ATM S.A. GROUP OF COMPANIES

CONSOLIDATED HALF-YEAR REPORT AS AT JUNE 30, 2010

(figures in PLN thousand)

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SELECTED FINANCIAL DATA

	30/06/2010	30/06/2009	30/06/2010	30/06/2009
	in PLN thousand		in EUR thousand	
Total sales revenues	169,576	145,996	42,349	32,311
Operating profit (loss)	11,874	9,877	2,965	2,186
Profit before tax	13,384	4,817	3,342	1,066
Net profit of parent undertaking shareholders	11,074	4,589	2,766	1,016
Net cash from operating activities	13,674	21,702	3,415	4,803
Net cash from financial activities	1,119	(6,216)	279	(1,376)
Net cash from investment activities	(10,662)	(13,711)	(2,663)	(3,035)
Increase (decrease) in cash	4,130	1,775	1,032	393
	30/06/2010	**31/12/2009**	**30/06/2010**	**31/12/2009**
Fixed assets	325,805	272,196	78,587	66,257
Current assets	105,587	94,523	25,468	23,008
Total assets	431,392	366,719	104,055	89,265
Long-term liabilities	60,121	20,862	14,502	5,078
Short-term liabilities	106,395	89,822	25,663	21,864
Equity	264,876	256,035	63,890	62,323
Share capital*	34,723	34,723	8,376	8,452
Parent undertaking shareholders' equity	256,579	247,817	61,889	60,322
Number of shares	36,343,344	36,343,344	36,343,344	36,343,344
Book value per share (PLN/EUR)	7,06	6.82	1.70	1.66
Diluted book value per share (in PLN/EUR)	7.06	6.82	1.70	1.66

* Share capital restated in accordance with IAS 29.

The above financial data as at 30.06.2010 have been converted into EUR according to the following principles:

- individual items of assets and liabilities were calculated using the average FX rate of the National Bank of Poland as at 30.06.2010 (PLN 4.1458 for EUR 1.00);
- individual items of the profit and loss account and cash flow statement were converted at the rate equal to the arithmetic mean of average rates determined by the National Bank of Poland at the last day of each month of the financial period (between January 1 and June 30, 2010), which was 4.0042 PLN/EUR.

The above financial data as at 30.06.2009 have been converted into EUR according to the following principles:

- individual items of assets and liabilities were calculated using the average FX rate of the National Bank of Poland as at 30.06.2009 (PLN 4.4696 for EUR 1.00);
- individual items of the profit and loss account and cash flow statement were converted at the rate equal to the arithmetic mean of average rates determined by the National Bank of Poland at the last day of each month of the financial period (between January 1 and June 30, 2009), which was 4.5184 PLN/EUR.

The above financial data as at 31.12.2009 have been converted into EUR according to the following principles:

- individual items of assets and liabilities were calculated using the average FX rate of the National Bank of Poland as at 31.12.2009 (PLN 4.1082 for EUR 1.00);

- individual items of the profit and loss account and cash flow statement were converted at the rate equal to the arithmetic mean of average rates determined by the National Bank of Poland at the last day of each month of the financial period (between January 1 and December 31, 2009), which was 4.3406 PLN/EUR.

CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2010

KEY CONSOLIDATED HALF-YEAR REPORT DATA

This consolidated half-year report contains information drawn up pursuant to Article 86.2 of the Regulation of the Minister of Finance of October 19, 2005, and includes consolidated financial statements of the ATM S.A. Group of Companies made in accordance with the International Financial Reporting Standards as approved by the European Union for the period between January 1 and June 30, 2010.

Submission date: 31.08.2010

Key Issuer details:
Full name of the Issuer: ATM S.A.
Short name of the Issuer: ATM
Sector according to Warsaw Stock Exchange classification: IT
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City: Warsaw
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Street number: 21a
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Web site: www.atm.com.pl
NIP (VAT ID): 113-00-59-989
Regon (statistical number): 012677986
Entity authorized to perform audit: Deloitte Audyt sp. z o.o.

TOTAL INCOME STATEMENT

	NOTE	For period from January 1 to June 30, 2010	For period from January 1 to June 30, 2009
Continued operations			
Sales revenues	**3**	169,576	145,996
Cost of goods sold (variable)	**4**	112,256	91,773
Cost of goods sold (fixed)	**4**	14,580	12,718
Gross profit (loss) on sales		**42,740**	**41,505**
Other operating revenues	**5**	782	1,527
Selling costs	**4**	133	895
General and administrative costs	**4**	30,768	31,862
Other operating expenses	**6**	747	398
Restructuring costs		-	-
Operating profit (loss)		**11,874**	**9,877**
Share in the financial result of undertakings valued using the equity method		1,892	624
Financial revenues	**7**	7,446	492
Financial expenses	**8**	7,828	6,176
Profit (loss) before tax		**13,384**	**4,817**
Income tax	**9**	2,051	766
Net profit (loss) on continued operations		**11,333**	**4,051**
Discontinued operations			
Net profit (loss) on discontinued operations		-	-
Net profit (loss)		**11,333**	**4,051**
Other total revenues			
Share in other comprehensive revenues of associated entities		**-**	-
Income tax on other comprehensive revenue items		**-**	-
Other total net revenues		**-**	**-**
Total income		**11,333**	**4,051**
Net profit (loss) for the Group's shareholders		11,074	4,589
Net profit (loss) for minority shareholders		259	(538)
Comprehensive revenues (total) for the Group's shareholders		11,074	4,589
Minority share		259	(538)
Profit (loss) per share *)			
From continued operations:	***10***		
Ordinary		0.30	0.11
Diluted		0.30	0.11
From continued and discontinued operations:			
Ordinary		0.30	0.11
Diluted		0.30	0.11

CONSOLIDATED FINANCIAL SITUATION STATEMENT – ASSETS

	NOTE	End of period, June 30, 2010	End of period, December 31, 2009
Fixed assets			
Goodwill	11	18,580	18,580
Intangible assets	12	70,214	33,480
Property, plant and equipment	13	163,741	147,237
Investment in associates consolidated according to the equity method		68,519	66,608
Other financial assets	14	80	80
Deferred income tax assets	9	815	1,037
Other fixed assets	15	3,856	5,174
		325,805	**272,196**
Current assets			
Inventories	16	14,814	6,337
Financial assets held for trading		94	124
Trade and other receivables	17	69,887	67,681
Income tax receivables		450	539
Other current assets	18	10,251	13,881
Other financial receivables	18	-	0
Cash and cash equivalents	19	10,091	5,961
		105,587	**94,523**
Fixed assets classified as held for sale		-	-
Total assets		**431,392**	**366,719**

CONSOLIDATED FINANCIAL SITUATION STATEMENT – LIABILITIES

		End of period, June 30, 2010	End of period, December 31, 2009
Equity			
Share capital	20	34,723	34,723
Share premium reserve		159,030	159,030
Revaluation reserve	20	-	72
Treasury shares		(2,335)	(8)
Capital reserves		39,654	30,608
Hedge valuation reserve and FX gains/losses due to consolidation		-	-
Retained earnings	20	25,507	23,392
Total Group shareholders' equity		**256,579**	**247,817**
Non-controlling shares	21	8,297	8,218
Total shareholders' equity		**264,876**	**256,035**
Long-term liabilities			
Long-term bank and other loans	22	2,255	2,620
Provisions for deferred tax	9	-	-
Provisions for liabilities	23	7	7
Long-term trade and other liabilities	24	32,164	2,489
Other financial liabilities	26	25,695	15,746
		60,121	**20,862**
Short-term liabilities			
Bank and other loans	22	13,977	7,698
Provisions for liabilities	23	375	308
Income tax liabilities		402	321
Trade and other liabilities	25	75,150	69,893
Other financial liabilities	26	16,491	11,602
		106,395	**89,822**
Liabilities related directly to fixed assets classified as held for sale		-	-
Total liabilities		**431,392**	**366,719**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

	Core capital	Share premium	Treasury shares	Capital reserve	Revaluation reserve	Retained earnings	Total Group shareholders' equity	Minority share	Total shareholders' equity
As at 01.01.2009	**34,397**	**157,252**	**(1,984)**	**21,320**	**0**	**24,712**	**235,697**	**6,070**	**241,767**
Increases:									
Issue of shares	-	-	-	-	-	-	-	253	253
Current period results	-	-	-	-	-	4,588	4,588	-	4,588
Acquisition of shares under share option plan	-	-	-		-	-	-	-	-
Valuation of management options	-	-	-	-	-	-	-	-	-
Changes to the Group's structure	-		-	-	-	-	-	3,751	3,751
Profit distribution	-	-	-	11,055	-	-	11,055	404	11,459
Revaluation	-	-	-	(72)	-	-	(72)	-	(72)
Decreases:									
Purchase of treasury shares under share option plan	-	-	16	-	-	-	16		16
Adjustment of performance in previous years	-	-	-	-	-	3,738	3,738		3,738
Adjustment of performance in previous years — movement in minority share	-	-	-	-	-	-	-		-
Current period results	-	-	-	-	-	-	-	575	575
Profit distribution to be allocated to capital reserve	-	-	-	-	-	11,055	11,055	404	11,459
Dividend payout	-	-	-	-	-	-	-	-	-
Incentive plan financing	-	-	-	-	-	-	-		-
As at 30.06.2009	**34,397**	**157,252**	**(2,000)**	**32,303**	**0**	**14,507**	**236,459**	**9,499**	**245,958**

As at 01.01.2010	**34,723**	**159,030**	**(8)**	**30,608**	**72**	**23,392**	**247,817**	**8,218**	**256,035**
Increases:									
Issue of shares									-
Current period results						11,074	11,074	259	11,333
Acquisition of shares under share option plan			8				8		8
Valuation of management options							-		-
Changes to the Group’s structure						87	87		87
Profit distribution				9,046			9,046		9,046
Revaluation							-		-
							-		-
Decreases:							-		-
Purchase of treasury shares under share option plan			2,335				2,335		2,335
Adjustment of performance in previous years							-		-
Adjustment of performance in previous years — movement in minority share							-	180	180
Current period results							-		-
Profit distribution to be allocated to capital reserve						9,046	9,046		9,046
Other					72		72		72
Incentive plan financing							-		-
							-		
As at 30.06.2010	**34,723**	**159,030**	**(2,335)**	**39,654**	**-**	**25,507**	**256,579**	**8,297**	**264,876**

CONSOLIDATED CASH FLOW STATEMENT

	For period from January 1 to June 30, 2010	For period from January 1 to June 30, 2009
Operating activities		
Profit (loss) before tax	**13,382**	**4,817**
Adjustment (items):	291	16,885
Share in net profit (loss) of entities valuated using the equity method	1,892	624
Amortization and depreciation	10,307	9,440
FX gains/losses		1,346
Interest received	(7,024)	(66)
Interest paid	1,511	1,200
Dividends received	0	67
Profit (loss) on investment activities	133	(380)
Movements in inventories	(8,073)	1,634
Movements in receivables	6,921	27,450
Movements in liabilities and provisions	(7,044)	(16,285)
Movements in other assets	6,050	(2,890)
Income tax paid	(1,811)	(1,716)
Other	(2,570)	(3,539)
	13,674	**21,702**
Investment activities		
Expenses on property, plant and equipment purchases	(18,680)	(21,652)
Expenses on financial asset purchases	(27)	(693)
Revenues from property, plant and equipment sale	8,099	8,306
Repayment of long-term loans granted	375	448
Long-term loans granted	-	-
Revenues from financial asset sale	-	-
Interest received	-	-
Dividends received		-
FX gains/losses	(46)	(120)
Other	(383)	-
	(10,662)	**(13,711)**
Financial activities		
Net proceeds from issue of shares and other capital contributions	-	-
Subsidies received		-
Proceeds from loans	6,440	(1,194)
Repayment of loans	(872)	-
Purchase of treasury shares	(2,327)	(16)
Payment of liabilities arising from finance leases	(7,221)	(3,864)
Dividends paid		-
Interest received	7,070	1
Interest paid	(1,619)	(1,234)
Other payments from profit	-	-
FX gains/losses	(354)	48
Other	1	43
	1,119	**(6,216)**
Movements in cash	**4,130**	**1,775**

Opening balance of cash	5,961	3,982
Closing balance of cash	**10,091**	**5,757**

ADDITIONAL NOTES

NOTE 1. BASIC INFORMATION

1. Information concerning the parent undertaking

ATM S.A. is a joint stock company. The Company launched its operations in 1993 as ATM Sp. z o.o. (Polish limited liability company). On July 10, 1997, ATM Sp. z o.o. was transformed into a joint stock company pursuant to the notarial deed drawn up at the Notarial Office in Raszyn on May 16, 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 was 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 National Court Register entry No. KRS 0000034947.

ATM S.A. is listed on the Warsaw Stock Exchange. The ownership structure as at June 30, 2010 and December 31, 2009 has been presented in Note 20.

According to the Warsaw Stock Exchange classification, the core business of the Company concerns the IT sector. The Company's core business includes telecommunications and value added services, including Internet access for telecommunications providers and corporate customers, the lease of transmission lines, telecommunications outsourcing, collocation and other value added services;

As at June 30, 2010, the Management Board was composed of:

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

The Supervisory Board as at June 30, 2010 was composed of:

- Jan Wojtyński – Chairman
- Tomasz Tuchołka – Deputy Chairman
- Sławomir Kamiński — Member
- Mirosław Panek – Member
- Zbigniew Mazur – Member

2. Information about undertakings included in the Group of Companies

In the first half of 2010, the following changes occurred with respect to the ATM S.A. Group of Companies:

On March 30, 2010, ATM S.A. acquired 10,800 shares of the KLK S.A. company. As a result of the operation, ATM S.A. now holds 91.30% of the share capital and has 91.30% votes at the General Meeting.

On April 22, 2010, 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 mPay S.A. by PLN 500,000, as a result of which acquisition of 1,000,000 shares by ATM S.A. was approved.

On June 1, 2010, a resolution on increasing the share capital of mPay S.A. was adopted, as a result of which ATM S.A. took up 600,000 shares for PLN 300,000.

On May 25, 2010 all the shares of ATM S.A. in iloggo Sp. z o.o. in liquidation were disposed of.

Company name	Core business	Dependence	Stake in share capital	Share in the overall number of votes
ATM Systemy Informatyczne Sp. z o.o.	Integration of ICT systems	Subsidiary	100%	100%
ATM Software Sp. z o.o.	Integration of ICT systems, multimedia systems	Subsidiary	100%	100%
KLK S.A.	Integration of ICT systems	Subsidiary	91.39%	91.39%
Impulsy Sp. z o.o.	Integration of ICT systems, healthcare systems	Subsidiary	78.47%	78.47%
inONE S.A.	Integration of ICT systems, outsourcing and consulting	Subsidiary	60%	60%
Sputnik Software Sp. z o.o.	Integration of ICT systems, administration systems	Subsidiary	60%	60%
mPay S.A.	Mobile payment services	Subsidiary	62.26%	62.26%
mPay International Sp. z o.o.	Mobile payment services	Subsidiary	60%	60%
Linx Telecommunications B.V.	Telecommunications services	Associate	21.27%	21.27%
rec-order Sp. z o.o.*	Online sales	Subsidiary	100%	100%

* company in liquidation

3. Grounds for the drawing up of consolidated financial statements

These 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 governed thereby in accordance with the requirements of the Accounting Act of September 29, 1994 (Journal of Laws [Dz.U.] of 2006, No. 208, item 1540, 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 February 19, 2009 regarding current and periodical information submitted by issuers of securities (Journal of Laws [Dz.U.] of 2009, No. 33, item 259).

NOTE 2. MATERIAL ACCOUNTING POLICIES

The trading 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.

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. Compliance statement

The financial statements of ATM S.A. for the period ended on June 30, 2010 and comparable data for the financial year ended on December 31, 2009 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 implemented for the first time in 2010

The following amendments to the existing standards issued by the International Accounting Standards Board as approved by the EU come into force in 2010:

- **IFRS 1 (revised) "First-time Adoption of International Financial Reporting Standards"** approved by the EU on November 25, 2009 (effective for annual periods beginning on or after January 1, 2010),

- **IFRS 3 (revised) „Business Combinations"** approved by the EU on June 3, 2009 (effective for annual periods beginning on or after July 1, 2009),
- **Amendments to IFRS 1 „First-time Adoption of IFRS"** – additional exemptions for First-time Adopters of IFRSs, approved by the EU on June 23, 2010 (effective for annual periods beginning on or after January 1, 2010),

- **Amendments to IFRS 2 "Share-based Payment" — Group Cash-settled Share-based Payment Transactions** approved by the EU on March 23, 2010 (effective for annual periods beginning on or after January 1, 2010),

- **Amendments to IAS 27 "Consolidated and Separate Financial Statements"** approved by the EU on June 3, 2009 (effective for annual periods beginning on or after July 1, 2009),

- **Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" —** Eligible Hedged Items approved by the EU on September 15, 2009 (effective for annual periods beginning on or after July 1, 2009),

- **Amendments to various standards and interpretations "Improvements to IFRSs (2009) —** amendments made under the procedure of making annual amendments to IFRSs, published on April 16, 2009 (IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9 and IFRIC 16), focused mainly on areas of inconsistency and where a clarification of wording is required, approved by the EU on March 23, 2010 (effective for annual periods beginning on or after January 1, 2010),

- **IFRIC Interpretation 12 "Service Concession Arrangements"** approved by the EU on March 25, 2009 (effective for annual periods beginning on or after March 30, 2009),

- **IFRIC Interpretation 15 "Arrangement for the Construction of Real Estate"** approved by the EU on July 22, 2009 (effective for annual periods beginning on or after January 1, 2010),

- **IFRIC Interpretation 16 "Hedges of a Net Investment in a Foreign Operation"** approved by the EU on June 4, 2009 (effective for annual periods beginning on or after July 1, 2009),

- **IFRIC Interpretation 17 "Distribution of Non-cash Assets to Owners"** approved by the EU on November 26, 2009 (effective for annual periods beginning on or after November 1, 2009),

- **IFRIC Interpretation 18 „Transfer of Assets from Customers"** approved by the EU on November 27, 2009 (effective for annual periods beginning on or after November 1, 2009).

The above standards, interpretations and amendments to standards did not have a significant impact on the accounting policy applied by the entity.

Standards and interpretations that have been published and approved by the EU but have not come into force yet

In the approval of these consolidated financial statements, the Group did not apply the following standards, amendments to standards and interpretations that had already been published and approved for application within the EU, but have not come into force yet:

- **Amendments to IAS 24 "Related Party Disclosure"** — simplification of the disclosure requirements that apply to state-controlled entities and amendment of the definition of a related party to clarify the intended meaning, approved by the EU on July 19, 2010 (effective for annual periods beginning on or after January 1, 2011).

- **Amendments to IAS 32 "Financial Instruments: presentation"** – Classification of Rights Issues, approved by the EU on December 23, 2009 (effective for annual periods beginning on or after February 1, 2010),

- **Amendments to IFRS 1 "First-time Adoption of IFRS"** – limited exemptions from Capital Comparative IFRS 7 Disclosures for First-time Adopters of IFRSs, approved by the EU on June 30, 2010 (effective for annual periods beginning on or after July 1, 2010),

- **Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction"** – prepayments for minimum funding contributions, approved by the EU on July 19, 2010 (effective for annual periods beginning on or after January 1, 2011),

- **IFRIC Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments"** approved by the EU on July 23, 2010 (effective for annual periods beginning on or after July 1, 2010).

The entity decided not to apply the standards, amendments to standards and interpretations mentioned above earlier than required. According to the estimates of the entity, the abovementioned standards, interpretations and amendments to these standards would not have significant impact on the financial statements if they had been applied by the entity as at the balance sheet date.

Standards and interpretations adopted by IASB but not yet approved by the EU

IFRSs as approved by the EU are not significantly different from the regulations adopted by the International Accounting Standards Board (IASB), except for the standards, amendments to standards and interpretations listed below, which as at June 30, 2010 have not been yet adopted for application:

- **IFRS 9 „Financial Instruments"** (effective for annual periods beginning on or after January 1, 2013),

- **Amendments to various standards and interpretations "Improvements to IFRSs (2010) —** amendments made under the procedure of making annual amendments to IFRSs, published on May 6, 2010 (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13), focused mainly on areas of inconsistency and where a clarification of wording is required (effective for annual periods beginning on or after January 1, 2011).

