ATM S.A. CAPITAL GROUP

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2012

(in PLN thousand)

TABLE OF CONTENTS

MESSAGE FROM THE PRESIDENT OF THE MANAGEMENT BOARD TO THE SUPERVISORY BOARD, CURRENT SHAREHOLDERS AND PROSPECTIVE INVESTORS

Dear Members of the Supervisory Board, Shareholders and Investors,

On behalf of the Management Board of ATM S.A., I hereby present the consolidated financial statements of ATM S.A. with the report on the Issuer's operations for 2012. This document includes the financial results, the statutory auditor's opinion, and the most important information concerning the company's activity and events of the previous year.

This has been a very intense year, during which we have managed to successfully implement the division of ATM into two separate listed companies. As a consequence of this division, ATM continues its current core activities, namely the provision of data center and other telecommunications services based on fibre optic networks.

The participants of the capital market appreciated the completed process of the Issuer's division, as shown for example by the quotation of the "new ATM" shares — from the day of the division until 31 December 2012, it rose by more than 77%. This is a huge sign of confidence which the investors have placed in the company, as well as an extremely solid base for further growth in future periods.

In 2012, we recorded excellent financial results, achieving record profits both at the operational level and in terms of the net result from continuing operations. We have executed both our investment and trading plans, as confirmed for example, by the generated EBITDA.

Our telecommunications activity has been very successful, and the Company has acquired large, significant clients for its data centers, winning virtually all major tenders for data center services in Poland completed in 2012. Therefore, the revenue from the sales of colocation services generated in 2012 was an absolute record and reached nearly PLN 50 million, noting an increase of more than 25% y/y. It is worth emphasizing that more than 97% of this amount were subscription revenues, and the share of colocation services in revenues, margin and profits of the company is steadily growing, as these services are now the fundamental part of ATM's operations.

As at 2013, in its three data centers, the company holds net 1,250 square metres of space available for sale, and in the framework of the conducted investment processes, this area may be increased by up to additional 4,000 square metres.

At the same time, I would like to assure you that — as in the previous years — the Management Board of ATM S.A. will make all necessary efforts to systematically implement our development strategy in future periods. Making use of the developed competition advantage and, thus, strengthening the market position of the company should ensure a steady increase in the Company's value.

Sincerely yours,

Maciej Krzyżanowski
President of the Management Board

SELECTED FINANCIAL DATA

	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	in PLN thousand		in EUR thousand	
Total sales revenue	182,787	177,828	43,796	42,952
Operating profit (loss)	23,593	16,889	5,653	4,079
Profit before taxation	15,040	13,007	3,603	3,142
Net profit of parent undertaking shareholders	13,055	16,434	3,128	3,969
Net cash flows from operating activities	9,627	44,029	2,307	10,635
Net cash flows from financial activities	(30,939)	10,969	(7,413)	2,649
Net cash flows from investment activities	(30,677)	(38,700)	(7,350)	(9,347)
Increase (decrease) in cash flows	(51,989)	16,297	(12,457)	3,937
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
Fixed assets	321,326	369,733	78,599	83,711
Current assets	35,253	168,905	8,623	38,242
Total assets	359,168	538,638	87,855	121,952
Long-term liabilities	77,654	63,358	18,995	14,345
Short-term liabilities	47,502	192,188	11,619	43,513
Equity	235,625	283,090	57,635	64,094
Share capital*	34,723	34,723	8,494	7,862
Parent undertaking shareholders' equity	233,374	275,771	57,085	62,437
Number of shares	36,343,344	36,343,344	36,343,344	36,343,344
Book value per share (PLN/EUR)	6.42	7.59	1.57	1.72
Diluted book value per share (PLN/EUR)	6.42	7.59	1.57	1.72

**) Share capital has been restated in accordance with MSR 29*

The above financial data as at 31 December 2012 have been converted into EUR according to the following principles:

- particular items of assets and liabilities were calculated on the basis of the average exchange rate published by the National Bank of Poland (NBP) on 31 December 2012 of PLN/EUR 4.0882;
- particular items of the profit and loss account and the cash flow statement were calculated on the basis of exchange rates constituting the arithmetic mean of rates established by the National Bank of Poland (NBP) on the last day of each month of the fiscal year (between 1 January and 31 December 2012), amounting to PLN/EUR 4.1736.

The above financial data as at 31 December 2011 have been converted into EUR according to the following principles:

- particular items of assets and liabilities were calculated on the basis of the average exchange rate published by the National Bank of Poland (NBP) on 31 December 2011 of PLN/EUR 4.4168;
- particular items of the profit and loss account and the cash flow statement were calculated on the basis of exchange rates constituting the arithmetic mean of rates established by the National Bank of Poland (NBP) on the last day of each month of the fiscal year (between 1 January and 31 December 2011), amounting to PLN/EUR 4.1401.

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2012

KEY INFORMATION REGARDING THE CONSOLIDATED ANNUAL REPORT

This consolidated annual report covers information prepared pursuant to § 86 item 2 and § 87 item 1 of the Regulation of the Minister of Finance of 19 October 2005, and includes consolidated financial statements of the ATM S.A. capital group made in accordance with International Financial Reporting Standards, as approved by the European Union, for the period from 1 January to 31 December 2012.

Submission date: 30 April 2013

Information on the Issuer:

Full name of the Issuer: ATM S.A.
Abbreviated name of the Issuer: ATM
Sector according to the Warsaw Stock Exchange classification: Information technology
Postal code: 04-186
City: Warsaw
Street name: Grochowska
Number: 21a
Telephone: (22) 51 56 660
Fax: (22) 51 56 600
E-mail: inwestor@atm.com.pl
Website: www.atm.com.pl
NIP (Tax ID No): 113-00-59-989
REGON (Statistical ID Nostatistical number): 012677986
Entity authorized to perform the audit: PKF Audyt Sp. z o.o.

TOTAL INCOME STATEMENT

	NOTE	For the period 01/01–31/12/2012	For the period 01/01–31/12/2011
Continued activity			
Sales revenue	3	182,787	177,828
Cost of sales (variable)	4	106,695	107,074
Sales margin		**76,091**	**70,754**
Cost of sales (fixed)*	4	21,388	13,944
Gross profit (loss) on sales		**54,704**	**56,810**
Other operating revenue	5	1,133	378
Sales costs		-	-
Administrative expenses*	4	30,463	38,738
Other operating expenses	6	1,781	1,560
Restructuring cost		-	-
Operating profit (loss)		**23,593**	**16,889**
Share in the financial result of undertakings valued with the equity method		1,043	(316)
Financial revenue**	7	2,244	5,382
Financial costs***	8	11,840	8,950
Profit (loss) before taxation		**15,040**	**13,007**
Income tax	9	1,441	4,296
Net profit (loss) on continued activity		**13,599**	**8,711**
Discontinued activity			
Net profit (loss) on discontinued activity		(1,005)	7,723
of which:			
referring to the separation of the organized part of the enterprise relating to integrating operations		1,100	7,851
referring to mPay International Sp. z o.o. in bankruptcy liquidation		(2,104)	(128)
Net profit (loss)		**12,594**	**16,434**
Net profit (loss) for the Group's shareholders		13,055	17,497
Net profit (loss) for minority shareholders		(463)	(1,063)
Other total income			
Share in other total income of associates		-	-
Income tax related to other total income items		-	-
Other total net income		-	-
Total amount of total income		**12,594**	**16,434**
Total income for the Group's shareholders		13,055	17,497
Total income for minority shareholders		(463)	(1,063)
Profit (loss) per share			
On continued activity:			
Ordinary		0.37	0.24
Diluted		0.37	0.24
On continued and discontinued activity:			
Ordinary		0.35	0.45
Diluted		0.35	0.45
EBITDA		44,627	36,534

Data for the period from 01/01–31/12/2011 have been restated in accordance with § 34 of IFRS 5.

*) Between 2011 and 2012, some fixed costs of the company have been reclassified, i.e. transferred from the "General and administrative costs" to the "Cost of sales (fixed)" item. For the purpose of comparative analysis, the two cost categories should be considered jointly.
**) Financial revenue in 2011 includes a one-off profit relating to the sale of shares in the inONE S.A. IT company.
***) An increase in the "Financial costs" in relation to the report for the fourth quarter of 2012 by approx. PLN 1,678 thousand, associated with the recognition of revaluation of the IRS contract hedging the interest rate risk in respect of the investment loan in financial costs. Although this cost may be connected with interest on the investment loan paid in future periods (in the five-year loan repayment period), in accordance with the IAS provisions, it must be presented in the current period.

CONSOLIDATED FINANCIAL SITUATION STATEMENT – ASSETS

	NOTE	End of the period 31/12/2012	End of the period 31/12/2011
Fixed assets			
Goodwill	11	128	18,579
Intangible assets	12	44,972	64,775
Tangible fixed assets	13	207,697	218,167
Investments in associates consolidated with the equity method		68,367	67,324
Other financial assets	14	0	80
Deferred income tax assets	9	0	0
Other fixed assets	15	162	808
		321,326	**369,733**
Current assets			
Inventories	16	1,340	15,240
Financial assets held for trading	13	970	104
Trade and other receivables	17	24,297	88,681
Income tax receivables		57	71
Other current assets	18	4,011	8,243
Other financial receivables	18		-
Cash and cash equivalents	19	4,578	56,566
		35,253	**168,905**
Fixed assets classified as held for sale		2,589	-
Total assets		**359,168**	**538,638**

CONSOLIDATED FINANCIAL SITUATION STATEMENT – LIABILITIES

	NOTE	End of the period 31/12/2012	End of the period 31/12/2011
Equity			
Share capital	20	34,723	34,723
Supplementary capital from share premium		123,735	159,030
Revaluation reserve		-	-
Treasury shares		(1)	-
Reserve capital		52,505	40,429
Hedge valuation reserve and FX gains/losses due to consolidation		-	-
Retained earnings	20	22,412	41,589
Total Group shareholders' equity		**233,374**	**275,771**
Non-controlling shares		2,251	7,319
Total shareholders' equity		**235,625**	**283,090**
Long-term liabilities			
Long-term loans and credits	22	31,376	2,103
Provisions for deferred tax	23	34	1,224
Provisions for liabilities		-	
Long-term trade and other liabilities		27,036	31,068
Other financial liabilities	26	19,208	28,964
		77,654	**63,359**
Short-term liabilities			
Bank and other loans and credits	22	13,852	41,338
Provisions for liabilities	23	-	
Income tax liabilities		2,037	996
Trade and other liabilities	25	20,115	135,056
Other financial liabilities		11,498	14,799
		47,502	**192,189**
Liabilities related directly to fixed assets classified as held for sale		(1,613)	-
Total liabilities		**359,168**	**538,638**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

	Share capital	Supplementary capital from share premium	Treasury shares	Reserve capital	Revaluation reserve	Retained earnings	Total Group shareholders' equity	Non-controlling shares	Total equity
As at 1 January 2012	**34,723**	**159,030**	**-**	**40,429**	**-**	**41,589**	**275,771**	**7,319**	**283,090**
Increases:									
Capital increase	-	-	-	-	-	-	-	-	-
Current period results	-	-	-	-	-	13,055	13,055	(463)	12,592
Share subscription under the stock option plan	-	-	-	-	-	445	445	-	445
Valuation of management options	-	-	-	-	-	-	-	-	-
Changes to the Group's structure	-	-	-	-	-	-	-	-	-
Profit distribution	-	-	-	16,381	-	-	16,381	-	16,381
Reduction:									
Purchase of treasury shares under stock option plan	-	-	1	-	-	-	1	-	1
Purchase of shares after the control taking date		-	-	-	-		-	-	-
Current period results	-	-	-	-	-	-	-	-	-
Profit distribution to be allocated to reserve capital	-	-	-	-	-	16,381	16,381	-	16,381
Dividend payout	-	-	-	-	-	-	-	-	-
Changes to the Group's structure (division)	-	35,295	-	4,305	-	16,297	55,897	4,605	60,502
									-
As at 31 December 2012	**34,723**	**123,735**	**(1)**	**52,505**	**-**	**22,411**	**233,373**	**2,251**	**235,624**

	Share capital	Supplementary capital from share premium	Treasury shares	Reserve capital	Revaluation reserve	Retained earnings	Total Group shareholders' equity	Minority share	Total equity
As at 1 January 2011									
Increases:									
Capital increase									
Current period results									
Share subscription under the stock option plan									
Valuation of management options									
Changes to the Group's structure									
Profit distribution									
Reduction:									
Purchase of treasury shares under stock option plan	-	-	-	-	-	-	-	-	-
Purchase of shares after the control taking date		-	-	-	-	-	-	-	-
Current period results	-	-	-	-	-	-	-	-	-
Profit distribution to be allocated to reserve capital	-	-	-	-	-	2,122	2,122	-	2,122
Dividend payout	-	-	-	-	-	8,359	8,359	-	8,359
Changes to the Group's structure	-	-		-	-	555	555	603	1,158
As at 31 December 2011	**34,723**	**159,030**	**-**	**40,429**	**-**	**41,589**	**275,771**	**7,319**	**283,090**

CONSOLIDATED CASH FLOW STATEMENT

	For the period 01/01–31/12/2012	For the period 01/01–31/12/2011
Operating activity		
Profit (loss) before taxation	**15,038**	**13,007**
Adjustments by items:	(5,411)	31,022
Share in net loss (profit) of undertakings valued with the equity method	1,043	(316)
Amortization and depreciation	21,036	19,645
Exchange rate differences	1,419	2,731
Interest received	16	21
Interest paid	7,255	5,751
Dividends received	-	-
(Profit) loss on investment activity	(5,571)	(5,048)
Change in inventories	341	342
Change in receivables	26,967	18,289
Change in liabilities and provisions*	(54,028)	(5,695)
Change in other assets	2,097	(2,349)
Income tax paid	(2,152)	(2,245)
Other	(3,833)	(104)
	9,627	**44,029**
Investing activities		
Expenses on tangible fixed assets purchases	(53,891)	(66,234)
Expenses on financial assets purchases	-	-
Revenue from sale of tangible fixed assets	23,154	16,663
Repayment of long-term loans granted	-	-
Long-term loans granted	-	-
Revenue from sales of financial assets	38	7,200
Interest received	1	-
Dividends received		
Exchange rate differences	21	(68)
Other	-	3,739
	(30,677)	**(38,700)**
Financial activity		
Net proceeds from issue of shares and other capital contributions	-	-
Subsidies received	(2,239)	7,885
Proceeds from credits and loans	5,077	30,206
Repayments of credits and loans	-	-
Purchase of treasury shares	(1)	13
Payment of liabilities arising from finance lease	(7,297)	(13,299)
Dividends paid	-	(8,359)
Interest received	-	87
Interest paid	(7,300)	(5,774)
Other profit-sharing	-	-
Exchange rate differences	(104)	66
Other (division adjustment)	(19,074)	145
	(30,939)	**10,969**
Change in cash	**(51,989)**	**16,297**
Opening balance of cash	56,566	40,269
Closing balance of cash	**4,578**	**56,566**

*) A significant decrease in liabilities in 2012 is due to an unusually high value of current liabilities as at the balance sheet date of 31 December 2011 under the execution of the OST 112 contract; the said liabilities were performed in the beginning of 2012.

ADDITIONAL EXPLANATORY NOTES

NOTE 1.
BASIC INFORMATION

1. Information concerning the parent undertaking

ATM S.A. is a joint-stock company. The Company launched its operation in 1994 as ATM Sp. z o.o. limited liability company. On 10 July 1997, ATM Sp. z o.o. was transformed into a joint-stock company pursuant to a notarial deed drawn up at the Notarial Office in Raszyn on 16 May 1997 (Repertory No 3243/97).

The registered office of the Company is located in Warsaw at ul. Grochowska 21a. The Company operates from its registered office as well as through a branch in Katowice which is not a self-contained accounting unit. The Company is registered at the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register. The Company is registered under the National Court Register (KRS) number 0000034947.

ATM S.A. is listed on the Warsaw Stock Exchange. The ownership structure as at 31 December 2011 and 31 December 2010 has been presented in Note 19.

According to the Warsaw Stock Exchange classification, the basic activity of the Company concerns the IT sector. In the period covered by the present financial statements, ATM S.A. provided data center and data transmission services for corporate clients.

As at 31 December 2012, the Management Board consisted of:

- Maciej Krzyżanowski – President of the Management Board
- Tadeusz Czichon – Vice-President of the Management Board

As at 31 December 2012, the Supervisory Board consisted of:

- Roman Szwed – Chairman of the Supervisory Board
- Tomasz Tuchołka – Vice-Chairman of the Supervisory Board
- Grzegorz Domagała – Member of the Supervisory Board
- Sławomir Kamiński – Member of the Supervisory Board
- Mirosław Panek – Member of the Supervisory Board

The changes in the Management Board and the Supervisory Board, are described in item 3.16 of the Management Board’s report on the Issuer’s activities.

2. Information concerning undertakings included in the capital group

In 2012, the following changes occurred with respect to the ATM S.A. capital group:

- On 20 April 2012, pursuant to the decision of the Extraordinary General Meeting, the IT activity of ATM S.A. — and thus one of the historical operating segments of the ATM S.A. Capital Group (integration of ICT systems), was separated and transferred to Atende S.A. (formerly: ATM Systemy Informatyczne) which is currently not related by capital with the Issuer and is developing this area of operation independently.
- On 25 April 2012, the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register, registered an increase in the share capital of ATM Systemy Informatyczne S.A. by transfer of a part of assets of ATM S.A. to ATM Systemy Informatyczne S.A., as a result of which share capital of ATM SI amounts to PLN 7,268,668.80 and is divided into 36,343,344 shares with the nominal value of PLN 0.20.
- On 11 June 2012, the Management Board of mPay International filed a bankruptcy petition.
- On 30 July 2012, the District Court for Warsaw Praga-Północ, 9th Commercial Division, issued a decision on the bankruptcy of mPay International Sp. z o.o., involving the liquidation of the assets of mPay International Sp. z o.o., which is a subsidiary of the Issuer ATM S.A. The bankruptcy petition for mPay International was filed by the company’s Management Board on 11 June 2012. Since 2009, mPay International has not carried out its operating activity, due to the fact that it did not have the opportunity to cooperate with its partner. Its liquidation simplified the capital structure of the mPay Group and shall not affect the operations of mPay S.A.

As at the date of publication of these statements, the Capital Group included the following subsidiaries apart from the Issuer:

Company name	Scope of activity	Dependence	Stake in share capital	Share in the overall number of votes
mPay International Sp. z o.o. in bankruptcy liquidation	The Company does not conduct operating activities	Company in bankruptcy	60%	60%
mPay S.A.	Mobile payments	Subsidiary	95.8%	95.8%

Companies consolidated using the equity method:

Company name	Scope of activity	Dependence	Stake in share capital	Share in the overall number of votes
Linx Telecommunications B.V.	Telecommunications services	Associate	21.27%	21.27%

3. Grounds for preparing the financial statements

The present financial statements have been drawn up in accordance with the requirements of International Financial Reporting Standards ("IFRS") as approved by the European Union, and with respect to matters not regulated in the said standards in accordance with the requirements of the Accounting Act of 29 September 1994 (Journal of Laws of 2002 No 76, item 694 as amended) and the secondary legislation issued pursuant to this Act, and in accordance with the requirements stipulated in the Regulation of the Minister of Finance of 19 February 2009, taking into account the changes resulting from the Regulation of the Minister for of Finance of 3 April 2012.

NOTE 2.
MATERIAL ACCOUNTING POLICIES

The fiscal year shall be a calendar year.

The financial data have been stated in thousands of PLN unless stated with greater accuracy in specific cases. The Polish zloty (PLN) is both the functional and reporting currency.

The financial statements have been drawn up on the assumption that the Company will continue as a going concern in the foreseeable future. As at the date on which the financial statements were drawn up, there were no circumstances indicating any threat to the Company continuing as a going concern.

1. Declaration of compliance

The consolidated financial statements of the ATM S.A. Group for the period ending on 31 December 2012 and comparable data for the fiscal year ending on 31 December 2011 have been drawn up in accordance with International Financial Reporting Standards as approved by the European Union.

2. Adoption of International Financial Reporting Standards

Standards and interpretations first applied in 2012

The following amendments to the existing standards published by the International Accounting Standards Board and approved by the EU came into force in 2012:

Amendment to IAS 12 Deferred income tax: Future implementation of an asset – amendment of 2010 introduces an exception to the current deferred tax valuation rules contained in paragraph 52 of IAS 12, based on the method of implementation. The amendment shall be effective for annual periods beginning on or after 1 January 2012.

Early adoption of standards and interpretations

When preparing these consolidated financial statements, the Management Board of the Group decided that none of the Standards will be applied earlier.

Standards which have been published and approved by the EU but are not yet applicable

While approving the present financial statements, the Group did not apply the following standards, amendments and interpretations, which had already been published and approved for application within the EU but were not applicable yet: IFRS 9 Financial Instruments – the new standard replaces the provisions of IAS 39 Financial Instruments: Recognition and Measurement – on the classification and valuation of financial assets. The standard eliminates the existing IAS 39 held-to-maturity and available-for-sale categories, as well as loans and receivables. The standard shall be effective for annual periods beginning on or after 1 January 2015;

IFRS 10 Consolidated Financial Statements will replace IAS 27 “Consolidated and Separate Financial Statements” and SIC-12 interpretation “Consolidation – Special Purpose Entities”. The standard is effective for annual periods beginning on or after 1 January 2013;

IFRS 11 Joint contractual arrangements will replace the IAS 31 “Interests in Joint Ventures” and SIC-13 “Jointly Controlled Entities – Non-Monetary Contributions by Venturers. The standard is effective for annual periods beginning on or after 1 January 2013.

IFRS 12 Disclosure of Interests in Other Entities sets out the objectives of disclosures and the minimum scope of disclosures required to achieve these objectives. The standard is effective for annual periods beginning on or after 1 January 2013.

IFRS 13 Fair Value Measurement – the standard provides guidance regarding fair value measurement for all other standards. The standard is effective for annual periods beginning on or after 1 January 2013

IAS 27 Separate Financial Statements contains requirements for accounting and disclosures of information about investments in subsidiaries, associates and joint ventures, which remain unchanged in relation to the separate financial statements and are included within the scope of modified IAS 27. Other requirements contained in IAS 27 have been replaced with the requirements of IFRS 10. The standard is effective for annual periods beginning on or after 1 January 2013.

IAS 28 Investments in Associates and Joint Ventures – this standard has been modified in such a way as to correspond to the provisions of IFRS 10 and IFRS 11. The standard is effective for annual periods beginning on or after 1 January 2013.

Amendment to IAS 1 Presentation of Items of Other Comprehensive Income. The amendment shall be effective for annual periods beginning on or after 1 July 2012.

Amendment to IAS 19 Employee Benefits. The amendment shall be effective for annual periods beginning on or after 1 January 2013.

IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine. The amendment shall be effective for annual periods beginning on or after 1 January 2013.

According to the estimates of the Company, the above mentioned standards, interpretations and amendments to standards would not have significant impact on the financial statements if they were applied by the Company as at the balance sheet date.

3. Estimates of the Management Board

In drawing up the present financial statements, the Management Board relies on estimates based on certain assumptions and judgments. These estimates affect the principles adopted and the amounts of assets, liabilities, revenue and costs presented.

The estimates and the related underlying assumptions are based on historical experience and the analysis of diverse factors which are considered reasonable under the circumstances, and their results form basis for professional judgment concerning the value of individual items they concern.

With regard to certain significant issues, the Management Board relies on opinions voiced by independent experts.

Due to the nature of estimates and the adopted forward-looking assumptions, the accounting estimates arrived at in this manner may, by definition, differ from actual results. The estimates and assumptions adopted are subject to ongoing verification. Any change in accounting estimates will be recognized in the period in which they are changed if they concern this period only, or in subsequent periods as well.

Estimates and assumptions involving significant risk include:

a) Provisions for employee benefits

As for employee benefits, the Group is not party to any wage bargaining agreements or collective employment agreements. Moreover, the Group does not provide for any pension schemes managed directly by the Group or by external funds. Costs of employee benefits include salaries payable according to the terms and conditions of employment contracts concluded with individual employees and the costs of pension benefits (retirement severance pay) payable to employees pursuant to the provisions labour law at the end of their employment period. Short-term employee benefit liabilities are valued according to general principles. Due to the intangible nature of these provisions, based on the materiality principle included in the International Financial Reporting Standards Conceptual Framework, the provisions for pension benefits at the end of employment period have not been recognized in the financial statements.

b) Long-term contracts

The Group determines the completion stage of long-term contracts by determining the proportion of project costs already incurred to total estimated project costs. Due to the nature of implemented projects and the possibility that unforeseen difficulties emerge in relation to project implementation, it may turn out that actual total project implementation costs differ from the estimates made. Changes in total project implementation cost estimates may result in the need to restate the project completion stage determined as at the balance sheet date, and thus restate the recognized revenue.

c) Bonuses from producers for reaching the annual volume of sales

The Group estimates the expected value of bonuses from producers which the Company should receive for orders placed in the fiscal year. The bonus is estimated based on the historical data and information concerning the counterparty’s current promotional campaigns.

d) Other

Apart from the aforementioned issues, the Group makes regular (at least annual — on the balance sheet date) estimates concerning correctness of the determination of life of individual fixed assets, potential residual value of individual assets as well as receivable and inventory write-downs. These estimates are largely based on historical experience and the analysis of various factors affecting the use of assets and the possibility of taking advantage of the related economic profits.

4. Accounting principles

Consolidation – Subsidiaries

Subsidiaries comprise all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying the control of more than one half of the overall voting rights in their decision-making bodies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The acquisition of subsidiaries by the Group is accounted for with the use of purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable acquired assets, as well as liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of costs of acquisition over the fair value of the Group's share in the identifiable acquired net assets is recorded as goodwill. Goodwill is not subject to depreciation, but is annually tested for impairment.

If the cost of acquisition is lower than the fair value of net assets of the acquired subsidiary, the difference is recognized directly in the profit and loss account.

