 March 2011, the Management of the Company performed an assessment of risks of on-going and potential legal and regulatory proceedings. As a result, the Company recognised provisions for known and quantifiable risks related to these proceedings, which represent the Company's best estimate of the amounts which are more likely than not to be paid. The actual amount of a penalty or a claim, if any, is dependent on a number of future events, the outcome of which is uncertain, and as a consequence, the amount of the provision may change at a future date. As a rule, the provisions are not disclosed on a case-by-case basis, as, in the opinion of the Management, such disclosure could prejudice the outcome of the pending cases.

Details of status of significant risks are presented in Note 8.

6. Loan agreements and debt securities

<u>Issuance of TP S.A. short term bonds under Bond Issuance Programme</u>

In the 3 months ended 31 March 2011, TP S.A. issued and redeemed short-term bonds to its subsidiaries under the TP S.A. Bond Issuance Programme of 15 July 2002. The bonds are denominated in PLN and have been offered by private placement, exclusively within the territory of the Republic of Poland. The bonds have been issued as non-material unsecured bearer discount bonds (zero-coupon bonds). The bonds are redeemed at their par value. TP S.A. does not anticipate introducing the bonds into public trading.

In the 3 months ended 31 March 2011, the net cash flows on the bonds amounted to PLN 390 million. As a result of the issues and redemptions, the aggregate par value of the outstanding bonds issued under the programme amounts to PLN 1,121 million as at 31 March 2011.

7. Dividends paid (aggregate or per share) separately for ordinary shares and other shares

On 14 April 2011, the General Shareholders' Meeting of TP S.A. adopted a resolution on the payment of an ordinary dividend of PLN 1.50 per share, i.e. PLN 2,003 million. The payment date will be 7 July 2011.

8. Current status of major contingent liabilities or contingent assets since the last annual balance sheet date

a. Proceedings by UKE, UOKiK and the European Commission

Proceedings by UKE related to broadband access
On 25 September 2006, UKE imposed a fine of PLN 100 million on TP S.A. for the infringement of the obligation to determine the price of the services on the basis of the cost of their provision and on clear, objective and non-discriminatory criteria, as a result of not implementing the offer to sell Neostrada (Internet services) separately from the fixed line subscription (allocating costs of local loop entirely to fixed line subscription). TP S.A. did not pay the fine and appealed to the Court of Competition and Consumer Protection ("SOKiK"). On 22 May 2007, the Court invalidated the fine on procedural grounds. UKE appealed this verdict and on 10 April 2008, the Appeal Court revoked the judgment of SOKiK and remanded the case back to consideration by SOKiK. On 2 June 2009, SOKiK suspended the proceeding until the end of the European Commission proceeding against Poland in the European Court of Justice on attempts of UKE to regulate retail prices of broadband services without a prior analysis of a relevant market, the result of which could, in SOKiK opinion, impact the proceeding suspended by SOKiK.

On 22 February 2007, after TP S.A. had separated providing Neostrada from fixed line services, UKE imposed a fine of PLN 339 million on TP S.A. for non-performance of the regulatory obligation to submit its Neostrada price list for UKE's approval, and for failing to demonstrate that TP S.A. had met the requirements of the Polish Telecommunication Law that the price of services (in particular the additional charge for the maintenance of the local loop paid by the Neostrada customers who do not subscribe for TP S.A.'s traditional fixed-line analogue services on the same local loop) be based on their cost and determined on clear, objective and non-discriminatory criteria. TP S.A. did not pay the fine and, on 7 March 2007, appealed against the decision. SOKiK suspended also this proceeding.

On 6 May 2010 the European Court of Justice passed a judgment in the European Commission proceeding against Poland. The Court ruled that by regulating retail tariffs for broadband access services without carrying out a prior market analysis, Poland has failed to fulfil its obligations under the Universal Service Directive in conjunction with the Framework Directive. SOKiK has resumed both appeal proceedings concerning the fines of PLN 100 million and PLN 339 million. TP S.A. believes that UKE has no right to challenge the Neostrada price since it is not defined as a regulated service and that the criteria used for setting Neostrada price were transparent and objective. On 18 April 2011 SOKiK overruled the UKE's decision imposing the fine of PLN 339 million. In the proceeding concerning the fine of PLN 100 million, SOKiK scheduled a hearing on 12 July 2011.