According to the estimates of the entity, the abovementioned standards, interpretations and amendments to these standards would not have significant impact on financial statements if they had been applied by the entity as at the balance sheet date.

At the same time, besides the regulations adopted by the EU, there is also asset and liability portfolio hedge accounting, which has not been fully approved for application within the EU.

According to the entity's estimates, application of the asset and liability portfolio hedge accounting in accordance with **IAS 39 "Financial instruments: Recognition and Measurement"** would not have significant impact on financial statements if they had been fully approved for application as at the balance sheet date.

3. Management Board estimates

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 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 the 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 forward-looking assumptions adopted, 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 regards employee benefits, the Company is not party to any wage bargaining agreements or collective employment agreements. Moreover, the Company does not participate in any pension schemes managed directly by the Company or by external funds. The 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 Labor Code provisions at the end of their employment period. Short-term employee benefit liabilities are valuated according to general principles. Due to the immaterial 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.

b) long-term contracts

The Company determines the completion stage of long-term contracts by determining the proportion of the project costs already incurred to total estimated project costs. Due to the nature of the projects implemented and the possibility that unforeseen difficulties emerge in relation to project implementation, it may turn out that total actual 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 revenue recognized.

c) bonuses from manufacturers for achieving the annual sales volume

The Company estimates expected bonuses from manufacturers which should be awarded to the Company for orders placed during the financial year. The bonus is estimated based on historical data and information on a contractor's current promotional campaigns.

d) other

Apart from the aforementioned issues, the Company makes regular (at least annual — on the balance sheet date) estimates concerning the correct determination of life of individual fixed assets, the 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

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company 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 Company controls another entity.

Affiliates

Affiliates are all entities over which the Company has significant influence but not control, generally accompanying the control of between 20% and 50% of the voting rights in decision-making bodies.

Intangible assets

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

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 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 known;
- technical and financial resources required to complete development work and to use and sell the asset will be secured;
- it is possible to reliably determine the expenditure incurred during development work.

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

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 assets. However, the expenses incurred in order to obtain such rights in the secondary market (from other undertakings) and the expenses related to the granting of such rights by competent state authorities are recognized as intangible assets and are amortized over the contractual period during which the entity can use such rights.

The rates adopted for the amortization of intangibles reflect their predicted useful life. The Company does not have intangible assets with indefinite useful life. Intangible assets with definite useful lives are amortized on a straight-line basis. The useful lives for individual intangible assets are as follows:

obtained 99-year lease rights	100 years
software licenses	2 years
development work	3 to 5 years
trademarks	5 years
copyrights	5 years

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

As at the balance sheet date, intangibles are valued at cost less amortization charges and any impairment charges.

Property, plant and equipment

Property, plant and equipment includes fixed assets and expenditure for fixed assets under construction which the unit 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 unit. Fixed asset expenditure includes the investment expenditure incurred, as well as expenditure incurred in relation to the future supplies of machinery, equipment and services related to the construction of fixed assets (payments on account.)

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

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, lease or administration purposes, as well as for purposes which have not been defined yet, are recognized in the financial position statement at cost of production less recognized impairment charges. Manufacturing cost covers fees and, for relevant assets, borrowing costs capitalized in accordance with the Company's accounting principles. Depreciation of these fixed assets starts at the moment when they start to be used, in accordance with the principles concerning other fixed assets.

The rates adopted for the depreciation of fixed assets, including components and specialist replacement parts, reflect their predicted period of useful life. Useful life estimates are verified annually. The declining balance depreciation method is used for fixed asset depreciation. The 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
means of transportation	from 5 to 7 years
other fixed assets	from 4 to 10 years

Own land is not subject to depreciation. The Company 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 amortized over their predicted period of useful life.

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

On the balance sheet date, fixed assets and fixed assets under construction are valued at cost less depreciation charges and any impairment charges.

Financial assets

The Company classifies financial assets to one of the following categories: financial assets at fair value through profit or loss, loans granted and own receivables, financial assets held to maturity and financial assets available for sale. The classification of individual financial asset depends on the purpose of the financial asset, the 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 or loss. The reclassification in and out of the financial assets at fair value through profit or loss category is prohibited.

a) Financial assets at fair value through profit or loss

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 to this category where they are held for the purpose of selling in the short term. Derivatives (except hedging instruments) are also classified as marketable financial instruments.

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

b) Loans granted and own receivables

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

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

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 recognized at fair value together with transaction costs, unless these are irrelevant. On the balance sheet date, this category is measured at amortized cost using the effective interest rate method.

d) Financial assets available for sale

The Company includes among financial assets available for sale 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 Company 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 irrelevant. On the balance sheet date, this category is valued 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 Company 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 recognized 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 have expired or have been transferred and the Company 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 asset.

Financial instruments and hedges

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

During the periods included in the financial statements, the Company did not use hedge accounting.

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 work in process. Materials and goods are initially valued at acquisition price. As at the balance sheet date, materials and goods are valued in a conservative manner, i.e. these categories are valued at the lower of acquisition price or possible sales value.

Finished products and work in process are initially valued at actual cost of production. On the balance sheet date, finished products and work in process 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 years10%
  - goods remaining in warehouse from 2 to 3 years 30%
  - goods remaining in warehouse from 3 to 4 years 50%
  - goods remaining in warehouse more than 5 years100%
- materials inventories:
  - the value of materials is recognized in the cost of goods sold over 5 years on a straight line basis.

Inventory accounting is based on detailed identification for items allocated to specific projects or on the 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.

Trade and other receivables

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.

As at the balance sheet date, trade receivables are valued at amortized cost using 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 put in liquidation or bankruptcy – the amount of receivables not secured,
- from debtors where a petition for bankruptcy has been dismissed – 100% of the amount of receivables,
- disputed receivables or receivables that are overdue and payment is not probable – the amount of receivables not secured,
- receivables equivalent to the amounts added back to receivables – in those amounts,
- receivables that are overdue or not overdue but it is highly probable 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 books 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.

Other current and fixed assets

Other current assets include prepayments. This category includes expenses incurred constituting deferred costs. Prepayments are initially recognized in the amount of expenses incurred. As at the balance sheet date, they are valued according to the prudence principles. 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 books and valued on the balance sheet date according to the principles described in the “Foreign Currency Transactions” section. For the purposes of the cash flow statement, 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 amortized cost using the effective interest rate method. Authorized overdrafts for which no repayment schedules have been set are an exception. For such loans, the costs related to obtaining them and other fees are charged to financial expenses during the period when they are incurred. In other cases, financial expenses, including the fees due on repayment or forgiveness and the direct costs of contracting loans, are recognized in the profit and loss account using the effective interest rate method, and increase the book value of the instrument, accounting for the 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. As at the balance sheet date, liabilities are measured at amortized 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 time value of money is significant, the amount of provision is determined by discounting expected cash outflows to their present values using the discount rate that reflects the current market assessments of the time value of money, 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 Company expects that the 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 reimbursement will be received.

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

As regards employee benefits, the Company is not party to any wage bargaining agreements or collective employment agreements. Moreover, the Company does not participate in any pension schemes managed directly by the Company or by external funds. The 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 Labor Code 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 immaterial 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 rate:

- actually applied on that date, resulting from the nature of the operation – in the case of foreign exchange sale or purchase transaction, or receivables or liabilities payment,
- the average exchange rate determined for the currency in question by the National Bank of Poland on the date in question, unless another exchange rate was 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 currency in question published by the National Bank of Poland for the balance sheet date. Foreign exchange 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 Company core business (operations) are recognized as financial expenses 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	NBP average exchange rate as at 30.06.2010	NBP average exchange rate as at 30.06.2009	NBP average exchange rate as at 31.12.2009
EUR	4.1458	4.4696	4.1082
USD	3.3946	3.1733	2.8503
JPY 100	3.8297	3.3219	3.0890

Pursuant to IAS 1 *Presentation of Financial Statements*, Art. 19, the Management Board of the Issuer decided that the application of IAS 21 *The Effects of Changes in Foreign Exchange Rates* in relation to the valuation of liabilities arising from lease agreements in foreign currencies will be misleading, and consequently the financial statements will not fulfill their objectives specified in Conceptual Assumptions. Due to the above, the Company shall depart from full compliance with this requirement beginning with the financial statements for 2008 and implemented its modification discussed below.

Pursuant to IAS 21.28, FX gains/losses on revaluation of leasing liabilities as a result of exchange rate differences should be recognized in the financial profit/loss of the current reporting period. Due to the global financial crisis, starting from Q4 2008, significant and rapid foreign exchange rate fluctuations have been taking place. In this situation, recognition of valuation of foreign currency leasing liabilities in the profit and loss account would result in significant differences in the Company's profit in the reporting period, which would not reflect the Company's actual business. Only a minor part of FX gains/losses on leasing liabilities, that is those referring to installments repaid in a given reporting period, refers to the current reporting period, whereas a majority of them refer to precisely specified future periods, in which subsequent leasing installments shall be due. Profit/loss on revaluation of leasing liabilities will be actually realized (it will impact the Company's finance) in future periods, taking into account actual FX rates as at the dates of lease installment payments.

Therefore, pursuant to IAS 1 Article 19, the Company has partially departed (for the first time in the financial statements for 2008) from IAS 21, which consisted in that exchange rate differences arising on foreign currency leasing liabilities have been recognized as financial costs in a given reporting period only to the extent in which they referred to actually paid installments. The remaining amount of FX gains/losses is recognized as prepayments and accruals that are recognized in financial costs in individual months, in which leasing installments are paid. Prepayments and accruals are modified by FX gains/losses on leasing liabilities. The departure from IAS 21 is applied by the Company in the current financial statements as well.

Detailed calculations and financial consequences of the applied solution of presenting exchange differences on currency lease liabilities have been presented in Note 26: Other financial liabilities.

Leases

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

Assets used under finance lease agreements are treated as Company assets and are valued at the lower of the fair value of the asset at the acquisition date and the present value of the minimum lease payments. The liability arising to the lessor is presented in the balance sheet under other financial liabilities. Lease payment is apportioned between the interest and the principal so that the interest rate on the liability outstanding remains constant. Interest expenses are recognized as financial expenses in the profit and loss account.

Operating lease payments are recognized as an expense in the profit and loss account over the lease term using the straight-line method. The benefits received and outstanding as an incentive to conclude an operating lease agreement are recognized in the profit and loss account over the lease term using the straight-line method.

Impairment

On each balance sheet date, the Company 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 the asset does not generate cash flows that are largely independent of the 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 less costs to sell 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 the time value of money and the risks specific to the asset (if any).

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

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

Where impairment is reversed, the net value of an asset is increased to match the new estimated recoverable amount, which cannot be higher, however, than the net value of this asset that 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.

Revenues

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

Sales revenues from sales with deferred payment are recognized after deducting discount.

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

Revenues from services provided are recognized based on the stage of completion. Where the result of the service cannot be determined reliably, the revenue arising from it is only recognized to the extent of the expenses incurred which the Company expects to recover. Where the sale price of the service in question 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 relative to the principal amount outstanding 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 purchase or production of assets which require more time to be made fit for use are recognized in production costs of such items until the assets are generally ready for the intended use or sale.

Investment income gained as a result of short-term investments of borrowed funds used directly for funding purchase or production of assets decreases the amount of borrowing costs to be capitalized.

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

The above capitalization principles are not applied to:
- assets measured at fair value and
- inventories of high rotation and produced in considerable amounts on a continuous basis.

Government subsidies

Subsidies are not recognized until it is reasonably certain that the Company will fulfill necessary requirements and will be granted such subsidies.

Advantages arising from being granted a government loan below the market interest rates are treated as subsidies and measured as the difference between the amount of the loan granted and the fair value of the loan determined by applying a relevant market interest rate.

Subsidies whose fundamental condition is purchase or production of fixed assets by the Company are recognized in the financial position statement under accruals and are systematically recognized in the profit and loss account during the expected period of economic use of the assets.

Other subsidies are systematically recognized under revenues in a period necessary to offset costs which were to be offset by the subsidies. Subsidies due as reimbursement of costs or losses incurred, or as a form of direct financial support for the Company without incurring future costs are recognized in the profit and loss account for the period in which they are due.

Principles relevant for recognizing subsidies as fixed assets are also used for free of charge fixed asset acquisition transactions.

Costs of employee benefits

Short-term employee benefits — including payments to schemes of certain premiums — are recognized in the period when the Company received the benefit from the employee, and for payments from profit or bonuses when the following conditions are met:
- The Company is legally or customarily expected to meet an obligation to make payments as a result of past events and
- The event may be reliably assessed.

In the case of benefits on account of paid absences, employee benefits are recognized in cumulative paid absences upon performance of work which increases the entitlement to future paid absences. In the case of non-cumulative paid absences, benefits are recognized upon their occurrence.

Employee benefit liabilities are recognized as cost, unless they are manufacturing costs of assets.

Incentive Scheme

On June 5, 2008, the Ordinary General Meeting of ATM S.A. approved the Incentive Scheme Regulations for employees of ATM S.A. Group of Companies. The scheme is aimed at Company employees and partners, as well as members of the Management Boards and other employees and partners of ATM S.A. Group of Companies. As part of this scheme, in 2008-2010, the Company Management Board will grant share purchase options to selected employees. Based on these options, the authorized persons will be able to purchase Company shares at the face value.

The Company allocated capital reserve of PLN 13.5 million to finance the scheme.

The scheme’s details have been described In Note 20: Equity.

Taxation

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

Current tax expense is calculated on the basis of the taxable profit (tax base) for a given financial year. Tax profit (loss) differs from accounting net profit (loss) due to the exclusion of taxable revenues 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 the tax rates applicable to the financial year in question.

Deferred tax is calculated using the balance method as the tax to be paid or returned in the future based on the 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 Company. The deferred tax asset or deferred tax provision is not recognized where the 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. 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 the 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. On the balance sheet, income tax assets and liabilities are offset to the extent the liability is payable to the same tax office.

The Company compensates deferred income tax assets and deferred income tax provisions, and recognizes the outcome of the compensation in balance sheet assets or liabilities, respectively.

NOTE 3. **SALES REVENUES**

Main products

A detailed description of products can be found in the Issuer's report on activities.

Industry segments

The segment responsible for the bigger part of revenues is ICT System Integration which includes the operations of the following companies of the ATM Group of Companies: ATM Systemy Informatyczne Sp. z o.o., KLK S.A., Impulsy Sp. z o.o., Sputnik Software Sp. z o.o., inONE S.A. and ATM Software Sp. z o.o. In the first half of 2009, operations related to ICT system integration were also carried out by: the Integration Service Department and Business Solutions Department in ATM S.A.

Another segment gaining significance and systematically increasing its share in the Group’s revenues and profit covers telecommunications operations, which include operations carried out by ATM S.A. and by Linx Telecommunications B.V., which is a European telecommunications operator.

The third segment of operations covers provision of mobile payment services, i.e. the operations of the subsidiaries mPay S.A. and mPay International sp. z o.o.

Basic financial parameters of the distinguished segments of operation are as follows:

	Telecommunications	**ICT system integration**	**Mobile payments**	**Consolidation exclusions**	**TOTAL**
For period from January 1 to June 30, 2010					
Fixed assets	309,088	48,738	18,317	(50,338)	325,805
Sales revenues	49,332	129,263	1,078	(10,098)	169,576
Sales margin*	28,919	27,847	554		57,320
Operating profit (loss)	6,404	6,065	(654)	59	11,873

	Telecommunications	**ICT system integration**	**Mobile payments**	**Other**	**TOTAL**
For period from January 1 to June 30, 2010					
Fixed assets	179,912	59,849	11,292	14,390	265,443
Sales revenues	45,016	100,422	242	315	145,995
Sales margin*	24,896	28,662	193	472	54,223
Operating profit (loss)	8,423	3,223	(2,267)	498	9,877

* Sales revenues less costs of sales (variable)

2010 is the first financial year in which the operations of the Group of Companies in the highlighted segments was carried out entirely by the individual companies: in the “Telecommunications” segment by ATM S.A. (in accordance with the separate statements), in the “ICT System Integration" segment by ATM SI, KLK, inOne, Sputnik Software, ATM Software and Impulsy, and in the “Mobile Payments” segment by mPay and mPay International. Therefore, it is reasonable to directly refer to the financial statements of the individual companies in the summary of performance of operating segments, as it is presented above for the 1st half of 2010. Such an approach could not be applied to the previous year as, during a part of 2009, ATM S.A. carried out operations both in the Telecommunications and Integration segments. In comparison to the general rule (direct reference to companies' separate statements), the only departure relates to sales revenues of ATM S.A., where revenues of re-invoicing of contracts performed by integration companies (due to the performance of contracts signed in previous periods) are recognized in the "ICT System Integration" segment and not in the "Telecommunications" segment.

The most important difference as compared to the previous year concerns fixed assets. In the previous year, the degree to which individual assets were consumed by individual operating segments was estimated and an approximate allocation to segments was conducted on that basis. In the current year, a criterion arising directly from the companies’ financial statements has been applied, i.e. allocation of assets to a segment depends on which company owns them.

In the current manner of presentation, the separate financial categories for operating segments are the sum of these categories for companies which belong to the segment. Therefore, consolidation exclusion amounts were given in a separate column, which ensures coherence of the data presented with the Group’s consolidated statements.

Revenue from major products sales is as follows:

	For period from January 1 to June 30, 2010	For period from January 1 to June 30, 2009
Revenues from sales of products	94,575	77,679
Revenues from sales of goods and materials	75,001	68,317
Total sales revenues	**169,576**	**145,996**
of which:		
- to affiliates and subsidiaries	**578**	143

Geographical operation segments as at June 30, 2009 and 2010

	For period from January 1 to June 30, 2010	For period from January 1 to June 30, 2009
Domestic sales	167,503	143,959
Exports	2,073	2,037
Total sales revenues	**169,576**	**145,996**

NOTE 4. **OPERATING EXPENSES**

	For period from January 1 to June 30, 2010	For period from January 1 to June 30, 2009
Cost of goods sold (variable)	112,256	91,773
Cost of goods sold (fixed)	14,580	**12,781**
Selling costs	133	**895**
General and administrative costs	30,768	31,862
Total costs related to core operations	**157,737**	**137,248**
of which:		
Amortization and depreciation	10,307	7,314
Adjustment for fixed asset subsidies granted	(197)	-
Consumption of materials and energy	22,848	21,286
Outsourcing	54,116	**47,562**
Taxes and other charges	1,595	1,211
Payroll	17,862	20,726
Employee benefits	3,666	4,191
Other	489	(385)
Value of goods and materials sold	47,880	33,697
	158,566	**135,602**
Change in stock position	(829)	1,646
	157,737	**137,248**

The 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 write-down relates are sold or the circumstances due to which the write-down was made cease to exist. The cost of inventory write-downs as well as their reversal is recognized in the profit and loss account as part of the cost of goods sold.

Employee costs

	For period from January 1 to June 30, 2010	For period from January 1 to June 30, 2009
Salary from employment contracts	17,557	20,411
Salary from fixed amount contracts	253	315
Social insurance costs	2,904	3,466
Pension benefit costs	-	-
Other benefits after the employment period	-	-
Charges to Enterprise Social Benefit Fund	79	68
Other employee benefits	735	657
	21,528	**24,917**

Payroll

Salary 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 share-based payment.

Employee benefits

Social insurance costs for the Group's undertakings include pension, disability and accident insurance benefits as well as contributions to the Guaranteed Benefit Fund (*Fundusz Gwarantowanych Świadczeń*) and Labor Fund (*Fundusz Pracy*). In 2009 and until April 1, 2010, those contributions amounted to 17.77% of the contribution calculation base determined pursuant to applicable laws, and since April 1, 2010, they have amounted to 17.99% of the contribution calculation base.

Pension benefit costs include retirement severance paid to employees pursuant to the Labor Code. Group units are not parties 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 the immaterial 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 consolidated financial statements. The Group of Companies did not pay any retirement severance pays in the 1st half of 2010.