Subsidiaries are fully consolidated from the date on which the control is transferred to the Group. Intercompany transactions, balances and unrealized gains on transactions between the Group Companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence for impairment of the transferred asset.

Increases in stake in a subsidiary occurring after the parent undertaking has assumed control are recognized in equity.

Goodwill impairment write-downs are recognized in the profit and loss account as other operating expenses and are not subject to reversal.

Consolidation – Associates

Associates comprise all entities over which the Group has significant influence but not control, which generally indicates the control of between 20% and 50% of the voting rights in decision-making bodies.

Investments in associates are accounted for by the equity method and are initially recognized at cost. The Group's investment in associates includes goodwill identified on acquisition.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated, unless the transaction provides evidence for impairment of the transferred asset.

Intangible assets

Intangible assets include assets that lack physical substance, are identifiable and can be reliably valued, and which will result in the flow of economic benefits to the entity in the future.

Intangible assets are initially recognized at acquisition price or cost of production.

Intangible assets created as a result of development work are recognized in the balance sheet where the following conditions are met:

- From the technical point of view, the intangible asset can be completed so that it can be sold or used;
- It is possible to demonstrate the intention to complete the asset as well as to use and sell it;
- The asset will be fit for use or sale;
- The manner in which the asset will generate future economic benefits is apprehended;
- Technical and financial resources required to complete development works and to use and sell the asset will be provided;
- It is possible to reliably determine the expenditure incurred during development works.

The expenditure incurred during research work and expenditure that does not meet the aforementioned conditions is recognized as cost in the profit and loss account on the date it is incurred, under administrative expenses.

Expenditure incurred in order to obtain perpetual land usufruct rights is also included in intangible assets. Perpetual usufruct of land is considered operating lease, and so the subject of usufruct is not included in the assets. However, expenses incurred in order to obtain such rights in the secondary market (from other undertakings) and expenses related to granting such rights by competent state authorities are recognized as intangible assets and are depreciated over the contractual period during which the entity can use such rights.

Rates adopted for the depreciation of intangible assets reflect their predicted useful life. The Group does not possess intangible assets with indefinite useful life. Intangible assets with definite useful lives are depreciated on a straight-line basis. Useful lives for individual intangible assets are as follows:

Obtained perpetual usufruct rights	100 years
Software licenses	2 years
Development works	3-5 years
Trademarks	5 years
Property rights	5 years

Intangible assets are tested for impairment where there are circumstances indicating impairment; while for intangible assets in development the potential impairment is determined on every balance sheet date. The effects of impairment and depreciation of intangible assets are recognized as costs related to basic activity.

On the balance sheet date, intangible assets are valued at costs reduced by depreciation charges and potential permanent impairment charges.

Tangible fixed assets

Tangible fixed assets include fixed assets and expenditure for fixed assets under construction which the entity intends to use in its activities and for administrative purposes over a period longer than one year, and which will cause future economic benefits to flow to the entity. Fixed asset expenditure includes the incurred investment expenditure as well as expenditure incurred in relation to the future supplies of machinery, equipment and services related to the construction of fixed assets (advance payments).

Fixed assets and fixed assets under construction are initially recognized at acquisition price or production cost.

Fixed assets include important specialist replacement parts that function as elements of a fixed asset. Significant components, including intangible ones, are also recognized as separate fixed asset items.

Fixed assets under construction for production, rental or administrative purposes, as well as for purposes not yet specified are recognized in the financial situation statement at production cost reduced by impairment write-downs. Production cost includes charges and, for specific assets, borrowing costs capitalized in accordance with the Group's accounting principles. Depreciation of these fixed assets begins when they are used for the first time, in accordance with the principles concerning other fixed assets.

Rates adopted for the depreciation of fixed assets, including components and specialist replacement parts, reflect their predicted useful life. The estimated useful life is verified every year. Fixed assets are depreciated using the declining balance method. Useful lives for individual fixed asset items are as follows:

Buildings and structures	from 10 to 40 years
Machinery and equipment	from 4 to 10 years
Vehicles	from 5 to 7 years
Other fixed assets	from 4 to 10 years

Own land is not subject to depreciation. The Group treats perpetual land usufruct rights granted as operating lease. Where such rights are purchased in the secondary market, they are recognized as intangible assets and depreciated over their predicted useful life.

Fixed assets and fixed assets in development are tested for impairment where there are circumstances indicating impairment; while for fixed assets in development a potential impairment is determined on every balance sheet date. The effects of impairment of fixed assets and fixed assets in development are recognized as other operating expenses.

On the balance sheet date, fixed assets and fixed assets in development are valued at costs reduced by depreciation charges and any impairment charges.

Financial assets

The Group classifies financial assets to one of the following categories: financial assets at fair value through profit or loss account, loans granted and own receivables, financial assets held to maturity and financial assets available for sale. The classification of an individual financial asset depends on the purpose of the financial asset, intentions of the Management Board and on whether the financial asset in question is quoted in the market. The Management Board determines the aforementioned classification on the initial recognition of a given asset and, in justified cases, performs an appropriate reclassification in subsequent periods, except for the reclassification of financial assets at fair value through profit and loss account. Reclassification in and out of financial assets valued at fair value through profit and loss account category is prohibited.

a) Financial assets valued at fair value through profit and loss account

   This category includes financial assets held for trading and financial assets designated on initial recognition to be measured at fair value. Financial assets are classified in this category if they are intended for sale in the short term. Derivatives (except for hedging instruments) are also classified as the held for trading financial assets.

   Financial assets valued at fair value through profit and loss account are initially measured at fair value, and transaction costs are recognized directly in the profit and loss account. Gains and losses resulting from Change in fair value are recognized in the profit and loss account in the period in which they occur.

b) Loans granted and own receivables

   Loans granted and own receivables comprise financial assets which are not financial instruments, with fixed or determinable payments, not quoted and not acquired in order to be sold.

   Loans granted and own receivables are initially measured at fair value together with transaction costs, unless these are immaterial. As at the balance sheet date, this category is measured at depreciated cost with the effective interest rate method.

Receivables are initially recognized at fair value. Where normal payment deadlines are applied that are accepted in practice in the market for similar transactions, fair value is deemed to be their face value arising on the date on which revenue is recognized.

On the balance sheet date, trade receivables are valued at depreciated cost with the effective interest rate method, according to the prudence principle. Receivables are subject to revaluation depending on the probability of their receipt by making the following write-downs:

- From debtors in liquidation or bankruptcy – to the amount of receivables not hedged;
- From debtors where a bankruptcy petition has been dismissed – 100% of the amount of receivables;
- Disputed receivables or receivables that are overdue and their payment is not probable – to the amount of receivables not hedged;
- Receivables equivalent to the amounts added back to receivables — in those amounts;
- Receivables that are overdue or not overdue but it is highly probable that they will not be collected — 100% of the amount of receivables.

Revaluation write-downs for receivables and their reversals are charged to other operating expenses and operating revenue, respectively. Receivables in foreign currencies are recognized in accounting records and valued on the balance sheet date according to the principles described in the “Foreign Currency Transactions” section.

Receivables whose maturity exceeds 12 months are recognized as “other fixed assets” in the balance sheet.

c) Financial assets held to maturity

Financial assets held to maturity include financial assets with fixed or determinable payments or fixed maturity, which the Group intends and is able to hold to maturity, except for loans granted and own receivables.

Financial assets held to maturity are initially measured at fair value together with transaction costs, unless these are immaterial. As at the balance sheet date, this category is measured at depreciated cost with the effective interest rate method.

d) Financial assets available for sale

Among financial assets available for sale, the Group includes all financial assets that are not: loans granted and own receivables, financial assets held to maturity and financial assets held for trading. Assets available for sale include in particular shares in other undertakings that are not subordinates, which the Group does not intend to sell in the short term.

Financial assets available for sale are initially measured at fair value together with transaction costs, unless these are immaterial. On the balance sheet date, this category is measured at fair value.

Interest income related to financial assets available for sale is recognized in the profit and loss account using the effective interest rate method. Dividends related to financial assets available for sale are recognized in the profit and loss account on the date when the Group's rights to receive payment are established. All other fair value movements are recognized in equity. On the sale or expiry of these assets, the valuation effects included in equity are recognized in the profit and loss account.

All financial assets are removed from the balance sheet when the rights to receive benefits from a given asset expire or have been transferred and the Group has transferred virtually all benefits and risks related to the asset.

Financial assets are recognized as current assets unless their maturity exceeds 12 months from the balance sheet date; in this case, they are recognized as fixed assets.

Financial instruments and hedges

Financial instruments are recognized and measured at fair value on the balance sheet date. Methods for recognizing profit and loss related to these instruments depend on whether the instrument in question was designated as a hedge and on the nature of this hedge. A given instrument may be designated as a fair value hedge, cash flow hedge or a foreign investment hedge.

The Group did not apply hedge accounting in the periods covered by the financial statements.

Inventories

Inventories are assets held for sale in the ordinary course of business, assets in the production process for sale and materials and supplies that are consumed in production or during the provision of services. Inventories include materials, goods, finished products and production in progress.

Materials and goods are initially measured at acquisition price. On the balance sheet date, materials and goods are valued according to the prudence principle, i.e. these categories are valued at the purchase price or realizable sales price, depending on which of them is lower.

Finished products and production in progress are initially valued at actual cost of production. On the balance sheet date, finished products and production in progress are valued according to the prudence principle.

Inventories of goods, materials and finished products are subject to write-downs as per the following principles:

- Goods inventories:
  - Goods remaining in warehouse from 6 months to 1 year 5%
  - Goods remaining in warehouse from 1 year to 2 years 10%
  - Goods remaining in warehouse from 2 to 3 years 30%
  - Goods remaining in warehouse from 3 to 4 years 50%
  - Goods remaining in warehouse for more than 5 years 100%
- Materials inventories:
  - The value of materials is recognized in the cost of goods sold over 5 years on a straight line basis.

Inventory expenditure is based on detailed identification for items allocated for specific projects or, according to FIFO method, for remaining inventories; costs are recognized in the cost of goods sold. Write-downs concerning inventories resulting from prudent valuation as well as write-downs for slow-moving goods and their reversals are recognized in the cost of goods sold.

Other current and fixed assets

Other current assets include prepayments. This category includes expenses incurred which constitute deferred costs. Prepayments are initially recognized in the amount of expenses incurred. On the balance sheet date, they are valued according to the prudence principle. Prepayments are absorbed on the time basis or on the basis of the amount of service, depending on their nature. Where expenses are settled more than 12 months after the balance sheet date, part of the assets are recognized as “other fixed assets” in the balance sheet.

Cash and cash equivalents

Cash includes cash in hand and cash in bank accounts, including cash held in bank deposits. Cash equivalents include short-term, highly liquid investments, easily convertible into known amounts of cash and subject to insignificant risks of changes in value, including interest due on bank deposits. Cash and cash equivalents are valued at face value. Cash and cash equivalents in foreign currencies are recognized in accounting records and valued on the balance sheet date according to the principles described in the “Foreign Currency Transactions” section. For the purposes of cash flow statements, cash and cash equivalents are defined in the same manner as for the purposes of their recognition in the balance sheet.

Bank loans

Bank loans are recognized at depreciated cost using the effective interest rate method. Authorized overdrafts for which no repayment schedules have been set are an exception. For such credits, costs related to obtaining them and other fees are charged to Financial costs during the period when they are incurred. In other cases, Financial costs, including the fees due on repayment or redemption and the direct costs of credit contracting, are recognized in the profit and loss account using the effective interest rate method, and increase the book value of the instrument, accounting for repayments made during the current period.

Trade and other liabilities

Liabilities are commitments to provide performance, resulting from past events, whose value has been determined in a fair manner and which will consume the Company's already existing or future assets.

Liabilities are initially recognized at fair value. Where normal payment deadlines are applied that are accepted in practice in the market for similar transactions, fair value is deemed to be their face value arising on the date on which liability is recognized. On the balance sheet date, liabilities are measured at depreciated cost and recognized in the balance sheet as long- and short-term liabilities.

Other liabilities include accruals. Such items include liabilities due for goods or services that have been received or provided, but have not been paid for, invoiced or formally agreed with the supplier, including the amounts due to employees, e.g. for outstanding leaves or bonuses. Despite the fact that in such cases the amount or date of payment for such liabilities has to be estimated, the degree of uncertainty is usually much lower than for provisions and therefore such items are classified as liabilities.

Liabilities in foreign currencies are recognized in books and valued on the balance sheet date according to the principles described in the “Foreign Currency Transactions” section.

Provisions

Provisions are established where the Company is under a legal or constructive obligation resulting from past events and where it is probable that the settlement of this obligation will necessitate an outflow of resources constituting economic benefits and where the amount of this obligation can be reliably estimated, but the amount of this obligation or the date when it becomes due are not certain. Where the effect of the value of money in time is material, the amount of provision is determined through the discounting of forecast future cash flows to present value, with the use of discount rate reflecting the current market evaluations of the value of money in time and the risks specific to the liability in question. Increases in provisions based on the discounting method over time are recognized as borrowing costs.

If the Group expects that costs included in the provision will be reimbursed in any manner, the reimbursement is recognized as a separate asset when, and only when, it is certain that the reimbursement will be received.

Provisions for specific risks are only established where the outflow of economic benefits from the entity is probable and the estimate may be conducted in a reliable manner.

As for employee benefits, the Group is not party to any wage bargaining agreements or collective employment agreements. Costs of employee benefits include salaries payable according to the terms and conditions of employment contracts concluded with individual employees and costs of pension benefits (retirement severance pay) payable to employees pursuant to the labour law provisions at the end of their employment period. Short-term employee benefit liabilities are valued according to general principles. Long-term benefits are estimated using actuarial methods. Due to the intangible nature of these provisions, based on the materiality principle included in the International Financial Reporting Standards Conceptual Framework, the provisions for long-term benefits at the end of the employment period have not been recognized in the financial statements.

Foreign currency transactions

Economic operations expressed in foreign currencies are recognized in financial statements as at the date on which they are conducted at the following exchange rates:

- the exchange rate actually applied on the given date, resulting from the nature of operations – for foreign exchange sale or purchase transactions and receivables or liabilities payments;
- the average exchange rate determined for the given currency by the National Bank of Poland (NBP) as at the date in question, unless an another exchange rate is specified in the customs declaration or another document which is binding for the unit – for other operations.

Assets and liabilities items expressed in foreign currencies are valued as at the balance sheet date according to the average exchange rate for the given currency published by the National Bank of Poland. Foreign Exchange rate differences arising from the settlement of transactions expressed in foreign currencies as well as arising from the balance sheet valuation of assets and liabilities items expressed in foreign currencies and concerning the Company's basic (operating) activity are recognized as Financial costs and revenue. Foreign exchange gains and losses are offset before presentation in financial statements.

The average exchange rates used to value the foreign exchange positions held by the Company in the periods included in the present financial statements were as follows:

Currency	Average NBP rate as at 31 December 2012	Average NBP rate as at 31 December 2011
EUR	4.0882	4.4168
USD	3.0996	3.4174
100JPY	3.6005	4.4082

Pursuant to IAS 1 *Presentation of Financial Statement*s § 19, the Issuer’s Management Board decided that the compliance with the requirement of IAS 21 *The Effects of Changes in Foreign Exchange Rates* in relation to the valuation of liabilities resulting from foreign currency lease agreements would be confusing and the financial statements would fail to fulfil their purpose, specified in the *Conceptual Framework*. Therefore, beginning from the financial statements for 2008, the Group withdrew from full application of the said requirement and adopted its modified version, as discussed below.

Pursuant to IAS 21 § 28, exchange rate differences in revaluation of lease liabilities, resulting from an alteration in foreign exchange rates, should be included in the financial result for the current reporting period. Because of the global financial crisis, significant and rapid fluctuations in currency exchange rates have occurred, beginning from the fourth quarter of 2008. In this situation, recognition of the valuation of currency lease liabilities in the profit and loss account would result in a substantial change in the Company's profit in a given reporting period, unrelated to the factual state of the Company's business activity. Only a small portion of exchange rate differences on lease liabilities — those related to instalments paid in a given reporting period — concerns the current reporting period, while the majority of these differences concerns well-defined future periods for which the maturity date of subsequent lease instalments falls. Costs or gain on revaluation of lease liabilities shall be actually realized (it will affect the Company's finances) in future periods, taking into account the actual currency exchange rates as at the dates of lease instalments payment.

Therefore, pursuant to IAS 1 § 19, the Group adopted (for the first time in the financial statements for 2008) a partial exemption from IAS 21 , i.e. exchange rate differences on currency lease liabilities were recognized as the Company's financial costs for a given reporting period only in the part concerning actually paid instalments. The remaining amount of exchange rate differences is recognized in accruals, which are recognized in financial costs for individual months of lease instalments repayment. Simultaneously, accruals shall be adjusted for subsequent exchange rate differences arising on lease liabilities (both gains and losses). This exemption from IAS 21 is also applied by the Company in the current financial statements.

Detailed calculations and financial implications of the adopted solution for presenting exchange rate differences on currency lease liabilities have been presented in Note 26: Other financial liabilities.

Leasing

A lease is classified as a finance lease if provisions of the agreement transfer substantially all potential benefits and risks resulting from the use of subject matter of the lease to the lessee. All other types of leases are classified as operating leases.

Assets held under finance lease agreement are treated as the Company's assets and are valued at fair value on acquisition, not higher, however, than the current value of minimum lease payments. The liability thus arising to the lessor is presented in the balance sheet under other financial liabilities. Lease payments are apportioned between the interest and the principal, so that the interest rate on outstanding liability remains fixed. Interest expenses are recognized as Financial costs in the profit and loss account.

Operating lease payments are recognized as an expense in the profit and loss account over the lease term on a straight-line basis. Received and outstanding benefits as an incentive to conclude an operating lease agreement are recognized in the profit and loss account over the lease term on a straight-line basis.

Impairment

At each balance sheet date, the Group reviews the balance sheet value of fixed assets to look for any indication that an asset may be impaired. If there is an indication that an asset may be impaired, then the asset's recoverable amount is estimated in order to determine the potential write-down. Where an asset does not generate cash flows that are largely independent of cash flows from other assets, the analysis is conducted for the group of cash flow generating assets to which the asset in question belongs. The recoverable amount is determined as the higher of the following two values: the fair value reduced by sales costs or the value in use, which corresponds to the present value of estimated future cash flows discounted at a rate that reflects current market assessments of time value of cash and risks specific to the given asset (if any).

Where the recoverable amount is lower than net book value of an asset or group of assets, book value is reduced to match the recoverable amount. The resulting loss is charged to expense in the period during which the impairment occurred.

Goodwill and intangibles in the development stage are tested for impairment annually.

Where impairment is reversed, net value of an asset is increased to match the newly estimated recoverable amount, which cannot be higher, however, than net value of this asset which would have been determined if the impairment had not been recognized in previous periods. Impairment reversal is recognized as adjustment to expenses in the period during which reasons for impairment ceased to exist. Impairment loss for goodwill cannot be reversed.

Revenue

Sales revenue is recognized at fair value of consideration received or due and represents amounts due for products, goods and services provided under ordinary business activities, after the deduction of rebates, VAT and other sales-related taxes.

Revenue from sales with deferred payment is recognized after discount deduction.

Sales of products and goods are recognized when goods have been delivered and significant delivery-related risk to delivery has been transferred to the receiver.

Revenue from the provision of services is recognized based on the stage of completion. Where results of a given service cannot be reliably determined, the revenue it produces is only recognized to the extent of incurred expenses which the Group expects to recover. Where the price of sales of a given service includes the identifiable value of maintenance services that will be provided in the future, the amount corresponding to this part of revenue is deferred and recognized in the profit and loss account in the periods when the services in question are provided.

Interest income is recognized on a cumulative basis relating to the main amount due, using the effective interest rate method.

Dividend income is recognized when the shareholders' right to receive payment is established.

Borrowing costs

Borrowing costs directly related to acquisition or production of assets which require longer time in order to commission them for use are recognized as costs of production of such assets until the assets are basically ready for intended use or sale.

Revenue from investments earned as a result of short-term investments of acquired external funds directly allocated to the financing of acquisition or production of assets reduces borrowing costs subject to capitalization.

All other borrowing costs are recognized directly in the profit and loss account in the period in which they were incurred.

The aforementioned capitalization principles are not applied to:

- Assets at fair value and
- Inventories produced at large quantities on a continuous basis and highly rotating.

Government subsidies

Subsidies are not recognized until obtaining a reasonable assurance that the Group meets the necessary conditions and will receive such subsidies.

Profits from a government loan with an interest rate under the market interest rate are treated as subsidies and measured as a difference between the amount of the loan and its fair value established using the relevant market interest rate.

Subsidies conditioned by the purchase or manufacture of fixed assets by the Company are recognized in the financial situation statements as receivables and systematically recognized in the profit and loss account during the expected useful lives of these assets.

Other subsidies are systematically recognized in the revenue, in the period necessary to compensate the expenses which the subsidies were dedicated to compensate. Subsidies due as a compensation of expenses or losses already incurred or as a form of direct financial support for the Company without incurring future expenses are recognized in the profit and loss account in the period in which they are due.

Rules applicable to the recognition of subsidies to fixed assets are also applied to transactions of free of charge receipt of fixed assets.

Costs of employee benefits

Short-term employee benefits, including contributions to particular pension schemes, are recognized in the period in which the Group receives the relevant services from an employee and, in the case of profit-sharing and bonus payments, provided the following conditions have been met:

- The Company has an existing legal or constructive obligation to make such payments as a result of past events, and
- A reliable estimate of the expected cost can be prepared.

In the case of benefits for compensated absences, employee benefits are recognized within the scope of accumulating compensated absences upon the completion of work that increases entitlement to future compensated absences. Non-accumulating compensated absences are recognized when they occur.

Employee benefits are recognized as costs, unless they constitute the cost of production of assets.

Incentive Scheme

On 5 June 2008, the ATM S.A. Ordinary General Meeting of Shareholders approved the Incentive Scheme Regulations for employees of the ATM S.A. Capital Group. The scheme was addressed to the Company's employees and partners, as well as members of the Management Boards and other employees and partners of the ATM S.A. Capital Group. As part of this scheme, in 2008–2010, the Management Board granted share purchase options to selected individuals. Based on these options, the authorized persons will be able to purchase the Company shares at the nominal price.

A reserve capital of PLN 13.5 million was allocated to finance the Scheme.

Taxation

Mandatory charges on the financial result include current tax (CIT) and deferred tax.

Current tax expense is calculated on the basis of taxable profit (tax base) for a given fiscal year. Tax profit (loss) differs from accounting net profit (loss) due to the exclusion of taxable revenue and costs that are not tax-deductible as well as cost and revenue items that will never be subject to tax. Tax expense is calculated based on tax rates during the fiscal year in question.

Deferred tax is calculated using the balance method as tax to be paid or returned in the future based on differences between the balance sheet values of assets and liabilities and the corresponding tax values used to calculate the tax base.

The deferred tax provision is established for all positive temporary differences subject to taxation, while a deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses or tax credits can be utilized by the Group. The deferred tax asset or deferred tax provision are not recognized where temporary difference arises from the initial recognition of goodwill or from the initial recognition of another asset or liability in a transaction that does not affect either the taxable or the accounting profit.

The value of deferred tax assets is subject to analysis on every balance sheet date, and where the expected future taxable profit is not sufficient to realize the asset or part thereof, it is written down.

Deferred tax is calculated using tax rates that will be applicable at the time when the asset is realized or the liability becomes due. Deferred tax is recognized in the profit and loss account, except for cases where it is related to items recognized directly in equity. In this case, the deferred tax is also charged or credited directly to equity. In the balance sheet, income tax assets and liabilities are offset to the extent the liability is payable to the same tax office.

The Group offsets the deferred tax assets and provisions and presents the result of such offsets in the balance sheet assets or liabilities, respectively.

NOTE 3.
SALES REVENUE

	For the period 01/01–31/12/2012	For the period 01/01–31/12/2011
Revenue from sales of products	172,372	173,356
Revenue from sales of goods and materials	10,415	4,472
Total sales revenue	**182,787**	**177,828**
including:		
- to related undertakings	1,013	1,016

Main products

In the reporting period, the Group provided ICT services in relation to the following areas:

- Telecommunications and value added services, including colocation and hosting, Internet access for telecommunications providers and corporate customers, the lease of transmission lines, telecommunications outsourcing;
- Mobile payments.

For detailed description of products, see point 3.1 of the report on the Group's activity.

Operating segments

The Group distinguishes two operating segments in its activity.

The first segment, characterized by stable increases in revenue and earnings in subsequent reporting periods, is the activity within telecommunications area, encompassing the activity of ATM S.A.

The second distinguished segment is mobile payment services (payments made with the use of a mobile phone), including the operations of subsidiaries: mPay S.A. and mPay International Sp. z o.o. in bankruptcy liquidation.