Proceedings by UOKiK related to IP traffic
On 20 December 2007, Office of Competition and Consumer Protection ("UOKiK") issued a decision concluding that TP S.A. had engaged in practices restricting competition when it downgraded IP traffic coming from domestic operators' networks to TP S.A.'s network via foreign operators' networks and imposed a fine of PLN 75 million on the Company. At the same time, UOKiK ordered TP S.A. to immediately cease this practice. TP S.A. disagrees with the decision of UOKiK and did not pay the fine. On 2 January 2008, TP S.A. appealed to SOKiK against the decision. On 11 April 2011, SOKiK announced its verdict stating that TP S.A. ceased the practice on 14 July 2006 and reduced the fine to the amount of PLN 38 million. TP S.A. is awaiting written reasoning of the verdict from SOKiK to develop its position.

Proceedings before the European Commission related to broadband access
In September 2008, the European Commission conducted an inspection at the premises of TP S.A. and PTK-Centertel. The aim of the inspection was to gather evidence of a possible breach by TP S.A. of competition rules on the broadband Internet market. On 17 April 2009, the European Commission notified TP S.A. of initiation of proceedings on the supposed refusal to provide services and non-price discrimination on the Polish wholesale market of broadband access to the Internet. On 1 March 2010, TP S.A. received a Statement of Objections from the European Commission regarding an alleged abuse of dominant position, by refusing to supply access to its wholesale broadband services. The Company responded to the Statement of Objections on 2 June 2010 and an audience before the European Commission took place on 10 September 2010. In the course of the proceedings, state of play meetings with the European Commission also took place, with the latest meeting on 9 December 2010. TP S.A. received from the European Commission the letter of facts dated 28 January 2011 presenting evidence collected after the issue of the Statement of Objections as well as findings of the European Commission. Although the letter does not state additional objections against TP S.A., the Commission still asserts that TP S.A. has infringed the competition rules. TP S.A. responded to the letter of facts on 7 March 2011.

Under European law, the European Commission may impose a fine on an entity of up to 10% of its total turnover of the preceding business year if it proves infringement of rules on competition. Moreover, the Commission may impose any behavioural or structural remedies which are proportionate to the infringement committed and necessary to bring the infringement effectively to an end. Such a decision can be appealed to the General Court (formerly the Court of First Instance). The Commission may also impose a fine of up to 1% of the total turnover of the preceding business year for providing incorrect or misleading information.

b. Dispute with DPTG

Information on the background and earlier stages of the arbitration proceedings between the Company and DPTG is presented in Note 29.d to the Telekomunikacja Polska S.A. IFRS Separate Financial Statements for the year ended 31 December 2010 and has been consistently referred to in the separate financial statements of the Company since 2001 together with the development of the case over the years.

In June 2008, the Arbitration Tribunal decided to split the case into two periods and to render firstly an award settling DPTG's rights for the period from February 1994 to June 2004. On 3 September 2010, the Tribunal issued its partial award for the period from February 1994 to June 2004 (Phase I). It settles DPTG's claims at DKK 2,946 million (approximately EUR 396 million) including interest. The partial award was issued after nine years of arbitration proceedings. During this time, TP S.A. consistently contested both the basis of the DPTG case and, in particular, its interpretation of the contract, as a joint-venture and its related broad interpretation of the financing sub-clause at the heart of the dispute (14.8% of the certain profit from NSL over a period of 15 years) as well as the amount claimed. According to TP S.A., the contract is a sale contract. The contract valued DPTG's supplies remaining to be paid at EUR 17 million. By 2006, DPTG had already received from TP S.A. over EUR 84 million in performance of the contract.

The partial award states that the contract is a sale contract but nevertheless awards DPTG an amount as if the contract was a joint-venture. TP S.A., its legal counsel and independent experts all believe that the amount awarded is many times higher than DPTG's rights. Given the amounts awarded for Phase I, and potentially for Phase II, and the lack of consistency of the award, it is TP S.A's position that this award is contrary to Public Policy.