Some of the Group units situated in Poland are under the obligation to establish the Enterprise Social Benefit Fund (*Zakładowy Fundusz Świadczeń Socjalnych* – ZFŚS.) Charges to this fund are recognized as Group operating expenses and the money allocated to the fund has to be blocked in a separate bank account. In the financial statements, fund assets and liabilities are presented in net terms. Due to the nature of the fund's operations, the fund's assets equal its liabilities.

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

	For period from January 1 to June 30, 2010	For period from January 1 to June 30, 2009
Costs included directly in costs related to core operations	-	-
Amortization costs related to deferred development work costs	1,924	2,167
	1,924	**2,167**

Development work costs are recognized as intangible assets after the conditions described in Note 2 have been met and according to the principles described in Note 2. The amortization of capitalized development work costs is charged to general and administrative costs. Costs incurred in the research work stage and expenditure that does not meet the conditions required in order to be recognized as assets are directly charged to Company operating expenses as general and administrative costs.

NOTE 5. **OTHER REVENUES**

	For period from January 1 to June 30, 2010	For period from January 1 to June 30, 2009
Profit from the sale of fixed assets	65	531
Reversal of receivable write-downs	65	54
Reversal of inventory write-downs	-	-
Damages received	374	145
Expired liabilities written off	-	-
Subsidies received	184	154
Other	94	643
	782	**1,527**

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

Other operating revenues also include reversals of receivable and inventory write-downs, as well as write-downs related to property, plant and equipment impairment. Other operating revenues include revenues from the sale of subsidiaries.

NOTE 6. **OTHER COSTS**

	For period from January 1 to June 30, 2010	For period from January 1 to June 30, 2009
Loss from sales and liquidation of fixed assets	2	1
Receivable write-downs	-	92
Inventory write-downs	-	-
Impairment write-downs	-	-
Donations given	1	101
Fines and penalties paid	-	-

Accident repair costs	24	40
Other	720	**164**
	747	**398**

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 the sale of property, plant and equipment, donations (both in cash and in kind) to other entities, including public benefit entities, costs of litigious proceedings and the costs related to receivable write-downs and impairment write-downs.

NOTE 7. **FINANCIAL REVENUES**

	For period from January 1 to June 30, 2010	For period from January 1 to June 30, 2009
Dividends received	-	-
Interest on bank deposits	30	35
Interest on overdue payments	229	359
Interest on securities	-	-
Interest on loans	68	1
FX gains	53	-
Other	7,066	**97**
	7,446	**492**

Revenue from dividends received as well as interest on deposits and investments in various financial instruments are classified as financial revenues. Financial operations also include foreign exchange gains.

NOTE 8. **FINANCIAL EXPENSES**

	For period from January 1 to June 30, 2010	For period from January 1 to June 30, 2009
Interest on bank loans	469	580
Interest on loans	77	104
Budget interest	3	3
Interest on overdue payments	20	24
Interest on installment payments	6	
FX losses	4,826	4,410
Bank fees	823	-
Finance lease costs	428	741
Loss on sale of investment	789	-
Other	387	314
	7,828	**6,176**

Borrowing costs and interest payable under finance lease agreements to which the Group is a party, as well as FX losses are classified as financial expenses.

The terms and conditions pursuant to which the Group has used external sources of funding (bank loans) have been presented in Note 22.

NOTE 9. INCOME TAX

	For period from January 1 to June 30, 2010	For period from January 1 to June 30, 2009
Statutory tax rate	19%	19%
Current income tax		
Current tax expense	1,829	709
Adjustments concerning previous years	-	-
	1,829	**709**
Deferred income tax		
Related to the origination and reversal of temporary differences	222	57
Related to change in the tax rate	-	-
	222	**57**
Tax expense shown in the profit and loss account	**2,051**	**766**

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

	For period from January 1 to June 30, 2010		For period from January 1 to June 30, 2009
Pre-tax earnings	13,384		4,817
Statutory tax rate	19%		19%
Tax at the statutory rate	2,543	-	915
Tax impact of revenues not being revenues under tax regulations	(217)		(166)
Tax impact of revenues not being revenues under accounting regulations	255		**12**
Tax impact of costs not being costs under tax regulations	1,023		785
Tax impact of costs not being costs under accounting regulations	(1,238)		-
Tax impact of tax losses deducted during the period	5		(818)
Tax impact of tax losses incurred during the period	(320)		38
Tax at the effective rate	2,051	-	766
Effective tax rate	15%		16%

Current tax expense is calculated on the basis of the tax regulations applicable. 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 the tax rates applicable to the financial 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. The Group does not have a tax group status and does not operate in a Special Economic Zone, which would cause the principles for determining tax expense to differ from general regulations in this respect. Both the tax and balance sheet years coincide with calendar years.

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 30.06.2010 and 31.12.2009 results from the items shown in the table below.

	Financial position statement		**Statement of comprehensive income**	
	End of period, June 30, 2010	End of period, December 31, 2009	For period from January 1 to June 30, 2010	For period from January 1 to December 31, 2009
Deferred tax provision				
Difference between the balance sheet and tax value of intangible assets	21		21	-
Difference between the balance sheet and tax value of leased fixed assets	90		90	-
Difference between the balance sheet and tax value of property, plant and equipment	3,607	3,372	235	1,260
Recognized service revenues	(1,297)	213	(1,510)	203
Damages receivable	-	-	-	-
Interest accrued	26	25	1	(3)
Financial instrument valuation	(10)	6	(16)	(8)
Foreign exchange gains	(9)	13	(22)	13
Deferred tax provisions acquired as a result of business combination	-	-	-	-
Gross deferred tax provision	**2,428**	**3,629**	**(1,202)**	**1,465**
Deferred tax assets				
Financial instrument valuation	-	2	2	(2)
Difference between the balance sheet and tax value of property, plant and equipment	2	1	(1)	-
Deferred payment revenues	-	157	157	98
Revenues calculated in time	(123)	3	126	(2)
Inventory write-downs	170	337	167	55
Receivable write-downs	8	104	96	(9)
Written-off financial assets under litigation	-	80	80	(25)
Provisions for service expenses	605	718	113	(581)
Provisions for employee benefits	(0)	-	1	99
Foreign exchange losses	17	18	1	54
Liabilities due to the Social Insurance Institution (ZUS)	4	1	(3)	(1)
Liabilities due to employees	1	1	0	109
Accruals	899	-	(899)	589
Subsidies received	-	50	50	(24)
Effects of forward contract valuation — hedge accounting	-	-	-	-

Recognized interest	-	2	2	(2)
Tax losses that may be deducted	1,661	3,199	1,538	(1,232)
Deferred tax assets acquired as a result of business combination	-	(7)	(7)	7
Gross deferred tax assets	**3,243**	**4,666**	**1,424**	**(867)**
Net tax assets (tax provision)	**815**	**1,037**		
Deferred income tax charge on profit			**222**	**598**

NOTE 10. EARNINGS PER SHARE AND DIVIDENDS

Earnings per share

	For period from January 1 to June 30, 2010	For period from January 1 to June 30, 2009
Weighted average number of shares	36,343,344	36,000,000
Net profit for 6 months (PLN thousand)	11,074	4,589
Net earnings per share (in PLN)	0.30	0.13

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

Parent undertaking shares are ordinary shares and no preference is attached to them concerning either voting rights or dividend payouts.

Dividends paid and declared

The dividend policy announced by the Issuer's Management Board in the current report no. 25/2006 of June 8, 2006, stipulated that the dividend amount will depend on prices of shares in the last month of the year upon applying EURIBOR plus 0.5%. In the current report No. 06/2010 of April 14, 2010, the Management Board reported that, in accordance with the rule, the dividend assigned to shareholders from 2009 profit distribution should be PLN 0.16 per share, i.e. PLN 5,814,935 in total. However, the Company plans to perform important investment projects and the cost of capital remains very high. Therefore, just as in the case of 2008 dividend, this year, the Management Board also recommended to the General Meeting to assign the entire 2009 profit to the reserve capital of the Company, and the General Meeting adopted the resolution unanimously.

NOTE 11. GOODWILL

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

	End of period, June 30, 2010	End of period, December 31, 2009
mPay Group	131	131
iloggo Sp. z o.o.	0	0
KLK S.A.	12,789	12,789
Sputnik Software Sp. z o.o.	3,078	3,078
Impulsy Sp. z o.o.	2,582	2,582
	18,580	**18,580**

The entire goodwill was generated as a result of the consolidation of undertakings in which the Issuer acquired shares in the years 2006-2009.

NOTE 12. INTANGIBLE ASSETS

	End of period, June 30, 2010	End of period, December 31, 2009
Costs of completed development works	16,375	19,543
Concessions and licenses	12,479	7,540
99-year lease rights	35,830	298
Other intangible assets	5,530	6,099
	70,214	**33,480**
of which:		
Intangible assets used under finance lease agreements	273	-

On June 1, 2010, the Company concluded an agreement for the purchase of perpetual usufruct rights together with the ownership of buildings situated on them with related undertakings for the total amount of PLN 34,997,000. Detailed information on those transactions is in Note 30.

Development work is recognized as an asset, and amortized based on the principles described in Note 2.

As at June 30, 2010, development work includes the following projects developed in-house:

PC TV Platform under the ATM InternetTV brand

An in-house project developed by the Company since 2005 — the development of an Internet TV technology platform to be used for broadcasting live TV programs and the distribution of content in the video on demand and download modes. The signal from the platform developed is to be received by PCs. The platform has been implemented in order to provide commercial services both by the Issuer itself and in collaboration with its subsidiary Cineman Sp. z o.o. – the implementation of the video on demand mode was completed in the first quarter of 2007.

The next stage of development involved broadening ATM InternetTV services with a live broadcast mode, and expanding the system with services for mobile telephony operators. In 2008, Centrum Badawczo-Rozwojowe ATM-Lab Sp. z o.o company (now ATM Software Sp. z o.o.) which is owned by ATM S.A. in 100%, started its business activity. It took over the team responsible for ATM InteractiveTV project and continues developing this technology.

In the 1st half of 2010, the Group incurred no expenditure related to development works in the platform.

POS TV Platform under the ATM IndoorTV brand

From August 2005 to May 2006, the Company developed an in-house project called the SSM (Spread Screens Manager). Under this project, an ATM IndoorTV technology platform was developed for the remote management of point-of-sales advertising content broadcasting (POS-TV — Point of Sales Television). ATM S.A. installs terminals (computers with LCD screens and wireless links) at locations agreed with the customer, e.g. near checkout counters at stores or at travel agencies. Subsequently, ATM S.A. receives video content as well as other information from the customer, and agrees the broadcasting scenarios. The content is distributed to terminals via a mobile communications network (GPRS/EDGE/UMTS) or through Internet lines. The terminals are controlled and the proper execution of scenarios is supervised in the same manner. It is a comprehensive service covering the lease of terminals (screens), communications network operation and access to the SSM platform. For the last few quarters technological integration of SSM with the ATM InternetTV service platform has taken place. In the 1st half of 2010, the Group incurred no expenditure related to development works in the platform.

Atmeus

Within the framework of another in-house project that was underway from June to December 2005, ATM S.A. developed the Atmosfera BCP product, later renamed to ATM BCP. The current version is sold and deployed under the Atmeus brand. The functionality of the product is being extended depending on the customers' needs. The product addresses business continuity planning by supporting threat analysis and developing, updating and implementing contingency plans. It meets the demand of the banking sector, assisting banks in satisfying the requirements of banking supervision recommendations related to the so-called New Capital Accord (Basel II). In the 1st half of 2010, the Group incurred no expenditure related to development works on the product.

Telearchiwum

Since June 2007, Polish law has made it possible to maintain patients' files in electronic format only, provided that certain standards, *inter alia* concerning security, are met. The Issuer's long-standing experience in developing ICT solutions leveraging state-of-the-art security technologies and systems contributed to the creation of a modern remote medical archive and marketing this solution on the Polish medical market.

Telearchiwum (remote archive) enables secure storage of medical images together with associated patient details and examination reports, as well as remote access to the data. It will also provide statistics and search tools. The data are secure, electronic storage is cheaper, and virtually instant access is possible. The unique advantage of this system is the possibility of remote access to examination data by authorized parties using any computer. The remote archive system also enables easy migration, eventually becoming a module of the Electronic Medical File. Apart from disk storage, indexing systems are used that can store any data structures and communicate with other systems via software interfaces. This means that any establishment using the archive will be able to extend its system in any manner, using fully electronic patient files.

In the 1st half of 2010, the Group incurred no expenditure related to development works in the platform.

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. 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 a webpage, and many additional functions, such as conference calls, call forwarding, IVR, etc. The 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 the 1st half of 2010 the Group incurred no expenditure related to development works on this solution.

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 company as 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. This certification allows the Issuer to effectively compete with global suppliers for major deployment projects concerning such systems.

The Atmosfera system operates, *inter alia*, at such companies as Polska Telefonia Cyfrowa Sp. z o. o. (the operator of Era and Heyah mobile networks), Agora SA, PLL LOT SA, Netia SA, Telewizja Polska SA and P4 Sp. z o. o. (the operator of the Play mobile network). The overwhelming majority of system users upgrade it regularly, including subsequent organization processes in its scope.

In the 1st half of 2010 the Group incurred no expenditure related to development works on the system.

SMaCS (Service Management and Charging System)

The system is used for management and settlement of operator services in IP networks for providers that offer Internet services via access networks based on various technologies (such as mobile, CATV, DSL). The system gives telecommunications providers, including traditional telephone network, cable TV network, and mobile network operators additional revenues from digital data transmission services (file download, video on demand, and other value-added services) delivered to subscribers. The solution guarantees that the services can only be used by authorized users and that each user is billed according to the rules set by the provider. SMaCS is a convenient platform for the development of applications tailored to the operators' specific needs. In the 1st half of 2010 the Group incurred no expenditure related to development works on the system.

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 Programme 1.4.1. Within the framework of the project, scenarios with regard to handling various types of payment acceptors were being developed, methods for detecting fraud attempts and protecting against them were being perfected, and the user interface were being designed. In the 1st half of 2010 the Group incurred no expenditure related to development works on the system.

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

As at June 30, 2010, there were no impairment write-downs concerning intangibles.

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

The share of development work underway in overall capitalized cost of development work is presented in the table below:

	End of period, June 30, 2010	End of period, December 31, 2009
Impulsy software	1,632	1,462
inOne software	184	
mPay platform	2,705	2,705
	4,521	**4,167**

Movements in the amount of intangible assets during the period from January 1 to June 30, 2010

	Costs of completed development works	Concessions and licenses	99-year lease rights	Other intangible assets	TOTAL
Gross value					
As at January 1, 2010	**22,442**	**13,400**	**321**	**8,314**	**44,477**
Increases:					
- acquisition	41	3,198	35,588	23	**38,850**
- developed in-house	-	-	-	-	**-**
- acquired as a result of business combination	-	-	-	-	**-**
- other (including finance lease)	791	2,345	-	-	**3,136**
	-	-	-	-	**-**
Decreases:					
- sale	-	55	-	-	**55**
- liquidation	85	190	-	5	**280**
- transfers	2,345	-	-	-	**2,345**
As at June 30, 2010	**20,844**	**18,698**	**35,909**	**8,332**	**83,783**
Write-offs					
As at January 1, 2010	**7,066**	**5,860**	**23**	**2,215**	**15,164**
Increases:					
- depreciation	1,924	593	56	592	**3,165**
- impairment	-	-	-	-	**-**
- acquired as a result of business combination	-	-	-	-	**-**
					-
Decreases:					
- sale and liquidation	-	234	-	5	**239**
As at June 30, 2010	**8,990**	**6,219**	**79**	**2,802**	**18,090**
Net as at 01.01.2010	15,376	7,540	298	6,099	29,313
Net as at June 30, 2010	**11,854**	**12,479**	**35,830**	**5,530**	**65,693**

Movements in the amount of intangible assets during the period from January 1 to December 31, 2009

	Costs of completed development works	Concessions and licenses	99-year lease rights	Other intangible assets	TOTAL
Gross value					
As at January 1, 2009	**17,559**	**12,058**	**321**	**5,461**	**35,399**
Increases:					
- acquisition	1,952	1,652	-	5,861	9,465
- developed in-house	886	-	-	-	886
- acquired as a result of business combination	-	-	-	-	-
Decreases:					
- sale	601	288	-	151	1,040
- liquidation	-	22	-	1	23
- transfers	-2,646	-	-	2,856	210
As at December 31, 2009	**22,442**	**13,400**	**321**	**8,314**	**44,156**
Write-offs					
As at January 1, 2009	**2,773**	**4,586**	**13**	**893**	**8,265**
Increases:					
- depreciation	4,461	1,455	10	1,322	7,248
- impairment	-	-	-	-	-
- acquired as a result of business combination	-	-	-	-	-
Decreases:					
- sale and liquidation	168	181	0	0	350
As at December 31, 2009	**7,066**	**5,860**	**23**	**2,215**	**15,164**
Net as at 01.01.2009	14,786	7,472	308	4,568	27,134
Net as at December 31, 2009	**15,376**	**7,540**	**298**	**6,099**	**29,313**

NOTE 13. **FIXED ASSETS**

	End of period, June 30, 2010	End of period, December 31, 2009
Fixed assets		
Land	341	341
Buildings and structures	93,312	88,431
Machinery and equipment	41,414	33,309
Means of transportation	6,020	5,975
Other	220	204
Fixed assets under construction	22,434	18,977
Advances for fixed assets under construction		
	163,741	**147,237**

of which:

Fixed assets used under finance lease agreements		
	39,639	27,300

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

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 26.

As at 30.06.2010, there were no impairment write-downs concerning fixed assets.

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

Movements in the amount of fixed assets during the period from January 1 to June 30, 2010

	Land	Buildings and structures	Machinery and equipment	Means of transportation	Other	TOTAL
Gross value						
As at January 1, 2010	**341**	**99,305**	**57,090**	**9,682**	**379**	**166,797**
Increases:						
- acquisition	**-**	**7,223**	**2,043**	**68**	**33**	**9,367**
- acquisition as a result of business combination	-	-		-	-	**-**
- other (including finance lease)	-	-	10,457	893	12	**11,362**
Decreases:						
- sale	-	-	450	502	-	**952**
- liquidation	-	-	21	-	-	**21**
- finance lease expiry	-	-	-	68	-	**68**
- donations	-	-	-	-	-	**-**
- other	-	-	-	-	-	**-**
As at June 30, 2010	**341**	**106,528**	**69,119**	**10,073**	**424**	**186,485**
Write-offs						
As at January 1, 2010	**-**	**10,874**	**23,781**	**3,708**	**174**	**38,536**
Increases:						
- depreciation	**-**	2,342	4,140	653	30	**7,165**
- impairment	**-**	-	-	-	-	**-**
- acquisition as a result of business combination	**-**	-	-	-	-	**-**
Decreases:						
- sale and liquidation	**-**	-	217	308	-	**525**
- donations	**-**	-	-	-	-	**-**
- other	**-**	-	-	-	-	**-**
As at June 30, 2010	**-**	**13,216**	**27,704**	**4,053**	**204**	**45,177**

Net as at June 30, 2010	**341**	**93,312**	**41,414**	**6,020**	**220**	**141,307**

Movements in the amount of fixed assets during the period from January 1 to December 31, 2009

	Land	Buildings and structures	Machinery and equipment	Means of transportation	Other	TOTAL
Gross value						
As at January 1, 2009	**341**	**78,564**	**54,625**	**9,120**	**395**	**143,045**
Increases:						
- acquisition	-	20,742	6,192	334	68	**27,336**
- acquisition as a result of business combination	-	-	-	-	-	**-**
- other	-	-	4,247	1,002	-	**5,249**
Decreases:						
- sale	-	1	7,474	350	48	**7,873**
- liquidation	-	-	498	48	12	**558**
- finance lease expiry	-	-	-	376	24	**400**
- donations	-	-	-	-	-	**-**
- other	-	-	-	-	-	**-**
As at December 31, 2009	**341**	**99,305**	**57,090**	**9,682**	**379**	**166,797**
Write-offs						
As at January 1, 2009	**-**	**7,326**	**17,981**	**2,832**	**184**	**28,323**
Increases:	**-**					
- depreciation	**-**	3,548	7,790	1,490	15	12,843
- impairment	**-**	-	-	-	-	-
Decreases:						
- sale and liquidation	-	-	1,990	239	1	2,230
- donations	-	-	-	-	-	-
- other	**-**	-	-	375	24	399

As at December 31, 2009	**-**	**10,874**	**23,781**	**3,708**	**174**	**38,536**
Net as at January 1, 2009	*341*	*71,238*	*36,645*	*6,287*	*211*	*114,722*
Net as at December 31, 2009	**341**	**88,431**	**33,309**	**5,974**	**205**	**128,260**

NOTE 14. **OTHER FINANCIAL ASSETS**

	End of period, June 30, 2010	End of period, December 31, 2009
Shares in other undertakings	80	80
(-) Impairment write-downs	-	-
	80	**80**

Other financial assets include shares in Górnośląskie Towarzystwo Lotnicze w Katowicach, giving a stake of 0.053% in the equity of the KLK Company.