The basic financial parameters of the distinguished segments are presented below:

	Continued operations				Discontinued operations
For the period 01/01–31/12/2012	**Telecommunications**	**Mobile payments**	**Consolidating exclusions**	**Total**	**mPay International in bankruptcy liquidation**
Fixed assets	325,839	5,559	4,214	335,612	2,569
Sales revenue	180,333	2,540	(86)	182,787	0
of which: revenue excluding the OST 112 contract	124,304	2,540	(86)	126,758	0
Margin on sales*	**74,529**	**1,522**	**40**	**76,092**	0
Operating profit (loss)	**24,890**	**(1,360)**	**62**	**23,592**	(1,872)
Profit (loss) before taxation	15,284	(1,348)	59	13,995	(6,592)
Net profit (loss) on continued operations	**13,842**	**(1,348)**	**1102**	**13,597**	(6,994)
EBITDA	44,327	238	62	44,627	(1,872)

	Continued operations				Discontinued operations
For the period 01/01–31/12/2011	**Telecommunications**	**Mobile payments**	**Consolidating exclusions**	**Total**	**mPay International in bankruptcy liquidation**
Fixed assets	338,747	7,185		345,932	8,996
Sales revenue	175,198	2,568	62	177,828	0
of which: revenue excluding the OST 112 contract	115,189	2,568	62	117,819	0
Margin on sales*	**68,997**	**1,717**	**40**	**70,754**	**0**
Operating profit (loss)	**18,600**	**(1,772)**	**62**	**16,890**	**(26)**
Profit (loss) before tax	16,486	(1,858)	(1,622)	13,006	**(125)**
Net profit (loss) on continued operations	**13,427**	**(3,095)**	(1,622)	8,710	**(128)**
EBITDA	37,084	(611)	61	36,534	(26)

**) Revenue on sales reduced by variable sales costs*

Geographical activity segments as at 31 December 2012 and 2011

	For the period 01/01–31/12/2012	For the period 01/01–31/12/2011
Domestic sales	178,189	173,890
Export	4,598	3,938
Total sales revenue	**182,787**	**177,828**

NOTE 4.
OPERATING COSTS

	For the period 01/01–31/12/2012	For the period 01/01–31/12/2011
Cost of sales (variable)	106,695	107,074
Cost of sales (fixed)	21,388	13,944
Sales costs	-	-
Administrative expenses	30,463	38,738
Total costs related to basic activity	**158,547**	**159,756**
including:		
Amortization and depreciation	21,036	19,645
Adjustment by received subsidies to fixed assets	(825)	(305)
Consumption of materials and power	11,941	11,013
External services	98,328	107,879
Taxes and fees	1,528	1,550
Payroll	15,340	15,809
Employee benefits	2,925	2,846
Other	1,012	438
Value of goods and materials sold	7,263	881
	158,547	**159,755**
Change in products resources	-	-
	158,547	**159,755**

Between 2011 and 2012, some fixed costs of the Company have been reclassified, i.e. transferred from the “General and administrative costs” to the “Selling costs (fixed)” item. For the purpose of comparative analysis, the two cost categories should be considered jointly.

Depreciation of property, plant and equipment is based on the principles described in Note 2. Write-downs concerning inventories are determined based on the principles described in Note 2. Inventory write-downs are reversed when inventories to which the given write-down relates are sold or the circumstances due to which the write-down was made no longer exist. Cost of inventory write-downs as well as their reversal are recognized in the profit and loss account as part of the cost of goods sold.

Employee expenses

	For the period 01/01–31/12/2012	For the period 01/01–31/12/2011
Salaries under employment contracts	15,321	15,761
Salaries under civil law contracts	0	47
Costs of social insurance	2,447	2,243
Costs of retirement benefits	5	18
Other benefits after the employment period	15	0
Contributions to the Company Social Benefits Fund (ZFŚS)	53	53
Other employee benefits	424	533
	18,265	18,655

Payroll

Payroll costs include salaries payable according to the terms and conditions of employment contracts concluded with individual employees. Salary costs also include bonuses, paid leave and treasury share-based payment.

Employee benefits

Social insurance costs for the group entities include pension, disability and accident insurance benefits as well as contributions to the Guaranteed Benefit Fund (Fundusz Gwarantowanych Świadczeń) and Labour Fund (Fundusz Pracy). In 2012 and 2011, those contributions amounted to 19.74% and 17.77% of the contribution calculation base determined pursuant to applicable provisions of law.

Pension benefit costs include retirement severance paid to employees pursuant to the labour law. ATM S.A. is not party to any pension schemes or collective employment agreements that would entail other regulations in this regard. Long-term benefits are estimated using actuarial methods. Due to intangible nature of these provisions, based on materiality principle included in the International Financial Reporting Standards Conceptual Framework, provisions for long-term benefits at the end of the employment period have not been recognized in the financial statements.

Some of the Group's units situated in Poland are obliged to establish the Company Social Benefit Fund (ZFŚS). Allowances to this fund are recognized as the Group's operating expenses and cash allocated for this fund has to be blocked in a separate bank account. In the financial statements, the fund assets and liabilities are presented in net amounts. Due to the nature of the fund operations, its assets and liabilities are equal.

Other employee benefits include training in order to enhance employee skills, health care and other benefits stipulated in the labour law.

Costs of research and development

	For the period 01/01–31/12/2012	For the period 01/01–31/12/2011
Costs included directly in costs related to basic activity	-	-
Depreciation costs related to deferred costs of development works	2,563	3,610
	2,563	**3,610**

Costs of development works are recognized as intangible assets upon fulfilling the conditions and principles described in Note 2. Depreciation of capitalized costs of development works is included in administrative expenses. Costs incurred during the research works stage and expenditure that does not meet the conditions required in order to be recognized as assets are directly included in the Group's operating expenses such as Administrative expenses.

NOTE 5.
OTHER OPERATING REVENUE

	For the period 01/01–31/12/2012	For the period 01/01–31/12/2011
Profit from sales of fixed assets	19	-
Reversal of receivables revaluation write-downs	52	-
Reversal of inventories revaluation write-downs	-	-
Compensation obtained	41	58
Write-downs on overdue liabilities	-	-
Reversal of provisions for expenses	-	-
Subsidies received	952	249
Other	69	71
	1,133	**378**

Revenue and profit that are not directly related to the Company operations are classified as other operating revenue. This category includes received subsidies, profit from sales of property, plant and equipment, damages received as reimbursement of court fees, overpaid tax liabilities (except for corporate income tax) and compensations received for losses regarding the Company's insured property.

Other operating revenue also includes reversals of receivable and inventory revaluation write-downs, as well as write-downs related to property, plant and equipment impairment. Other operating revenue includes revenue from sales of subsidiaries.

NOTE 6.
OTHER OPERATING EXPENSES

	For the period 01/01–31/12/2012	For the period 01/01–31/12/2011
Loss arising from sales and liquidation of fixed assets	68	137
Receivables revaluation write-downs	174	94
Inventories revaluation write-downs	-	-
Impairment write-downs	19	23
Donations given	16	12
Litigation expenses	-	-
Fines and penalties paid	92	-
Incentive Scheme expenses	377	764
Other	1,035	531
	1,781	**1,562**

Costs and losses related to Company operations, but not directly related to main types of operating expenses, are classified as other operating expenses. This category includes losses on sales of tangible fixed assets, donations to other entities (both in cash and in kind), including public benefit entities, litigation expenses, and expenses related to receivables revaluation write-downs and impairment write-downs.

NOTE 7.
FINANCIAL REVENUE

	For the period 01/01–31/12/2012	For the period 01/01–31/12/2011
Dividends received		
Interest on bank deposits	277	80
Interest on deferred and overdue payments	1,559	218
Interest on securities	-	-
Interest on loans	406	8
Profits on exchange rate differences		29
Profit on investment disposal		5,048
Other	2	-
	2,244	**5,383**

Revenue from dividends received as well as interest on deposits and investments in various financial instruments are classified as financial revenue. Financial activity also includes foreign exchange profits.

NOTE 8.
FINANCIAL COSTS

	For the period 01/01–31/12/2012	For the period 01/01–31/12/2011
Interest on bank loans	2,376	1,086
Interest on loans		19
Interest on instalment purchases	2,265	2,556
Interest on overdue payments	1,519	-
Losses on exchange rate differences	1,326	2,596
Finance lease costs	2,534	2,125
Bank commissions	-	-
Valuation of financial instruments	1,678	-
Other	142	568
	11,840	**8,950**

Interest on late payments are the result of the postponement of payments to sub-contractors in connection with the postponement of the payments received from the ordering party under the execution of the OST 112 contract. These costs correspond with the revenue from late payments disclosed in Note 7.

The “Valuation of financial instruments” item, in 2012, is the cost of the revaluation of the IRS contracts hedging the interest rate risk in respect of the investment loan (PLN 1,678 thousand). Although this cost may be connected with interest on the investment loan paid in future periods (in the five-year loan repayment period), in accordance with the IAS provisions, it must be presented in the current period.

Borrowing costs, interest payable under finance lease agreements to which the Company is a party, and losses related to exchange rate differences, are classified as financial costs.

Terms and conditions pursuant to which the Company uses external sources of funding (bank loans) have been presented in Note 22.

NOTE 9.
INCOME TAX

	For the period 01/01–31/12/2012	For the period 01/01–31/12/2011
Statutory tax rate	19%	19%
Current income tax		
Current tax expense	3,657	2,190
Adjustments concerning previous years	-	-
	3,657	**3,887**
Deferred income tax		
Related to the occurence and reversal of temporary differences	(2,216)	1,697
Related to change in the tax rate	-	-
	(2,216)	**1,697**
Tax expense reported in the profit and loss account	**1,441**	**4,296**

Current tax expense is calculated on the basis of applicable tax regulations. Pursuant to these regulations, tax profit (loss) is distinguished from accounting net profit (loss) due to the exclusion of non-taxable revenue and costs that are not tax-deductible as well as cost and revenue items that will never be subject to tax. Tax expense is calculated based on tax rates applicable during the fiscal year in question. Since 2004, the rate applicable pursuant to amended regulations has amounted to 19%. Current regulations do not provide for any differences in tax rates during future periods.

With respect to income tax, the Group is subject to general regulations. As at 31 December 2012, the Group did not operate in a Special Economic Zone, which would cause the principles for determining tax expense to differ from general regulations in this respect. Tax and balance sheet year correspond to the calendar year.

Differences between the nominal and effective tax rates are as follows:

	For the period 01/01–31/12/2012	For the period 01/01–31/12/2011
Gross result before taxation	15,038	13,007
Statutory tax rate	19%	19%
Tax at the statutory rate	2,857	2,471
Tax impact of income not recognized as income according to tax regulations	(459)	(624)
Tax impact of income not recognized as income according to accounting regulations		40
Tax impact of expenses not recognized as expenses according to tax regulations	1,049	5,408
Tax impact of expenses not recognized as expenses according to accounting regulations	(2,006)	(2,728)
Tax impact of tax losses deducted during the period		(271)
Tax impact of tax losses incurred during the period		
Tax at the effective rate	**1,441**	**4,296**
Effective tax rate	10%	33%

Due to temporary differences between the tax base and the profit (loss) shown in the financial statements, deferred tax is established. The deferred income tax as at 31 December 2012 and 31 December 2011 results from items shown in the table below.

	Statement of financial situations		Total income statement	
	End of the period 31/12/2012	End of the period 31/12/2011	For the period 01/01–31/12/2012	For the period 01/01–31/12/2011
Deferred tax provision				
Difference between the balance sheet and tax value of tangible fixed assets	2,435	3,535	(1,100)	52
Recognized service revenue	-	639	(639)	525
Receivable compensation	-	-	-	-
Accrued interest	110	200	(90)	153
Valuation of financial instruments	-	33	(33)	(64)
Positive foreign exchange differences	-	-	-	(144)
Prepaid expense	-	76	(76)	17
Provisions for deferred tax handed over as a result of business entities division			938	
Gross deferred tax provision	**2,545**	**4,483**	**(1,000)**	**539**
Deferred tax assets				
Valuation of financial instruments	319	1	(318)	(0)
Difference between the balance sheet and tax value of tangible fixed assets		17	17	39
Deferred payment revenue	2	60	58	39
Revenue settled over time		74	74	0
Inventory write-downs	155	673	518	-
Write-downs of receivables	238	149	(89)	-
Written-off financial assets under litigation	-	-	-	-
Provisions for service expenses	298	1,214	916	(67)
Provisions for employee benefits		16	16	1
Negative exchange differences		11	11	92
Liabilities to the Social Insurance Institution (ZUS)		1	1	(0)
Liabilities to employees	-	-	-	-
Prepaid expense	181	-	(181)	-
Subsidies received	5	18	13	(9)
Effects of forward contract valuation – hedge accounting	-	-	-	-
Recognized interest	285	-	(285)	-
Tax loss for settlement	1,025	1025	-	2,416
Deferred tax assets handed over as a result of business entity division		-	(2,285)	(1,353)
Gross deferred tax assets	**2,508**	**3,259**	**(1,216)**	**1,158**
Net tax assets (tax provision)	**(37)**	**(1,224)**		
Deferred income tax charge on profit			**(2,216)**	**1,697**

NOTE 10.
EARNINGS PER SHARE AND DIVIDENDS

Earnings per share

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

ATM S.A. shares are ordinary shares and no preference is attached to them concerning either voting rights or dividend payouts.

	For the period 01/01–31/12/2012	For the period 01/01–31/12/2011
Weighted average number of shares	36,135,456	36,135,456
Net profit for 12 months (in PLN thousand)	12,592	16,434
Net profit per share (in PLN)	0.35	0.45

Dividends paid and declared

Pursuant to the current report No 13/2013 of 11 March 2013, the Management Board of ATM S.A. will recommend to the Ordinarily General Meeting to adopt a resolution on payment of the dividend for the year 2012 in the amount of PLN 0.10 per share, i.e. in the total amount of PLN 3,634,334.40

In the Current Report No 25/2012 of 25 April 2012, the Management Board of ATM announced the suspension of payment of dividends by the Company due to the planned extensive investments concerning the expansion of data centers until 2015.

However, because of the Company's very good financial situation, the Management Board is of the opinion that the Company is now able to pay a small dividend, without any limitation to the ambitious investment plans.

NOTE 11.
GOODWILL

Goodwill recorded in the consolidated financial statements concerns the acquisition of the following undertakings:

	End of the period 31/12/2012	End of the period 31/12/2011
mPay S.A.	128	131
KLK S.A.		12,789
Sputnik Software Sp. z o.o.		3,078
Impulsy Sp. z o.o.		2,581
	128	**18,579**

The majority of goodwill arose from the consolidation of undertakings in which the Issuer purchased shares in the years 2006–2009. Following the division, the goodwills of the integration companies have been transferred.

As at 31 December 2012, the goodwill was tested for impairment, in accordance with IAS 36. The analysis was prepared based on 5-year forecasts, according to the prudence principle. No impairment of goodwill was identified as per the conducted procedures.

NOTE 12.
INTANGIBLE ASSETS

	For the period 01/01–31/12/2012	For the period 01/01 – 31/12/2011
Goodwill	-	-
Costs of completed development works	7,060	10,756
Concessions and licenses	2,459	12,852
Perpetual usufruct rights	34,118	33,947
Other intangible assets	526	3,348
	44,163	**60,903**
including:		
Intangible assets used under finance lease agreements	44	273

Development works are recognized as assets and depreciated based on the principles described in Note 2.

As at 31 December 2012, development works include the following projects developed in-house:

Voice over IP

In order to complement its existing range of services on offer, the Issuer introduced Internet telephony services: ATMAN Business.Voice and ATMAN IP.Voice. These are targeted at business customers as well as partners who wish to provide services to their customers. The ATMAN Voice services consist in enabling voice calls based on the VoIP (Voice over IP) technology.

This enables voice traffic to be integrated with data transmission services by developing a single universal network that can carry any kind of traffic. The services offer traditional telephone functionality as well as convenient management of the customer's phone account via website and many additional functions such as conference calls, call forwarding, IVR, etc. Solution offered by the Issuer enables customers to reduce ICT service expenses, particularly those related to phone calls, and ensures seamless transition from traditional phone services towards an entirely IP-based network.

In 2012, the Company did not incur expenditure on development works concerning this platform.

Atmosfera Service Desk

The Atmosfera business process support system enables the streamlined organization and enhancement of user support processes as well as the implementation of the service-oriented approach in the IT industry. In December 2006, the Atmosfera Service Desk v. 5.0 system was certified by the Canadian Pink Elephant companyas ITIL compliant in the Service Support area, as the only Polish solution to date. ITIL, which stands for IT Infrastructure Library, is the most important IT service provision methodology. In 2012, the Company did not incur expenditure on development work concerning this platform.

mPay mobile payments system

ATM S.A. has formed a consortium with its subsidiary mPay S.A. and is among the companies working on the "mPay mobile payments system" research and development project which has received financing under the Improvement of the Competitiveness of Enterprises Sectoral Operational Program 1.4.1. Within the framework of the project, scenarios were developed with regard to handling various types of payment acceptors, methods for detecting fraud attempts and protecting against them, and the user interface elements were designed.

	End of the period 31/12/2012	End of the period 31/12/2011
mPay platform	808	3,872
	808	3,872

Costs of the aforementioned projects were tested for impairment on 31 December 2012.

No impairment concerning these expenditures was identified as per the conducted procedures.

Concessions and licenses concern primarily licenses for computer systems and software tools used in the Company's operations.

As at 31 December 2012, there were no impairment write-downs concerning intangibles.

Intangible assets whose legal ownership is subject to restrictions or which are covered by commitments did not occur.

Contractual obligations for the acquisition of intangible assets do not occur.

Changes in the net amount of intangibles are presented in the following tables.

Movements in the amount of intangible assets during the period from 1 January to 31 December 2012

	Costs of completed development works	Concessions and licenses	Perpetual usufruct rights	Other intangible assets	Total
Gross value					
As at 1 January 2012	**24,400**	**20,707**	**35,747**	**8,923**	**89,777**
Increases:					
- Acquisition	3,871	1,212	-	2	5,085
- Relocations	1,003				1,003
Reduction:					
- Sales	-	-	-	-	-
- Liquidation	-	15	-	-	15
- Relocations		-	-	1,003	1,003
- Transfer in connection with business unit division	11,330	12,553	514	6,662	31,059
As at 31 December 2012	**17,944**	**9,366**	**35,233**	**1,260**	**63,803**
Redemption					
As at 1 January 2012	**13,644**	**7,855**	**1,800**	**5,575**	**28,874**
Increases:					
- Amortization and depreciation	2,563	1,058	446	141	4,208
- Relocations	1,110	-	-	-	1,110
Reduction:					
- Sales and liquidation	-	13	-	-	13
- Relocations				1,110	1,110
- Transfer in connection with business unit division	6,433	1,993	1,131	3,872	13,429
As at 31 December 2012	**10,884**	**6,907**	**1,115**	**734**	19,640
Net as at 1 January 2012	10,756	12,852	33,947	3,348	60,903
Net as at 31 December 2012	**7,060**	**2,459**	**34,118**	**526**	**44,163**

Movements in the amount of intangible assets during the period from 1 January to 31 December 2011

	Costs of completed development works	Concessions and licenses	Perpetual usufruct rights	Other intangible assets	Total
Gross value					
As at 1 January 2011	**22,970**	**18,318**	**35,747**	**8,248**	**85,283**
Increases:					
- Acquisition	-	1,971	-	9	1,980
- Finance lease	-	437	-	-	437
- Internal generation	151	-	-	669	820
- Acquired as a result of business entities merger	-		-	-	-
- Other (including finance lease and adjustments)	1,279	927	-	-	2,206
Reduction:					
- Sales	-	31	-	-	31
- Liquidation	-	581	-	-	581
- Relocations	-	334	-	3	337
As at 31 December 2011	**24,400**	**20,707**	**35,747**	**8,923**	**89,777**
Redemption					
As at 1 January 2011	**10,034**	**6,550**	**1,354**	**3,572**	**21,510**
Increases:			-		
- Depreciation	3,610	1,604	446	2,006	7,666
- Impairment	-	-	-	-	-
- Acquired as a result of business entities merger	-		-	-	-
Reduction:					-
- Sales and liquidation	-	299	-	3	302
As at 31 December 2011	**13,644**	**7,855**	**1,800**	**5,575**	**28,874**
Net as at 31 December 2011	**10,756**	**12,852**	**33,947**	**3,348**	**60,903**

NOTE 13.
FIXED ASSETS

	End of the period 31/12/2012	End of the period 31/12/2011
Fixed assets		
Land	-	626
Buildings and structures	138,541	132,559
Machinery and equipment	56,245	57,491
Vehicles	2,598	5,660
Other	67	120
Fixed assets under construction	10,246	21,657
Advances for fixed assets under construction	-	54
	207,697	**218,167**
including:		
Fixed assets used under finance lease agreements	36,103	46,459

The "Buildings and structures" item includes investments in data centers and fiber optic networks.

The Group has no liabilities to the State Treasury arising from the transfer of ownership title to real estate.

The Group uses a part of fixed assets under finance lease agreements.

Finance lease liabilities are recognized in the balance sheet as other financial liabilities and divided into short- and long-term liabilities. Detailed information on material finance lease agreements has been included in Note 24.

In 2005, the Group sold an office property situated at Grochowska 21a to Fortis Lease Sp. z o.o. under a sale-and-lease-back agreement. This lease agreement was classified as operating lease. Detailed information on operating lease agreements has been disclosed in Note 25.

As at 31 December 2012, there were no impairment write-downs concerning fixed assets.

Tangible fixed assets whose legal ownership is subject to restrictions or which are covered by commitments did not occur.

Contractual obligations for the acquisition of tangible fixed assets do not occur.

Changes in the amount of fixed assets are presented in the following tables.

Movements in the amount of fixed assets from 1 January to 31 December 2012

	Land	Buildings and structures	Machinery and equipment	Vehicles	Other	Total
Gross value						
As at 1 January 2012	**662**	**154,104**	**97,921**	**11,033**	**339**	**264,059**
Increases:		15,719	25,130	1,132	-	41,981
- Acquisition		15,719	13,352	890	-	29,961
- Acquisition as a result of business entities merger						
- Other (including finance lease)			11,778	242		12,020
Reduction:	662	3,576	22,063	7,172	185	33,658
- Sales		1,576	843	216	-	2,635
- Liquidation		-	304	890	-	1,194
- Finance lease expiry	-	-	9,348	1,967	-	11,315
- Donations						
- Transfer in connection with business unit division	662	2,000	11,568	4,099	185	18,514
As at 31 December 2012	**-**	**166,247**	**100,988**	**4,993**	**154**	**272,382**
Redemption						
As at 1 January 2012	**36**	**21,545**	**40,430**	**5,373**	**219**	**67603**
Increases:						
- Depreciation		6,675	10,377	487	9	17,548
Reduction:		514	6,064	3,465	141	10,184
- Sales and liquidation		253	915	157	-	1,325
- Donations		-	-	-	-	-
- Transfer in connection with business unit division		261	5,149	3,308	141	8,859
As at 31 December 2012		**27,706**	**44,744**	**2,395**	**87**	74,932
Net as at 31 December 2012	**-**	**138,541**	**56,245**	**2,598**	**67**	**197,451**

Movements in the amount of fixed assets from 1 January to 31 December 2011

	Land	Buildings and structures	Machinery and equipment	Vehicles	Other	Total
Gross value						
As at 1 January 2011	**341**	**118,537**	**77,436**	**10,401**	**410**	**207,125**
Increases:	-	-	-	-	-	**-**
- Acquisition	-	36,501	26,629	160	9	**63,299**
- Acquisition as a result of business entities merger		-	-	-	-	**-**
- Other	321	23	20,064	796	134	**21,338**
Reduction:	-	-	-	-	-	**-**
- Sales	-	-	-	-	-	**-**
- Liquidation	-	957	6,492	323	-	**7,772**
- Finance lease expiry	-	-	1,454	1	128	**1,583**
- Donations	-	-	17,212	-	46	**17,258**
- Other	-	-	1,050	-	40	**1,090**
As at 31 December 2011	**662**	**154,104**	**97,921**	**11,033**	**339**	**264,059**
Redemption						
As at 1 January 2011	**-**	**15,670**	**30,932**	**4,594**	**185**	**51,381**
Increases:						
- Depreciation	8	6,034	11,285	1,257	37	18,621
- Impairment	-	-	-	-	-	-
- Acquisition as a result of business entities merger	-	-	-	-	-	-
- Other	28	-	217	-	171	416
Reduction:	-	-	-	-	-	-
- Sales and liquidation	-	159	1,732	250	128	2,269
- Donations	-	-	-	-	-	-
- Other	-	-	272	228	46	546
As at 31 December 2011	**36**	**21,545**	**40,430**	**5,373**	**219**	**67,603**
	-	**-**	**-**	**-**	**-**	**-**
Net as at 31 December 2011		**132,559**	**57,491**	**5,660**	**120**	**196,456**

NOTE 14.
OTHER FINANCIAL ASSETS

	End of the period 31/12/2012	End of the period 31/12/2011
Shares in other undertakings	-	80
(-) impairment write-downs	-	-
	-	**80**

NOTE 15.
OTHER FIXED ASSETS

	End of the period 31/12/2012	End of the period 31/12/2011
Guarantee deposits	125	164
Trade receivables		307
Prepaid maintenance costs		233
Unearned financial income from instalment sales		-
Incentive Scheme expenses		62
Other	38	42
	163	**808**
including payable within:		
from 1 to 2 years		681
from 3 to 5 years	38	28
more thanover 5 years	125	99

Guarantee deposits include amounts retained by customers in relation to services provided and goods delivered. In most cases, such deposits are retained for periods ranging from 1 to 5 years. Guarantee deposits are not indexed. Trade receivables include the part of trade receivables which the Group will receive at a date later than 12 months from the balance sheet date.

Receivables recorded as at 31 December 2012 and 31 December 2011 have repayment dates until 2013. They are the result of deferred payment sales whose value was measured at fair value and is equivalent to the present value of the payment. Instalments receivable have been discounted using 12M WIBOR rate and the market margin based on the Issuer's lending margin. Interest is recognized as financial revenue for relevant periods using the effective interest rate method.

Deferred payment sales (deferred beyond the normal terms and conditions applied by the Group) concern incidental sales transactions. The Group has no policy concerning significantly longer payment terms nor instalment sales procedures.

Prepaid maintenance costs are prepayments related to maintenance services provided during subsequent periods whose contractual term is longer than 12 months from the balance sheet date.

NOTE 16.
INVENTORIES

	End of the period 31/12/2012	End of the period 31/12/2011
Materials	1,806	3,506
Production in progress	-	6,408
Finished products	-	-
Goods	171	6,002
Revaluation write-offs	(636)	(676)
	1,340	**15,240**

Inventories are valued based on the principles described in Note 2. The effects of establishing and reversing write-downs are charged to the cost of goods sold as the cost of stocks that have been used up.

NOTE 17.
TRADE AND OTHER RECEIVABLES

	End of the period 31/12/2012	End of the period 31/12/2011
Trade receivables from related undertakings	122	158
Trade receivables from other undertakings	24,073	87,036
Tax receivables	-	1,618
Advances transferred	3	17
Other receivables	385	273
Receivables under litigation	214	248
Unearned financial income from instalment sales	-	-
Revaluation write-offs	(500)	(670)
	24,297	**88,680**

Trade terms applicable to related undertakings have been presented in Note 28. Trade receivables do not bear interest and they are usually payable within 14 to 35 days. The Group establishes write-downs in full value of receivables overdue by over 360 days.