Since 2001, TP S.A. has made what it considered to be an appropriate provision for this matter, as supported by outside counsel and other professional advisors. TP S.A.'s Management Board has conducted the necessary reassessment of the provision in consideration both of this partial award and of the potential award to DPTG for the period from July 2004 to January 2009 (Phase II). As at 31 December 2010, the provision was increased from approximately DKK 2,050 million (an equivalent of EUR 275 million or PLN 1,100 million) to approximately DKK 4,040 million (an equivalent of EUR 542 million or PLN 2,161 million). The revised amount is made up of the sum of the Arbitration Tribunal's award for Phase I (including interest) and of the result of the linear projection of the DKK 2,001 million awarded in the partial decision of the Tribunal for the 125 months of Phase I onto the 55 months of Phase II, amounting to DKK 880 million (EUR 118 million) in principal and approximately DKK 216 million (EUR 29 million) in interest. The Management will assess the level of the provision on a regular basis taking into account further developments of the matter.

The Company's Management was obliged to adjust the level of provision for this matter by virtue of the fact that an arbitral award has been rendered. Nevertheless, it strongly disputes both the contractual basis of the claim and the amounts awarded. Therefore, the amount of the provision should in no way be viewed as an indication by TP S.A. of the proper outcome of the dispute. On the contrary, and as mentioned above, it is the strongly held opinion of TP S.A.'s Management and its counsel that the award is in clear violation of the basic rules of Public Policy. TP S.A.'s Management, acting in the best interests of the Company and its shareholders, is using all reasonable legal actions to resist the award issued by the Arbitration Tribunal.

As a consequence, TP S.A. did not pay the partial award. TP S.A. challenged the arbitrators, claiming for their dismissal from the further proceedings on Phase II. One of three challenges was rejected on 5 April 2011, while two other are pending. On 2 December 2010, TP S.A. filed a claim before the Commercial Court in Vienna claiming for the setting aside of the partial award for Phase I. On 30 March 2011, the Court ordered both parties to file further written submissions by 14 July 2011. A further hearing at the Vienna Commercial Court is scheduled for 8 September 2011.

On 22 December 2010, TP S.A. was notified by the Court in Warsaw that DPTG had filed a motion to ascertain enforceability of the partial award in Poland and obtain an enforceability clause with regards to it. On 9 March 2011, the Court in Warsaw postponed the first hearing without scheduling a new date and, on the motion of DPTG, ordered a three-month period for DPTG to respond to TP S.A.'s defence.

On 14 January 2011, DPTG filed its claim for Phase II, which amounts to DKK 2,386 million (approximately EUR 320 million) including interest. The Tribunal has directed TP S.A. to submit its answer to this claim by 27 May 2011.

c. Guarantees

As at 31 March 2011 and 31 December 2010, total guarantees granted by Telekomunikacja Polska S.A. to purchasers of debt securities amounted to PLN 4,198 million and PLN 4,089 million, respectively.

9. Information on the conclusion of one or more significant transactions by the Company with related party

As at 31 March 2011, France Telecom S.A. owned 49.79% of shares of the Company and held 49.79% of votes. France Telecom S.A. has the power to appoint the majority of TP S.A.'s Supervisory Board members. The Supervisory Board appoints and dismisses members of the Management Board.

TP S.A.'s income earned from its subsidiaries comprises mainly leased lines, interconnect, data transmission, fees for distribution of products through its own sales network and property rental and related fees. The purchases from the subsidiaries comprise mainly customer support and management services, selling fees, costs of interconnect, leased lines, consulting services, network services as well as property rental and related fees. Costs incurred by the Company in transactions with its subsidiaries also comprise donations to Fundacja Orange.

Revenue earned from France Telecom Group comprise mainly interconnect, data transmission and research and development services. The purchases from the France Telecom Group comprise mainly costs of leased lines, network services, IT services, interconnect, consulting services.

TP S.A.'s financial income earned from its subsidiaries comprises dividends, interest on bonds issued by subsidiaries and interest on loans granted to subsidiaries. Financial costs incurred by TP S.A. in transactions with related parties mainly comprise interest on bonds issued to subsidiaries and interest on loans from subsidiaries. The Company's financial receivables from its subsidiaries mainly comprise bonds issued by subsidiaries and loans granted to subsidiaries, together with accrued interests. Financial payables to related parties comprise bonds issued to subsidiaries and loans from subsidiaries, together with accrued interests.