NOTE 15. **OTHER FIXED ASSETS**

	End of period, June 30, 2010	End of period, December 31, 2009
Guarantee deposits	71	61
Trade receivables	3,916	4,916
Prepaid maintenance costs	34	186
Non-realized financial revenues on installment sales	(165)	11
	3,856	**5,174**
of which payable within:		
from 1 to 2 years	2,885	3,241
from 3 to 5 years	936	1,900
more than 5 years	35	33

Guarantee deposits include amounts retained by the Group's customers in relation to the services 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.

The receivables recorded as at December 31, 2009 and June 30, 2010 are payable until 2013. They are the result of deferred payment sales whose value has been measured at fair value and is equivalent to the present value of the payment. The installments receivable have been discounted using 12M WIBOR and the market margin based on the parent undertaking's lending margin. Interest is recognized as financial revenues 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 or installment sale 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 period, June 30, 2010	End of period, December 31, 2009
Materials	3,089	3,414
Work in process	1,432	86
Finished products	-	-
Goods	11,620	4,005
Inventory write-downs	(1,327)	(1,168)
	14,814	**6,337**

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 inventories that have been used up.

NOTE 17. **TRADE AND OTHER RECEIVABLES**

	End of period, June 30, 2010	End of period, December 31, 2009
Trade receivables from related undertakings	873	474
Trade receivables from other undertakings	53,969	63,294
Tax receivables	7,818	1,185
Payments on account	197	139
Other receivables	7,601	1,961
Receivables under litigation	237	390
Non-realized financial revenues on installment sales	(216)	436
Inventory write-downs	(592)	(198)
	69,887	**67,681**

Trade terms applicable to related undertakings have been presented in Note 30. Trade receivables do not bear interest and they are usually payable within 14 to 35 days. Receivables under litigation are written off in full.

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

Age analysis of short-term receivables

	End of period, June 30, 2010	End of period, December 31, 2009
Current, of which:	63,114	60,180
From affiliates and subsidiaries	873	473
From other undertakings	62,241	59,708
Overdue, of which:	6,773	7,502
From affiliates and subsidiaries	-	1
up to 180	-	1
180 – 360	-	-
above 360	-	-
From other undertakings	6,773	7,500
up to 180	5,943	7,125
180 – 360	569	131
above 360	261	244
	69,887	**67,681**

Analysis of movements in receivable write-downs

	End of period, June 30, 2010	End of period, December 31, 2009
Opening balance	198	571
Increases, of which:	592	279
- Established	592	279
Decreases, of which:	188	652
- Released	151	100
- Used	37	552
Closing balance		
	592	**198**

Age analysis of receivables under litigation

	End of period, June 30, 2010	End of period, December 31, 2009
From other undertakings	237	390
above 360	202	113
above 720	35	277
	237	**390**

NOTE 18. OTHER CURRENT ASSETS AND OTHER FINANCIAL RECEIVABLES

	End of period, June 30, 2010	End of period, December 31, 2009
Subcontractor services related to future income	1,482	8,105
Finance lease interest	12	24
Prepaid maintenance costs	574	621
Non-realized foreign exchange gains/losses on lease agreements	5,647	3,862
Prepaid subscriptions, rents, insurance, etc.	1,061	729
Recognized sales revenues	361	-
Other	1,114	540
	10,251	**13,881**

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 or on the basis of the amount of service, depending on their nature.

As it has been stated in section "Accounting Principles – Foreign Currency Transactions", the Group, pursuant to IAS 1 §19 — in a comparable manner as in the statements for 2009 and 2008 — the Group has partially departed from IAS 21 also in the current financial statements, which consisted in that exchange rate differences arising on foreign currency leasing liabilities have been recognized as financial costs in a given reporting period only to the extent in which they referred to actually paid installments. The remaining amount of FX gains/losses is recognized as prepayments and accruals that will be recognized in financial costs in individual months, in which leasing installments are paid. Prepayments and accruals are modified by FX gains/losses on leasing liabilities. Departure from IAS 21 will be applied by the Group until the foreign exchange rates stabilize at the level corresponding to the actual purchasing power of the Polish zloty.

Detailed calculations and financial consequences of the applied solution of presenting exchange differences on currency lease liabilities have been presented in Note 26: Other financial liabilities.

OTHER FINANCIAL RECEIVABLES

	End of period, June 30, 2010	End of period, December 31, 2009
Valuation of forward transactions open at the end of the period	-	-
	-	**-**

NOTE 19. CASH AND CASH EQUIVALENTS

	End of period, June 30, 2010	End of period, December 31, 2009
Cash in hand	301	130
Cash in bank	7,491	4,014
Short-term deposits	2,299	1,817
	10,091	**5,961**

Cash in the bank bears interest at floating interest rates, which depend on the interest rate on 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

Core capital

	End of period, June 30, 2010	End of period, December 31, 2009
Registered share capital	34,526	34,526
Hyperinflationary adjustment	197	197
	34,723	**34,723**

Registered share capital includes:

Series	Number of shares	Face value	Registered date	Dividend rights	Paid for by	Share type
A	36,000,000	34,200,000.00	5.12.2007	*)	Cash	Ordinary
B	343,344	326,176.80	9.09.2009	1.01.2009	Cash	Ordinary
TOTAL	36,343,344	34,526,176.80				

Face value per share (PLN):	0.95

*) all A series shares have the same dividend rights

Application of IAS 29 "Financial Reporting in Hyperinflationary Economies"

Pursuant to IAS 29 "Financial Reporting in Hyperinflationary Economies," ATM S.A. introduced a hyperinflationary adjustment based on monthly consumer price indices, amounting to PLN 197,000. The entire share premium account was accrued after the hyperinflationary period, and therefore the hyperinflationary adjustment was not applied to this component of equity.

Incentive Scheme

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

The Scheme is aimed at Company employees and partners, members of Management Boards and other ATM S.A. Group of Companies' employees and partners.

Incentive Scheme participants have 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 is prepared by the ATM S.A. Management Board and approved by the Supervisory Board.

As at June 30, 2010, the Group held 286,820 treasury shares with the value of PLN 2,335,312.48.

These shares are held by the Company pursuant to the guidelines for the Company Incentive Scheme. In 2008-2009, the following share purchase options were granted as part of the Incentive Scheme:

- 444,400 in 2008;

- 314,100 in 2009.

Unused options of a given period may be subsequently used in the remaining periods. In justified cases, the number of options determined for a given period may be increased by no more than 15%, with the reservation that the total option limit may not exceed 1,500,000.

Based on the determined share purchase options, shares can be purchased by Incentive Scheme participants pursuant to an agreement concluded with the Company, which includes the following provisions:

- purchased shares shall be transferred to the investment account of the authorized person carried by the brokerage house indicated by the Company;
- the authorized person shall conclude an agreement with the brokerage house, according to which 80% of the purchased shares 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.

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

1) the employment contract concluded between a Group company and the Incentive Scheme participant, or any other agreement pursuant to which the participant provides services or works for one of the companies of the Group is terminated or expires for any reason;
2) the participant materially breaches his 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 companies of the Group;
3) the participant runs competitive activity with regard to the Company or one of the companies of the Group without a written consent of the ATM S.A. Management Board;
4) a legally valid prohibition to perform his/her works in the bodies of the capital companies or an interdiction of business activity is imposed on the participant;
5) the participant is sentenced for any of the offences mentioned in Art. 585-592 and 594 of the Commercial Companies Code, offences listed in part X of the Act on financial instruments trading of April 29, 2005 (Journal of Laws Dz. U. 2005, No. 183, item 1538), economic offences listed in Articles 296-306 of the Penal Code or any other offence whose committing is directly linked to the performance of his/her obligations as member of the management board of a capital company.

The number of share purchase options shall be applied to Company shares whose face value is PLN 0.95. In the case of a split of Company shares, these amounts will be increased in the same proportion as the mentioned split.

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

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

The Monte Carlo method was used to determine the fair value of the options, for which the following entry data were taken:

Parameter	Base		Comments
	Tranche 2008	Tranche 2009	
Grant date	2008-06-05	2009-05-11	For Tranche 2008, the date of approving the Scheme's Regulations was adopted.
Share price as at grant date	PLN 8.20	PLN 4.90	Based on the quotations of the Warsaw Stock Exchange.
Risk-free rate	The risk-free rate for each part of the individual Tranches was calculated on the basis of quotations of interbank deposits and IRS contracts as at the grant date (source: REUTERS).		
Variability (annualized)	39.23%	41.77%	Based on the quotations of the Warsaw Stock Exchange.
Dividend rate	6.87%	0.00%	Dividend rate calculated on the basis of the Company's policy under which dividend depends on EURIBOR 1Y and stock exchange quotations. The Company did not pay any dividend for 2008.
Exercise price	PLN 0.95	PLN 0.95	
Number of options	439,800	306,100	
Market conditions	NONE		
Non-market conditions	Employment		
Employee resignation rate	0%	0%	
Maturity date			
- Part 1	2008-09-03	2009-08-13	90 days as of the approval of statements for the previous year by the Ordinary General Meeting of Shareholders. For Tranche 2009 May 15, 2009 was set, assuming that as at the grant date the Company formally informed the shareholders about the date of the Ordinary General Meeting of Shareholders.

The value of the scheme was recognized in:

- current period results in the part allocated to the employees of ATM S.A. for the 1st half of 2010 (PLN 367 thousand);
- investments in subsidiaries in the part allocated to the employees of the subsidiaries (PLN 29 thousand ATM Software Sp. z o.o., PLN 24 thousand inONE S.A., PLN 36 thousand ATM Systemy Informatyczne Sp. z o.o.)

Ownership structure

The ownership structure of ATM S.A. share capital as at June 30, 2010 was as follows:

Shareholder	Number of shares 30/06/2010	%	Number of shares 31/12/2009	%
Tadeusz Czichon – Vice-President of the Management Board	5,956,887	16.39%	5,956,887	16.39%
Polsat OFE	3,603,624	9.92%	3,603,624	9.92%
ING OFE	3,470,517	9.55%	3,470,517	9.55%
Roman Szwed – President of the Management Board	3,387,993	9.32%	3,387,993	9.32%
Amplico TFI (former AIG TFI)*	No data		1,871,376	5.15%
Piotr Puteczny**	1,817,500	5.00%	1,817,500	5.00%
Other shareholders	18,106,823	49.82%	16,235,447	44.67%
	36,343,344	**100.00%**	**36,343,344**	100.00%

The figures above concern shares held by individuals as at date of drawing up of this document.

The data concerning POLSAT OFE and ING OFE refer to the number of shares owned by these shareholders on December 31, 2009 based on the “Annual asset structure.”

* Number of shares in accordance with the notice from AMPLICO Towarzystwo Funduszy Inwestycyjnych S.A. (former AIG TFI S.A.) as at July 1, 2010 amounted to 1 245 123, which is 3.426% of the share capital. The change in the number of shares occurred as a result of the end of performance of portfolio management operations for Amplico Life S.A. Before the above change, i.e. as at December 31, 2009, AMPLICO TFI S.A., as part of the Funds managed and portfolios handed over for management, held 1 871 376 shares of 36 343 344 of the total number of the Company’s shares, which accounted for 5.149% of the total number of votes at the Company’s General Meeting and 5.149% of the Company’s share capital. The Issuer gave full information on the subject in the current report No. 2/2010 and 3/2010.

** with his wife

Furthermore, the Company’s Management Board has not received any other notifications concerning exceeding the 5% threshold by shareholders purchasing shares on the stock market.

Retained earnings

	End of period, June 30, 2010	End of period, December 31, 2009
Retained earnings brought forward, of which:	14,003	13,564
Statutory supplementary capital	9,259	9,803
Profit distribution (above the statutory amount)	4,744	3,333
IFRS implementation profits (losses)	428	428
Management option scheme profits (losses)	-	-
Current period profit (loss)	11,074	9,828
	25,507	**23,392**

Retained earnings brought forward 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 Commercial Companies Code, supplementary capital should be established in order to cover losses. At least 8% of the profit for the financial 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. **MINORITY CAPITAL**

	End of period, June 30, 2010	End of period, December 31, 2009
KLK S.A.	1,033	1,314
mPay Group	4,111	4,170
Sputnik Software Sp. z o.o.	1,906	1,523
inONE S.A.	948	860
Impulsy Sp. z o.o.	299	300
iloggo Sp. z o.o.	-	51
	8,297	**8,218**

NOTE 22. **BANK LOANS AND OTHER LOANS**

	End of period, June 30, 2010	End of period, December 31, 2009
Bank loans	16,232	10,318
Other loans	-	-
	16,232	**10,318**
of which:		
Long-term portion	*2,255*	*2,620*
Bank loans	2,255	**2,620**
Loans from shareholders	-	**-**
Short-term portion	*13,977*	*7,698*
Bank loans	13,977	7,698
Loans from shareholders	-	-
Bank loans and other loans due:		
within one year	13,977	7,698
from 1 to 2 years	1,463	1,463
from 3 to 5 years	792	1,157
more than 5 years	-	-
	16,232	**10,318**

	End of period, June 30, 2010	End of period, December 31,

		2009
PLN loans	16,232	10,318
EUR loans	-	-
	16,232	**10,318**

	End of period, June 30, 2010	End of period, December 31, 2009
Interest rate on loans contracted by Group undertakings:		
Authorized overdrafts	6.27%	6.27%
PLN bank loans	7.45%	6.32%
EUR bank loans		

Detailed information on the debt related to these loans has been presented in tables below.

	Base loan value			Short-term portion		Long-term portion				
Lender	Loan amount in PLN thousand	Loan amount in loan currency	Currency	Loan amount in PLN	Loan amount in loan currency	Loan amount in PLN	Loan amount in loan currency	Interest rate	Repayment date	Security
Fortis Bank Polska SA (authorized overdraft)	10,000	-	-		-	-	-	1M WIBOR plus bank's margin	26.07.2010	- blank promissory note;- statement of submission for enforcement proceedings- general assignment of existing and future trade receivables
BRE Bank SA (authorized overdraft)	10,000	-	-	9,056	-	-	-	ON WIBOR plus bank's margin	26.08.2010	-blank promissory note with a promissory note declaration
BRE Bank SA in Katowice (mortgage loan)	2,986			731		2,255		1M WIBOR plus bank's margin	25.07.2014	1/ ordinary real estate mortgage in the amount of PLN 3,595 thousand and capped mortgage up to PLN 300 thousand 2/ own blank promissory note 3) assignment of insurance policy receivables
BRE Bank SA in Katowice (authorized overdraft)	4,800			2,972		0		ON WIBOR plus bank's margin	31.08.2010	1) a joint capped mortgage for an amount of up to PLN 7,650 thousand; 2/ registered pledge on inventories 3/ blank promissory note 4/assignment of insurance policy receivables
BRE Bank SA in Poznań				817				Interest at variable rate equal to the WIBOR rate for overnight deposits plus the bank's margin	29.06.2010	blank promissory note
Handelsbank AB S.A. in Poznań				401				Interest at variable rate — sum of the Bank's rate WCF 3M plus the Bank's margin	3.11.2010	promissory note

NOTE 23. PROVISIONS FOR LIABILITIES

	End of period, June 30, 2010	End of period, December 31, 2009
Provision for warranty repairs	-	-
Provisions for maintenance costs	328	198
Provisions for bank guarantee costs	2	3
Provisions for pension benefits	7	42
Bonus provisions	45	49
General risk provisions	0	
Provisions for balance sheet audit	0	23
	382	**315**
of which:		
Long-term portion		
Provisions for maintenance costs	-	-
Provisions for bank guarantee costs	0	1
Provisions for pension benefits	7	6
Provisions for expenses	-	-
	7	7
Short-term portion		
Provisions for maintenance costs	-	75
Provisions for other types of expenses	375	162
Provisions for balance sheet audit	-	23
Bonus provisions	-	48
	375	308

NOTE 24. LONG-TERM TRADE LIABILITIES AND OTHER LIABILITIES

	End of period, June 30, 2010	End of period, December 31, 2009
Trade liabilities to related undertakings	31,206	6
Trade liabilities to other undertakings		508
Deferred payment sales interest	-	-
Prepaid undelivered performances and maintenance service costs	451	-
Subsidies for fixed asset financing	504	1,973
Other	2	2
	32,163	**2,489**
of which payable within:		
from 1 to 2 years	4,212	888
from 3 to 5 years	10,744	1,601
more than 5 years	17,207	-

The subsidies received for fixed asset financing concern the extension and upgrade of telecommunications infrastructure and the Collocation Center in Warsaw.

NOTE 25. SHORT-TERM TRADE LIABILITIES AND OTHER LIABILITIES

	End of period, June 30, 2010	End of period, December 31, 2009
Trade liabilities to related undertakings	9,149	43
Trade liabilities to other undertakings	49,123	50,321
Liabilities arising from taxes and social insurance	4,747	12,548
Advances received	104	136
Payroll liabilities	169	81
Other liabilities and accruals, including:	11,858	6,764
liabilities arising from the purchase of shares	-	-
liabilities arising from bonuses	-	-
liabilities arising from outstanding leaves	247	247
settlements related to uninvoiced expenses	6,409	2,551
subsidies	1,289	1,427
deferred income	388	294
other liabilities	3,525	2,245
	75,150	**69,893**

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

In 2008 and 2009, the Company did not rely on a small group of suppliers. Only one supplier — Cisco Systems — exceeded a 10% threshold of overall purchases (its share of the Group's overall purchases in 2009 amounted to 36.0% and 27% in 2010). Considering the stable position of Cisco as a global leader in the IT technology market, and considering the highly successful progress in cooperation, also supported by certification requirements, this reliance is not considered to pose a significant risk of supplier concentration.

NOTE 26. OTHER FINANCIAL LIABILITIES

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

	End of period, June 30, 2010	End of period, December 31, 2009
Liabilities arising from dividend payouts	-	-
Liabilities arising from finance leases	39,911	25,607
Liabilities arising from financing of receivables (factoring)	-	
Forward contract liabilities	-	-
Other	2,275	1,740
	42,186	**27,347**
Amount of liabilities arising from finance leases due within:		
- one year	13,343	10,160
- two to five years	30,358	17,163
- more than five years	-	-
	43,701	27,323
Future interest expenses (-)	(3,789)	-1,716
Present value of future liabilities	39,911	25,607
of which:		
Amounts due within the next 12 months (included in short-term liabilities)	14,487	10,124
Amounts due after more than 12 months, within:	25,425	15,483
- two to five years	25,425	15,483
- more than five years	-	-

Finance lease agreements concern machinery and equipment, means of transportation and software licenses constituting intangible assets.

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 installments, 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. Concluding agreements denominated in foreign currencies was based on significantly lower interest rates and a – seemingly – stable, strong position of PLN in relation to other currencies in medium term. Owing to lower interest rates and gradual strengthening of zloty from 2004 until the half of

2008, the Company paid smaller leasing installments than in the case of concluded lease agreements denominated in zlotys.

Rapid depreciation of the Polish zloty, which has been progressing since August 2008, resulted in considerable growth of ATM S.A.'s liabilities resulting from lease agreements, expressed in foreign currencies, and converted into zlotys. Although this growth is to some extent mirrored by increased Company's expenditure resulting from current leasing installments, yet – if the situation on the FX market did not improve – total debt to be paid until 2013 would be much higher. Not much was changed by the fact that the market value of the lease, comprising imported equipment, also continues to grow along with the increase in currency exchange rates.