The fair value of trade and other receivables does not differ significantly from their book values recorded in the balance sheet.

Analysis of the ageing structure of trade receivables

	End of the period 31/12/2012	End of the period 31/12/2011
Current, including:	19,725	80,364
from related entities	122	158
from other entities	19,603	80,206
Overdue, including:	4,470	6,830
from related entities	-	-
under 180	-	-
180 – 360	-	-
over 360	-	-
from other entities	4,470	6,830
under 180	2,574	5,998
180 – 360	1,115	596
over 360	780	236
	24,195	**87,194**

Analysis of changes in write-downs on receivables

	End of the period 31/12/2012	End of the period 31/12/2011
Opening balance	**670**	**487**
Increases, including:	171	376
- Recognition	171	376
Reduction, including:	341	111
- Dissolution	52	62
- Utilization	32	49
Division	257	
Closing balance	**500**	**670**

Analysis of the ageing structure of receivables under litigation

	End of the period 31/12/2012	End of the period 31/12/2011
From other undertakings	214	248
under 360	137	102
more than 360	27	60
more than 720	51	86
	214	**248**

NOTE 18.
OTHER CURRENT ASSETS and OTHER FINANCIAL RECEIVABLES

	End of the period 31/12/2012	End of the period 31/12/2011
Services of subcontractors related to future revenue	-	308
Financial lease interest	-	-
Prepaid maintenance costs	119	1,294
Unrealized exchange rate differences on lease agreements	307	2,146
Prepaid subscriptions, rents, insurance, etc.	499	516
Services of subcontractors related to future revenue	3,086	3,043
Other	-	936
	4,011	**8,243**

Other current assets include expenses related to deferred costs. In particular, these are prepaid service fees. These assets are charged to operating expenses on the time basis, revenue basis or on the basis of the amount of service, depending on its nature.

As it was stated in “Accounting principles – Foreign Currency Transactions”, pursuant to IAS 1 §17, the Group adopted — analogically to the statements for 2008 — a partial exemption from IAS 21 in the present financial statements, i.e. exchange rate differences on currency lease liabilities were recognized as the Company's financial costs for a given reporting period only in the part concerning actually paid instalments. The remaining amount of exchange rate differences is recognized in accruals which are recognized in financial costs for individual months of lease instalments repayment. Simultaneously, accruals shall be adjusted to exchange rate differences arising on lease liabilities (both gains and losses). This exemption from IAS 21 will be exercised by the Company until 2013, i.e. the expiry of last lease obligations denominated in foreign currencies.

Detailed calculations and financial implications of the adopted solution for presenting exchange rate differences on currency lease liabilities have been presented in Note 26: Other financial liabilities.

NOTE 19.
CASH AND CASH EQUIVALENTS

	End of the period 31/12/2012	End of the period 31/12/2011
Cash in hand	13	252
Cash in bank	3,162	51,223
Short-term deposits	1,403	5,090
	4,578	**56,565**

Cash in bank bears interest at floating interest rates which depend on the interest rate of overnight bank deposits. Short-term deposits have various maturities ranging from overnight to three months depending on current demand for cash and bear interest according to the interest rates agreed.

The fair value of cash and cash equivalents equals their balance sheet value.

NOTE 20.
EQUITY

	End of the period 31/12/2012	End of the period 31/12/2011
Registered equity	34,526	34,526
Unsubscribed treasury shares under management option scheme	-	-
Hyperinflationary adjustment	197	197
	34,723	**34,723**

Registered share capital includes:

Series	Number of shares	Face value	Registration date	Dividend registration rights	Method of coverage	Type of shares
A	36,000,000	34,200,000.00	5 December 2007	*)	Cash	Ordinary
B	343,344	326,176.80	9 September 2009	1 January 2009	Cash	Ordinary
Total	36,343,344	34,526,176.80				

Face value per share (PLN):	0.95

**) All series A shares have equal rights to dividends*

Incentive Scheme

Pursuant to Resolution No 11/2008 of the Ordinary General Meeting of Company Shareholders of 5 June 2008, an Incentive Scheme for the ATM S.A. Capital Group employees was approved for the years 2008–2010. This resolution also allowed for the purchase by the Company of no more than 1,500,000 treasury shares needed in connection with the Scheme in the years 2008–2010, for an amount not exceeding PLN 13.5 million.

The Scheme covers the Company employees and partners, members of Management Boards and other ATM S.A. Capital Group employees and partners.

Incentive Scheme participants gained the right to purchase shares at face value from the Company (share purchase options).

The list of persons authorized to buy shares for each of the three periods has been prepared by the ATM S.A. Management Board and approved by the Supervisory Board.

As at 31 December 2012, the Company had 1200 treasury shares.

In 2008–2012, the following number of options was granted under the Incentive Scheme:

- In 2008: 444,400 share purchase options
- In 2009: 314,100 share purchase options
- In 2010: 286,820 share purchase options
- In 2011: 23,260 share purchase options

Based on the determined share purchase options, shares were purchased by Incentive Scheme participants pursuant to an agreement concluded with the Company, which included, i.a., the following provisions:

- Purchased shares were transferred to the investment account of the authorized person, held by a brokerage house indicated by the Company
- The authorized person concluded an agreement with the brokerage house, according to which 80% of the purchased shares were be blocked (not available for sale or security)

- The purchased shares were unblocked in the amount of 20% each year, starting from the date of their transfer to the investment account of the authorized person

The Company has the right to repurchase and the authorized person has the obligation to sell shares blocked on investment account of the authorized person at face value if:

1) An employment contract concluded between the Group and the Incentive Scheme participant or any other agreement pursuant to which the participant provides services or works for one of the Group's companies is terminated or expires for any reason
2) The participant seriously infringes its contractual obligations agreed upon in an employment contract or other civil law agreement pursuant to which the participant provides services or works for one of the Group's companies
3) The participant runs competitive activity with regard to the Company or one of the Group's companies without a written consent of the ATM S.A. Management Board
4) A legally valid prohibition to perform works in the capital companies' bodies or an interdiction of business activity is imposed on the participant
5) The participant is sentenced for any of the offences mentioned in Articles 585–592 and 594 of the Code of Commercial Companies, offences listed in part X of the law on financial instruments trading of 29 July 2005 (Journal of Laws 2005, No 183, item 1538), economic offences listed in Articles 296–306 of the Penal Code or any other offence whose committing was directly linked to the performance of obligations as a member of the management board of a capital company

In accordance with IFRS 2, the Incentive Scheme was valued at fair value as at the date of granting the options. The applied fair value of the Scheme constitutes the fair value of granted equity instruments:

- PLN 7.13 as at the date of granting the options in 2008;
- PLN 3.96 as at the date of granting the options in 2009;
- PLN 7.70 as at the date of granting the options in 2010.

Fair value of the options was calculated using the Monte Carlo model and applying the following initial data:

Parameter	Value			Commentary
	Tranche 2008	Tranche 2009	Tranche 2010	
Granting date	2008-06-05	2009-05-11	2010-08-12	For the 2008 Tranche, the granting date is the date of approval of the Rules of the Scheme.
Share price as at the granting date	PLN 8.20	PLN 4.90	PLN 8.62	Based on WSE listings.
Risk-free interest rate	The risk-free interest rate for each Tranche was calculated based on interbank deposit quotes and interest rate swaps as at the date of granting (source: REUTERS).			
Volatility (annualized)	39.23%	41.77%	29.31%	Based on WSE listings.
Dividend yield	6.87%	0.00%	0.00%	Dividend yield calculated based on the Company's policy, i.e. dividend depends on the EURIBOR 1Y rates and stock exchange listings. The Company did not pay out dividends for 2008.
Execution price	PLN 0.95	PLN 0.95	PLN 0.95	Following the Scheme
Number of options	439,800	306,100	286,820	
Market conditions	N/A			
Non-market conditions	Employment			
Employees' leave rate	0%	0%	0%	
Maturity date				
- Part 1	2008-09-03	2009-08-13	2010-09-10	2008: 90 days from approval of the financial statements for the previous year by the Ordinary General Meeting of Shareholders. For the 2009 Tranche it is 15 May 2009, assuming that as at the date of granting, the Company has had formally notified the shareholders of the date of the Ordinary General Meeting of Shareholders. 2010: For cost recognition purposes, the latest date of share purchase (10 September 2010) and the dates of unblocking the shares (until 2014) have been specified.
- Part 2			2011-09-10	
- Part 3			2012-09-10	
- Part 4			2013-09-10	
- Part 5			2014-09-10	

The Scheme value was recognized in:

- current period result in the part for ATM S.A. employees for 2012 (PLN 408 thousand);

Ownership structure

The ownership structure of ATM S.A. share capital as at 31 December 2012 was as follows:

Shareholder	Number of shares 31/12/2012	%	Number of shares 31/12/2011	%
ATP Invest Sp. z o.o. S.K.A.*	9,047,924	24.9%	5,956,887	16.39%
ING OFE**	3,535,569	9.73%	3,443,794	9.48%
Polsat OFE**	2,817,842	7.75%	3,579,097	9.85%
Piotr Puteczny***	2,243,066	6.17%	1,861,263	5.12%
ALTUS TFI****	1,828,065	5.03%	no data	no data
Other shareholders	16,870,878	63.90%	18,214,310	50.12%
	36,343,344	**100%**	**36,343,344**	**100%**

**) An entity controlled by Tadeusz Czichon, Vice-President of the Management Board of ATM S.A.*

***) Number of shares as of 31 December 2012 based on the "Annual asset structure"*

****) Jointly with his spouse.*

*****) Number of shares pursuant to a notification received on 17 December 2012*

Reserve capital

The Company establishes reserve capital pursuant to its articles of association. The Company profit, which may be distributed in subsequent periods or allocated to exceptional losses or other expenses, may be allocated to the reserve capital.

Retained earnings

	End of the period 31/12/2012	End of the period 31/12/2011
Retained earnings from previous years, including:	9,357	25,267
Statutory supplementary capital	4,453	12,568
Profit distribution (over the statutory amount)	4,904	12,271
IFRS implementation profits (losses)		428
Management option scheme profits (losses)		
Capital adjustment as a result of the merger		
Current period profit (loss)	13,055	16,322
	22,412	**41,589**

Retained earnings from the previous years include the entire profit retained by the Company pursuant to the shareholders' decision as well as the effects of IFRS implementation.

Pursuant to Article 396 § 1 of the Code of Commercial Companies, supplementary capital should be established in order to cover losses. At least 8% of profit for the fiscal year is allocated to the supplementary capital until it reaches at least one third of the share capital. This portion of supplementary capital (retained earnings) cannot be distributed among Shareholders.

NOTE 21.
NON-CONTROLLING SHARES

	End of the period 31/12/2012	End of the period 31/12/2011
mPay S.A.	2,251	4,004
Sputnik Software Sp. z o.o.	-	2,821
Impulsy Sp. z o.o.	-	494
	2,251	**7,319**

NOTE 22.
BANK LOANS

	End of the period 31/12/2012	End of the period 31/12/2011
Bank loans	45,283	43,441
Other loans	-	-
	45,283	**43,441**
including:		
Long-term portion	*31,430*	*2,103*
Bank loans	31,430	2,103
Loans from shareholders	-	-
Short-term portion	*13,853*	*41,338*
Bank loans	13,853	41,338
Loans from shareholders	-	-
Credits and loans due:		
up to 1 year	13,852	41,338
from 1 to 2 years	4,830	2,103
from 3 to 5 years	26,600	-
over 5 years	-	-
	45,282	**43,441**

Average loan interest rates

	End of the period 31/12/2012	End of the period 31/12/2011
Interest rate on loans contracted by the Group's entities:		
Bank overdrafts	5.72%	5.71%
Bank loans in PLN	6.27%	6.67%
Bank loans in EUR		

Detailed information on debt related to these loans are presented in tables below.

Specification of liabilities arising from bank loans as at 31 December 2011

	Base loan value			Short-term portion		Long-term portion				
Lender	Loan amount in PLN thousand	Loan amount in other currency	Currency	Loan amount in PLN thousand	Loan amount in other currency	Loan amount in PLN thousand	Loan amount in other currency	Interest rate	Due date	Collateral
Fortis Bank Polska SA (authorized overdraft)	15,000	-	-	9,131	-	-	-	WIBOR 1M plus bank margin	**12.02.2014**	- Blank promissory note; - Statement of submission to enforcement proceedings
BRE Bank SA (authorized overdraft)	10,000	-	-	951	-	-	-	WIBOR ON plus bank margin	30.05.2013	- Blank promissory note with promissory note declaration
Bank Millennium S.A. (authorized overdraft)	5,000	-	-	-	-	-	-	WIBOR 1M plus bank margin		- Blank promissory note with promissory note declaration
Bank Zachodni WBK S.A. (authorized overdraft)	5,000	-	-	1,251	-	-	-	WIBOR 1M plus bank margin	31.03.2013	- Blank promissory note with promissory note declaration
Bank Zachodni WBK S.A. (investment loan)	33,950	-	-	2,520	-	31,430	-	WIBOR 1M plus bank margin	28.02.2017	- Contractual mortgage to the amount of PLN 42 million - Transfer of property insurance policy
	68,950	**-**		**13,853**	**-**	**31,430**	**-**			

NOTE 23.
PROVISIONS FOR LIABILITIES

As at 31 December 2012, the Group does not have any provisions for liabilities.

NOTE 24.
LONG-TERM TRADE LIABILITIES AND OTHER LIABILITIES

	End of the period 31/12/2012	End of the period 31/12/2011
Trade liabilities to related undertakings	22,456	25,956
Trade liabilities to other undertakings	-	37
Deferred payment sales interest	-	-
Prepaid unexecuted services and maintenance costs	-	7
Subsidies received for fixed asset financing	4,579	5,014
Other	1	54
	27,036	**31,068**
of which payable within:		
from 1 to 2 years	3,500	7,838
from 3 to 5 years	10,499	11,272
more than 5 years	13,037	11,958

Subsidies received for fixed asset financing concern the extension and upgrade of telecommunications infrastructure and the colocation center in Warsaw.

NOTE 25.
SHORT-TERM TRADE LIABILITIES AND OTHER LIABILITIES

	End of the period 31/12/2012	End of the period 31/12/2011
Trade liabilities to related undertakings	3,558	3,509
Trade liabilities to other undertakings	9,148	101,561
Liabilities arising from taxes and social insurance	2,018	12,282
Received advances	-	-
Payroll liabilities	12	1,248
Other liabilities and accruals, including:	5,379	16,456
Share purchase liabilities	-	-
Settlements arising from bonuses	323	-
Settlements arising from outstanding leaves	145	446
Settlements related to uninvoiced expenses	607	7,054
Subsidies	32	4,828
Subsequent revenue	194	1,511
Other liabilities	4,079	65
- Of which on account of IRS instrument valuation	1,678	-
	20,114	**135,056**

Trade liabilities do not bear interest and they are usually payable within 7 to 90 days.

In 2012 and 2011, the Group did not rely on a small group of suppliers. Only purchases from one supplier — Telekomunikacja Polska S.A. — exceeded a 10% threshold of overall purchases; its share of the Group's overall purchases in 2012 amounted to 25%. The purchases concerned the provision of services for the purposes of OST 112 contract implementation.

As at 31 December 2012, liabilities to this supplier amounted to PLN 12,027 thousand.

NOTE 26.
OTHER FINANCIAL LIABILITIES

Other financial liabilities include liabilities arising from finance lease and agreements for the financing of receivables. Detailed information on these liabilities has been presented below.

	End of the period 31/12/2012	End of the period 31/12/2011
Liabilities arising from dividend payouts	-	-
Liabilities arising from finance leases	30,704	42,714
Liabilities arising from financing of receivables		136
Forward contract liabilities	-	-
Other	-	912
	30,704	**43,762**
Value of liabilities arising from finance leases due within:		
- one year	13,161	15,944
- from 2 to 5 years	20,789	31,432
- over 5 years	-	-
	33,949	47,376
Future interest expenses (-)	(3,245)	(4,661)
	-	-
Present value of future liabilities	30,704	42,714
including:		
Amounts due within the next 12 months (included in short-term liabilities)	11,498	13,997
Amounts due after more than 12 months within:	19,208	28,717
- from 2 to 5 years	19,208	42,714
- over 5 years	-	-

Finance lease agreements concern machinery and equipment, means of transportation and software licenses constituting intangible assets. As at 31 December 2012, the Group was party to 97 agreements, under which it leased fixed assets with a total net value of PLN 36,103 thousand as at that date.

As at 31 December 2011, the Group was party to 166 agreements, under which it leased fixed assets with a total net value of PLN 46,459 thousand as at that date.

The agreements provide neither for contingent rents nor any subleases. Most agreements include a clause concerning the purchase option at a contractual price lower than the fair value of the leased asset. The agreements do not involve any constraints for the lessee apart from the payment of liabilities arising from lease instalments and the general terms and conditions concerning the proper use of leased assets.

The lease agreements were concluded for periods ranging from 36 to 72 months, and are denominated in EUR, JPY, or PLN. Conclusion of agreements denominated in foreign currencies was due to considerably lower interest rates and, as it appeared at that time, stable and strong position of PLN in relation to other currencies in a mid-term perspective. As a result of lower interest rates and appreciation of PLN in the period from 2004 to 2008, the Company was paying lower lease instalments than in the case of lease agreements denominated in PLN.

Rapid depreciation of PLN taking place since August 2008 resulted in a considerable increase in the amount of ATM S.A.'s lease agreement liabilities denominated in foreign currencies after conversion into PLN. Although this increase does not translate substantially into the Company's expenses due to current lease instalments, the total outstanding amount until 2013 would be considerably higher unless the situation in the foreign exchange market undergoes some changes. The fact that the market value of leased assets, which are imported parts of equipment, goes up simultaneously with the increase in foreign currency exchange rates, does not improve the situation in any significant manner.

In order to demonstrate the impact of expenses due to revaluating lease liabilities on the Company's operations, the ATM S.A. Management Board decided, pursuant to IAS 1 §19, on adopting a partial exemption from IAS 21, in the manner described in chapter 2: "Grounds for the drawing up of financial statements and accounting principles (policies)".

In 2012, the Company recognized PLN 1,336,290.02 in its financial costs due to foreign exchange rate differences on finance lease agreements.

As at 31 December 2012, the balance of accruals resulting from exchange rate differences on lease liabilities amounted to PLN 307,412.01. If the exchange rate of JPY remained at the level from the balance sheet day, this sum would be recognized in costs for the following periods in the following amounts:

Year	Quarter	Amount
2013	1	157,569.63
	2	110,920.33
	3	38,922.05
	4	0.00
TOTAL		**307,412.01**

The Issuer shall consistently present accruals resulting from an increase or decrease in the value of lease instalments which are due in the future periods.

Adopting the partial exemption from IAS 21 as at 31.12.2012 resulted in an increase in the value of other current assets by the aforementioned amount of PLN 307,412.01, as a result of which the gross income in the years 2008–2012 was increased by the same amount, and after deferred tax (19% of gross profit) in the amount of PLN 58,408.28, the net profit was higher by PLN 249,003.72. This result included the increase in net profit for the years 2008–2011 amounting to PLN 1,738,541.34 and the decrease in net profit for the current period, amounting to PLN 1,489,537.62.

Adopting the partial exemption from IAS 21 as at 31 December 2011 resulted in an increase in the value of other current assets by the aforementioned amount of PLN 2,146,347.34, as a result of which the gross income in the years 2008–2011 was increased by the same amount, and after deferred tax (19% of gross profit) in the amount of PLN 407,805.99, the net profit was higher by PLN 1,738,541.34. This result includes the increase in net profit for the years 2008–2010 amounting to PLN 2,973,453 and the decrease in net profit for the current period amounting to PLN 1,234,911.66.

Analogically, as at 31 December 2010, adopting the aforementioned exemption resulted in an increase in the value of other current assets by the amount of PLN 3,670,930.05, as a result of which the gross income in the years 2008–2010 increased by the same amount, and after deferred tax (19% of gross profit) in the amount of PLN 697,476.71 the net profit was higher by PLN 2,973,453.34. This result included the increase in net profit for the years 2008–2009 amounting to PLN 3,128,609.75 and the decrease in net profit for the current period, amounting to PLN 155,156.41.

To sum up, if the aforementioned exemption from IAS 21 had not been adopted by the company, its consolidated net profit in 2008 would have been lower by PLN 5.4 million, higher by PLN 2.3 million in 2009, higher by PLN 0.15 million in 2010, higher by PLN 1.23 million in 2011 and higher by PLN 1.49 in 2012.

The Management Board acknowledges that the financial statements (including the exception from IAS 21 pursuant to IAS 1 §19) present fairly the financial situation of the Company, financial results of its operations and its cash flows.

NOTE 27.
OPERATING LEASES

Operating lease liabilities — the Group as a lessor

The Group as a lessor is not party to any material agreements. Lease agreements include mainly agreements concerning the lease of office space to other undertakings.

These are both definite and indefinite term agreements. Each agreement includes a clause enabling each party to terminate it with a contractual period of notice not exceeding three months. The Group does not include any clauses concerning contingent rents or the possibility of concluding sublease agreements in such agreements. The agreements concluded by the Company do not include any obligation to conclude a new agreement for a similar period and equivalent asset where the original agreement is terminated. In some cases, the agreements provide for the lessee's obligation to submit a deposit, but these payments are treated as returnable deposits and are not subject to indexation.

Due to the nature of the concluded agreements, the Group — insofar as it is the lessor with regard to operating lease — is not party to any irrevocable agreements.

Operating lease liabilities — the Group as a lessee

In the period covered by the financial statements, the Group as a lessee was party to an operating lease agreement concerning property lease.

Due to the nature of the concluded agreement, the Company — insofar as it is the lessee with regard to operating lease — is not party to any irrevocable agreements apart from the lease agreement described below, which is revocable under specific terms and conditions.

Property leases include office buildings situated in Warsaw at ul. Grochowska 21a. Pursuant to the agreement concluded on 21 December 2005 and the annex to the agreement of 7 March 2006, ATM S.A. sold the property, which included the right of perpetual usufruct of land and buildings constructed on this land, to Fortis Lease Polska Sp. z o.o., and subsequently concluded an operating lease agreement concerning this property. Lease payments are denominated in EUR and divided into 180 monthly instalments (15 years). The last instalment will be payable on 21 January 2021. Total amount of payments during the term of the agreement will be EUR 9,872,000.

Fair value of leased asset after the expiration of the agreement has been determined at EUR 5,573,000, of which perpetual usufruct of land amounts to EUR 1,613,000 and the value of buildings is EUR 3,961,000.

Pursuant to the agreement, after the expiry of the primary term of the lease agreement, the lessee or an entity indicated by the lessee may purchase the leased asset for the price equal to the aforementioned final fair value determined. Where this option is not taken advantage of, the lessee will pay to the lessor a handling fee amounting to 7% of the original value of the leased asset, which original value was determined to be EUR 10,660,000.

Pursuant to the agreement, the lessee does not have the right to terminate it, except in circumstances where a change concerning lease instalments or changes in the lessee's ownership structure cause the agreement to cease to be cost effective. In such cases, the lessee will additionally have the right to demand that a purchase agreement be concluded concerning the lease asset, at a price equal to the sum of the portion of the instalments outstanding until the end of the lease period and the final value.

Expenses related to the minimum lease payments for property leases during individual periods amounted to, respectively: PLN 2,137,000 in 2012 and PLN 2,305,000 in 2011.

	End of the period 31/12/2012	End of the period 31/12/2011
Costs of property operating leases	2,137	2,305
Costs of infrastructure operating leases	-	-
Costs of telephony operating leases	-	-
Costs of vehicles operating leases	-	-
	2,137	**2,305**

Minimum lease payments for property lease were as follows:

	End of the period 31/12/2012	End of the period 31/12/2011
up to 1 year	2,028	2,905
from 1 to 5 years	10,134	8,715
more than 5 years	4,224	14,768
	16,386	**26,388**

CONTINGENT RECEIVABLES AND LIABILITIES

Contingent receivables

No contingent receivables occurred.

Contingent liabilities

	End of the period 31/12/2012	End of the period 31/12/2011
To related undertakings:	-	-
To other undertakings:		
1. Bank guarantees received:		
- Performance bonds and tender bonds	7,423	33,987
2. Mortgage security:		
- Bank loan security	42,000	35,395
3. Promissory notes:		
- Endorsements concerning agreements related to EU project financing		
- Bank loan security		
4. Pledges:		
- Bank loan security		2,363
	49,423	**71,745**

NOTE 28.
INFORMATION CONCERNING RELATED UNDERTAKINGS

Details of related undertakings

1. Undertakings related to the Company

Apart from the undertakings in which the Capital Group holds an equity stake, the undertakings related to the Group include those related through the Management Board members of the parent undertaking. These undertakings include:

- ATM PP Sp. z o.o. — related through Mr Tadeusz Czichon who is the Vice-President of the Management Board of this undertaking,
- ATP-Investments Sp. z o.o. — related through Mr Tadeusz Czichon who holds 49.9% of shares in this company, and at the same time is its proxy.
- ATP Invest Sp. z o.o. S.K.A. — related through ownership of a material block of shares of ATM S.A. (24.9%) and through Mr Tadeusz Czichon who holds 91.9% of shares in this company,
- Seleris Sp. z o.o. — related through Mr Maciej Krzyżanowski who holds 30% of shares in this company.

Sales to and purchases from related undertakings are executed at normal market prices. Outstanding liabilities and receivables at the end of the fiscal year are not secured and are settled in cash. Receivables from related undertakings are not covered by any extended or received guarantees.

During the periods covered by this financial information, the scope of mutual transactions with related undertakings included:

- Trade transactions including the purchase and sale of goods, materials and services,
- Granted loans.