(in PLN millions)	*3 months ended 31 March 2011*	*3 months ended 31 March 2010*
Sales of goods and services to:	**285**	**243**
TP Group	248	206
- TP Group (subsidiaries)	248	206
- TP Group (associates)	-	-
France Telecom Group	37	37
- France Telecom S.A. (parent)	27	26
- France Telecom (group)	10	11
Purchases of goods (including inventories, tangible and intangible assets) and services from:	**412**	**215**
TP Group	375	185
- TP Group (subsidiaries)	375	185
- TP Group (associates)	-	-
France Telecom Group	37	30
- France Telecom S.A. (parent)	23	16
- France Telecom (group)	14	14
Financial income:	**76**	**160**
TP Group	76	160
- TP Group (subsidiaries)	76	160
- TP Group (associates)	-	-
France Telecom Group	-	-
- France Telecom S.A. (parent)	-	-
- France Telecom (group)	-	-
Financial expense:	**140**	**140**
TP Group	140	140
- TP Group (subsidiaries)	140	140
- TP Group (associates)	-	-
France Telecom Group	-	-
- France Telecom S.A. (parent)	-	-
- France Telecom (group)	-	-

(in PLN millions)	*At 31 March 2011*	*At 31 December 2010*
Receivables from:	**291**	**247**
TP Group	230	178
- TP Group (subsidiaries)	230	178
- TP Group (associates)	-	-
France Telecom Group	61	69
- France Telecom S.A. (parent)	55	60
- France Telecom (group)	6	9
Financial receivables from:	**3,367**	**3,435**
TP Group	3,367	3,435
- TP Group (subsidiaries)	3,367	3,435
- TP Group (associates)	-	-
France Telecom Group	-	-
- France Telecom S.A. (parent)	-	-
- France Telecom (group)	-	-
Payables to:	**454**	**460**
TP Group	343	357
- TP Group (subsidiaries)	343	357
- TP Group (associates)	-	-
France Telecom Group	111	103
- France Telecom S.A. (parent)	91	81
- France Telecom (group)	20	22
Financial payables to:	**8,676**	**8,243**
TP Group	8,676	8,243
- TP Group (subsidiaries)	8,676	8,243
- TP Group (associates)	-	-
France Telecom Group	-	-
- France Telecom S.A. (parent)	-	-
- France Telecom (group)	-	-

Remuneration and bonuses, compensation and termination indemnities, including compensation under a competition prohibition clause (cash, benefits in kind or any other benefits) paid in accordance with contractual commitments, by TP S.A. and Telekomunikacja Polska Group entities to TP S.A.'s Management Board and Supervisory Board members during the 3 months ended 31 March 2011 and 2010 amounted to PLN 4.1 million and PLN 2.7 million, respectively. In addition, PLN 2.2 million of a termination benefit accrued in 2009 was paid during the 3 months ended 31 March 2010. In the 3 months ended 31 March 2011 and 2010, the amount of accrued costs for bonuses for the Company's Management Board amounted to PLN 0.8 million and PLN 0.7 million, respectively.

In the 3 months ended 31 March 2011 no cost was recognised in respect of TP S.A.'s incentive programme as the vesting period of the programme ended in 2010. During the 3 months ended 31 March 2010, the estimated cost of share based payments under TP S.A.'s incentive programme allocated to the Company's Management Board amounted to PLN 0.2 million.

On 14 January 2011, Mr Roland Dubois resigned from the position of Management Board Member of TP S.A. in charge of Finance – Chief Financial Officer. As of 17 January 2011, his duties were passed on to Mr Jacques de Galzain.

On 27 January 2011, the Supervisory Board of the Company appointed Mr Jacques de Galzain and Mr Jacek Kowalski as Members of the Management Board of TP S.A. The Supervisory Board also appointed Mr Piotr Muszyński for a subsequent term of office.

Mr Raoul Roverato resigned from the Supervisory Board of TP S.A. with effect from 26 January 2011. On 27 January 2011, the Supervisory Board appointed Mr Gerard Ries as a Member of the Supervisory Board of TP S.A.

On 24 March 2011, Mr Olivier Barberot resigned from the Supervisory Board of TP S.A. On the same day, the Supervisory Board appointed Mr Pierre Louette as a Member of the Supervisory Board of TP S.A.

On 14 April 2011, the General Shareholders' Meeting of TP S.A. renewed mandates of the following Members of the Supervisory Board of TP S.A., whose term of office expired as of the day of this General Meeting: Mr Timothy Boatman and Mr Gerard Ries.

10. Subsequent events

There was no significant event after the balance sheet date.