In order to demonstrate the impact of costs related to revaluation of leasing liabilities on Company's operations in a reliable manner, ATM S.A. Management Board decided, pursuant to IAS 1 §19, to partially depart from IAS 21, in the manner described in section 2: "Grounds for drawing up the financial statements and the accounting principles (policy)".

In 2010 the Company incurred financial costs of PLN 844,032.17 on account of FX gains/losses on financial lease agreements.

Recognition of part of the costs resulting from exchange rate differences arising on leasing liabilities as prepayments and accruals required calculating which part of these differences falls into particular quarters in which the Company will pay the leasing installments. Costs in individual quarters have been determined proportionally to amounts of the leasing installments paid, and they are as follows:

Year	Quarter	Amount
2010	3	708,138.05
	4	718,480.78
2011	1	720,981.91
	2	720,127.59
	3	706,719.87
	4	639,974.30
2012	1	258,804.42
	2	262,806.74
	3	260,968.28
	4	255,585.98
2013	1	205,037.02
	2	141,561.12
	3	48,245.28
	4	0.00
TOTAL		**5,647,431.35**

The Issuer will consistently present prepayments and accruals arising from the increase or reduction of leasing installments falling due in subsequent periods.

The application of a partial departure from IAS 21 as at June 30, 2010 resulted in the increase in the value of other operating assets by the above amount of 5,647,431.35, as a result of which gross profit increased by the same amount, which less deferred tax (19% of gross profit) amounting to 1,073,011.91 gave a profit higher by 4,574,419.22. The result was made up of the increase in net profit from 2009 which amounted to 3,128,609.75 and the increase of net profit in the current period amounting to 1,445,809.47.

Similarly, the application of the above departure as at June 30, 2009 resulted in the increase in the value of other operating assets by the above amount of 6,239,334.87, as a result of which gross profit increased by the same amount, which less deferred tax (19% of gross profit) amounting to 1,185,473.00 gave a profit higher by 5,053,861.87. The result was made up of the increase in net profit from 2008 which amounted to 5,397,821.37 and the decrease of net profit in the current period amounting to 343,959.50.

Similarly, the application of the above departure as at December 31, 2009 resulted in the increase in the value of other operating assets by the above amount of 3,862,481.17, as a result of which gross profit increased by the same amount, which less deferred tax (19% of gross profit) amounting to 733,871.42 gave a profit higher by 3,128,609.75. The result was made up of the increase in net profit from 2008 which amounted to 5,397,821.37 and the decrease of net profit in the current period amounting to 2,269,211.62.

The receivables financing agreement was concluded with Fortis Bank Polska S.A. and concerns the financing of receivables arising from installment sale.

NOTE 27. **OPERATING LEASES**

Operating lease liabilities – Group as lessor

With regard to operating leases, the Group is party to no material agreements as a lessor. Lease agreements include mainly agreements concerning the lease of office space to other undertakings.

These are both definite and indefinite term agreements. Every 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 Group 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 agreements concluded, the Group – insofar as it is the lessor with regard to operating lease – is not party to any irrevocable agreements.

Operating lease liabilities – Group as lessee

In the period covered by the financial statement, the Company as the lessee was party to operating lease agreements concerning property leases.

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

Property leases include the ATMAN-Grochowska Telecommunications Center situated in Warsaw at Grochowska 21a. Pursuant to the agreement concluded on December 21, 2005 and the annex to the agreement of March 7, 2006, ATM S.A. sold a 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 installments (15 years). The last installment will be payable on January 21, 2021. The total amount of payments during the term of the agreement will be EUR 9,872 thousand.

The fair value of the leased asset after the expiration of the agreement has been determined to be EUR 5,573 thousand, of which perpetual usufruct of land EUR 1,613 thousand, and the value of buildings EUR 3,961 thousand.

Pursuant to the agreement, after the expiry of the primary term of the lease agreement, the lessee or an undertaking 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 used, the lessee will pay to the lessor a handling fee amounting to 7% of the original value of the leased asset, whose original value was determined to be EUR 10,660 thousand.

Pursuant to the agreement, the lessee does not have the right to terminate it, except in circumstances where a change concerning lease installments 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 leased asset, for a price equal to the sum of the portion of the installments outstanding until the end of the lease period and the final value.

The expenses related to minimum lease payments for property leases during individual periods were PLN 2,478 thousand in 2009 and PLN 1,026 thousand in the first half of 2010.

Minimum lease payments for property lease were as follows:

	End of period, June 30, 2010	End of period, December 31, 2009
up to 1 year	2,727	2,702
from 1 to 5 years	10,907	10,808

more than 5 years	15,225	16,438
	28,859	**29,948**

NOTE 28. BUSINESS COMBINATIONS

Events concerning changes in the Group's structure are presented in Note 1.2.

No business combination took place during the period covered by this report.

NOTE 29. CONTINGENT RECEIVABLES AND LIABILITIES

Contingent receivables — did not occur

Contingent liabilities

	End of period, June 30, 2010	End of period, December 31, 2009
To related undertakings:	-	**-**
To other undertakings:		
1. Bank guarantees received:		
- performance bonds and tender bonds	20,179	3,996
2. Mortgage securities		
- bank loan security	11,545	11,545
3. Promissory notes:		
- endorsements concerning agreements related to EU project financing	4,300	3,146
- forward transaction execution guarantee	9,000	-
- bank loan security	18,737	3,045
4. Other guaranties and sureties		
- trade guarantees		
5. Pledges		
- bank loan security	3,348	1,753
	67,110	**23,455**

NOTE 30. INFORMATION CONCERNING RELATED UNDERTAKINGS

Related undertaking details

The Group's related undertakings include:

1. Undertakings in which the Group holds an equity stake

The group holds an equity stake in Górnośląskie Towarzystwo Lotnicze in Katowice (0.053%). During the periods covered by the consolidated financial statements, the Group did not conclude any transactions with this undertaking.

2. Undertakings related to the Company

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

- A. Chalimoniuk i Wspólnicy, ATM S.J. – related through Mr. Tadeusz Czichon, who is one of the four partners in this undertaking, while also being the Vice-President of the Management Board of the parent undertaking (ATM S.A.), and being among the shareholders who hold more than 5% of shares in ATM S.A. (Note 20);
- ATM PP sp. z o.o. — related through Mr. Tadeusz Czichon, who is the President of the Management Board of this undertaking and at the same time is its shareholder, holding around 25% of shares.

Sales to and purchases from related undertakings are made at normal arm's length prices. Outstanding liabilities and receivables at the end of the financial year are not secured, and are settled in cash. Receivables from related undertakings are not covered by any guarantees, extended or received.

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;
- loans extended.

3. During the accounting period the Company did not conduct any transactions with the related undertakings or with other related persons on conditions other than market conditions

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
		1.01–30.06	1.01–30.06	30.06 2010 31.12.2009	30.06.2010 31.12.2009
Cineman Sp. z o.o.	2010	-	-	-	-
	2009	58	13	2	-
ATM PP Sp. z o.o.	2010	84	26,246	31	30,937
	2009	78	873	5	43
A. Chalimoniuk i Wspólnicy, ATM S.J.	2010	-	377	-	-
	2009		404	0	0
Linx Telecommunications B.V.	2010	494	353	842	-
	2009	65		467	0
Tadeusz Czichon	2010	-	9,497	-	9,418
	2009				
TOTAL	**2010**	**578**	**36,473**	**873**	**40,355**
	2009	**201**	**1,290**	**474**	**43**

In accordance with the above statement, the Issuer concluded with the related undertakings agreements for purchase of the right of perpetual usufruct and ownership of the buildings being part of the real estate at Jubilerska 8a, directly adjacent to the real estate being the registered office of ATM S.A., on which the Issuer plans to conduct an investment connected with the implementation of the ATM IC project. The agreements were concluded on June 6, 2010 between the Issuer and ATM Przedsiębiorstwo Produkcyjne Sp. z o.o. for the purchase of real estate of 12,950 m^2 and Tadeusz and Beata Czichon for the purchase of the real estate of 5,763 m^2.

The properties had been owned by the seller since August 31, 2004 and since October 5, 2000. The value of the purchased real estate — PLN 25,500,000 and PLN 9,497,000 respectively — was determined based on the average appraisals from real estate appraisal surveys performed by real estate appraisers ordered both by the seller and the buyer. The value and terms and conditions of the transactions were approved by a resolution of the Issuer's Management Board, excluding the decision of Tadeusz Czichon due to a potential conflict of interests. The transaction was approved by the Issuer's Supervisory Board with the resolution of April 7, 2010 adopted with Tomasz Tuchołek, shareholder and Vice President of the Management Board of ATM PP Sp. z o.o. being excluded from the decision making due to a potential conflict of interests.

The price of purchase of both properties was divided into 120 equal monthly installments, where the Issuer is entitled to earlier repayment of the whole or part of the debt on any date and without incurring any additional costs on that account. Due to the arrangement of installments for the payment of the price, ATM S.A. will pay to the seller contractual interest of 8% per annum on the actual debt but not less than the average WIBOR rate plus 3%.

The purchase of real estate by ATM S.A. was vital because of the necessity to regulate ownership of the land on which ATM S.A. has been providing collocation services for a few years (it has, among others, over 2000 m2 of collocation area there, most of which is already filled with clients) and plans to make other investment in that field as part of the ATM IC project worth PLN 321 million with granted government funding under Measure 4.5 of the "Operational Programme Innovative Economy 2007-2013" in the amount of PLN 72.3 million (Current Report No. 32/2009).

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

4. Directing and supervisory body members and their close family members

Other Group related entities include members of Parent Undertaking directing and supervisory bodies (including management) and persons who are their close family members (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 parent undertaking Management Board perform management duties or are shareholders.

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, has been presented in the table below:

	End of period, June 30, 2010	End of period, December 31, 2009
Short-term employee benefits	1,641	3,072
Benefits after the employment period	-	-
Severance pay	-	-
	1,641	**3,072**

The short-term employee benefits referred to above concern:

	End of period, June 30, 2010	End of period, December 31, 2009
Management Board	648	1,146
Supervisory Board	123	246
Directors and managers	870	1,680

	1,641	**3,072**

Apart from the above remuneration, the directors and management are included in the Incentive Scheme (Note 20). During the periods covered by these financial statements, no loans, guarantees or sureties were granted to it or to its Management Board, or Supervisory Board.

Contracts with the Issuer's Management Board members include non-competition clauses which hold 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 31. FINANCIAL INSTRUMENTS

1. Capital risk management

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

The Group regularly reviews its capital structure. Such reviews involve the analysis of cost of equity and the risk related to its individual categories. Based on the analyses, appropriate measures are planned in order for the Group to maintain a proper capital structure. The most important factors subject to the above analysis are:

- bank loans – disclosed in Note 22,
- cash and cash equivalents – disclosed in Note 19,
- equity, including shares issued, capital reserves and retained earnings – disclosed in Notes 20 and 10.

One of the risk management elements is the dividend policy adopted by the Group's parent undertaking. According to this policy, investors should receive an annual dividend from ATM S.A. of no less than interest on bank deposits. The Company intends to pay an annual dividend in the amount of not less than the EURIBOR rate for annual deposits on the last day of the financial year, additionally increased by 0.5%, and multiplied by the Company's listed value in the last month of the year. However, as the Company plans to implement important investment projects and the cost of borrowing is still very high, the General Meeting decided unanimously to allocate the entire profit for 2008 and 2009 to the Company's capital reserve.

2. Financial risk management objectives

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

The main risks arising from the Group'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 has been presented in the items below.

The Group has no assets or liabilities measured at fair value, held for trading, embedded or derivative financial instruments. The Group does not use hedge accounting, and during the period covered by the consolidated financial statements it neither extended loans (except for loans granted to its subsidiaries), nor was party to financial guarantee contracts.

During 2009 and 2010:

- no financial instruments were reclassified between categories within the meaning of IAS 39;
- the Group 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 Group received no financial or non-financial assets within the framework of enforcement proceedings concerning security for its financial assets.

3. Material accounting policies

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

4. Financial instrument categories and classes

Financial assets and liabilities broken down into categories (as per IAS 39) were as follows:

	End of period, June 30, 2010	End of period, December 31, 2009
Financial assets		
At fair value through profit or loss	-	-
Derivatives in hedging relationships	-	-
Investments held to maturity	-	-
Own receivables (including cash and cash equivalents)	68,849	74,645
Financial assets available for sale	80	80
Financial liabilities		
At fair value through profit or loss	-	-
Derivatives in hedging relationships	-	-
Financial liabilities	164,774	105,870
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 period, June 30, 2010	End of period, December 31, 2009
Receivables from related undertakings (Note 17)	873	474
Short-term receivables from other undertakings (Note 17)	53,969	63,294
Long-term receivables from other undertakings (Note 15)	3,916	4,916
Cash and cash equivalents (Note 19)	10,091	5,961
TOTAL	**68,849**	**74,645**

With regard to the financial liabilities category

	End of period, June 30, 2010	End of period, December 31, 2009
Liabilities arising from loans (Note 22)	16,232	10,319
Short-term liabilities to related undertakings (Note 25)	9,149	43

Short-term liabilities to other undertakings (Note 25)	66,001	69,850
Long-term liabilities to related undertakings (Note 24)	31,206	6
Liabilities arising from finance leases (Note 26)	39,912	25,607
Other financial liabilities (Note 26)	2,274	-
TOTAL	**164,774**	**105,827**

With regard to the Financial assets available for sale category, the Group holds shares in other undertakings amounting to PLN 80 thousand (Note 14), including 0.053% of shares in Górnośląskie Towarzystwo Lotnicze in Katowice. This is not a listed undertaking.

5. Fair value of financial instruments

According to the estimates of the Management Board of the parent undertaking, the values of individual financial instrument classes listed above do not differ significantly from their fair values; for shares in Górnośląskie Towarzystwo Lotnicze in Katowice, no reliable method exists for estimating their fair value.

6. Credit risk

Credit risk is the risk of a counterparty defaulting on its obligations, thus exposing the Group to financial losses. The Group operates 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 Group's exposure to the risk 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 Boards of Group companies.

The Group is not exposed to significant credit risk related to a single counterparty or a group of similar counterparties. There is no risk concentration linked to the existence of a single purchaser or a group of related purchasers from whom the Group would obtain revenues in excess of 10% of the total revenue amount, either.

The Group mitigates credit risk by concluding transactions only with creditworthy undertakings. Before cooperation is initiated, internal preliminary verification procedures are followed. Moreover, since receivable amounts are monitored on an ongoing basis, the Company's exposure to the risk of receivables becoming uncollectible is insignificant.

As concerns 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 June 30, 2010, financial asset impairment write-downs came to PLN 592 thousand (PLN 571 thousand as at December 31, 2009). These write-downs concern own receivables from other undertakings, of which PLN 237 thousand are receivables currently under litigation, and PLN 355 thousand are receivables which will likely prove uncollectible according to the Group's estimates.

As of 30.06.2010 and 31.12.2009, no financial asset items were present whose repayment terms had been renegotiated.

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

7. Foreign exchange risk

As regards foreign exchange risk, the Group is exposed to this type of risk through the sale or purchase transactions concluded in currency other than its functional currency.

As it has been stated in section "Accounting Principles – Foreign Currency Transactions", the Group, pursuant to IAS 1 §19, in the current financial statements, has partially departed from IAS 21, which consisted in that exchange rate differences arising on foreign currency leasing liabilities have been recognized as financial costs in a given reporting period only to the extent in which they referred to actually paid installments. The remaining amount of FX gains/losses was recognized as prepayments and accruals that will be recognized in financial costs in particular quarters, in which leasing installments will be paid. Prepayments and accruals will be modified by exchange rate differences arising on leasing liabilities (positive and negative) in future periods. Departure from IAS 21 will be applied by the Group until the foreign exchange rates stabilize at the level corresponding to the actual purchasing power of the Polish zloty.

Detailed calculations and financial consequences of the applied solution of presenting exchange differences on currency lease liabilities have been presented in Note 26: Other financial liabilities.

The balance sheet value of Company's financial assets and liabilities in foreign currencies as at the balance sheet date concerns trade receivables and trade, as well as liabilities arising from lease agreements. These values are as follows:

	Trade liabilities		**Lease liabilities**		**Trade receivables**	
	30/06/2010	**31/12/2009**	**30/06/2010**	**31/12/2009**	**30/06/2010**	**31/12/2009**
Currency - GBP	141					
Currency – EUR	1,680	2,284	4,199	5,340	1 181	1,835
Currency – USD	1,843	23,828	0	-	474	11,197
Currency – JPY			12,391	12,179	0	-
Currency – PLN	54,607	24,252	23,322	8,088	57,103	55,652
TOTAL	**58,272**	**50,364**	**39,912**	**25,607**	**58,758**	**68,684**

The departure from IAS 21 regarding valuation of lease liabilities has been applied.
If the foreign exchange rate had increased by 10% in relation to the balance sheet F/X valuation rates for EUR, USD and JPY currencies *ceteris paribus*, the Group's net result for 6 months ending on June 30, 2010, would have been lower by PLN 201 thousand, including PLN 50 thousand arising from assets and financial liabilities denominated in EUR, and PLN 137 thousand arising from assets and financial liabilities denominated in USD, and PLN 14 thousand arising from assets and financial liabilities denominated in GBP.

With full compliance with IAS 21.
If the foreign exchange rate had increased by 10% in relation to the balance sheet F/X valuation rates for EUR, USD and JPY currencies *ceteris paribus*, the Group's net result for 6 months ending on June 30, 2010, would have been lower by PLN 1,860 thousand, including PLN 470 thousand arising from assets and financial liabilities denominated in EUR, PLN 137 thousand arising from assets and financial liabilities denominated in USD, and PLN 1,239 thousand arising from liabilities denominated in JPY and PLN 14 thousand arising from assets and financial liabilities denominated in GBP.

The estimate of the FX risk's impact on the financial result presented above has been calculated using the symmetrical method, assuming that the FX rate gains and losses are closed at an equal level. Consequently, a 10% decrease in the FX rates of the aforementioned currencies will result in the increase of the financial result by a corresponding value.

8. Liquidity risk

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

The Group mitigates credit risk by concluding transactions only with creditworthy undertakings. Before cooperation is initiated, internal preliminary verification procedures are followed. Moreover, since receivable amounts are monitored on an ongoing basis, the Group's exposure to the risk of receivables becoming uncollectible is insignificant. As concerns the Group's other financial assets, including cash, deposits and investments in assets available for sale, the Group'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.

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

NOTE 32. SIGNIFICANT EVENTS DURING THE PERIOD

On January 22, 2010, as a result of procurement procedure for the "Construction and implementation of the Polish nation-wide ICT network to support the 112 emergency number", the Company concluded two contracts with the IT Project Center of the Ministry of Interior and Administration.

The object of the first of them was to design, construct, deliver and implement a nation-wide ICT network to support the 112 emergency number (OST 112). The value of the contract amounts to PLN 148,778,652.30 gross, with a possibility to increase up to PLN 151,778,652.30 gross. The deadline for performance of the contract was determined as December 23, 2011.

The object of the second concluded contract is to assemble the OST112 network and to provide data transmission services in it. The value of the contract amounts to PLN 218,238,650.80 gross, with a possibility to increase up to PLN 220,238,650.80 gross. The contract will be performed until December 31, 2013. The contract provides for conclusion of an annex concerning an extension of the period during which the Issuer will provide data transmission services until the end of 2016.

On May 13, 2010, as part of the implementation of the "Construction and implementation of the Polish nation-wide ICT network to support the 112 emergency number" contract, the Company concluded two agreements with Polish country-wide telecommunications operators.

The object of both agreements is to assemble the OST112 network and to provide data transmission services in it. The maximum value of the first agreement concluded with Telekomunikacja Polska S.A. amounts to PLN 104,915,517.26 net, and the maximum value of the second agreement concluded by Exatel S.A. amounts to PLN 71,780,092 net. The agreements will be performed until December 31, 2013.