The Company did not carry out any transactions on conditions different from market conditions with related undertakings or other related persons in the fiscal year.

The amount and scope of trade transactions has been presented in the table below:

Related undertaking	Year	Sales to related undertakings	Purchases from related undertakings	Receivables from related undertakings	Liabilities to related undertakings
ATM PP Sp. z o.o.	2012	396	240	4	18,913
	2011	405	543	6	21,463
Linx Telecommunications B.V.	2012	610	67	117	8
	2011	611	119	152	9
Seleris Sp. z o.o.	2012	0	122	0	0
	2011	0	0	0	0
ATP Invest Sp. z o.o. S.K.A.	2012	0	0	0	7,044
	2011	0	0	0	0
ATP-Investments Sp. z o.o.	2012	7	495	1	49
	2011	-	173	-	-
Total	**2012**	**1,013**	**802**	**122**	**26,014**
	2011	**1,016**	**835**	**158**	**21,472**

During the periods covered by the financial statements, transactions with related undertakings involved no write-downs concerning receivables from those undertakings and no receivables were written off.

2. Directing and supervisory body members and their close relatives

Other Company related entities include members of directing and supervisory bodies (including management) and persons who are their close relatives (i.e. partner and children, the partner's children and persons dependent on the member or his or her partner), as well as other businesses in which members of the Management Board of the parent undertaking perform management or shareholding functions.

Senior management remuneration

Management remuneration includes the remuneration of the Management Board, Supervisory Board and Directors of the Parent Undertaking. The remuneration paid to these persons, divided into main benefit types, is presented in the table below:

	End of the period 31/12/2012	End of the period 31/12/2011
Short-term employee benefits	3,253	4,111
Benefits after the employment period	-	-
Managerial options	-	-
Revenues from dissolution of employment	-	-
	3,253	**4,111**

The short-term employee benefits referred to above concern:

	End of the period 31/12/2012	End of the period 31/12/2011
Management Board	1,083	1,924
Supervisory Board	263	253
Directors and managers	1,907	1,934
	3,253	**4,111**

Apart from the aforementioned remuneration, directors and managers are covered by the Incentive Scheme (Note 20). No loans, guarantees or sureties were granted to the aforementioned persons, members of the Management Board or Supervisory Board, in the periods covered by the present financial statements.

Contracts with members of the Management Board include non-competition clauses which remain binding for three months after they leave their posts. Under this provision, the parent undertaking is obliged to pay a compensation amounting to three monthly salaries. Twice that amount is to be repaid if the non-competition clause is breached.

NOTE 29.
PRESENTATION OF DISCONTINUED ACTIVITY

As at the date of the publication of the annual report, the Issuer has performed a division of the Company by separating an organized part of the enterprise (OPE), consisting mainly of assets related to IT activities, including shares in companies belonging to the ATM Group of Companies engaged in IT activity, i.e.: ATM Systemy Informatyczne, ATM Software, Impulsy and Sputnik Software, and transferring it to ATM Systemy Informatyczne. As a result of the division as at the date of division, the Issuer's existing shareholders became shareholders of ATM and ATM Systemy Informatyczne, holding the same number of shares in both companies as before the division. The entry concerning the division in the National Court Register was made on 25 April 2012.

Consolidated result from discontinued activity, calculated from 1 January 2012 to 30 April 2012, amounted to PLN 1,100 thousand.

In addition, the results from operations and assets and liabilities of the bankrupt company mPay International Sp. z o.o. were presented as discontinued activity.

In accordance with IFRS 5, the Issuer informs that as at 31 December 2012, if mPay International had been liquidated as of that date, the following amounts would have been subject to discontinuance:

CONSOLIDATED STATEMENT OF TOTAL INCOME OF DISCONTINUED ACTIVITY

	For the period 01/01–31/12/2012
Continued activity	
Sales revenue	-
Cost of sales (variable)	-
Sales margin	**-**
Cost of sales (fixed)	-
Gross profit (loss) on sales	**-**
Other operating revenue	-
Sales costs	
Administrative expenses	40
Other operating expenses	1,832
Restructuring cost	
Operating profit (loss)	**(1,872)**
Share in the financial result of undertakings valued using the equity method	
Financial revenue	-
Financial costs	4,720
Profit (loss) before taxation	**(6,592)**
Income tax	402
Net profit (loss) on continued activity	**(6,994)**
Discontinued activity	
Net profit (loss) on discontinued activity	4,889
Net profit (loss)	**(2,105)**

CONSOLIDATED FINANCIAL POSITION STATEMENT OF DISCONTINUED ACTIVITY — ASSETS

	End of the period 31/12/2012
Fixed assets	
Goodwill	
Intangible assets	
Tangible fixed assets	-
Investments in associates consolidated with the equity method	
Other financial assets	2,569
Deferred income tax assets	
Other fixed assets	
	2,569
Current assets	
Inventories	-
Financial assets held for trading	-
Trade and other receivables	6
Income tax receivables	-
Other current assets	2
Other financial receivables	-
Cash and cash equivalents	12
	20
Fixed assets classified as held for sale	
Total assets	**2,590**

CONSOLIDATED FINANCIAL POSITION STATEMENT OF DISCONTINUED ACTIVITY — LIABILITIES

	End of the period 31/12/2012
Equity	
Share capital	9,250
Supplementary capital from share premium	
Revaluation reserve	-
Treasury shares	-
Reserve capitals	-
Hedge valuation reserve and FX gains/losses due to consolidation	-
Retained earnings	(9,513)
Total equity attributable to Group's shareholders	**(263)**
Non-controlling shares	-
Total shareholders' equity	**(263)**
Long-term liabilities	
Long-term loans	-
Provisions for deferred tax	-
Provisions for liabilities	-
Long-term trade and other liabilities	-
Other financial liabilities	2,852
	2,852
Short-term liabilities	
Bank and other loans	-
Provisions for liabilities	-
Income tax liabilities	-
Trading and other liabilities	-
Other financial liabilities	-
	0
Liabilities related directly to fixed assets held for sale	-
Total liabilities	**2,590**

NOTE 30.
FINANCIAL INSTRUMENTS

1. Capital risk management

The Group manages its capital in order to ensure that it will be able to continue as a going concern, while at the same time maximizing its profitability by optimizing its debt-to-equity ratios.

The Company regularly reviews its capital structure. Such reviews involve the analysis of cost of equity and the risk related to its individual categories. The most important factors subject to analysis are:

- Bank loans — disclosed in Note 22;
- Cash and cash equivalents — disclosed in Note 19;
- Equity, including shares issued, reserve capitals and retained earnings — disclosed in Notes 20 and 10.

2. Objectives of financial risk management

Principal financial instruments used by the Company include bank loans (Note 22), finance lease agreements (Note 26), and cash and deposits (Note 19). The main purposes of these instruments include raising funds for the Company operations, liquidity risk management and short-term investment of surplus liquid funds. The Company also uses other financial instruments, including trade receivables and liabilities (Notes 17, 18, 24 and 25), which, however, are directly related to its operations.

The main risks arising from the Company's financial instruments include credit risk and liquidity risk as well as interest rate risk and foreign exchange risk. Exposure to these risks and their causes are presented in the items below.

The Company has no assets or liabilities measured at fair value, held for trading, embedded or derivative financial instruments. The Company does not use hedge accounting, and during the period covered by the financial statements it neither granted any loans (apart from subsidiary loans) nor was party to financial guarantee contracts.

In the course of 2012 and 2011:

- No financial instruments were reclassified between categories within the meaning of IAS 39;
- The Company did not dispose of its financial assets in a manner that would prevent their removal from the balance sheet despite their transfer to a third party;
- The Company received no financial or non-financial assets within the framework of enforcement proceedings concerning security for its financial assets.

3. Material accounting principles

A detailed description of material accounting policies and methods used, including the criteria for recognition, basis for valuation and policies concerning the recognition of revenue and costs with regard to individual financial assets, financial liability and capital instrument categories has been presented in Note 2 to the financial statements.

4. Categories and classes of financial instruments

Financial assets and liabilities divided into categories (as per IAS 39) are as follows:

	End of the period 31/12/2012	End of the period 31/12/2011
Financial assets		
Valued at fair value through profit and loss account	-	-
Derivatives in hedging relationships	-	-
Investments held to maturity	-	-
Own receivables (including cash and cash equivalents)	28,773	144,066
Financial assets available for sale	0	80
Financial liabilities		
Valued at fair value through profit and loss account	1,678	-
Derivatives in hedging relationships	-	-
Financial liabilities	94,423	191,398
Financial guarantee contracts	-	-

Taking into account the nature and specific features of the financial instrument categories presented above, the following classes of instruments have been distinguished within individual groups:

With regard to the own receivables category

	End of the period 31/12/2012	End of the period 31/12/2011
Receivables from related undertakings (Note 17)	122	158
Short-term receivables from other undertakings (Note 17)	24,073	87,036
Long-term receivables from other undertakings (Note 17)	0	307
Other financial receivables		
Cash and cash equivalents (Note 19)	4,578	56,565
Total	**28,773**	**144,066**

With regard to the financial liabilities category

	End of the period 31/12/2012	End of the period 31/12/2011
Liabilities arising from loans (Note 22)	45,283	43,441
Liabilities to related undertakings (Note 25)	3,558	3,509
Short-term liabilities to other undertakings (Note 25)	16,556	101,561
Long-term liabilities to other undertakings (Note 24)	-	37
Liabilities arising from finance leases (Note 26)	30,704	42,714
Other financial liabilities (Note 26)	-	136
Total	**96,101**	**191,398**

5. Fair value of financial instruments

According to the Management Board’s estimates, the values of individual financial instrument classes listed above do not differ significantly from their fair values.

6. Credit risk

Credit risk is the risk of a counterparty defaulting on its obligations, thus exposing the Company to financial losses. The Company applies a policy of concluding transactions exclusively with counterparties whose creditworthiness has been verified; when required, appropriate security is obtained in order to mitigate the risk of financial losses caused by a breach of contractual terms. The Company's exposure to risks related to the counterparties' credit ratings is subject to ongoing monitoring and the aggregated value of transactions concluded is divided among approved counterparties. Credit risk control is enabled by limits, which are verified and approved annually by the Management Board.

The Company is not exposed to significant credit risk related to a single counterparty or a group of similar counterparties. The Company mitigates credit risk by concluding transactions only with creditworthy undertakings. Before cooperation is initiated, internal preliminary verification procedures are conducted. Moreover, since receivable amounts are monitored on an ongoing basis, the Company's exposure to the risk of receivables becoming uncollectible is insignificant.

As for the Company's financial assets, including cash, deposits and investments in assets available for sale, the Company's risk is directly related to the other party's inability to pay, and the maximum exposure to this risk equals the balance sheet value of the instrument in question.

As at 31 December 2012, financial asset impairment write-downs amounted to PLN 500,000; at 31 December 2011, they amounted PLN 670,000. These write-downs concern own receivables from other undertakings, of which PLN 214,000 are receivables currently under litigation, and PLN 286,000 are receivables which will likely prove uncollectible according to the Company estimates.

As at 31 December 2012 and 31 December 2011, no financial asset items were present whose repayment terms had been renegotiated.

No significant security has been established for the benefit of the Company arising from financial assets held by the Company.

7. Foreign exchange risk

As far as foreign exchange risk is concerned, the Company is exposed to it through sales or purchase transactions concluded in currencies other than the Company's functional currency.

The Company has concluded forward hedging transactions.

As it was stated in the "Accounting principles — Foreign Currency Transactions", pursuant to IAS 1 § 19, the Group adopted a partial exemption from IAS 21 in the present financial statements, i.e. exchange rate differences on currency lease liabilities were recognized as the Company's financial costs for a given reporting period only in the portion concerning actually paid instalments. The remaining amount of exchange rate differences was recognized in the accruals, which shall be recognized in financial costs for individual quarterly periods of lease instalments repayment. Simultaneously, accruals shall be adjusted to exchange rate differences on lease liabilities (both gains and losses), arising in the future periods. This exemption from IAS 21 shall be applied by the Company until 2013, due to the expiry of all liabilities under lease contracts denominated in foreign currencies.

Detailed calculations and financial implications of the adopted solution for presenting exchange rate differences on currency lease liabilities have been presented in Note 26: Other financial liabilities.

The carrying value of the Company's assets and liabilities in foreign currencies as at the balance sheet date concerns trade receivables and liabilities and lease agreement liabilities. These amounts are as follows:

	Trade liabilities		**Lease liabilities**		**Trade receivables**	
	31/12/2012	**31/12/2010**	**31/12/2012**	**31/12/2011**	**31/12/2012**	**31/12/2011**
Currency - EUR	154	3,342	692	1,222		586
Currency - USD	513	31,003		0	36	34
Currency - JPY		0	1,471	4,645		0
Currency - PLN	12,038	70,725	28,542	36,847	24,159	86,574
		0		0		0
Total	**12,705**	**105,070**	**30,704**	**42,714**	**24,195**	**87,194**

<u>When applying an exemption from IAS 21 regarding the valuation of lease liabilities.</u>

If the exchange rate in relation to the exchange rate from the balance sheet valuation for EUR, USD and JPY had increased by 10%, with all other variables remaining at a constant level, the net result of ATM S.A. for the twelve-month period ended 31 December 2012 would have been lower by PLN 69,000, of which PLN 15,000 would be due to financial assets and liabilities denominated in EUR and PLN 48,000 – due to financial assets and liabilities denominated in USD.

<u>When retaining full compliance with IAS 21.</u>

If the exchange rate in relation to the exchange rate from the balance sheet valuation for EUR, USD and JPY had increased by 10%, with all other variables remaining at a constant level, the ATM S.A.'s net result for the twelve-month period ended 31 December 2012 would have been lower by PLN 279,000, of which PLN 279,000 would be due to financial assets and liabilities denominated in EUR and PLN 85,000 – due to financial assets and liabilities denominated in USD and PLN 147,000 due to liabilities denominated in JPY.

The above estimation of the impact of foreign exchange risk on the financial result was calculated on the basis of symmetrical method which assumes that increase and decrease in foreign exchange rates results in identical closing amounts. As a consequence, the decrease in exchange rates of the above mentioned currencies by 10% would cause a respective increase of net financial result by the amount mentioned above.

The Group has developed an appropriate liquidity risk management system for the purposes of managing the short-, medium- and long-term funds of the Group and in order to satisfy liquidity management requirements. The Company manages its liquidity risk by maintaining an appropriate amount of reserve capitals, by taking advantage of banking services offered and using reserve credit facilities, by monitoring forecast and actual cash flows on an ongoing basis and by analysing the maturity profiles of its financial assets and liabilities.

The Company mitigates credit risk by concluding transactions only with creditworthy undertakings. Before cooperation is initiated, internal preliminary verification procedures are conducted. Moreover, since receivable amounts are monitored on an ongoing basis, the Company's exposure to risks of receivables becoming uncollectible is insignificant. As regards the Company's other financial assets, including cash, deposits and investments in assets available for sale, the Group's risk is directly related to other parties' inability to pay, and the maximum exposure to this risk equals the balance sheet value of the instrument in question.

Fair value of individual financial instruments did not significantly differ from their book values recorded in the financial statements as at subsequent balance sheet dates.

NOTE 31.
SIGNIFICANT EVENTS IN THE REPORTING PERIOD

On 20 April 2012, the Extraordinary General Meeting adopted a resolution approving the Issuer's division by the transfer of assets to ATM Systemy Informatyczne (currently: Atende S.A.).

As a consequence of this division, the Issuer continues its current activities, namely the provision of telecommunications services. However, total assets and liabilities related to integrating services were transferred to ATM Systemy Informatyczne together with shares held by ATM S.A. in ATM SI and shares in other integrating companies comprising, in the previous periods, the ATM Group (ATM Software, Impulsy, Sputnik Software).

The division of ATM S.A. was connected with introducing the ATM SI shares to trading on the regulated market operated by the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.).

The division of ATM S.A. was aimed at reorganizing the activity of ATM capital group in such a way that each of the two main activities were carried out by an independent company listed on the Warsaw Stock Exchange: activity in the provision of telecommunications services by ATM S.A. and activity in the provision of systems integration by ATM Systemy Informatyczne S.A.

The performed division significantly simplified the structure of the Issuer's capital group. At the same time, each of the companies might be more attractive for investment, among other things due to the fact that:

- It carries out a homogeneous activity, subject to easier modelling and valuation in comparison with other companies, and fulfilling the investment preferences of shareholders to greater extent
- It was independently subject directly to the information obligations in relation to its shareholders
- It can be valued by indicators adequate for its industry

- It can be an active participant to consolidation processes on the market in its industry, both as the acquirer (the strengthening of market position), and the acquired (realization of premiums for the shareholders)

NOTE 32.
EVENTS AFTER THE BALANCE SHEET DATE

On 7 March 2013, the Issuer was informed that the Minister of Economy, in his decision of 27 February 2013, stated that permit No 125 for the inclusion of the lands in Warsaw, at ul. Grochowska 21a, where ATM S.A. conducts its operations, in the Łódź Special Economic Zone, has expired. This decision was in line with the petition filed by the Issuer with the Ministry of Economy on 28 December 2012.

The Issuer's petition concerning the resignation from the Special Economic Zone was associated with the separation of the IT (integration) operations from the Company, and thus the reduction of objectives and the manner of implementation of the Company's further development, in particular as regards further employment. The conditions for obtaining the benefits in the form of tax relief by operating in a Special Economic Zone would involve too large costs and therefore became infeasible for ATM. Maintaining the Special Economic Zone status, the Company would bear unnecessary organisational (reporting) and financial costs, which would not bring any benefits.

The Issuer confirms that the resignation from conducting operations in the Special Economic Zone does not affect the feasibility or the legitimacy of implementing an investment project covered by a grant from public funds, of which the Issuer recently informed the public in the current report No 54/2012 of 31 October 2012.

NOTE 33.
DIFFERENCES IN COMPARISON TO PREVIOUSLY PUBLISHED FINANCIAL STATEMENTS

There were slight differences between the data presented in the quarterly report for the fourth quarter of 2012 and this annual report. The essential difference concerns the "Financial costs" item. Its increase in relation to the report for the fourth quarter of 2012 by approx. PLN 1,678 thousand is associated with the recognition of revaluation of the IRS contract hedging the interest rate risk in respect of the investment loan in financial costs. Although this cost may be connected with interest on the investment loan paid in future periods (in the five-year loan repayment period), in accordance with the IAS provisions, it must be presented in the current period. As a result, profit before taxation decreased by PLN 1,678 thousand, and net income decreased by PLN 1,359 thousand.

Data concerning the Consolidated statement of total income for the period from 01/01 – 31/12/2011 and notes concerning the statement have been restated in accordance with § 34 of IFRS 5. As a result of the restatement, particular items of the statement of total income, following the reduction by discontinued integration activities changed as follows:

Sales revenue: decreased by PLN 133,246 thousand

Gross profit on sales: decreased by PLN 52,770 thousand

Operating profit: decreased by PLN 14,727 thousand

Profit before tax: decreased by PLN 9,799 thousand

Profit from continued operations: decreased by PLN 7,608 thousand

NOTE 34.
REMUNERATION FOR EXPERT AUDITORS OF THE PARENT UNDERTAKING

	End of the period 31/12/2012	End of the period 31/12/2011
Audit of the financial statements	39	50
Other certification services	24	35
Other services	-	0
	63	**85**

REPORT ON OPERATIONS OF THE ISSUER'S CAPITAL GROUP IN 2012

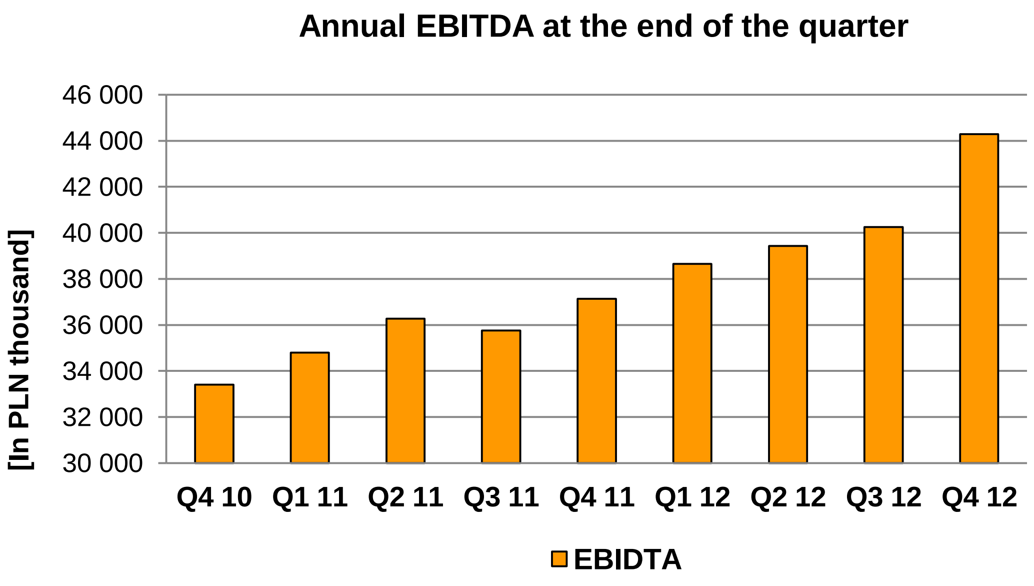
1. Review of key economic and financial parameters

The results for 2012 as compared with the previous year show a significant improvement of financial results in all most important items of statement of total income, as presented in the following summary:

[selected financial data*]	2012	2011	Change %
Sales revenue (without OST 112)	124,304	115,189	+8%
- including data center services	*49,761*	*39,891*	+25%
Sales margin	74,529	68,997	+7%
Operating profit	24,890	18,600	+39%
EBITDA	44,327	37,084	+22%
Profit before taxation	16,611	7,555	+120%
Net profit (*from continuing operations*)	14,804	4,479	+231%

**) Without OST 112 revenue; data for 2011 less financial gains on a single transaction associated with the sale of an associate, inONE SA.*

A particularly typical characteristic of the company is its gradual increase in annual EBITDA profit, as it constitutes the basis for methods of valuation based on ratios of ICT companies and data centers. The value of EBITDA profit for the last four quarters in subsequent reporting periods is presented on the following diagram:



2. Description of material risk factors and threats

Risks associated with the implementation of R&D works and investments

As part of organizational changes introduced in 2009 and 2010, following the implemented strategy, the Issuer decided to abandon these fields of activity which did not bring expected results and did not comply with the Group's lines of development. As a result, the Issuer has significantly reduced the Group's involvement in innovative projects associated with costs of research and implementation works. The Issuer conducts R&D works insofar as they directly translate into greater competitiveness of the products and services it offers.

Risk associated with human resources

The Issuer's operations are successfully carried out by highly qualified staff. Another factor influencing the Company's success and competitiveness is the management. The loss of employees – experts and members of management staff alike – caused by a situation independent from the Issuer, may bring the risk of decreasing the quality of offered services and solutions and, for instance, delays in projects implemented for the customers. Possible illegal activities of employees (e.g. causing harm to third parties, disloyal behaviour exhibited in, among others, undertaking competitive activity and disclosure of business and professional secrets) could also have negative repercussions.

The Company's experiences show that the situation concerning staff in companies within the Group is stable, the employees and managers are engaged in the development of the company.

Risk associated with forecasts and planning

Risk related to forecasts and planning involves the danger that the forecasts underlying the investment decisions on the data center market fail to materialise as a result of changes in the economic or technological environment (e.g. the emergence of new technologies). Forecasts for the planned investments might be wrong, despite using legitimate assumptions in the forecasting process.

Risk associated with strong competition

In the ICT sector, the risk associated with the emergence of new competitors is high, mainly due to the attractiveness of the data center market in Poland and Europe (dynamic growth). The possible emergence of new major competitors (especially international entities), in the future, may have a negative impact on the Company's financial results.

Risk of permanent impairment losses on the undertakings included in the Issuer's capital group

In case of failure of the business idea of the company, in which the Issuer has invested funds, in particular in the case of a worse-than-expected pace of commercialization of services by this company, impairment of its value and the losses incurred by the Issuer on investment up to the amount of the funds invested in such a company is to be expected.

3. Other information

3.1. Information concerning basic products

Apart from one exception of the mPay company, the capital group does not offer services aimed directly at individual customers.

The following are the main telecommunications services provided by ATM S.A. and their share in total revenue (excluding OST 112 contract):

- Services of data centers (colocation and hosting) — 40%
- Data transmission and fiber optic services — 39%
- Internet access services — 17%

The main product in the mobile payments segment is a universal mobile payment system, implemented by mPay S.A. The most popular and widespread mPay services are payments via a mobile phone for car parking and public transport tickets.

The Group's most important products and services fall into two aforementioned categories whose share in the Issuer's total sales is the following:

	Continued operations				Discontinued operations
For the period 01/01–31/12/2012	Telecommunications	Mobile payments	Consolidating exclusions	Total	mPay International
Fixed assets	325,839	5,559	4,214	335,612	2,569
Sales revenue	180,333	2,540	(86)	182,787	0
of which: revenue excluding the OST 112 contract	124,304	2,540	(86)	126,758	0
Margin on sales*	**74,529**	**1,522**	**40**	**76,092**	0
Operating profit (loss)	**24,890**	**(1,360)**	**62**	**23,592**	(1,872)
Profit (loss) before tax	15,284	(1,348)	59	13,995	(6,592)
Net profit (loss) on continued operations	**13,842**	**(1,348)**	**1102**	**13,597**	(6,994)
EBITDA	44,327	238	62	44,627	(1,872)

**) Revenue on sales reduced by variable sales costs*

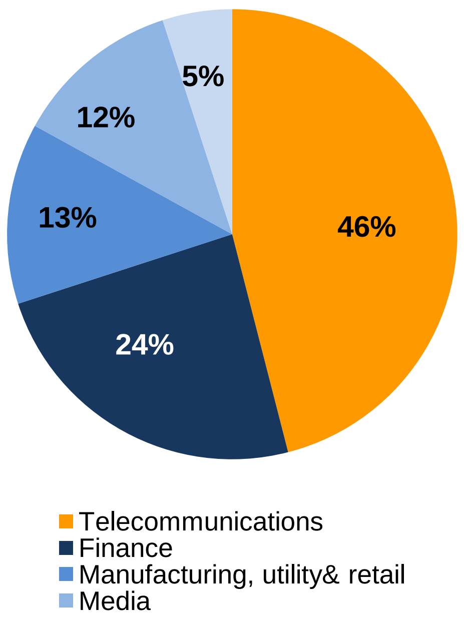
3.2. Information about markets, including the division into domestic and foreign markets, and information on sources of materials supply for production of goods and services, identifying the dependence on one or more recipients and providers

The main market for the products and services offered by the ATM S.A. is Poland, and the company's customers stem from all regions of the country. The Group's services become more and more popular among foreign customers (in particular data center services).

The most important customers of the Group operate in the following sectors:

- telecommunications (including cable TV providers),
- banking and finance (including insurance companies),
- manufacturing, utilities and retail (including energy distribution undertakings),
- media and publishing (both traditional and electronic).

The Group's revenue structure in 2012, by sectors*:



**) Excluding telecommunications revenue under the OST 112 project (public sector)*

As in the previous years, the Company has a highly diversified portfolio of customers, which materially protects the interests of the Issuer. In 2012, the Issuer had only one client whose share in the total sales revenue exceeded 10%, namely IT Project Center of the Ministry of the Interior and Administration (Centrum Projektów Informatycznych MSWiA). The sales to this client amounted to 31% of the Issuer's consolidated revenue.

The supply structure includes a group of products connected with the provision of telecommunications services, in which purchases are made from domestic and international telecommunications operators.

At the same time, the Issuer states that in 2012 there was only one supplier whose share exceeded 10% of the Issuer's sales revenue. Telekomunikacja Polska S.A. whose share was 24%, in 2012, was a service provider mainly in the framework of implementation of the OST 112 contract (a year ago, the share of this undertaking was 25%). No relations other than under commercial agreements exist between the Issuer and the aforementioned undertaking.

3.3. Information concerning contracts important for the Issuer's activity

On 30 October 2012, the Issuer concluded with the Minister of Economy an annex to the major agreement on co-financing for the Issuer for implementing the project "ATM Innovation Center" under Measure 4.5 of the "Innovative Economy 2007–2013" Operational Programme. The Issuer informed about signing the major agreement in the Current Report No 32/2009 of 18 December 2009 and of the project being qualified for subsiding in the Current Report No 52/2008 of 12 December 2008.

The intent of the Management Board of the Issuer was signing an updating annex, based on the current schedule and scope of works carried out, and primarily, reflecting the current value of the innovative project that is PLN 162.8 million gross instead of PLN 395 million set in 2008. At the same time, the co-financing level has been maintained, amounting to 22.51% of eligible costs.

Consequently, the value of the agreement, i.e. amount of the co-financing received is currently PLN 29,789,283.80 and accounts for 22.51% of eligible costs of the project amounting to PLN 132.34 million.

Amendments made with respect to the scope and size of the investment project resulted from the need to adjust the implementation of investment plans to current market needs within the time framework of the project being subsidised, i.e. until 2015. After that period, the Management Board of the Issuer does not exclude the continuation of this investment project financed from own resources.

The project co-financing will involve refinancing of investments already made. Investments will be refinanced on a quarterly basis. All eligible costs of the project shall be completed and fully settled by 23 April 2015.

The project's implementation shall comply with provisions of the agreement and with legal regulations on public aid. The agreement does not provide for contractual penalties. In the case of a breach of provisions of the agreement in relation to the project implementation due to the Issuer's fault, the agreement may be terminated by the Minister of Economy. As a result, the Issuer may be demanded to return the received co-financing with interest charged at the rate used for tax arrears.

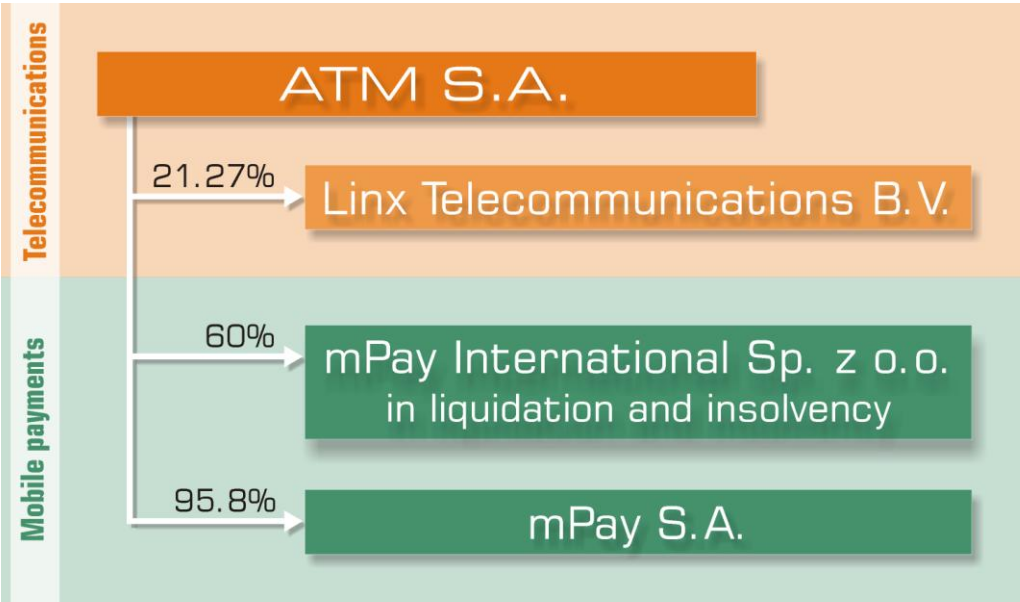
The agreement is deemed significant because its value exceeds 10% of the Issuer's equity.

On 14 December 2012, the Issuer signed an annex to the contract for the construction and providing equipment for the F3 server facility under the CI ATM project, of which the Issuer informed the public on 15 November 2010 in Current Report No 25/2010. The agreement is deemed significant because its value exceeded 10% of the Issuer's equity.

An annex changes the value of the original agreement from the original amount of PLN 35,247,055.88 to 36,263,123.03 net, and also modifies the work schedule of the Contractor, i.e. Atende S.A. (formerly ATM Systemy Informatyczne S.A, and before that KLK S.A.), indicating 15 December 2013 as the date of completion of the agreement.

3.4. Information concerning organizational or capital relations with other undertakings and specification of main investments

As at the date of publication of this report, ATM S.A. capital group included the following entities:



In 2012, the ATM and mPay companies were fully consolidated, whereas mPay International — only until 30 June 2012, as the court's decision on the company's bankruptcy was issued on that day. Operating results of Linx Telecommunications are not consolidated.

In 2012, ATM S.A., as the parent undertaking of the capital group, did not conduct any material capital investments. The changes that occurred in the 2012 in the subsidiaries are presented below:

- On 25 April 2012, the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register, registered an increase in the share capital of ATM Systemy Informatyczne S.A. by transfer of a part of assets of ATM S.A. to ATM Systemy Informatyczne S.A., as a result of which share capital of ATM SI amounts to PLN 7,268,668.80 and is divided into 36,343,344 shares with the nominal value of PLN 0.20.,
- On 11 June 2012, the Management Board of mPay International filed a bankruptcy petition,
- On 30 July 2012, the District Court for Warsaw Praga-Północ, 9th Commercial Division, issued a decision on the bankruptcy of mPay International Sp. z o.o., involving the liquidation of the assets of mPay International Sp. z o.o., which is a subsidiary of the Issuer ATM S.A. The bankruptcy petition for

mPay International was filed by the company's Management Board on 11 June 2012. Since 2009, mPay International has not carried out its operating activities, due to the fact that it did not have the opportunity to cooperate with its partner. Its liquidation simplified the capital structure of the mPay Group and shall not affect the operations of mPay S.A.

3.5. Information concerning the conclusion by the Issuer or its subsidiary of one or more transactions with related undertakings which are not typical or routine transactions

During the reporting period, neither the Issuer nor any of the Issuer's subsidiaries concluded transactions with related undertakings, both individually or jointly, which were significant and which constitutes not typical or routine transactions concluded in the course of daily operations.

3.6. Information concerning bank loan and other loan contracts concluded and terminated in the fiscal year, stating at least their amount, type, interest rate, currency and due date

Detailed information on bank loans and other loans contracted in the fiscal year in the Issuer's Group have been provided in Note 22 of the Consolidated financial statements.

3.7. Information concerning loans granted in the fiscal year, and in particular loans granted to the Issuer's related undertakings, stating at least their amount, type, interest rate, currency and due date.

Loans granted to related undertakings are presented in the table below:

	End of the period 31/12/2012	End of the period 31/12/2011
mPay International Sp. z o.o.	1,582	1,442
mPay S.A.	30	-
Revaluation write-down(-)	(753)	-
	859	**1,442**

In 2008, the shareholders of mPay International Sp. z o.o., i.e. ATM S.A. and Henryk Kułakowski extended a loan to this company to finance its continued activity in the total amount of PLN 1,750,000. The loan was granted in proportion to their shares in the company (60%/40%), and therefore the portion of the loan attributable to ATM was PLN 1,050,000. The interest accruing on the loan was WIBOR 1M + margin. The loan is due until the end of June 2009 and after that, in accordance with the contract, the loan shall be converted to the company's equity. Due to Henryk Kułakowski's withdrawal from these arrangements, the General Meeting of Shareholders of mPay International was not able to adopt a resolution on the conversion of the loan into equity. Consequently, mPay International was forced to declare bankruptcy as it was unable to repay the loan to its shareholders. As a result of the conducted bankruptcy proceedings, a part of the loans extended by shareholders was repaid from the estate in bankruptcy. In respect of the remaining part, ATM created an impairment write-down.

The reported balance of the loan and the impairment write-down concern the loan mentioned above extended by both shareholders, an additional loan granted by ATM of PLN 167,000 in 2011 to cover the current costs of the company, as well as the interest accrued on both loans until reporting the claim against the bankruptcy estate of mPay International Sp. z o.o.

3.8. Information concerning guarantees and sureties granted and received in the fiscal year, and in particular guarantees and sureties granted to the Issuer's related undertakings

	End of the period 31/12/2012	End of the period 31/12/2011
To related undertakings:	-	-
To other undertakings:		
1. Bank guarantees received:		
- Performance bonds and tender bonds	7,423	28,246
2. Promissory notes:		
- Endorsements concerning agreements related to EU project financing		-
- Bank loan security	42,000	
	49,423	**28,246**

The companies of the Issuer's capital group did not grant or receive any bonds directly. However, at the request of the Issuer, banks issue bonds for the Issuer's clients. They are tender bonds and performance bonds.

As at 31 December 2012, tender bonds and performance bonds included guarantees granted by BRE Bank S.A. amounting to PLN 3,227 thousand, by Bank Millennium S.A. amounting to PLN 1,964 thousand, and by Bank DnB NORD Polska S.A. amounting to PLN 2,232 thousand.

The company also had promissory note securing an investment loan in BZ WBK investment of PLN 42,000 thousand.

3.9. In the event of issue of securities in the reporting period – description of the use of issue proceeds by the Issuer until the report on operations have been drawn up

In the reporting period, the Issuer did not issue securities.

3.10. Explanation of differences between financial results presented in the annual report and published forecasts

The Company did not make the 2012 forecasts public.

However, there were slight differences between the data presented in the quarterly report for the fourth quarter of 2012 and this annual report. The essential difference concerns the "Financial costs" item. Its increase in relation to the report for the fourth quarter of 2012 by approx. PLN 1,678 thousand is associated with the recognition of revaluation of the IRS contract hedging the interest rate risk in respect of the investment loan in financial costs. Although this cost may be connected with interest on the investment loan paid in future periods (in the five-year loan repayment period), in accordance with the IAS provisions, it must be presented in the current period. As a result, profit before taxation decreased by PLN 1,678 thousand, and net income decreased by PLN 1,359 thousand.

3.11. Assessment, with justification, of financial resources management, in particular creditworthiness, and specification of potential threats and actions which the Issuer took or plans to take to prevent these threats;

The Issuer's Management Board considers the financial position of the companies which belong to the ATM S.A. capital group to be good. Liquidity indicators, asset turnover and debt ratios do not indicate any potential threats to the Company's creditworthiness.

3.12. Assessment of ability to fulfil investment plans

One of the Issuer's most important investment plans is the development of infrastructure necessary for services based on data centers. In this area, the Issuer plans two important investment projects, i.e. systematic equipping and commissioning of consecutive stages of Thinx Poland data center and expanding the ATMAN data center, which at the same time is the most extensive project in the history of the Issuer's activity.

Data center investments allow to spread investment expenses over time, according to the demand for services offered. The construction of data centers is divided into stages and the Issuer incurs the major part of the expenses under concluded commercial contracts. By commissioning the first fragments of the data center for colocation services, the Issuer acquires funds for the equipment of subsequent fragments of the center. The schedule of commissioning subsequent data center fragments will be contingent upon the demand for data center services and pace of acquiring clients.

Within the scope of telecommunications activity the Issuer also plans to modernize and extend the existing optical networks and connecting new customers with them.

All Issuer's investments will be financed from the Issuer's own funds supported with leases and received subsidies. At the same time, the Issuer's Management Board does not expect any threats to the completion of investment projects, while the possibility to divide the investments into stages and to adjust them to current market demands provides security and comfort in conducting current activity.

The Issuer does not expected any material investments other than those discussed above in the near future.

3.13. Assessment of factors and unusual circumstances which materially affected financial results for 2012

Except for the separation of an organised part of an enterprise in the form of integration operations and transferring it to ATM Systemy Informatyczne (currently: Atende) and the beginning of liquidation bankruptcy proceedings of mPay International Sp. z o.o., in the reporting period in question, no factors and unusual circumstances occurred which would materially affect financial results of the activity in 2012.

3.14. Description of external and internal factors important for the development of the undertakings within the Issuer's capital group and development prospects until the end of 2013

One of the most important external factors which condition the development of the Issuer's Company is a constant growth of demand for transfer, processing and archiving of information (telecommunications services for companies and institutions), as well as for services based on data center infrastructure.

As in the previous years, a more efficient distribution of EU funds by state bodies is a particularly important condition of market stimulation and thus, of a chance to greatly increase the revenue from sales of ICT services.

3.15. Changes in basic management principles of the Issuer's capital group

In 2012, no changes occurred in basic management principles of the Issuer's capital group.

3.16. Changes in the composition of managing and supervisory bodies of the companies in the Issuer's capital group in 2012

On 27 April 2012, the resignation of Roman Szwed from the function of the President of the Management Board of ATM S.A. as of 30 April 2012 was accepted, and Maciej Krzyżanowski was appointed to this post.

On 23 May 2012, the resignation of Jan Wojtyński from the positions on the Supervisory Board of ATM S.A. was accepted and Roman Szwed was appointed to the Supervisory Board as the Chairperson.

On 12 June 2012, the General Meeting of Shareholders of mPay International Sp. z o.o. accepted the resignation of the President of the Management Board, Roman Szwed, and at the same time appointed Tadeusz Czichon to this position.

3.17. Agreements concluded by and between the companies of the Issuer's capital group and management staff which stipulate a compensation in the event of their resignation or dismissal from the occupied position

Contracts with members of the Issuer's Management Board include non-competition clauses which remain binding for three months after they leave their posts. Under this provision, the parent undertaking is obliged to pay a compensation amounting to three monthly salaries. Twice that amount is to be repaid if the non-competition clause is breached.

No other material compensations are stipulated in the companies of the Issuer's capital group.

3.18. The amount of remuneration, rewards and benefits, including under incentive or bonus schemes based on the Issuer's capital, including schemes based on bonds with priority warrant, convertible bonds, subscription warrants (in money, in kind, or another form), paid, due, potentially due, separately to each member of the Issuer's management and supervisory bodies in the Issuer's undertaking

In 2012, the total remuneration paid to each member of the Issuer's management and supervisory bodies was the following:

Management Board of ATM S.A.:

Tadeusz Czichon*	PLN 469,800
Maciej Krzyżanowski*	PLN 489,600
Roman Szwed (until 30 April 2012)	PLN 99,000

Supervisory Board of ATM S.A.:

Roman Szwed (from 23 May 2012)	PLN 33,531
Jan Wojtyński (until 23 May 2012)	PLN 53,040
Tomasz Tuchołka	PLN 43,989
Sławomir Kamiński	PLN 43,989
Mirosław Panek	PLN 43,989
Grzegorz Domagała	PLN 43,989

**) The remuneration is paid pursuant to the agreement on the company management*

3.19. Specification of the total number and face value of the Issuer's shares held by members of the management and supervisory bodies

Total number of the Issuer's shares amounts to 36,343,344, and their face value amounts to PLN 34,526,176.80.

Members of the Issuer's management and supervisory bodies hold the following numbers of shares:

Name and surname	Position	Number of shares	Face value
ATP Invest Sp. z o.o. S.K.A.*	Vice President of the Management Board	9,036,756	8,584,918
Maciej Krzyżanowski	President of the Management Board	58,608	55,678
Anna Bugajska	Holder of a commercial power of attorney	57,000	54,150

**) An entity controlled by Tadeusz Czichon, Vice-President of the Management Board of ATM S.A.*

3.20. Listing of shareholders who hold, directly or indirectly, at least 5% of the total number of votes at the Issuer's General Meeting

Shareholder	Number of shares	%
ATP Invest Sp. z o.o. S.K.A.*	9,047,924	24.9
ING OFE**	3,535,569	9.73
Polsat OFE**	2,817,842	7.75
Piotr Puteczny***	2,243,066	6.17
ALTUS TFI****	1,828,065	5.03

**) An entity controlled by Tadeusz Czichon, Vice-President of the Management Board of ATM S.A.*

***) Number of shares as of 31 December 2012 based on the "Annual asset structure"*

****) Jointly with his spouse.*

*****) Number of shares pursuant to a notification received on 17 December 2012*

3.21. Information concerning agreements known to the Issuer which may change the proportion of shares held in the future

The Issuer has no information on agreements which may change the proportion of shares held in the future.

3.22. Listing of all owners of securities which grant special rights of control in relation to the Issuer

No securities exist which grant special control rights in relation to the Issuer.

3.23. Information concerning control system of the employee share programme

Employees, partners of the Issuer and members of the management boards, employees and partners of the companies of ATM S.A. capital group (except for the Issuer's Management Board) are included in the Incentive Scheme. Under the Scheme they are entitled to purchase shares in ATM S.A. after they have met the requirements referred to in the Rules of the Incentive Scheme approved by the Ordinary General Meeting of ATM S.A. Shareholders on 5 June 2008.

Detailed information on the Issuer's Incentive Programme as well as on the control system of the employee share programme under this scheme has been provided in Note 20 of this financial statement in section Incentive Programme.

3.24. Listing of restrictions as to the transfer of ownership rights to the Issuer's securities and of restrictions on execution of voting rights carried by the Issuer's shares

The only restrictions as to the transfer of ownership title to the Issuer's securities concern shares purchased under the Incentive Scheme for the employees of ATM S.A. capital group for the period 2008–2010.

80% of the shares purchased by persons entitled under the Incentive Scheme will be blocked (not available for sale or security). The purchased shares will be unblocked in the amount of 20% each year, starting from the date of their transfer to the investment account of the authorized person.

No restrictions exist as to the transfer of ownership rights to the Issuer's securities.

3.25. Purchase of treasury shares

The Issuer did not purchase treasury shares in the reporting period.

3.26. Information concerning the entity entitled to audit financial statements

On 27 June and 2012, the Issuer concluded audit contracts with the entity entitled to audit financial statements — PKF Audyt Sp. z o.o.

The subject of these contracts is:

- The audit of separate and consolidated financial statements for the period from 1 January to 30 June 2012 (due date of the service is 29 August 2012);
- The audit of separate and consolidated financial statements for the period from 1 January to 31 December 2012 (due date of the service is 30 April 2013).

Remuneration under the contract for the audit of separate and consolidated financial statements for the period from 1 January to 30 June 2012 amounted to PLN 24,500 net.

Remuneration under the contract for the audit of separate and consolidated financial statements for the period from 1 January to 31 December 2012 amounted to PLN 38,500 net.

In 2011, the remuneration amounted to:

- PLN 35,000,000 net for the audit of separate and consolidated financial statements for the period from 1 January to 30 June 2011;
- PLN 50,000,000 net for the audit of separate and consolidated financial statements for the period from 1 January to 31 December 2011.

4. Information specified in § 92(3) of the Regulation of the Minister of Finance

4.1. Description of assets and liabilities structure of consolidated balance sheet

The structure of assets and liabilities of the consolidated balance sheet is presented below based on selected financial data.

Balance sheet

	End of the period 31/12/2012	% of total assets	End of the period 31/12/2011	% of total assets
Fixed assets	321,327	68.64%	369,733	68.64%
Current assets	35,253	31.36%	168,905	31.36%
Total assets	359,169	100.00%	538,638	100.00%
Equity	235,624	65.6%	283,090	52.56%
Long-term liabilities	77,654	21.62%	63,358	11.76%
Short-term liabilities	47,501	12.39%	192,188	35.68%
Total liabilities	359,169	100.00%	538,638	100.00%

Selected financial ratios

	2012	2011	2010
1. Return on sales Gross profit on sales × 100% Net income	29.9%	31.9%	24.8%
2. Return on equity Net profit × 100% Average equity	4.9%	5.9%	8.1%
3. Turnover of receivables pace Average amount of claims for goods and services × 365 days Net income	113 days	216 days	86 days
4. Debt rate Liabilities and provisions for liabilities × 100% Total assets	34.4%	47.4%	48.7%
5. Liquidity ratio Current assets Short-term liabilities	0.8	0.9	1.0

4.2. Major events which influenced the activity and financial results of the Issuer's capital group

Since the first quarter of 2012, a material change has occurred in the manner of presentation of financial results generated in the previous year by the Issuer. In connection with the decision of the Extraordinary General Meeting of ATM S.A. of 20 April 2012, the IT activities of ATM S.A. and thus one of the existing operating segments of the ATM S.A. Capital Group (integration of ICT systems), were separated and transferred to ATM Systemy Informatyczne (currently: Atende) which is currently not related by capital with the Issuer and is developing this area of operations independently. The above changes affect significantly the presentation of this year's results of ATM, because the IT activities conducted in the previous years by ATM Systemy Informatyczne, ATM Software, Impulsy and Sputnik Software are presented in the results as discontinued activity.

The Issuer may regard 2012 as particularly successful. In this period, the Company has continued a constant upward movement, and achieved a sales margin of PLN 74.53 million (8% increase y/y), PLN 24.89 million of operating profit (39% increase y/y) and an EBITDA profit of PLN 44.33 million (20% increase y/y). Revenues, excluding the OST 112 contract treated separately, amounted to PLN 124.30 million in 2012 (increase by 8% y/y).

Similarly to previous periods, revenue from data center services (colocation and hosting) significantly increased in the entire year. In 2012, the revenue amounted to almost PLN 50 million (increase by 25% y/y), and more than 97% of this revenue was from subscription revenue. Colocation services revenue constituted 40% of total revenue, and subscription margin generated by these services constituted more than 50% of total subscription margin generated by the Issuer in 2012.

The Company recorded particularly good results in the sales of colocation services at the end of 2012. At the end of the year, the Issuer had 3,650 square meters net of commercialized colocation space, with the space of 3,423 square meters generating continuous revenue (it is invoiced), and with the remainder which shall generate additional revenue in the financial statements for the first quarter 2013. Moreover, the company has 1,250 square meters net of space available for sale of colocation services in its three locations, and as result of investments being carried out, this space will be increased by additional 4,000 square meters. Based on already built data centers, the Issuer may increase EBITDA profit by additional PLN 14.4 million in future periods, and along with the implementation of the conducted investments within the CI ATM project, by additional PLN 22.8 million of EBITDA profit.

Successful sales of colocation services in the ATMAN Data Center, and in particular the commercialization of the server room built in over 75% until now, allowed the Issuer to invest, in the fourth quarted of 2012, in a new F4 building, which is to increase the available space by additional 1,000 square meters net. This space shall be offered by the Issuer in the second half of 2013. Commercialization of space in the Thinx Poland Data Center was also conducted in the previous year as scheduled. At the end of the year, more than 64% of this facility was rented, and the orders for access to new colocation spaces of 150-250 square meters, negotiated by clients at the turn of the year, shall be concluded in the first quarter of 2013.

In the second half of 2012, the Issuer was one more time recognized as the leader of the Polish data centers market. According to the Audytel S.A. research company, ATM, offering over 8,300 square meters gross in its three data centers, was the biggest provider of colocation services in 2012 and overtook, among others Telekomunikacja Polska (Orange), GTS Energis, Exatel and Netia on the Polish market.

Providing data transmission services and fiber optic services is the second significant area of the Issuer's activity, with over 39% share in the total revenue in 2012 (excluding the revenue from the OST 112 contract). In this area, the Issuer generated PLN 48 million sales revenue and recorded a 4% increase as compared to 2011, resulting from two projects carried out for other telecommunication providers, including the purpose of implementation of LTE technologies in Poland. The fourth quarter of 2012 was particularly successful. The Issuer started the implementation of contracts worth several million PLN, which shall be carried out in the first three quarters of 2013 and provide the Company with a stable and sound basis for revenue from transmission services.