The agreements provide for a possibility to extend the period of providing data transmission services by Telekomunikacja Polska S.A. and Exatel S.A. (hereinafter referred to as the Operator) to the end of 2016.

On June 1, 2010, the Company concluded with ATM Przedsiębiorstwo Produkcyjne Sp. z o.o. an agreement for the transfer to ATM S.A. of perpetual usufruct right to and ownership of buildings covering the real estate situated in Warsaw at Jubilerska 8a, of the area of 12,950 m2 for PLN 25,500,000 net.

The price of purchase of both properties was divided into 120 equal monthly installments, where the buyer is entitled to earlier repayment of the whole or part of the debt on any date and without incurring any additional costs on that account. Due to the arrangement of installments for the payment of the price, ATM S.A. will pay to the seller contractual interest of 8% per annum on the actual debt but not less than the average WIBOR rate plus 3%. The source of financing the purchase of the assets will be the Company's own funds.

ATM S.A. established for the Seller ordinary mortgage on the purchased perpetual usufruct right in the amount corresponding to the purchase price in order to secure the repayment of debt under the sales agreement.

The purchase of real estate by ATM S.A. was vital because of the necessity to regulate ownership of the land on which ATM S.A. has been providing collocation services for a few years (it has, among others, over 2000 m2 of collocation area there, most of which is already filled with clients) and plans to make other investment in that field as part of the ATM IC project worth PLN 321 million with granted government funding under Measure 4.5 of the "Operational Programme Innovative Economy 2007-2013" in the amount of PLN 72.3 million (Current Report No. 32/2009).

NOTE 33. EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.

NOTE 34. REMUNERATION OF STATUTORY AUDITORS

	End of period, June 30, 2010	End of period, December 31, 2009
Auditing of financial statements	-	93

Other certification services	23	23
Other services	5	-
	28	**116**

NOTE 35. DIFFERENCES IN COMPARISON TO PREVIOUSLY PUBLISHED FINANCIAL STATEMENTS

No significant events pertaining to previous years occurred that would have to be included in consolidated half-year financial statements for the financial year 2010. The comparable data included in 2010 statements do not differ from the data included in published 2009 statements.

NOTE 36. AVERAGE EMPLOYMENT INFORMATION

	For period from January 1 to June 30, 2010	For period from January 1 to June 30, 2009
Manual workers	17	24
Non-manual workers	466	437
Total employment	**483**	**461**

MANAGEMENT BOARD'S REPORT ON THE ACTIVITIES OF THE ATM S.A. GROUP OF COMPANIES FOR THE 1ST HALF OF 2010

1. Review of key economic and financial parameters

In the 1st half of 2010 the Group reported consolidated sales revenues of PLN 169.6 million and sales margin (revenues less variable cost of goods sold) of PLN 57.32 million. These are slightly better results as compared to the same period of the previous year (increase by 16% and 6% respectively).

Due to an increase of sales margin and stable own costs, the Group increased its operating profit from PLN 9.9 million to PLN 11.9 million, i.e. by over 20%.

It should be emphasized that the Group generated net profit of PLN 11.33 in the 1st half of 2010, i.e. an increase by 180% as compared to the same period of the previous year. It is the best result in the history of ATM S.A. and it confirms the Group's great potential as regards generating profit in a situation where the company's performance is not affected by the adverse conditions which were the effects of the financial crisis leading to the collapse of zloty's rate in the early 2009.

One should also pay attention to the increase of the Group's fixed assets by almost 20% to PLN 325.8 million. The increase is a result of the Group's heavy investment activity in the telecommunications segment, whose aim is to ensure stable increase of revenue and profit from this business in the future.

The results achieved in the 1st half of 2009 make the Group's operating potential more credible and promise a very good result in the whole year of 2010.

2. Events with significant impact on the undertaking's activities which occurred in the first half of the financial year and also afterwards, until the date on which financial statements were approved.

Telecommunications and value-added services

As regards provision of telecommunications services under the ATMAN brand, the Group may be satisfied with the 1st half of 2010. The upward trend of revenue and margins was continued both year to year and quarter to quarter. Operating profit for the 1st half of 2010 in the telecommunications segment increased by 15% as compared to the 2nd half of 2009. It is expected that growth in this segment will be maintained or oven increased due to additional revenue on the investments which have been already made in data centers. During the previous period, the Issuer continued to enhance its position as a leading provider of broadband data transmission which offers Internet access, collocation services, hosting, and other value-added telecommunications services provided under the ATMAN brand. The most important investment in the previous half year was the delivery of a new server room which started to provide services under the Telehouse.Poland brand. In the 1st half of 2010, ATMAN also launched a new international line to London, and is Poland's only operator present in all three European largest interconnect nodes (AMS-IX, DE-CIX, Linx). Now the Issuer's resources include two data centers with the total area of over 5,800 sq. m., 8 metropolitan fiber-optic networks in largest Polish cities, 4,500 km of long-distance lines and 4,400 km of international lines.

Expansion of ICT infrastructure of ATMAN network and company's data centers is accompanied by regular expansion of strategic customer portfolio. The group of customers from financial industry, encompassing among others; Amplico Life, Amplico PTE, Bank BPH, Bank Millennium, BRE Bank, KBC Warta and GETIN Bank, grown in the last days with the addition of following financial institutions: Bank BGŻ, Pramerica Życie Towarzystwo Ubezpieczeń i Reasekuracji, FM Bank, BRE Bank Hipoteczny and Związek Banków Polskich, representing the Polish banking industry.

The number of the Issuer's customers from the financial industry in the area of communications and value-added services provision rose by over 20% in the 2nd quarter of 2010.

ATMAN achieves equally good results in the rapidly growing media business. New agreements concluded in the 2nd quarter of this year concern, among others, provision of the dedicated service of sending digital signal via ATMAN's broadband data transmission network. The customers who have used this form of delivering digital signal include the biggest Polish broadcasters: Telewizja Polska, TVN, Cyfra+, MTV and Kino Polska.

All the agreements concluded in this area are long-term agreements, and the revenues are based on subscription payments.

Integration of ICT systems

The Group of Companies recorded significant profits in the integration service segment in the following quarter. Sales revenues reached the record amount of PLN 85 million in the 2nd quarter of 2010 (PLN 129 million in the whole 1st half of the current year), with a similar sales margin as in the first half of the particularly successful 2009. In the first half year this made it possible to generate operating income of over PLN 6 million, which was close to the one of the ICT segment.

One of the most important achievements of the first six months of the current year has been the performance of the biggest contract concerning the development and deployment of the Polish nation-wide ICT network for the 112 (OST112) emergency number. Thanks to that and other smaller long-term contracts, we have witnessed for the first time the desirable situation of higher predictability of revenue on integration services and smaller seasonal fluctuations. ATM Systemy Informatyczne Sp. z o.o. (ATM SI) is a company from the Issuer's Group of Companies which is responsible for the performance of the integration part of the contract and had the biggest contribution to the good results of the first half year.

ATM SI also developed sales of proprietary integration services on its traditional telecommunications operator market, in particular for cable network operators, mainly as regards expansion of infrastructure for Internet service provision. Implemented projects included device deployments for IP networks and applications supporting settlement and maintenance of Internet services for subscribers. Turnover in this area amounted to over PLN 7 million in the 1st quarter of 2010. The customers of ATM SI include the leaders of the Polish cable network market, such as: UPC Polska Sp. z o.o., Multimedia Polska SA, ASTER Sp. z o.o., Toya S.A., and other operators which operate on local markets.

It should be emphasized that ATM SI is one of the biggest Polish partners of the global manufacturer — Cisco Systems. Cooperation with Cisco develops very well and is a source of considerable income generated by offering Cisco's solutions on the ICT market, among others. In the 2nd quarter ATM SI signed another significant contract whose object is LAN expansion and upgrading, as well as maintenance services for one of the leading mobile carriers. Under the contract ATM SI will buy hardware, software and services of Cisco Systems and deploy the complete solution. Additionally, the solution will be covered by 5-year maintenance services, beginning on the day of implementation of the last module. The contract value exceeds PLN 8 million.

The KLK company, which specializes in integration services for uninterruptible power supply systems and in building and equipping server rooms, focused in the past half year on the performance of earlier contracts, including a contract for one of the biggest European financial institutions. In the 2nd quarter of the current year, another leading Web portal — INTERIA.PL became KLK's customer (KLK earlier implemented a similar project for Wirtualna Polska, among others). The data center upgrade project for the portal encompassed creating the fiber-optic cable infrastructure, expansion of existing UPS system, as well as delivery and installation of high-powered devices.

Other companies from the Group which specialize in dedicated application solutions for selected market segments, i.e. Sputnik Software (public administration), Impulsy (medical market), ATM Software (multimedia) were successfully performing numerous smaller contracts and orders in the 1st half of 2010.

Mobile payments

The Group conducts its operations in this segment through mPay S.A. which popularizes mobile payment system, which makes it a pioneer of such solutions in Poland. In the mobile payment segment, the Group reported a fourfold increase in revenue in the 1st half of 2010 as compared to the same period of 2009. The generated income amounted to PLN 1.08 million, which, together with a significant reduction of fixed costs, considerably improved the Company's performance decreasing operating loss from PLN 2.3 million in the 1st half year of 2009 to PLN 0.65 million in the current year.

3. Selected financial data

	30/06/2010	30/06/2009	30/06/2010	30/06/2009
	PLN '000 thousand		EUR '000 thousand	

Total sales revenues	169,576	145,996	42,349	32,311
Operating profit (loss)	11,874	9,877	2,965	2,186
Profit before tax	13,384	4,817	3,342	1,066
Net profit of parent undertaking shareholders	11,074	4,589	2,766	1,016
Net cash from operating activities	13,674	21,702	3,415	4,803
Net cash from financial activities	1,119	(6,216)	279	(1,376)
Net cash from investment activities	(10,662)	(13,711)	(2,663)	(3,035)
Increase (decrease) in cash	4,130	1,775	1,032	393
	30/06/2010	**31/12/2009**	**30/06/2010**	**31/12/2009**
Fixed assets	325,805	272,196	78,587	66,257
Current assets	105,587	94,523	25,468	23,008
Total assets	431,392	366,719	104,055	89,265
Long-term liabilities	60,121	20,862	14,502	5,078
Short-term liabilities	106,395	89,822	25,663	21,864
Equity	264,876	256,035	63,890	62,323
Share capital*	34,723	34,723	8,376	8,452
Parent undertaking shareholders' equity	256,579	247,817	61,889	60,322
Number of shares	36,343,344	36,343,344	36,343,344	36,343,344
Book value per share (PLN/EUR)	7.06	6.82	1.70	1.66
Diluted book value per share (in PLN/EUR)	7.06	6.82	1.70	1.66

* Share capital restated in accordance with IAS 29.

4. Other information that is important in evaluation of the position of ATM S.A. Group of Companies

The Issuer's strategic goal is primarily a stable development of the Group of Companies, which results in its increased goodwill. The adopted implementation strategy for this goal provides for development of the business areas which:

- present highest growth potential,
- generate stable revenue and profit,
- are least sensitive to external economic factors.

Taking into account the above assumptions, the Group's business will continue to focus on the two main areas: telecommunications service provision and system integration, while consistently implementing the adopted development strategy. By implementing the strategies from the previous years in both these areas, the Group was able to secure a strong position for rapid growth in 2010–2011, which has been already partly reflected in the financial results from the 1st half of the current year. Due to the growing demand for selected communications services and implementation of investment plans to meet this demand (delivery of considerable area in the new server room and plans to build more), rapid growth is assumed in the telecommunications business, in particular in services connected with data centers and broadband transmission.

The Group's less expected and unprecedented success was to ensure steady and predictable growth of the integration business, which is typically characterized by higher risk of seasonal fluctuations and is more sensitive to the economy. By obtaining long-term contracts and developing sales based on proprietary application solutions, the Group succeeded in increasing predictability and decreasing the impact of seasonality on sales revenues.

The third activity area, mobile payment services, has entailed heavy losses in previous years. In 2010, as a consequence of reducing the costs at the end of 2009 and with the expected increase of revenue, its adverse impact on the result will be of minor importance. In the coming years, it is very likely to contribute to the consolidated profit of the ATM Group.

5. Factors which will affect the performance of ATM S.A. Group of Companies during at least the following quarter

Due to the significant share of long-term contracts in sales revenue, further growth of sales revenues and profits in both operating segments (integration and telecommunications) is expected in the coming quarters, without the fluctuation of revenues on sales of system integration services, which was characteristic of the previous years.

As regards telecommunications service provision, the Issuer will be committed to maintain and strengthen its position as a leading provider of data center services. This allowed to launch a new Telehouse.Poland center in the 1st half of the year, where services are already provided at the highest, world level for first customers, and considerable area (3800 m2 in total) may be also offered to them. The previous ATMAN Grochowska data center of the area of 2000 sq. meters has been almost entirely used for providing services. Preparation of a new data center is an investment process which may take over two years. The Company has prepared new investments as part of the ATM Innovation Center which may be put into operation before the area in the Telehouse.Poland data center is entirely occupied. ATM will also focus on Internet access services and data transmission services for corporate clients and institutions aiming at significant development of the client portfolio in 2010-2011. Service delivery will be based on proprietary metropolitan and domestic fiber-optic networks, and on existing or extended wireless lines. ATMAN will also strive to maintain and strengthen its position on the wholesale market. These services will be based on the network of 12 AC-X access nodes which gather local operators and extended international lines: three Tier-1 transit providers and ATM S.A.'s participation in three European traffic exchange nodes in Frankfurt, Amsterdam and London.

In the system integration segment, the planned merger of the two biggest companies: ATM SI and KLK into one organization and use of smaller companies which operate on dedicated markets as partners specialized in offering special solutions, which allows the Group to be awarded bigger contracts as part of the integration business, should have a positive impact on the Group's performance. The objective of the merger is to create one of the biggest integrators in Poland, which would be able to obtain and implement the largest IT projects. An important part of the strategy is the focus on products and services which bring the best outcomes, in particular implemented on the basis of proprietary software and solutions which should ensure long-term and stable contracts.

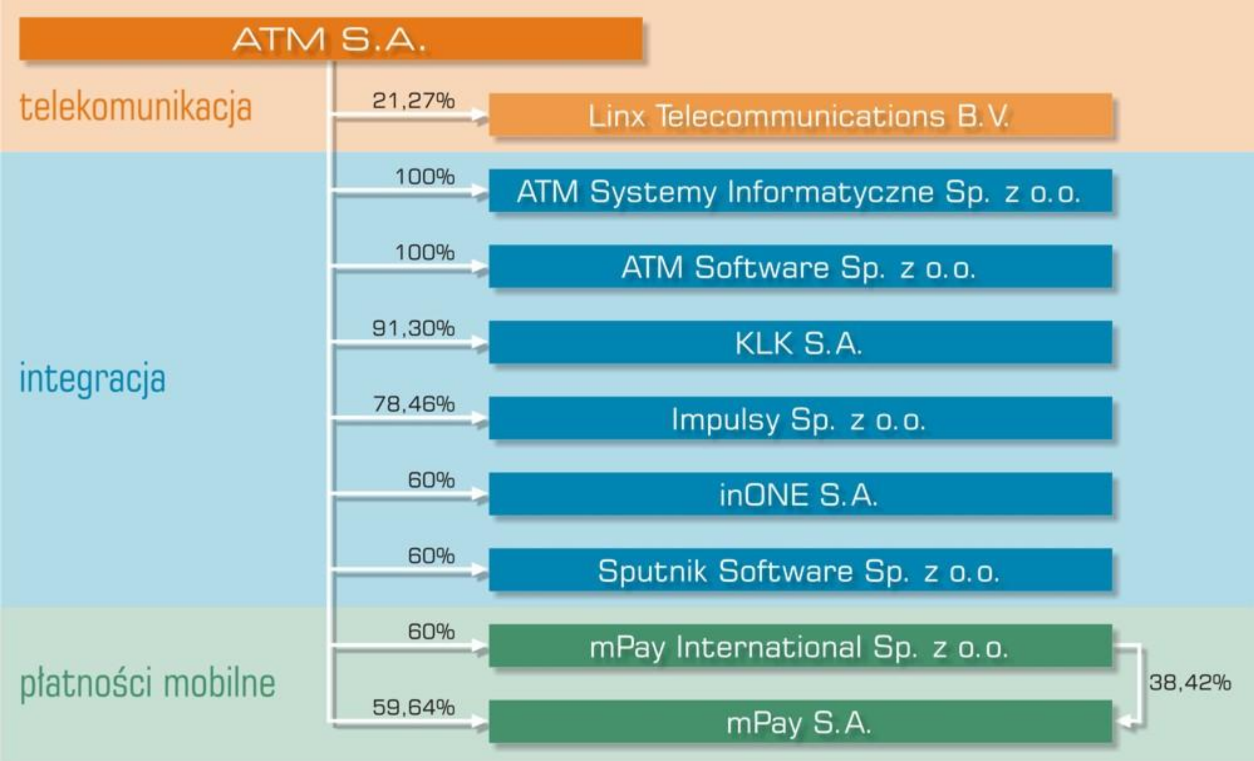
6. The position of the Management Board of ATM S.A. on the possibility of obtaining the previously published forecast results for a particular year at an earlier date

The Company did not publish its forecasts for 2010. However, the Management Board of the Issuer states that in the first quarter of 2010, the Company performed very well. Due to the obtained orders to be performed in the second half of the year, one may expect that 2010 will be particularly successful.

7. Organizational structure of ATM S.A. Group of Companies

ATM S.A., as the parent undertaking in the Group, focuses on telecommunications services and telecommunications-related value-added services. IT system integration services for various market segments are currently offered by other companies of the Group of Companies.

As at the publication date of this report, the composition of the Issuer's Group of Companies was as follows:



As at August 31, 2010, all the above companies were consolidated.

Telecommunications
Integration
Mobile payments

8. Changes to the organizational structure of ATM S.A. Group of Companies

In the first half of 2010, the following changes occurred with respect to the ATM S.A. Group of Companies:

On March 30, 2010, ATM S.A. acquired 10,800 shares of the KLK S.A. company. As a result of the operation, ATM S.A. now holds 91.30% of the share capital and has 91.30% votes at the General Meeting.

On April 22, 2010, 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 mPay S.A. by PLN 500,000, as a result of which acquisition of 1,000,000 shares by ATM S.A. was approved.

On June 1, 2010, a resolution on increasing the share capital of mPay S.A. was adopted, as a result of which ATM S.A. took up 600,000 shares for PLN 300,000.

In the 1st half of 2010 all the shares of ATM S.A. in iloggo Sp. z o.o. in liquidation were disposed of.

9. Shareholders holding at least 5% of the total number of votes at the General Meeting of Shareholders of ATM S.A. as at the report submission date

Name and surname or company name	Shares held	Stake in share capital	Number of votes at the GM	Share in the overall number of votes
Tadeusz Czichon	5,956,887	16.39%	5,956,887	16.39%
Polsat OFE	3,603,624	9.92%	3,603,624	9.92%
ING OFE	3,470,517	9.55%	3,470,517	9.55%

Roman Szwed	3,387,993	9.32%	3,387,993	9.32%
Piotr Puteczny*	1,817,500	5.00%	1,817,500	5.00%

*jointly with wife

No changes concerning the ownership of major Issuer's stakes have taken place since the submission of the previous quarterly report.

The figures above concern shares held by individuals as at the date hereof.

The data concerning POLSAT OFE and ING OFE refer to the number of shares owned by these shareholders on December 31, 2009 based on the *"Annual asset structure."*

10. SUMMARY OF CHANGES IN THE OWNERSHIP OF THE ISSUER'S SHARES OR STOCK OPTIONS BY THE ISSUER'S MANAGERS AND SUPERVISORS ACCORDING TO THE INFORMATION AVAILABLE TO THE ISSUER FOR THE PERIOD SINCE THE SUBMISSION OF THE LAST QUARTERLY REPORT

Full name	As at May 12, 2010	Increases	Decreases	As at August 31, 2010
Tadeusz Czichon	5,956,887	-	-	5,956,887
Roman Szwed	3,387,993	-	-	3,387,993
Maciej Krzyżanowski	55,408	-	-	55,408
Anna Bugajska	52,870	-	2,481	50,389
Tomasz Tuchołka	925	-	-	925

11. Information on material legal proceedings concerning the Issuer or companies from the Issuer's Group of Companies

At present, the Issuer or any of the companies from the Issuer's Group of Companies is not a party to any proceedings in which the amount in dispute would exceed 10% of the Issuer's equity.