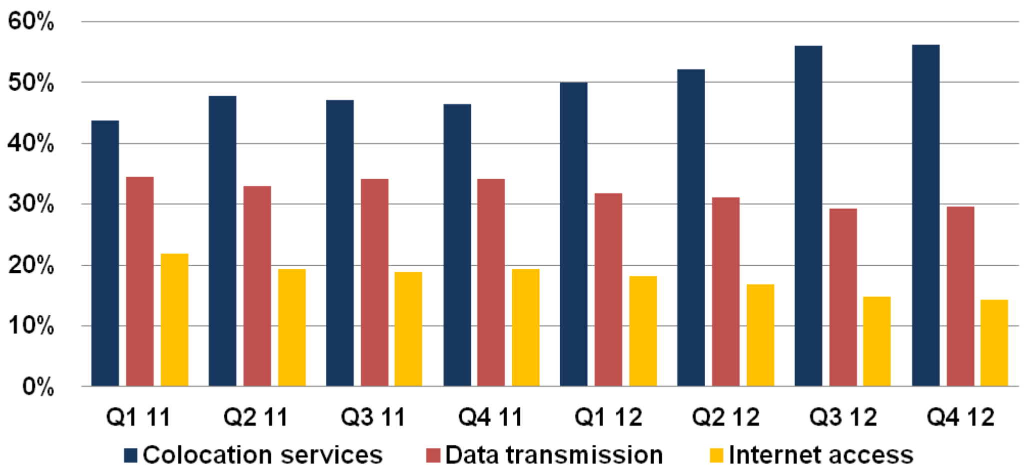
The Issuer further strengthens its position on the market of professional carrier services and specialises in providing data transmission and high speed Internet access services which are necessary for the implementation and popularisation of LTE technology. ATM has one of the largest metropolitan fiber optic networks in Poland, also in cities where the development of own fiber optics networks for the purposes of creating an LTE network would be very time consuming and expensive.

In the third sector of activity, i.e. Internet access services, the Issuer, similarly to other telecommunication providers, shows drops in revenue. Annualised revenue from Internet access services has dropped by 7%, and the company generated PLN 21 million revenue in 2012. The last quarter of the year was considerably difficult, due to the fact that ATM generated only PLN 4.85 million of revenue from Internet access services, which is 15% less than in the respective period in 2011. Such low results in this sales area result from a decrease in unit prices on wholesale Internet access market, which still is not offset by the increase in volume of sales. We can expect continuation of this unfavourable trend in 2013, however, this category of services is decreasingly significant in the Issuer's operations, and its share in the total telecommunication revenue amounted only to 17% in 2012.

In 2012, the number of the Issuer's clients increased by over 23%, exceeding the number of 1,200 active companies and institutions to whom the Issuer provides telecommunication services. Particularly noteworthy is the strengthening of the position of the leading telecommunications services provider for the telecommunications sector as well as for the financial and insurance sector which currently correspond to, respectively, 47% and 22% of revenue of ATM S.A.

To summarize, the Company shows a dynamic increase in revenue from data center services (colocation services) and stability (with a small downward trend) of revenue from services associated with data transmission and Internet access. Therefore, the dynamics of Company's increase in revenue, margin and profits is still lower than expected from the company specializing in data center services. Nevertheless, the 2012 results are better than ever, and the whole year should be regarded as particularly successful. In future periods, the dynamics of financial ratios shall be still trending upward due to the gradual increase in the interest of revenue and margin from colocation services in overall Company's revenue, as presented in the chart below.

Share of products in subscription margin



In the segment of mobile payments, the Group conducts its operations through mPay S.A., which allows making payments via mobile phones, being a pioneer in the implementation of such solutions in Poland.

One of the significant events for this company in the previous year was the conclusion of cooperation agreement with Polska Telefonia Cyfrowa S.A., T-mobile and Heyah operator, in November 2012, with regard to providing mobile payment services by mPay to the operator's subscribers and providing the users with access to mPay mobile payment system services through PTC mobile network. This way, mPay is offered by all four biggest mobile networks in Poland.

In 2012, mPay S.A. achieved financial results similar to those in 2011: sales revenue of PLN 2.5 million, sales margin of PLN 1.5 million, operating loss of PLN 1.4 million, lower by PLN 0.37 million, and EBITDA profit of PLN 0.2 million.

4.3. Structure of major capital investments within the Issuer's capital group

ATM S.A. – the parent undertaking held as at 31 December 2012

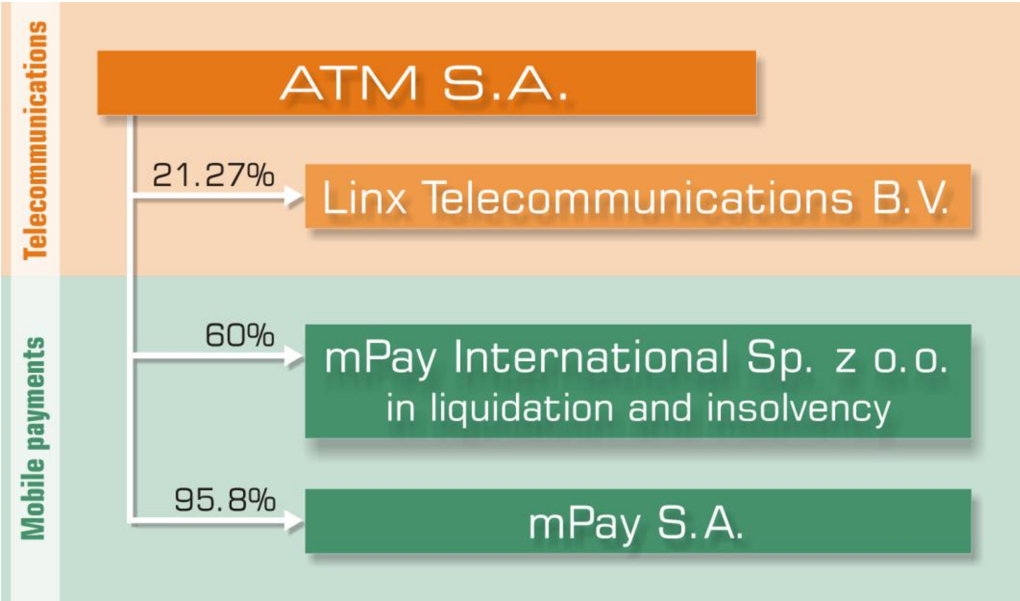
- In mPay S.A.: 29,404,527 shares of the total value of PLN 14,702,264, which constitutes 65.64% of the share capital and entitles to 65.64% of votes at the General Meeting of the Company's Shareholders,

- In Linx Telecommunications B.V.: 2,754,612 shares of the total value of EUR 27,546.12, which constitutes 21.27% of the share capital and entitles to 21.27% of votes at the General Meeting of the Company's Shareholders,
- In mPay International Sp. z o.o. in bankruptcy liquidation: 11,100 shares of the total value of PLN 0. Pursuant to the decision of the District Court for Warsaw, Praga district dated 30 July 2012 on declaring bankruptcy of the Company (Current Report No 42/2012), the Issuer no longer controls the Company.

The Group's companies place available funds in short-term cash deposits and secure debt securities with short maturity.

4.4. Description of the organization of the Issuer's capital group, with the list of consolidated companies, and description of changes in the organization of the Capital Group

As at the date of publication of this report, ATM S.A. capital group included the following entities:



In 2012, the ATM and mPay companies were fully consolidated, whereas mPay International — only until 30 June 2012, as the court's decision on the company's bankruptcy was issued on that day. Linx Telecommunications B.V.'s operating results were not consolidated at the operating level.

Detailed description of capital changes has been provided in point 3.4 of the report on operations of the Issuer's capital group.

4.5. Description of the policy concerning development lines of the Issuer's capital group

With regard to telecommunications services, the Company still has high potential to increase revenue and generate profits, owing to its good investment policy. The demand for broadband data transmission and data center services should increase, which demonstrates the opportunities for a stable growth of this segment of activity. Extremely good highlights concern the increase in demand for colocation services (data center services), due to the changes in technology of using software and the fact that outsourcing of ICT resources gains an increased popularity among companies. Therefore, the Issuer shall continue to make necessary investments by preparing new modules of Thinx Poland Data Center for sale and constructing new facilities under ATM Innovation Center project. The realisation of those investments will translate into a growth in revenue and profits in the following reporting periods.

It is also expected that the demand for high bandwidth networks, in particular optical networks, will grow owing to two factors: construction of the next generation LTE (Long Term Evolution) network by mobile providers and ubiquitous video transmission in telecommunications services. Certainly, it will have a positive impact on increased sales of services based on the existing optical infrastructure which is becoming indispensable for telecommunications providers in the provision of the services mentioned.

More information on the current market situation of the Issuer and its position on the market and further prospects for growth is made available in the "ATM S.A. Strategy for 2013–2014" which was published at the Issuer's website (www.atm.com.pl) in Investor tab -> Company info -> Directions of Development.

4.6. Description of off-balance sheet items by counterparty, object and value

Off-balance sheet items consist of contingent receivables and liabilities. No positions exist which could bear material impact on the activity of the Issuer's capital group.

Detailed description of contingent receivables and liabilities has been provided in Note 27 of the Consolidated financial statements.

SIGNATURES OF MEMBERS OF THE MANAGEMENT BOARD:

Warsaw, 30 April 2013

Name and surname	**Position/function**	**Signature**
Maciej Krzyżanowski	President of the Management Board	....
Tadeusz Czichon –	Vice-President of the Management Board	....

STATEMENT OF THE MANAGEMENT BOARD

The ATM S.A. Management Board declares that according to its best knowledge, the annual consolidated financial statements and comparable data have been drawn up in accordance with applicable accounting principles and they give a correct, true and fair view of the asset and financial situation of the Issuer's capital group and its financial performance and that the report on the activities of the Issuer's capital group gives a true picture of the development, achievements and standing of the Issuer's capital group, including most important risks and threats.

Warsaw, 30 April 2013

Name and surname	**Position/function**	**Signature**
Maciej Krzyżanowski	President of the Management Board	....
Tadeusz Czichon	Vice-President of the Management Board	....

STATEMENT OF THE MANAGEMENT BOARD

The ATM S.A. Management Board declares that according to its best knowledge, the entity authorized to audit the financial statements, which audited the annual consolidated financial statements, was selected pursuant to applicable laws, and that this entity as well as the statutory auditors who audited these statements fulfilled the conditions for expressing an impartial and independent opinion about the audit pursuant to applicable Polish laws.

Warsaw, 30 April 2013

Name and surname	**Position/function**	**Signature**
Maciej Krzyżanowski	President of the Management Board	....
Tadeusz Czichon	Vice-President of the Management Board	....

STATEMENT OF THE MANAGEMENT BOARD OF ATM S.A. ON COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES IN 2012

A) Listing of the collected corporate governance principles which the Issuer is required to follow

ATM S.A. follows the corporate governance principles specified in the "Code of Best Practice for WSE Listed Companies" introduced with Resolution No 12/1170/2007 of the Warsaw Stock Exchange Council dated 4 July 2007 amended by the following Resolutions of the Warsaw Stock Exchange Supervisory Board: No 17/1249/2010 of 19 May 2010, No 15/1282/2011 of 31 August 2011, and No 20/1287/2011 of 19 October 2011.

The text of these principles, as binding in 2012, is available on the Internet at:

http://www.corp-gov.gpw.pl/assets/library/polish/regulacje/dobre_praktyki_19_10_2011_final.pdf

As of 1 January 2013, the Company complies with the corporate governance principles introduced by way of resolution No 19/1307/2012 dated 21 November 2012 adopted by the Supervisory Board of the Warsaw Stock Exchange.

The updated text of these principles is available on the Internet at:

http://www.corp-gov.gpw.pl/assets/library/polish/regulacje/dobre_praktyki_16_11_2012.pdf

B) Extent to which the Issuer departed from application of the corporate governance principles described, descriptions of these principles and explanations of the reasons for departure

The Management Board of the Company hereby represents that it does not apply the following principles of corporate governance:

I. Recommendations for Best Practice for Listed Companies

5. A company should have a remuneration policy and rules of defining the policy. The remuneration policy should in particular define the form, structure and level of remuneration of members of supervisory and management bodies. In determining the remuneration policy for members of supervisory and management bodies, the European Commission Recommendation of 14 December 2004 should apply, fostering an appropriate regime for the remuneration of directors of listed companies (2004/913/EC), supplemented by the European Commission Recommendation of 30 April 2009 (2009/385/EC).

Explanation: Remuneration policy of the Management Board and the Supervisory Board is subject to independent decisions of the Supervisory Board and the General Meeting, respectively. The Management Board of the Company shall have no influence on any regulations in this matter.

9. The WSE recommends to public companies and their shareholders that they ensure a balanced proportion of women and men in the management and supervisory functions in their enterprises, thus reinforcing the creativity and innovation of the companies' economic activity.

Explanation: During this term of the Management Board and the Supervisory Board, the Company does not anticipate to introduce any changes in order to implement the recommendation of WSE with respect to a balanced proportion of men and women in the management and supervisory functions in the Company. However, the only proxy, performing her function in the Company for many years, is a woman. Thus women constitute 33% of the company management team.

12. item 2) A company should enable its shareholders to participate in the General Meeting using electronic communication devices, for the purpose of

- real-time bilateral communication where shareholders may take the floor during the General Meeting from a location other than the General Meeting.

The company will examine the possibility to adapt to the recommendations of good practice in this field, provided that solutions offered on the market will allow conducting the general meeting in a safe and effective manner. Currently the Company is already broadcasting the general meeting in real time in the Polish language.

Best Practices of Shareholders

10. item 2) A company should enable its shareholders to participate in the General Meeting using electronic communication devices, for the purpose of

- real-time bilateral communication where shareholders may take the floor during the General Meeting from a location other than the General Meeting.

The company will examine the possibility to adapt to the recommendations of good practice in this field, provided that solutions offered on the market will allow conducting the general meeting in a safe and effective manner. Currently the Company is already broadcasting the general meeting in real time in the Polish language.

C) Description of the basic characteristics of internal control and risk management systems applied by the Issuer with respect to the process of preparing financial statements and consolidated financial statements.

The Management Board of the Company is responsible for internal control system and its efficiency with respect to the process of preparing financial statements and consolidated financial statements. Financial statements are prepared by the Company in accordance with the applicable provisions of law and International Accounting Standards.

The scope and advancement of internal control and risk management systems applied by the Issuer with respect to the process of preparing financial statements is predominantly influenced by: optimal, competency-based division of tasks in the process of preparing financial statements, ongoing assessment of the Company’s activity and estimated results prepared based on the assessment as well as audit of the financial statements by an independent expert auditor.

Following the procedure applied by the Company, in order to ensure the efficiency of the financial reporting process, the preparation of the financial statements in entrusted to competent employees of the Finance and Accounting Division managed by the Financial Director and Management Board, who are supported by persons responsible for the control of financial statements and matters related to the publication of reports.

D) Listing of shareholders owning, directly or indirectly, significant blocks of shares with a listing of the number of shares owned by the said entities, their percentage ownership of the share capital, the number of votes arising from these shares and their percentage of the overall number of votes.

Name and surname or company name	Number of shares held	Stock in the share capital	Number of votes at the General Meeting	Stock in the overall number of votes
ATP Invest Sp. z o.o. S.K.A.*	9,047,924	24.9%	9,047,924	24.9%
ING OFE**	3,535,569	9.73%	3,535,569	9.73%
Polsat OFE**	2,817,842	7.75%	2,817,842	7.75%
Piotr Puteczny***	2,243,066	6.17%	2,243,066	6.17%
ALTUS TFI****	1,828,065	5.03%	1,828,065	5.03%

**) An entity controlled by Tadeusz Czichon, Vice-President of the Management Board of ATM S.A.*

***) Number of shares as of 31 December 2012 based on the “Annual asset structure”*

****) Jointly with his spouse.*

*****) Number of shares pursuant to a notification received on 17 December 2012*

E) Listing of all owners of securities which grant special rights of control, with a description of these rights.

No securities exist which grant special control rights.

F) Listing of all restrictions on voting rights, such as restrictions on the execution of voting rights by a shareholder of a defined part or amount of votes, time-related restrictions on the execution of voting rights or subscriptions, in accordance with which, in cooperation with the company, equity rights related to securities are separate from the ownership of securities.

There are no restrictions on voting rights attributable to shares of the Issuer.

G) Listing of all restrictions on the transfer of ownership rights to securities of the issuer.

The only restrictions as to the transfer of ownership title to the Issuer's securities concern shares purchased under the Incentive Scheme for the employees of ATM S.A. capital group for the period 2008–2010.

80% of the shares purchased by persons entitled under the Incentive Scheme will be blocked (not available for sale or security). The purchased shares will be unblocked in the amount of 20% each year, starting from the date of their transfer to the investment account of the authorized person.

No restrictions exist as to the transfer of ownership rights to the Issuer's securities.

H) Description of principles respecting the appointment and dismissal of management personnel and their rights, in particular the right to decide on the issuance or buyback of shares.

The Management Board acts on the basis of the Company's Articles of Association, resolutions of the General Meeting, the Code of Commercial Companies, other applicable provisions of law as well as on the basis of the Regulations of the Management Board of ATM S.A. adopted with a resolution of the Supervisory Board of 11 June 2012. The Management Board operates on the basis of and is subject to the corporate governance code. The Management Board is composed of two members: The President and Vice-President of the Management Board. The Management Board is appointed and recalled by the Supervisory Board, which also indicates the President of the Management Board. If a Member of the Management Board is recalled, the Supervisory Board is obliged to appoint a new Member of the Management Board at the same meeting. All matters related to managing the Company, not reserved by the Company's Articles of Association or the Code of Commercial Companies as the competence of the General Meeting of Company Shareholders or the Supervisory Board, belong to the responsibilities of the Management Board.

The Company's Management Board, acting collectively, has, in particular, the right and obligation to:

- Define the strategy for the Company's development and present it to the Supervisory Board
- Apply and implement the Company's strategy
- Manage the Company's assets
- Assume financial obligations and conclude contracts
- Appoint and recall holders of a commercial power of attorney and authorized representatives
- Adopt resolutions on the organizational structure and internal regulations of the Company
- Define personnel and payroll policies, in particular appoint personnel to important management positions in the Company and its subsidiaries, define employment, salary and human resources policies
- Create an incentive scheme for employees
- Summon ordinary and extraordinary General Meetings of the Company
- Participate in General Meetings of the Company
- Submit motions at the General Meeting with regard to the distribution of profits or coverage of losses

The President and Vice-President of the Management Board are jointly appointed for a term of 5 years. The term of office of Members of the Management Board shall expire on the day on which the General Meeting is convened to approve the Company's financial statements for the fiscal year in which the period of 4 years from the day of appointing the Members of the Management Board for a given term lapses. The term of a Management Board Member assuming the position in place of another Member whose term has been terminated, expires at the end of term of the entire Management Board. A Member of the Management Board should not resign from his/her duties in the course of the term of office. However, if a Member of the Management Board is forced by circumstances to resign from the Management Board position, he/she has to consider the continuity of the Company's operations and management, and try to minimize the negative effects of such a decision for the Company.

Currently, the Management Board shall have no authority to decide about the issue of shares. Moreover, the Management Board shall have no authority to decide about the buyout of shares, except for the authority delegated to purchase the Company's shares in relation to the implementation of the Company's Incentive Scheme.

I) Description of principles concerning amendments to the Issuer's articles of association.

An amendment to the Company's articles of association shall require a resolution of the General Meeting and registration in accordance with the Code of Commercial Companies and Partnerships. A resolution on the amendment to the Company's articles of association shall require a three-fourths majority of votes. The

Management Board shall notify the registry court of every amendment to the Company's articles of association.

J) The manner of functioning of the General Shareholders Meeting and its basic rights, and a description of the rights of shareholders and the manner of their execution, in particular the principles arising from regulations of the General Shareholders Meeting, if such regulations have been passed and are not a direct result of the existing law

The General Meeting, which consists of all Company's shareholders who are entitled to participate in the General Meeting, is the Company's highest decision-making body. General Meetings are conducted in accordance with the applicable provisions of law and relevant provisions of the Company's Articles of Association or the rules of procedure of the general meeting available at the website of ATM S.A. The General Meeting shall be summoned by the Company's Management Board. The Supervisory Board is entitled to summon an Ordinary General Meeting if the Management Board fails to summon it within six months after the end of each fiscal year and an Extraordinary General Meeting, should the Supervisory Board consider it expedient. A Shareholder or shareholders who own at least one twentieth of the share capital may request to summon an Extraordinary General Meeting as well as to add specific items to the agenda of the upcoming General Meeting. A request to add specific items to the agenda should be submitted to the Management Board in writing no later than fourteen days before a scheduled General Meeting. The General Meeting takes place in the Company's premises on the day specified in the announcement on summoning the General Meeting included in the current report summoning the General Meeting, in accordance with the applicable provisions of law. The announcement on summoning a General Meeting should be made no later than twenty-six days before the date of the General Meeting. The announcement shall state the date, time and venue of the General Meeting and a detailed agenda. Draft resolutions included in the agenda of the General Meeting with grounds for adopting them as well as other available materials connected with the specific General Meeting shall be presented to the shareholders at a time and in a place which enable the shareholders to acquaint themselves with them and assess them. Moreover, the agenda shall include issues which will be subject matters of resolutions of the General Meeting and are being investigated and evaluated by the Supervisory Board.

Persons authorized to participate in an Ordinary General Meeting are those who have been the Company's shareholders 16 days prior to the date of the Ordinary General Meeting, i.e. on the day of registration of participation in the Ordinary General Meeting. Beneficial holders of registered shares and provisional certificates, likewise pledgees and usufructuaries who are entitled to vote, may take part in the Ordinary General Meeting, provided they have been entered in the register of shares on the registration date. Holders of dematerialized bearer shares in ATM S.A. shall put down with the Company certificates stating the right to participate in the Ordinary General Meeting issued by a subject operating the securities account no earlier than after the announcement on summoning the Ordinary General Meeting and no later than on the first weekday after the registration of participation in the Ordinary General Meeting. Subject to the shareholder's choice, the certificate should state a part or all shares registered in his securities account.

Alongside the matters regulated by the provisions of the Code of Commercial Companies and the Company's Articles of Association, the powers of the General Meeting include:

a) Recognition and reversal of reserve capitals, special funds and specification of their purposes
b) Determination of the Supervisory Board Members' remuneration
c) Adoption of the Supervisory Board Rules and Regulations
d) Adoption of the General Meeting Rules and Regulations

The agenda is proposed by the body which summons the General Meeting. In the event of matters included in the agenda at the request of shareholders, to remove such an item from the agenda or abandon it, the General Meeting must pass a resolution upon prior consent of all requesting shareholders who are present, backed by 75% of votes of the General Meeting. In the event referred to in Article 397 of the Code of Commercial Companies, a resolution on the dissolution of the Company shall require the majority of votes. A change of the Company's object of activity follows without the a buyout of shares held by shareholders who do not consent to change of the undertaking's object of activity, provided the resolution on the change of the Company's object of activity is backed by a two-thirds majority of votes of present shareholders representing at least 50% of the share capital. The President of the Supervisory Board or a person indicated by the President shall open the General Meeting. Should the President of the Supervisory Board be absent at the General Meeting or fail to indicate a person to open the General Meeting, the General Meeting shall be opened by a shareholder who holds the highest number of shares in the Company's share capital or his representative present at the General Meeting. The person who opens the General Meeting should immediately choose a Chairperson from among the participants. The Chairperson of the Meeting shall state the formal validity of summoning the General Meeting and chairs the proceedings in accordance with the adopted agenda, applicable provisions of law, the Company's Articles of Association, General Meeting Rules and Regulations and corporate governance principles adopted by the Company. The Chairperson of the General Meeting shall watch over the correct conduct of the proceedings as well as the respect for rights and interests of all shareholders. The Chairperson should prevent the abuse of rights by the participants of the General Meeting and, in particular, ensure the respect for minority shareholders' rights. Having checked and signed the attendance list, the Chairman shall conduct the voting on the agenda. The General Meeting may adopt the proposed agenda as it is, modify the sequence of items in the agenda or remove some matters from the agenda. A request on abandoning the proceedings over a matter included in the agenda shall be duly substantiated. In the case of a matter included in the agenda at the request of shareholders, the General Meeting cannot remove this matter from the agenda or abandon the proceedings over this matter. The General Meeting may also add new items to the agenda, and discuss such items, without however passing any resolutions concerning such items. If the General Meeting resolves to remove an item from the agenda, motions submitted in connection with the removed item are abandoned. The Chairperson may not independently remove items from the announced agenda, change the order of individual items, or proceed on matters of substance not included in the agenda. Following the presentation of each item included in the agenda, the Chairperson shall open the discussion, inviting speakers according to the order of their enlisting. The decision on closing the discussion shall be made by the Chairperson. Speakers may express their opinions only on items included in the agenda, referring to the currently discussed item. As regards formal matters, the Chairperson may invite speakers outside the established sequence. The discussion on formal motions should be conducted directly after their submission. Having closed the discussion on formal motions, the Chairperson opens the General Meeting's voting on these items. Having exhausted the agenda, the Chairperson closes the General Meeting. Following the closing of the General Meeting, it no longer constitutes an organizational body of the Company, and the participants of the General Meeting may not pass valid resolutions. Detailed rules of participation and execution of voting rights at the General Meeting as well as particular stages of the proceedings have been presented in the General Meeting Rules and Regulations and Company's Articles of Association, available at the Company's website.

K) The personnel composition of management, supervisory and administrative bodies of the issuer and any changes thereto during the previous fiscal year, along with a description of the activities and committees of the said bodies.

In 2012, the Management Board of ATM S.A. was composed of the following members:

- Roman Szwed — President of the Management Board (until 30 April 2012)
- Maciej Krzyżanowski – Vice-President of the Management Board (from 30 April 2012 – President of the Management Board)
- Tadeusz Czichon — Vice-President of the Management Board.

The Management Board holds meetings at least once a month. Meeting of the Management Board may be called by each Member of the Management Board at any time, by notifying the other Members. For a Meeting of the Management Board to be valid, both Members of the Management Board must be present. Meetings of the Management Board are chaired by the President of the Management Board. Meetings of the Management Board can be held without formal summoning and the agenda established at every meeting if all the members of the Management Board participate in the meeting. Should any disputes arise and, in particular, when adopting resolutions, the Management Board shall try to reach a consensus. Should an agreement be impossible, the resolutions of the Management Board shall be adopted by a majority vote. In the event of conflict of interests, the member of the Management Board whom such conflict concerns shall abstain from voting. Voting at Meetings of the Management Board is open. The Management Board may invite other persons to the Meeting, whose participation may help in managing the Company.