12. Information on concluding by the Issuer or its subsidiary one or more transactions with related undertakings, if they are material separately or jointly and were concluded on conditions other than market conditions

During the period covered by this report the Issuer or its subsidiary did not conclude any transactions with related undertakings, neither separately nor jointly, which would be material and concluded on conditions other than market conditions.

13. Information regarding credit/loan securities or guarantees made by the Issuer or any of the Issuer's subsidiaries — jointly to one entity or subsidiary of that entity, if the total amount of the existing securities or guarantees equals at least 10% of the Issuer's equity

The Issuer granted a surety for the bill of exchange issued for ATM Systemy Informatyczne to the benefit of BRE Bank S.A. for the amount of PLN 9,000 thousand as a forward transaction hedge and for the amount of PLN 18,000 thousand as a stand-by loan hedge.

In addition, neither the Issuer nor its subsidiaries granted any credit/loan sureties or guaranties — jointly to one entity or subsidiary of that entity of the total amount of the existing sureties or guarantees which exceeds 10% of the Issuer's equity.

14. Risk factors

Risk related to the economic climate in Poland and worldwide

The demand for ICT system integration services provided by the companies of the Issuer's Group is correlated with the economic situation in Poland. A potential crisis in international financial markets or in Poland has direct consequences for the economy. This situation may result in decreasing growth dynamics as well as reduced or halted investments, which may result in lower numbers of orders in the ICT service sector. These factors may have a negative impact on the Issuer's activities, as well as on the Issuer's financial results. It should be noted, however, that the negative factors discussed above will not, in the Management Board's opinion, have any impact on the rapidly increasing demand for telecommunications services provided by the Issuer due to their nature. The limitations usually apply to investments and not to the purchase of ICT services which are crucial for operation of companies and organizations. Also, the potential decrease in sales of integration services for the telecommunications sector, which has a dominant share in the structure of the Issuer's revenues, should not be significant. To recapitulate, it seems that even if there is an economic crisis, the consolidated revenues of the Group's companies will continue to grow.

Risk related to research-and-development activities and investments

R&D investments entail, by definition, a higher degree of risk. The investment program carried out by ATM S.A. in that area assumed acceptance of a higher risk level. It should be emphasized that the Issuer is now focusing on using the produced innovative services to generate sales, and assesses the usefulness of further development of these products and services, which have not gained the expected market position within the planned period. The ATM S.A. Management Board has taken all reasonable measures to mitigate the risk of unnecessary investment. Investment processes and the progress of development works at subsidiaries are being closely monitored. The technical tests and pilot implementations have confirmed the feasibility of services, and the achievement of the intended technical parameters.

The most serious risk, due to the scale of the undertaking, is connected with the success of promoting a mobile payment system in Poland. It is operated by mPay S.A. The project was not implemented within the planned time limit and the deployment costs were higher than expected. As a consequence of the situation described above, the management board of the company was changed, as was the strategy of promoting the adoption of the mobile payments system. The company abandoned the plans to develop a payment acceptant network and obtain customers (system users) independently, and focused on market development by means of close cooperation with business partners operating in the market. mPay S.A. was transformed from an undertaking attempting to obtain end-users into a company offering its business partners a technology platform enabling them to increase their market penetration, upgrade their services, and increase profits. Positive effects of this strategy have already been visible. The Issuer's Management Board is monitoring the development of the company and its current stage of development provides ground for optimism.

Risk related to human resources

The Issuer's operations are successfully performed by highly qualified staff. The success and competitive edge of ATM S.A. is also created by the management. The loss of employees – experts and management personnel – caused by circumstances beyond the Issuer's control may be associated with the risk of decreasing the quality of provided services and solutions, as well as with possible delays in projects being deployed for customers. Negative effects may also result from illegal activities of the employees (e.g. causing damage to third parties, disloyalty involving, e.g., competitive activities, or disclosure of information containing company and professional secrets).

Experience gathered by the Company so far indicates that the personnel situation in the Group's companies is stable, the employees and management staff are involved in the development of their companies, and the fluctuations in the level of employment remain low.

MANAGEMENT BOARD STATEMENT

The ATM S.A. Management Board declares that according to its best knowledge, the half-year 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 group of companies and its financial performance and that the report on the activities of the Issuer's group of companies gives a true picture of the development, achievements and standing of the Issuer's group of companies, including most important risks and threats.

President of the Management Board	Vice-President of the Management Board	Vice-President of the Management Board
Roman Szwed	Tadeusz Czichon	Maciej Krzyżanowski

MANAGEMENT BOARD STATEMENT

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

President of the Management Board	Vice-President of the Management Board	Vice-President of the Management Board
Roman Szwed	Tadeusz Czichon	Maciej Krzyżanowski

FINANCIAL STATEMENTS OF ATM S.A. FOR THE PERIOD FROM JANUARY 1, 2010 TO JUNE 30, 2010

Submission date: 31.08.2010

Key Issuer details:

Full name of the Issuer: ATM SA
Short name of the Issuer: ATM
Sector according to Warsaw Stock Exchange classification: IT
Postal code: 04-186
City: Warsaw
Street name: Grochowska
Street number: 21a
Phone: (22) 51 56 660
Fax: (22) 51 56 600
e-mail: inwestor@atm.com.pl
Web site: www.atm.com.pl
NIP (VAT ID): 113-00-59-989
Regon (statistical number): 012677986
Entity authorized to perform audit: Deloitte Audyt sp. z o.o.

SELECTED FINANCIAL DATA

	30.06.2010	30.06.2009	31.12.2009	30.06.2010	30.06.2009	31.12.2009
	PLN '000 thousand			EUR '000 thousand		
Total sales revenues	58,123	79,493	138,005	14,516	17,593	31,794
Operating profit (loss)	6,403	10,420	15,889	1,599	2,306	3,661
Profit (loss) before tax	4,289	5,573	9,104	1,071	1,233	2,097
Net profit (loss)	3,895	4,725	7,743	973	1,046	1,784
Net cash from operating activities	11,527	13,570	34,984	2,879	3,001	8,060
Net cash from financial activities	(4,507)	(372)	(16,080)	(1,126)	(82)	(3,705)
Net cash from investment activities	(6,827)	(13,636)	(18,745)	(1,705)	(3,016)	(4,319)
Increase (decrease) in cash	194	(437)	158	48	(97)	36
Fixed assets	309,088	254,730	260,783	74,554	56,992	63,395
Current assets	58,206	66,169	57,933	14,040	14,804	14,102
Total assets	367,294	320,899	318,716	88,594	71,796	77,580
Long-term liabilities	55,831	22,092	16,539	13,467	4,943	4,026
Short-term liabilities	64,227	60,554	56,966	15,492	13,548	13,866
Equity	247,236	238,253	245,212	59,635	53,305	59,688
Share capital*	34,723	34,397	34,723	8,375	7,696	8,452
Number of shares	36,343,344	36,000,000	36,343,344	36,343,344	36,000,000	36,343,344
Book value per share (PLN/EUR)	6.80	6.62	6.75	1.64	1.48	1.63

* Share capital restated in accordance with IAS 29.

The above financial data as at 30.06.2010 have been converted into EUR according to the following principles:

- individual items of assets and liabilities were calculated using the average FX rate of the National Bank of Poland as at 30.06.2010 (PLN 4.1458 for EUR 1.00);
- individual items of the consolidated profit and loss account and consolidated cash flow statement were converted at the rate equal to the arithmetic mean of average rates determined by the National Bank of Poland at the last day of each month of the financial period (between January 1 and June 30, 2010), which was 4.0042 PLN/EUR.

The above financial data as at 30.06.2009 have been converted into EUR according to the following principles:

- individual items of assets and liabilities were calculated using the average FX rate of the National Bank of Poland as at 30.06.2009 (PLN 4.4696 for EUR 1.00);
- individual items of the consolidated profit and loss account and consolidated cash flow statement were converted at the rate equal to the arithmetic mean of average rates determined by the National Bank of Poland at the last day of each month of the financial period (between January 1 and June 30, 2009), which was 4.5184 PLN/EUR.

The above financial data as at 31.12.2009 have been converted into EUR according to the following principles:

- individual items of assets and liabilities were calculated using the average FX rate of the National Bank of Poland as at 31.12.2009 (PLN 4.1082 for EUR 1.00);
- individual items of the consolidated profit and loss account and consolidated cash flow statement were converted at the rate equal to the arithmetic mean of average rates determined by the National Bank of Poland at the last day of each month of the financial period (between January 1 and December 31, 2009), which was 4.3406 PLN/EUR.

TOTAL INCOME STATEMENT

	NOTE	End of period, June 30, 2010	End of period, June 30, 2009
Continued operations			
Sales revenues	3	58,123	79,493
Cost of goods sold (variable)	4	29,204	44,657
Cost of goods sold (fixed)	4	6,887	7,337
Gross profit (loss) on sales		**22,032**	**27,499**
Administrative costs	4	15,229	17,499
Other operating revenues	5	241	610
Other operating expenses	6	641	190
Operating profit (loss)		**6,403**	**10,420**
Financial revenues	7	316	516
Financial expenses	8	2,430	5,363
Net financial activity		**(2,114)**	**(4,847)**
Profit (loss) before tax		**4,289**	**5,573**
Income tax	9	394	848
Net profit (loss) on continued operations		**3,895**	**4,725**
Discontinued operations			
Net profit (loss) on discontinued operations		**-**	**-**
Net profit (loss)		**3,895**	**4,725**
Other comprehensive revenues			
Income tax on other comprehensive revenue items		-	-
Other comprehensive revenues (net)		**-**	-
Comprehensive revenues (total)		**3,895**	**4,725**
Profit (loss) per share			
From continued operations:			
Ordinary		0.11	0.13
Diluted		0.11	0.13
From continued and discontinued operations:			
Ordinary		0.11	0.13
Diluted		0.11	0.13

FINANCIAL SITUATION STATEMENT – ASSETS

	NOTES	End of period, June 30, 2010	End of period, December 31, 2009
Fixed assets			
Intangible assets	11	50,536	16,424
Property, plant and equipment	12	148,626	133,860
Shares in affiliates accounted for by equity method	13	63,487	63,487
Other financial assets	13	43,577	42,418
Deferred income tax assets	9	-	-
Other fixed assets	14	2,862	4,594
		309,088	**260,783**
Current assets			
Inventories	15	846	1,531
Financial assets held for trading	13	2,501	2,817
Trade and other receivables	16	45,022	45,804
Income tax receivables		308	308
Other current assets	17	6,954	5,092
Other financial receivables	17	-	-
Cash and cash equivalents	18	**2,575**	**2,381**
		58,206	***57,933***
Assets classified as held for sale			-
Total assets		**367,294**	**318,716**

FINANCIAL SITUATION STATEMENT – LIABILITIES

	NOTES	End of period, June 30, 2010	End of period, December 31, 2009
Equity			
Share capital	19	34,723	34,723
Share premium account		159,030	159,030
Revaluation reserve		-	-
Treasury shares		(2 335)	(8)
Capital reserves		37,325	29,584
Hedge valuation reserve and FX gains/losses due to consolidation		-	-
Retained earnings	19	18,493	21,883
		247,236	**245,212**
Long-term liabilities			
Bank and other loans	20		-
Provisions for deferred tax	9	2,268	1,874
Provisions for liabilities		-	-
Trade and other liabilities	22	31,465	378
Other financial liabilities	24	22,098	14,287
		55,831	**16,539**
Short-term liabilities			
Bank and other loans	20	9,056	3,136
Trade and other liabilities	23	40,778	43,357
Income tax liabilities		-	-
Provisions for liabilities		-	-
Other financial liabilities	24	14,393	10,472
		64,227	**56,965**
Liabilities related directly to fixed assets classified as held for sale		-	-
Total liabilities		**367,294**	**318,716**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Core capital	Share premium	Treasury shares	Capital reserve	Retained earnings	Total shareholders' equity
As at 01.01.2009	**34,397**	**157,252**	**(1,984)**	**20,831**	**23,047**	**233,543**
Increases:						
Current period results	-	-	-	-	**4,725**	**4,725**
Profit distribution to be allocated to equity	**-**	**-**	**-**	**10,452**	**-**	**10,452**
Decreases:						
Profit distribution to be allocated to equity	**-**	**-**	**-**	**-**	**10,452**	**10,452**
Purchase of treasury shares	**-**	**-**	**16**	**-**	**-**	**16**
As at 30.06.2009	**34,397**	**157,252**	**(2,000)**	**31,284**	**17,320**	**238,253**

	Core capital	Share premium	Treasury shares	Capital reserve	Retained earnings	Total shareholders' equity
As at 01.01.2010	**34,723**	**159,030**	**(8)**	**29,584**	**21,883**	**245,212**
Increases:						
Current period results	**-**	**-**	**-**	**-**	**3,895**	**3,895**
Shares taken up under share option plan	**-**	**-**	**8**	**-**	**-**	**8**
Incentive Scheme Valuation	**-**	**-**	**-**	**-**	**456**	**457**
Profit distribution to be allocated to equity	**-**	**-**	**-**	**7,741**	**-**	**7,742**
Decreases:						
Profit distribution to be allocated to equity	**-**	**-**	**-**	**-**	**7,741**	**7,742**
Purchase of treasury shares	**-**	**-**	**2,335**	**-**	**-**	**2,335**
As at 30.06.2010	**34,723**	**159,030**	**(2,335)**	**37,325**	**18,493**	**247,236**

CASH FLOW STATEMENT

	End of period, June 30, 2010	End of period, June 30, 2009
Operating activities		
Profit (loss) before tax	*4,289*	5,573
Adjustment (items):	*7,238*	7,988
Amortization and depreciation	*8,113*	7,603
FX gains/losses	*1,244*	1,345
Interest received	*(75)*	(136)
Interest paid	*1,312*	1,050
Dividends received	-	-
Profit (loss) on investment activities	*98*	(410)
Movements in inventories	*735*	2,331
Movements in receivables	*3,394*	13,236
Movements in liabilities and provisions	*(7,686)*	(14,559)
Movements in other assets	*(67)*	185
Income tax paid	-	(522)
Other	*170*	(2,126)
	11,527	**13,570**
Investment activities		
Expenses on property, plant and equipment purchases	*(14,158)*	(18,235)
Expenses on financial asset purchases	*(1,069)*	(3,743)
Loans granted	-	(90)
Revenues from property, plant and equipment sale	*8,071*	8,053
Revenues from financial asset sale	-	-
Loan repayment	*375*	500
Interest received	-	-
Dividends received	-	-
FX gains/losses	*(46)*	(121)
	(6,827)	**(13,636)**
Financial activities		
Net proceeds from issue of shares		-
Subsidies received		-
Proceeds from loans	*5,920*	3,732
Repayment of loans		-
Purchase of treasury shares	*(2,327)*	(16)
Sale of treasury shares under incentive scheme		-
Payment of liabilities arising from finance leases	*(6,449)*	(3,260)
Dividends paid		-
Interest received	*8*	78
Interest paid	*(1,312)*	(1,050)
FX gains/losses	*(354)*	48
Other	*8*	97
	(4,507)	**(372)**

Movements in cash	***194***	**(437)**
Opening balance of cash	*2,381*	2,223
Closing balance of cash	***2,575***	**1,786**

ADDITIONAL NOTES

NOTE 1. BASIC INFORMATION

1. Information about the company

ATM S.A. is a joint stock company. The Company launched its operations in 1993 as ATM Sp. z o.o. (limited liability company). On July 10, 1997, ATM Sp. z o.o. was transformed into a joint stock company pursuant to the notarial deed drawn up at the Notarial Office in Raszyn on May 16, 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 National Court Register entry No. KRS 0000034947.

ATM S.A. is listed on the Warsaw Stock Exchange. The ownership structure as at June 30, 2010 and December 31, 2009 has been presented in Note 19.

According to the Warsaw Stock Exchange classification, the core business of the Company concerns the IT sector. The Company's core business includes telecommunications and value added services, including Internet access for telecommunications providers and corporate customers, the lease of transmission lines, telecommunications outsourcing, collocation and other value added services.

As at June 30, 2010, the Management Board was composed of:

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

The Supervisory Board as at June 30, 2010 was composed of:

- Jan Wojtyński – Chairman
- Tomasz Tuchołka – Deputy Chairman
- Sławomir Kamiński — Member
- Mirosław Panek – Member
- Zbigniew Mazur – Member

2. Grounds for the drawing up of financial statements

These 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 governed thereby in accordance with the requirements of the Accounting Act of September 29, 1994 (Journal of Laws [Dz.U.] 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 February 19, 2009 regarding current and periodical information submitted by issuers of securities and the conditions of recognizing equivalent information complying with regulations of a non-member state (Journal of Laws [Dz.U.] of 2009, No. 33, item 259, as amended).

NOTE 2. **MATERIAL ACCOUNTING POLICIES**

The financial 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.

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. Compliance statement

The financial statements of the ATM S.A. Group for the period ending on June 30, 2010 and comparable data for the financial year ending on December 31, 2009 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 implemented for the first time in 2010

The following amendments to the existing standards issued by the International Accounting Standards Board as approved by the EU come into force in 2010:

- **IFRS 1 (revised) "First-time Adoption of International Financial Reporting Standards"** approved by the EU on November 25, 2009 (effective for annual periods beginning on or after January 1, 2010),
- **IFRS 3 (revised) „Business Combinations"** approved by the EU on June 3, 2009 (effective for annual periods beginning on or after July 1, 2009),
- **Amendments to IFRS 1 "First-time Adoption of IFRS"** – additional exemptions for First-time Adopters of IFRSs, approved by the EU on June 23, 2010 (effective for annual periods beginning on or after January 1, 2010),
- **Amendments to IFRS 2 "Share-based Payment" — Group Cash-settled Share-based Payment Transactions** approved by the EU on March 23, 2010 (effective for annual periods beginning on or after January 1, 2010),
- **Amendments to IAS 27 "Consolidated and Separate Financial Statements"** approved by the EU on June 3, 2009 (effective for annual periods beginning on or after July 1, 2009),
- **Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" —** Eligible Hedged Items approved by the EU on September 15, 2009 (effective for annual periods beginning on or after July 1, 2009),
- **Amendments to various standards and interpretations "Improvements to IFRSs (2009) —** amendments made under the procedure of making annual amendments to IFRSs, published on April 16, 2009 (IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9 and IFRIC 16), focused mainly on areas of inconsistency and where a clarification of wording is required, approved by the EU on March 23, 2010 (effective for annual periods beginning on or after January 1, 2010),
- **IFRIC Interpretation 12 "Service Concession Arrangements"** approved by the EU on March 25, 2009 (effective for annual periods beginning on or after March 30, 2009),
- **IFRIC Interpretation 15 "Arrangement for the Construction of Real Estate"** approved by the EU on July 22, 2009 (effective for annual periods beginning on or after January 1, 2010),

- **IFRIC Interpretation 16 "Hedges of a Net Investment in a Foreign Operation"** approved by the EU on June 4, 2009 (effective for annual periods beginning on or after July 1, 2009),

- **IFRIC Interpretation 17 "Distribution of Non-cash Assets to Owners"** approved by the EU on November 26, 2009 (effective for annual periods beginning on or after November 1, 2009),

- **IFRIC Interpretation 18 „Transfer of Assets from Customers"** approved by the EU on November 27, 2009 (effective for annual periods beginning on or after November 1, 2009).

The above standards, interpretations and amendments to standards did not have a significant impact on the accounting policy applied by the entity.

Standards and interpretations that have been published and approved by the EU but have not come into force yet

In the approval of this consolidated financial statements, the Group did not apply the following standards, amendments to standards and interpretations that had already been published and approved for application within the EU, but have not come into force yet:

- **Amendments to IAS 24 "Related Party Disclosure"** — simplification of the disclosure requirements that apply to state-controlled entities and amendment of the definition of a related party to clarify the intended meaning, approved by the EU on July 19, 2010 (effective for annual periods beginning on or after January 1, 2011).