From 1 January 2012 to 31 December 2012, the Company's Supervisory Board was composed of the following members:

- Jan Wojtyński – Chairman of the Supervisory Board (until 23 May 2012),
- Roman Szwed – Chairman of the Supervisory Board (from 23 May 2012),
- Tomasz Tuchołka – Vice-Chairman of the Supervisory Board,
- Grzegorz Domagała – Member of the Supervisory Board,
- Sławomir Kamiński – Member of the Supervisory Board,
- Mirosław Panek – Member of the Supervisory Board.

The Supervisory Board acts in compliance with the Company's Articles of Association, resolutions of the General Meeting of Shareholders, applicable laws and the Supervisory Board Rules. The Supervisory Board operates on the basis of and is subject to the corporate governance code. Members of the Supervisory Board are appointed for a joint 5-year term of office. The term of office of the Supervisory Board Members shall expire on the day on which the General Meeting is convened to approve the Company's financial statements for the fiscal year in which the period of 4 years from the day of appointing the Supervisory Board Members for a given term lapses. The term of a Supervisory Board Member assuming the position in place of another Member whose term has been terminated, expires at the end of term of the entire Supervisory Board. Each Member of the Supervisory Board may resign from the office during the term, even without cause. However, such resignation should respect the corporate governance code. The Supervisory Board shall hold its meetings at least once every quarter. The Supervisory Board meetings are convened by the Chairman. This shall not restrict the right of the Management Board or a Supervisory Board Member to convene the meetings of the Supervisory Board, in accordance with the provisions of the Code of Commercial Companies and Company's Articles of Association. The person convening the Supervisory Board meeting shall immediately notify the Management Board. The Supervisory Board meetings shall be chaired by the Supervisory Board Chairman. In the absence of the Chairman, the meeting shall be chaired by the Deputy Chairman, and in absence thereof – by another Supervisory Board Member appointed by the Chairman, and if no such person has been appointed – by the oldest Supervisory Board Member.

The agenda of a Supervisory Board meeting may be suggested to the Chairman by other Members and by the Management Board, via email, by at least 7 days before the date of the meeting. The Supervisory Board adopts resolutions by absolute majority of votes of Members attending the meeting. In the event of equal split of votes, the Chairman's vote prevails. In the cases envisaged in the corporate governance code, a resolution should be passed only if it is supported by at least one independent Member of the Supervisory Board. Voting at the Supervisory Board meetings is open. On a justified request of at least one Supervisory Board Member or in cases required by the applicable law, voting is secret. The Supervisory Board meetings shall be accessible and open to the Management Board Members, except for matters directly related to the Management Board or its Members. The Supervisory Board may invite to the meeting other persons who can provide the Board with required information. The minutes of Supervisory Board meetings are taken by a minutes secretary appointed by the Management Board, and accepted by the Supervisory Board. The Supervisory Board may proceed without the minutes secretary. In such event, the minutes are kept by the person chairing the meeting. The minutes should be taken on an ongoing basis during the proceedings, and signed by the minutes secretary and all the attending Members immediately after closing the meeting. In justified cases, a Supervisory Board Member may sign the minutes at a later time. Pursuant to the Company's Articles of Association, the Supervisory Board may adopt resolutions in writing or through direct remote communication means. Minutes of the meeting of the Council shall be transmitted forthwith by the director of the Council meeting to the minutes kept by the Board.

The minutes of a Supervisory Board meeting shall be immediately delivered by the chairing person to the Minutes File kept by the Management Board of the Company. The Supervisory Board may designate one or more Members to independently perform specific supervisory activities. The detailed rules and scope of such supervisory activities shall be determined in a case-to-case basis by a Supervisory Board resolution adopted with consultation of the Management Board. Such resolution shall set forth the amount and method of payment of the remuneration for the performed activities. The remuneration of the Chairman and other Members of the Supervisory Board shall be determined by the General Meeting.

Pursuant to resolution No 3 of the Supervisory Board of ATM S.A. of 28 January 2010, tasks of the Company's Audit Committee will be performed by the Supervisory Board of ATM S.A.

The Supervisory Board of ATM S.A. is composed of five persons, and therefore its members, pursuant to Article 86 paragraph 3 of the Act of 7 May 2009 on statutory auditors and their self-government, entities authorized to audit financial statements, and public supervision, could assume the role of the Audit Committee.

Warsaw, 30 April 2013

Maciej Krzyżanowski
President of the Management Board ....

Tadeusz Czichon
Vice-President of the Management Board ....

OPINION AND REPORT OF AN INDEPENDENT STATUTORY AUDITOR

on the consolidated financial statements

of ATM S.A. Capital Group

in Warsaw

for the period from 1.01.2012 to 31.12.2012

The Opinion contains 2 pages, and the Report — 11 pages.

Opinion of an independent statutory auditor and the report supplementing the opinion on the audit of the consolidated financial statements for the financial year ended 31 December 2012.

INDEPENDENT STATUTORY AUDITOR'S OPINION

To the General Shareholders' Meeting of ATM S.A.

We carried out an audit of the attached consolidated financial statements of ATM S.A. with its registered office in Warsaw, ul. Grochowska 21a (hereinafter referred to as the "Parent Company") consisting of the consolidated statement of financial position as at 31 December 2012, the consolidated profit and loss account, the consolidated statement of total income, the consolidated statement of changes in equity, and the consolidated cash flow statement for the financial year then ended, as well as additional information regarding the adopted accounting policies and other explanatory notes.

Responsibilities of the Management Board and Supervisory Board

The Parent Company's Management Board is responsible for correctness of the accounting records, as well as the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards approved by the European Union, the requirements relating to issuers of securities admitted to trading on the market of official stock-exchange listing, and other applicable regulations, as well as the preparation of the report on the operations of the Capital Group. The Parent Company's Management Board is also responsible for such internal control as it considers necessary to ensure that the prepared financial statements are free from any misstatements, whether due to fraud or error.

In accordance with the Accounting Act of 29 September 1994 (Journal of Laws of 2009 No 152, item 1223, as amended) (the "Accounting Act"), the Management Board and Members of the Supervisory Board of the Parent Company are required to ensure that the consolidated financial statements and the report on the operations of the Capital Group meet the requirements set out in the Act.

Responsibility of the Statutory Auditor

Our responsibility is to express our opinion on these consolidated financial statements and the accuracy of accounting records constituting the basis for the preparation thereof, based on the conducted audit. We have audited the consolidated financial statements in accordance with the provisions of Chapter 7 of the Accounting Act, Polish financial auditing standards issued by the National Chamber of Statutory Auditors in Poland, and International Financial Reporting Standards. These regulations oblige us to observe ethics principles, as well as to plan and conduct the audit in such a way as to obtain reasonable assurance as to whether the financial statements and accounting records which constituted the basis for the preparation of the financial statements are free from any material misstatements.

An audit involves performing procedures to obtain audit evidence concerning the amounts and disclosures contained in the financial statements. When selecting audit procedures, we apply our professional judgement, also with respect to the evaluation of the risk of material irregularities in the financial statements due to intended activities or mistakes. When evaluating this risk, we take into account the internal control procedures related to drawing up a true and fair presentation of the financial statements, in order to plan our audit procedures adjusted to existing circumstances, but not to express an opinion on the effectiveness of internal control procedures in the entity. Our audit also includes the evaluation of appropriateness of the applied accounting policy, reasonableness of estimates made by the Management Board, as well as the evaluation of overall presentation of the financial statements.

We believe that the audit evidence provides a sufficient and appropriate basis for our opinion.

Opinion

In our opinion, the accompanying consolidated financial statements of ATM S.A. Capital Group give a true and fair view of the financial position of the Capital Group as at 31 December 2012, its financial performance and its cash flows for the financial year then ended; they were prepared, in all material aspects, in accordance with International Financial Reporting Standards approved by the European Union, the requirements relating to issuers of securities admitted to trading in the market of official stock listings, and comply with the laws applicable to the Capital Group which affect the contents of the consolidated financial statements.

Other matters

Moreover, in accordance with the requirements of the Accounting Act, we find that the report on the operations of the Capital Group, in all material aspects, takes account of the information referred to in Article 49 of the Accounting Act and Regulation of the Minister of Finance dated 19 February 2009 concerning the publication of current and periodic information by issuers of securities and the conditions for deeming equivalent the information required by the provisions of the law of a Non-Member State (Journal of Laws of 2009 No 33, item 259) and that such information is consistent with that presented in the financial statements.

Zbigniew Telega – Statutory Auditor No 10935

Key Statutory Auditor conducting the audit on behalf of PKF Audyt Sp. z o.o.
entity authorised to audit financial statements No 548

ul. Orzycka 6, apt. 1B
02-695 Warsaw

Warsaw, 30 April 2013

Report supplementing the opinion on the audit of the consolidated financial statements
of ATM S.A. Capital Group
in Warsaw
for the period from 1.01.2012 to 31.12.2012

The report supplementing the opinion contains 11 pages.
Report supplementing the opinion on the audit of the consolidated financial statements for the financial year ended 31 December 2012.

Table of Contents

1. General part of the report

1.1. Identification of the Capital Group

1.1.1. Name of the Capital Group

ATM S.A. Capital Group

1.1.2. The Parent Company's registered office

04-186 Warsaw, ul. Grochowska 21a

1.1.3. Entry of the Parent Company in the National Court Register

Registry Court:	District Court in Warsaw, 13th Commercial Division of the National Court Register
Date:	18 August 2011
Registry Number:	KRS 0000034947
REGON (Statistical ID No):	012677986
NIP (Tax ID Number):	1130059989

1.1.4. Ownership structure of the Parent Company

As of 31 December 2012 the ownership structure of the Company's share capital of EUR 34,526 thousand is as follows:

Shareholder's name	Number of shares	Number of votes (%)	Face value of shares in PLN thousand	Interest in share capital (%)
ATP Invest Sp. z o.o. S.K.A.*	9,047,924	24.9%	8,595.5	24.9%
ING OFE**	3,535,569	9.7%	3,358.8	9.7%
Polsat OFE**	2,817,842	7.8%	2,676.9	7.8%
Piotr Puteczny***	2,243,066	6.2%	2,130.9	6.2%
ALTUS TFI	1,828,065	5.0%	1,736.7	5.0%
Other < 5%	16,870,878	46.4%	16,027.3	46.4%
	36,343,344	100.0%	34,526	100.0%

**) an entity controlled by Tadeusz Czichon – Vice-President of the Management Board of ATM S.A.*

***) number of shares as of 31 December 2012 based on the "Annual asset structure"*

****) jointly with his spouse.*

1.1.5. Information concerning undertakings included in the Capital Group

1.1.5.1. Undertakings covered by the consolidated financial statements

At 31 December 2012, the following undertakings belonging to the Capital Group were subject to consolidation:

Parent Company:

- ATM S.A.

Subsidiaries consolidated using the full consolidation method:

- mPay S.A.

Associates consolidated using the equity method:

- Linx Telecommunications BV

Undertakings recognized in discontinued operations:
- mPay International Sp. z o.o. in bankruptcy liquidation

The following subsidiaries were consolidated until the date of the Parent Company's loss of control, i.e.

until the division of the Parent Company as at 1 May 2012.

- ATENDE S.A. (formerly: ATM Systemy Informatyczne S.A.)
- Sputnik Software Sp. z o.o.
- ATM Software Sp. z o.o.
- Impulsy Sp. z o.o.

1.1.6. Parent Company Manager

The function of the Manager of the Parent Company is performed by the Management Board of the Parent Company.

As at 31 December 2012, the Management Board of the Company was composed of:

- Maciej Krzyżanowski – President of the Management Board,
- Tadeusz Czichon – Vice-President of the Management Board.

On 27 April 2012, the resignation of Roman Szwed from the function of the President of the Management Board of ATM S.A. as of 30 April 2012 was accepted, and as the same time Maciej Krzyżanowski was appointed to this position.

1.2. Identification of the key statutory auditor and the entity authorised to audit financial statements

1.2.1. Identification of the key statutory auditor:

Name and surname:	Zbigniew Telega
Registration number:	10935

1.2.2. Identification of the entity authorised to perform the audit:

Company:	PKF Audyt Sp. z o.o.
Registered office:	Warsaw
Address:	ul. Orzycka 6, apt. 1B, 02-695 Warsaw
Registry Number:	KRS 0000019875
Registry Court:	District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register
Share capital:	PLN 80,000
NIP (Tax ID No):	725-10-13-699

PKF Audyt Sp. z o.o. is entered in the list of entities authorised to audit financial statements under No 548.

The audit of the consolidated financial statements was conducted in accordance with the agreement dated 27 June 2012, concluded on the basis of a resolution of the Supervisory Board dated 11 June 2012 concerning the appointment of the entity authorised to audit the financial statements.
The audit of the consolidated financial statements was conducted at the registered office of the Parent Company, in the period from 25 March 2013 to 5 April 2013.

The key statutory auditor and PKF Audyt Sp. z o.o. meet the requirement of independence from the audited Capital Group within the meaning of Article 56, clauses 3 and 4 of the Act on statutory auditors and their council, entities authorised to audit financial statements and public supervision of 7 May 2009 (Journal of Laws No 77, item 649).

1.3. Information on the consolidated financial statements for the previous financial year

The consolidated financial statements prepared as at 31 December 2011 and for the period then ended were audited by PKF Audyt Sp. z o.o. and received an unqualified opinion of the statutory auditor with the following explanation:

“Without raising any objections as regards the accompanying financial statements, we would like to draw attention to the fact that — as in the years 2008–2010 — in 2011, an exemption from IAS 21 “The Effects of Changes in Foreign Exchange Rates” was adopted regarding the valuation of liabilities due to lease agreements, concluded in foreign currencies. The exemption involved the exchange rate differences from the balance sheet valuation being recognized in the accruals and presented in “Other current assets” in the financial situation statement and settled the periods in which such liabilities were paid. The Company presented the reasons for this exemption from the application of IAS 21 and its impact on the financial statements in item 26 of Additional information to the financial statements.

In addition, we would like to point out that an exemption from the application IFRS 5 was applied in the financial statements for 2011. The Company presented the reasons for this exemption from the application of IFRS 5 and its impact on the financial statements in item 2 of Additional information to the financial statements.

The General Meeting approved the consolidated financial statements on 23 May 2012.

The consolidated financial statements were filed with the Registry Court on 30 May 2012 and published in “Monitor Polski B” No 1809 of 22 August 2012.

1.4. The scope of works and responsibilities

This report was prepared for the General Meeting of ATM S.A. with its registered office in Warsaw, ul. Grochowska 21A and concerns the consolidated financial statements consisting of the consolidated financial situation statement as at 31 December 2012, the consolidated statement of total income, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year then ended, and additional information regarding the adopted accounting principles and other explanatory notes.

The audited company prepares consolidated financial statements as per the International Financial Reporting Standards approved by the European Union, based on the decision of the General Meeting of 5 June 2008.

We have audited the consolidated financial statements in accordance with the provisions of Chapter 7 of the Accounting Act, Polish financial auditing standards issued by the National Chamber of Statutory Auditors in Poland, and International Financial Reporting Standards.
The Parent Company’s Management Board is responsible for correctness of the accounting records, the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards approved by the European Union, the requirements relating to issuers of securities admitted to trading in the market of official stock listings, and other applicable regulations, as well as the preparation of the report on the operations of the Capital Group.

Our responsibility was to express our opinion and prepare a supplementing report in respect of these consolidated financial statements.

On the day of issue of this report, the Management Board of the Parent Company submitted a statement on the reliability and clarity of the consolidated financial statements presented for audit and on the lack of any events materially affecting the data presented in the consolidated financial statements for the reviewed year.

During the audit of the financial statements, the Management Board of the Parent Company submitted all the statements, explanations and information which we required and provided us with all documents and information necessary to issue an opinion and prepare the report.

The scope of the planned and performed work has not been limited in any way. The scope and manner of the conducted audit results from the working documentation we prepared which is kept in the registered office of PKF Audyt Sp. z o.o.

1.5. Information on conducted audits of financial statements of the consolidated undertakings

The audited consolidated financial statements of the Capital Group consist of individual financial statements of the Parent Company and its Subsidiaries, as at 31 December 2012, which have been audited and received an opinion:

Entity name	Entity authorised to perform audit	Type of the audit opinion	Consolidation method
ATM S.A.	PKF Audyt Sp. z o.o.	unqualified qualified, with comments	full
mPay S.A.	POL-TAX Sp. z o.o.		full
mPay International Sp. z o.o. in bankruptcy liquidation		no opinion* as at 30 April 2013	full
LinxTelecommunications Atende S.A.		opinion has not been issued	Equity method
(formerly: ATM Systemy Informatyczne S.A.	PKF Audyt Sp. z o.o.	unqualified	full
Sputnik Software Sp. z o.o.	4Audyt Sp. z o.o.	unqualified	full
ATM Software Sp. z o.o.		no opinion*	full
Impulsy Sp. z o.o.		no opinion*	full

(*) The financial data of the subsidiary have been examined and confirmed for the purposes of the consolidated financial statements, without issuing a separate opinion on the audit of individual statements.
(**) The Company consolidated the data of Linx Telecommunications B.V. on the basis of the draft statements.

2. Analytic part of the Report

2.1. Consolidated financial situation statement

ASSETS	31-12-2012 PLN thousand	% of total assets	31-12-2011 PLN thousand	% of total assets
Fixed assets				
Goodwill	128	0.0%	18,579	3.4%
Intangible assets	44,972	12.5%	64,775	12.0%
Tangible fixed assets	207,697	57.8%	218,167	40.5%
Investments in associates consolidated using the equity method	68,367	19.0%	67,324	12.5%
Other financial assets	0	0.0%	80	0.0%
Other fixed assets	162	0.0%	808	0.2%
	321326	89.5%	369,733	68.6%
Current assets				
Inventories	1,340	0.4%	15,240	2.8%
Financial assets held for trading	970	0.3%	104	0.0%
Trading and other receivables	24297	6.8%	88,681	16.5%
Current income tax receivables	57	0.0%	71	0.0%
Other current assets	4011	1.1%	8,243	1.5%
Cash and cash equivalents	4,578	1.3%	56,566	10.5%
Assets classified as held for sale	2,589	0.7%	0	0.0%
	37,842	10.5%	168,905	31.4%
TOTAL ASSETS	359,168	100%	538,638	100%

LIABILITIES	31-12-2012 PLN thousand	% of total assets	31-12-2011 PLN thousand	% of total assets
Equity				
Group shareholders' equity	233,374	65.0%	275,771	51.2%
Share capital	34,723	9.7%	34,723	6.4%
Supplementary capital from share premium	123,735	34.5%	159,030	29.5%
Treasury shares	(1)	0.0%	0	0.0%
Capital reserves	52,505	14.6%	40,429	7.5%
Retained earnings	22,412	6.2%	41,589	7.7%
Non-controlling shares	2,251	0.6%	7319	1.4%
	235,625	65.6,6%	283,090	52.6%
Long-term liabilities				
Credits and loans	31,376	8.7%	2,103	0.4%
Provisions for deferred income tax	34	0.0%	1,224	0.2%
Trading and other liabilities	27,036	7.5%	31,068	5.8%
Other financial liabilities	19,208	5.3%	28,964	5.4%
	77,654	21.6%	63,359	11.8%
Short-term liabilities				
Credits and loans	13,852	3.9%	41,338	7.7%
Income tax liabilities	2,037	0.6%	996	0.2%
Trading and other liabilities	20,115	5.6%	135,056	25.1%
Other financial liabilities	11,498	3.2%	14,799	2.7%
Liabilities related directly to fixed assets classified as held for sale	(1,613)	-0.4%	0	0.0%
	45,889	12.8%	192,189	35.7%
TOTAL LIABILITIES AND EQUITY	359,168	100.0%	538,638	100.0%

2.2. Consolidated statement of total income

	2012 PLN thousand	% of sales revenue	2011 PLN thousand	% of sales revenue
Net sales revenue	**182,787**	**100.0%**	**177,828**	**100.0%**
Sales revenue	**182,78787**	**100.0,0%**	**177,82828**	**100.0,0%**
Cost of sales	**128,083**	**70.1%**	**121,018**	**68.1 %**
Cost of sales (variable)	**106,69595**	**58.4,4%**	**107,07474**	**60.2,2%**
Cost of sales (fixed)	**21,38888**	**11.7,7%**	**13,94444**	**7.8,8%**
Gross profit (loss) on sales	**54,704**	**29.9%**	**56,810**	**31.9%**
Other operating revenue	**1,13333**	**0.6,6%**	**378**	**0.2,2%**
General and administrative costs	**30,46363**	**16.7,7%**	**38,73838**	**21.8,8%**
Other operating costs	**1,78181**	**1.0,0%**	**1,56060**	**0.9,9%**
Operating profit (loss)	**23,593**	**12.9%**	**16,889**	**9.5%**
Share in the financial result of undertakings valued using the	**1,04343**	**0.6,6%**	**-316**	**-0.2,2%**
Financial revenue	**2,24444**	**1.2,2%**	**5,38282**	**3.0,0%**
Financial costs	**11,84040**	**6.5,5%**	**8,95050**	**5.0,0%**
Profit (loss) before tax	**15,040**	**8.2%**	**13,007**	**7.3%**
Income tax	**(1441)**	**-0.8,8%**	**(4,296296)**	**-2.4,4%**
Net profit (loss) on continued operations	**13,599**	**7.4%**	**8 7 1 1**	**4.9%**
Profit (loss) on discontinued operations	**(1005)**	**-0.5%**	**7,72323**	**4.3%**
Net profit (loss)	**12,594**	**6.9%**	**16,434**	**9.2%**
Net profit (loss) for minority shareholders	**(463)**	**-0.3,3%**	**(1,063063)**	**-0.6,6%**
Net profit (loss) for the Group's shareholders	**13,05555**	**7.1,1%**	**17497**	**9.8,8%**
Total revenue	**12,594**	**6.9%**	**16,434**	**9.2%**
Total revenue of non-controlling shareholders	**(463)**	**-0.2,2%**	**(1,063063)**	**-0.6,6%**
Total revenue of the parent entity	**13,05555**	**7.1,1%**	**17497**	**9.8,8%**

2.3. Selected financial ratios

	2012	2011	2010
1. Return on Sales			
Gross result on sales x 100% net revenues	29.9%	31.9%	24.8%
2. Return on Equity			
net result x 100% average balance of equity	4.9%	5.9%	8.1%
3. Receivables turnover			
average balance of trade receivables × 365 days net revenues	113 days	216 days	86 days
4. Debt ratio			
liabilities and provisions for liabilities x 100% total assets	34.4%	47.4%	48.7%
5. Liquidity ratio			
current assets short-term liabilities	0.8	0.9	1.0

3. Detailed part of the Report

3.1. The accounting principles, method of consolidation, correctness of documentation on consolidation

The method of consolidation and the manner of determining goodwill under the consolidation are presented in additional information to the consolidated financial statements.

The Parent Company holds current documentation describing the accounting principles adopted by the Management Board, to the extent required by Article 10 of the Accounting Act.

The consolidated financial statements were prepared based on the consolidation documentation drawn up in a complete and correct manner pursuant to the requirements of the Regulation of the Minister of Finance of 25 September 2009 concerning detailed principles of drawing up consolidated financial statements of capital groups by entities other than banks and insurance companies (Journal of Laws of 2009 No 169, item 1327).

The consolidated financial statements have been drawn up in accordance with the International Financial Reporting Standards, which have been approved by the European Union, and other applicable regulations. The adopted accounting principles are presented in additional information to the consolidated financial statements, to the extent required by International Financial Reporting Standards, which have been approved by the European Union.

Due to the fact that not all undertakings in the Capital Group apply identical accounting principles, pursuant to the principles applied by the Parent Company — for the purpose of preparing the consolidated financial statements — the financial statements of these undertakings were restated accordingly in order to adjust the data to the accounting principles applied by the Parent Company.

3.2. Additional information to consolidated financial statements

The data contained in the additional information to the consolidated financial statements, comprising a summary of significant accounting principles and other explanatory information are, in all material respects, complete and accurate. These data are an integral part of the consolidated financial statements.

3.3. Report on the operations of the Capital Group

The report on the operations of the Capital Group, in all material aspects, takes account of the information referred to in Article 49 of the Accounting Act and Regulation of the Minister of Finance dated 19 February 2009 concerning the publication of current and periodic information by issuers of securities and the conditions for deeming equivalent the information required by the provisions of the law of a Non-Member State (Journal of Laws of 2009 No 33, item 259) and such information is consistent with that presented in the financial statements.

3.4. Consolidation of equities and determining non-controlling interests

The share capital of the Capital Group is the share capital of the Parent Company.

Other components of equity of the Capital Group are determined by adding the individual components of the Parent Company’s equity to appropriate components of equities of Subsidiaries included in the consolidated financial statements, corresponding to the share of the Parent Company in Subsidiaries' equities as at the end of the reporting period. Only the portions of respective components of Subsidiaries’ equities which were created after the day when the Parent Company took control over them were included in the equity of the Parent Company.

Non-controlling interests in Subsidiaries included in the consolidated financial statements were determined based on the percentage of non-controlling interests in Subsidiaries' equities as at the end of the reporting period.

3.5. Consolidation exclusions

During the consolidation, the following consolidation exclusions were implemented: exclusions concerning inter-company balances, exclusions relating to the sales between the entities of the Capital Group, other inter-company operating and financial revenues and expenses, as well as results unrealised by the consolidated undertakings, included in the value of assets.
The data used as the basis for the exclusions were obtained from the accounting records of ATM S.A. and aligned with the information received from the Subsidiaries.

3.6. Information on the independent statutory auditor's opinion

Based on the conducted audit of the consolidated financial statements of the Capital Group prepared as at 31 December 2012 and for the period then ended, we have issued an unqualified opinion.

Zbigniew Telega – Statutory Auditor No 10935

Key Statutory Auditor conducting the audit on behalf of PKF Audyt Sp. z o.o.
entity authorised to audit financial statements No 548

ul. Orzycka 6, apt. 1B

02-695 Warsaw

Warsaw, 30 April 2013