- **Amendments to IAS 32 "Financial instruments: presentation"** – Classification of Rights Issues, approved by the EU on December 23, 2009 (effective for annual periods beginning on or after February 1, 2010),

- **Amendments to IFRS 1 "First-time Adoption of IFRS"** – limited exemptions from Capital Comparative IFRS 7 Disclosures for First-time Adopters of IFRSs, approved by the EU on June 30, 2010 (effective for annual periods beginning on or after July 1, 2010),

- **Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction"** – prepayments for minimum funding contributions, approved by the EU on July 19, 2010 (effective for annual periods beginning on or after January 1, 2011),

- **IFRIC Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments" approved by the EU on July 23, 2010 (effective for annual periods beginning on or after July 1, 2010).**

The entity decided not to apply the standards, amendments to standards and interpretations mentioned above earlier than required. According to the estimates of the entity, the abovementioned standards, interpretations and amendments to these standards would not have significant impact on financial statements if they had been applied by the entity as at the balance sheet date.

Standards and interpretations adopted by IASB but not yet approved by the EU

IFRS as approved by the EU are not significantly different from the regulations adopted by the International Accounting Standards Board, except for the standards, amendments to standards and interpretations listed below, which on the date of the financial report publication have not been yet adopted for application as at June 30, 2010:

- **IFRS 9 „Financial Instruments"** (effective for annual periods beginning on or after January 1, 2013),

- **Amendments to various standards and interpretations "Improvements to IFRSs (2010) —** amendments made under the procedure of making annual amendments to IFRSs, published on May 6, 2010 (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13), focused mainly on areas of inconsistency and where a clarification of wording is required (effective for annual periods beginning on or after January 1, 2013).

According to the estimates of the entity, the abovementioned standards, interpretations and amendments to these standards would not have significant impact on financial statements if they had been applied by the entity as at the balance sheet date.

At the same time, besides the regulations adopted by the EU, there is also asset and liability portfolio hedge accounting, which has not been fully approved for application within the EU.

According to the Group's estimates, application of the asset and liability portfolio hedge accounting in accordance with **IAS 39 "Financial instruments: Recognition and Measurement"** would not have significant impact on financial statements if they had been fully approved for application as at the balance sheet date.

3. Management Board estimates

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 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 the 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 forward-looking assumptions adopted, 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 concerns employee benefits, the Company is not party to any wage bargaining agreements or collective employment agreements. Moreover, the Company does not participate in any pension schemes managed directly by the Company or by external funds. The 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 Labor Code provisions at the end of their employment period. Short-term employee benefit liabilities are valued according to general principles. Due to the immaterial 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.

b) long-term contracts

The Company determines the completion stage of long-term contracts by determining the proportion of the project costs already incurred to total estimated project costs. Due to the nature of the projects implemented and the possibility that unforeseen difficulties emerge in relation to project implementation, it may turn out that total actual 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 revenue recognized.

c) bonuses from manufacturers for achieving the annual sales volume

The Company estimates expected bonuses from manufacturers which should be awarded to the Company for orders placed during the financial year. The bonus is estimated based on historical data and information on a contractor's current promotional campaigns.

d) other

Apart from the aforementioned issues, the Company makes regular (at least annual — on the balance sheet date) estimates concerning the correct determination of life of individual fixed assets, the 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

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company 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 Company controls another entity.

Affiliates

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

Intangible assets

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

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 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 known;
- technical and financial resources required to complete development work and to use and sell the asset will be secured;
- it is possible to reliably determine the expenditure incurred during development work.

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

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 assets. However, the expenses incurred in order to obtain such rights in the secondary market (from other undertakings) and the expenses related to the granting of such rights by competent state authorities are recognized as intangible assets and are amortized over the contractual period during which the entity can use such rights.

The rates adopted for the amortization of intangibles reflect their predicted useful life. The Company does not have intangible assets with indefinite useful life. Intangible assets with definite useful lives are amortized on a straight-line basis. The useful lives for individual intangible assets are as follows:

obtained 99-year lease rights	100 years
software licenses	2 years
development work	3 to 5 years
trademarks	5 years
copyrights	5 years

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

On the balance sheet date, intangibles are valued at cost less amortization charges and any impairment charges.

Property, plant and equipment

Property, plant and equipment includes fixed assets and expenditure for fixed assets under construction which the unit 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 unit. Fixed asset expenditure includes the investment expenditure incurred, as well as expenditure incurred in relation to the future supplies of machinery, equipment and services related to the construction of fixed assets (payments on account).

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

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

Fixed assets under construction for production, lease or administration purposes, as well as for purposes which have been not defined yet, are recognized in the financial position statement at cost of production less recognized impairment charges. Manufacturing cost covers fees and, for relevant assets, borrowing costs capitalized in accordance with the Company's accounting principles. Depreciation of these fixed assets starts at the moment when they start to be used, in accordance with the principles concerning other fixed assets.

The rates adopted for the depreciation of fixed assets, including components and specialist replacement parts, reflect their predicted period of useful life. Useful life estimates are verified annually. The declining balance depreciation method is used for fixed asset depreciation. The 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
means of transportation	from 5 to 7 years
other fixed assets	from 4 to 10 years

Own land is not subject to depreciation. The Company 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 amortized over their predicted period of useful life.
Fixed assets and fixed assets under construction are tested for impairment where there are circumstances indicating impairment; for fixed assets under construction in the development stage the potential impairment is determined on every balance sheet date. The effects of impairment of fixed assets and fixed assets under construction are recognized as other operating expenses.

On the balance sheet date, fixed assets and fixed assets under construction are valued at cost less depreciation charges and any impairment charges.

Financial assets

The Company classifies financial assets to one of the following categories: financial assets at fair value through profit or loss, loans granted and own receivables, financial assets held to maturity and financial assets available for sale. The classification of individual financial assets depends on the purpose of the financial asset, the 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 or loss. The reclassification in and out of the financial assets at fair value through profit or loss category is prohibited.

a) Financial assets at fair value through profit or loss

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 to this category where they are held for the purpose of selling in the short term. Financial instruments (except hedging instruments) are also classified to the held for trading financial asset category.

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

b) Loans granted and own receivables

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

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

c) Financial assets held to maturity

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

Financial assets held to maturity are initially recognized at fair value together with transaction costs, unless these are irrelevant. On the balance sheet date, this category is measured at amortized cost using the effective interest rate method.

d) Financial assets available for sale

The Company includes among financial assets available for sale 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 Company 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 irrelevant. On the balance sheet date, this category is valued 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 Company 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 recognized 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 Company 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 asset.

Financial instruments and hedges

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

During the periods included in the financial statements, the Company did not use hedge accounting.

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 work in process.

Materials and goods are initially valued at acquisition price. On the balance sheet date, materials and goods are valued in a conservative manner, i.e. these categories are valued at the lower of acquisition price or possible sales value.

Finished products and work in process are initially valued at actual cost of production. On the balance sheet date, finished products and work in process 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 years10%
    - goods remaining in warehouse from 2 to 3 years 30%
    - goods remaining in warehouse from 3 to 4 years 50%
    - goods remaining in warehouse more than 5 years100%

- materials inventories:
    - the value of materials is recognized in the cost of goods sold over 5 years on a straight line basis.

Inventory accounting is based on detailed identification for items allocated to specific projects or on the 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.

Trade and other receivables

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 amortized cost using 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 put in liquidation or bankruptcy – the amount of receivables not secured,
- from debtors where a petition in bankruptcy has been dismissed – 100% of the amount of receivables,
- disputed receivables or receivables that are overdue and payment is not probable – the amount of receivables not secured,
- receivables equivalent to the amounts added back to receivables – in those amounts,
- receivables that are overdue or not overdue but it is highly probable 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 books 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.

Other current and fixed assets

Other current assets include prepayments. This category includes expenses incurred constituting 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 books and valued on the balance sheet date according to the principles described in the “Foreign Currency Transactions” section. For the purposes of the cash flow statement, 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 amortized cost using the effective interest rate method. Authorized overdrafts for which no repayment schedules have been set are an exception. For such loans, the costs related to obtaining them and other fees are charged to financial expenses during the period when they are incurred. In other cases, financial expenses, including the fees due on repayment or forgiveness and the direct costs of contracting loans, are recognized in the profit and loss account using the effective interest rate method, and increase the book value of the instrument, accounting for the 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. As at the balance sheet date, liabilities are measured at amortized 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 time value of money is significant, the amount of provision is determined by discounting expected cash outflows to their present values using the discount rate that reflects the current market assessments of the time value of money, 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 Company expects that the 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 reimbursement will be received.

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

As regards employee benefits, the Company is not party to any wage bargaining agreements or collective employment agreements. Moreover, the Company does not participate in any pension schemes managed directly by the Company or by external funds. The 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 Labor Code 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 immaterial 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 rate:

- actually applied on that date, resulting from the nature of the operation – in the case of foreign exchange sale or purchase transaction, or receivables or liabilities payment,
- the average exchange rate determined for the currency in question by the National Bank of Poland on the date in question, unless another exchange rate was 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 currency in question published by the National Bank of Poland for the balance sheet date. Foreign exchange 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 Company core business (operations) are recognized as financial expenses 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	NBP average exchange rate as at 30.06.2010	NBP average exchange rate as at 30.06.2009	NBP average exchange rate as at 31.12.2009
EUR	4.1458	4.4696	4.1082
USD	3.3946	3.1733	2.8503
JPY 100	3.8297	3.3219	3.0890

Pursuant to IAS 1 *Presentation of Financial Statements*, Art. 19, the Management Board of the Issuer decided that the application of IAS 21 *The Effects of Changes in Foreign Exchange Rates* to the valuation of liabilities arising from lease agreements in foreign currencies will be misleading, and consequently the financial statement will not fulfill its objectives specified in Conceptual Assumptions. Due to the above, the Company shall depart from full compliance with this requirement beginning with the financial statements for 2008 and implemented its modification discussed below.

Pursuant to IAS 21.28, FX gains/losses on revaluation of leasing liabilities as a result of exchange rate differences should be recognized in the financial profit/loss of the current reporting period. Due to the global financial crisis, starting from Q4 of 2008, significant and rapid foreign exchange rate fluctuations have been taking place. In this situation, recognition of valuation of foreign currency leasing liabilities in the profit and loss account would result in significant differences in the Company's profit in the reporting period which would not reflect the Company's actual business. Only a minor part of FX gains/losses on leasing liabilities, that is those referring to installments repaid in a given reporting period, refers to current reporting period, whereas a majority of them refer to precisely specified future periods, in which subsequent leasing installments will be due. Profit/loss on revaluation of leasing liabilities will be actually realized (it will impact the Company’s finance) in future periods, taking into account actual FX rates as at the dates of lease installment payments.

Therefore, pursuant to IAS 1 Article 19, the Company has partially departed (for the first time in the financial statements for 2008) from IAS 21, which consisted in that exchange rate differences arising on foreign currency leasing liabilities have been recognized as financial costs in a given reporting period only to the extent in which they referred to actually paid installments. The remaining amount of FX gains/losses was recognized as prepayments and accruals that will be recognized in financial costs in individual months, in which leasing installments will be paid. Prepayments and accruals are modified by FX gains/losses on leasing liabilities. The departure from IAS 21 is applied by the Company in the current financial statements as well.

Detailed calculations and financial consequences of the applied solution of presenting exchange differences on currency lease liabilities have been presented in Note 24: Other financial liabilities.

Leases

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

Assets used pursuant to finance lease agreements are treated as Company assets and are valued at the lower of the fair value of the asset at the acquisition date and the present value of the minimum lease payments. The liability arising to the lessor is presented in the balance sheet under other financial liabilities. Lease payment is apportioned between the interest and the principal so that the interest rate on the liability outstanding remains constant. Interest expenses are recognized as financial expenses in the profit and loss account.

Operating lease payments are recognized as an expense in the profit and loss account over the lease term using the straight-line method. The benefits received and outstanding as an incentive to conclude an operating lease agreement are recognized in the profit and loss account over the lease term using the straight-line method.

Impairment

At each balance sheet date, the Company 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 the asset does not generate cash flows that are largely independent of the 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 less costs to sell 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 the time value of money and the risks specific to the asset (if any).

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

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

Where impairment is reversed, the net value of an asset is increased to match the new estimated recoverable amount, which cannot be higher, however, than the net value of this asset that 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.

Revenues

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

Sales revenues from sales with deferred payment are recognized after deducting discount.

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

Revenues from services provided are recognized based on the stage of completion. Where the result of the service cannot be determined reliably, the revenue arising from it is only recognized to the extent of the expenses incurred which the Company expects to recover. Where the sale price of the service in question 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 relative to the principal amount outstanding 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 purchase or production of assets which require more time to be made fit for use are recognized in production costs of such items until the assets are generally ready for the intended use or sale.

Investment income gained as a result of short-term investments of borrowed funds used directly for funding purchase or production of assets decreases the amount of borrowing costs to be capitalized.

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

The above capitalization principles are not applied to:
- assets measured at fair value and
- inventories of high rotation and produced in considerable amounts on a continuous basis.

Government subsidies

Subsidies are not recognized until it is reasonably certain that the Company will fulfill necessary requirements and will be granted such subsidies.

Advantages arising from being granted a government loan below the market interest rates are treated as subsidies and measured as the difference between the amount of the loan granted and the fair value of the loan determined by applying a relevant market interest rate.

Subsidies whose fundamental condition is purchase or production of fixed assets by the Company are recognized in the financial position statement under accruals and are systematically recognized in the profit and loss account during the expected period of economic use of the assets.

Other subsidies are systematically recognized under revenues in a period necessary to offset costs which were to be offset by the subsidies. Subsidies due as reimbursement of costs or losses incurred, or as a form of direct financial support for the Company without incurring future costs are recognized in the profit and loss account for the period in which they are due.

Principles relevant for recognizing subsidies as fixed assets are also used for free of charge fixed asset acquisition transactions.

Costs of employee benefits

Short-term employee benefits — including payments to schemes of certain premiums — are recognized in the period when the Company received the benefit from the employee, and for payments from profit or bonuses when the following conditions are met:

- The Company is legally or customarily expected to meet an obligation to make payments as a result of past events and
- The event may be reliably assessed.

In the case of benefits on account of paid absences, employee benefits are recognized in cumulative paid absences upon performance of work which increases the entitlement to future paid absences. In the case of non-cumulative paid absences, benefits are recognized upon their occurrence.

Employee benefit liabilities are recognized as cost, unless they are manufacturing costs of assets.

Incentive Scheme

On June 5, 2008, the Ordinary General Meeting of ATM S.A. approved the Incentive Scheme Regulations for employees of ATM S.A. Group of Companies. The scheme is aimed at Company employees and partners, as well as members of the Management Boards and other employees and partners of ATM S.A. Group of Companies. As part of this scheme, in 2008-2010, the Company Management Board granted share purchase options to selected employees. Based on these options, the authorized persons will be able to purchase Company shares at the face value.

The Company allocated capital reserve of PLN 13.5 million 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 the taxable profit (tax base) for a given financial year. Tax profit (loss) differs from accounting net profit (loss) due to the exclusion of taxable revenues 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 the tax rates applicable to the financial year in question.

Deferred tax is calculated using the balance method as the tax to be paid or returned in the future based on the 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 Company. The deferred tax asset or deferred tax provision is not recognized where the 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. 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 the 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. On the balance sheet, income tax assets and liabilities are offset to the extent the liability is payable to the same tax office.

The Company compensates deferred income tax assets and deferred income tax provisions, and recognizes the outcome of the compensation in balance sheet assets or liabilities, respectively.

NOTE 3. SALES REVENUES

	For period from January 1 to June 30, 2010	For period from January 1 to June 30, 2009
Revenues from sales of products	51,574	59,472
Revenues from sales of goods and materials	6,549	20,021
Total sales revenues	**58,123**	**79,493**
of which:		
- to affiliates and subsidiaries	6,510	4,981

The amounts arising from re-invoicing of the integration business between ATM SA and ATM SI (PLN 82,045 thousand) were excluded from revenues.

Main products

DURING THE CURRENT REPORTING PERIOD, THE ISSUER CONDUCTS ONLY SALES OF TELECOMMUNICATIONS SERVICES WITHOUT DIVIDING THEM INTO SEPARATE PRODUCT GROUPS. OPERATING SEGMENTS

In accordance with IFRS 8.4, the entity recognizes data concerning operating segments in consolidated statements.

Geographical operation segments as at June 30, 2010 and 2009

	For period from January 1 to June 30, 2010	For period from January 1 to June 30, 2009
Domestic sales	56,742	77,456
Exports	1,381	2,037
Total sales revenues	**58,123**	**79,493**

NOTE 4. **OPERATING EXPENSES**

	For period from January 1 to June 30, 2010	For period from January 1 to June 30, 2009
Cost of goods sold (variable)	*29,204*	44,657
Cost of goods sold (fixed)	*6,887*	7,337
General and administrative costs	*15,229*	17,499
Total costs related to core operations	***51,320***	**69,493**
of which:		
Amortization and depreciation	*8,113*	7,603
Adjustment for fixed asset subsidies granted	*(197)*	(2,127)
Consumption of materials and energy	*4,445*	3,442
Outsourcing	*23,917*	31,075
Payroll	*7,165*	10,782
Employee benefits	*1,435*	2,133
Taxes and other charges	*797*	852
Other	*(675)*	(1,387)
Value of goods and materials sold	*6,320*	17,120
	51,320	**69,493**

The amounts arising from re-invoicing of the integration business between ATM SA and ATM SI (PLN 82,045 thousand) were excluded from costs.

In 2009, operating activities in the area of integrated ICT infrastructure systems was transferred from ATM S.A. to ATM Systemy informatyczne sp. z o.o, owned in 100% by the Issuer. Note 29 contains the consolidated statement of comprehensive income of ATM S.A. and ATM Systemy Informatyczne Sp. z o.o., which allows for a comparison of revenues and costs realized in the 1st half of 2010 with the costs incurred by the Issuer and ATM Systemy Informatyczne Sp. z o.o. in the same period. The 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 costs

	For period from January 1 to June 30, 2010	For period from January 1 to June 30, 2009
Payroll	*7,165*	10,782
Social insurance costs	*1,147*	1,792
Pension benefit costs	-	-
Other benefits after the employment period	-	-
Charges to Enterprise Social Benefit Fund	*36*	39
Other employee benefits	*252*	302
	8,600	**12,915**

Payroll

Salary 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 share-based payment.

Employee benefits

Social insurance costs for the Group's undertakings include pension, disability and accident insurance benefits as well as contributions to the Guaranteed Benefit Fund (*Fundusz Gwarantowanych Świadczeń*) and Labor Fund (*Fundusz Pracy*). In 2009 and until April 1, 2010, those contributions amounted to 17.77% of the contribution calculation base determined pursuant to applicable laws, and since April 1, 2010, they have amounted to 17.99% of the contribution calculation base.

Pension benefit costs include retirement severance paid to employees pursuant to the Labor Code. 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 the immaterial 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. In 2010 the Company did not pay any retirement severance benefits.

ATM S.A. is under the obligation to establish the Enterprise Social Benefit Fund (ESBF). Charges to this fund are recognized as Company operating expenses and the money allocated to the fund has to be blocked in a separate bank account. In the financial statements, fund assets and liabilities are presented in net terms. Due to the nature of the fund's operations, the fund's assets equal its liabilities. The amounts of funds in the Enterprise Social Benefit Fund as at June 30, 2010 and December 31, 2009 were PLN 127 thousand and PLN 106 thousand, respectively.

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

Costs of research and development

	For period from January 1 to June 30, 2010	For period from January 1 to June 30, 2009
Costs included directly in costs related to core operations	*-*	-
Amortization costs related to deferred development work costs	*1,446*	1,689
	1,446	**1,689**

Development work costs are recognized as intangible assets after the conditions described in Note 2 have been met and according to the principles described in Note 2. The amortization of capitalized development work costs is charged to general and administrative costs. Costs incurred in the research work stage and expenditure that does not meet the conditions required in order to be recognized as assets are directly charged to Company operating expenses as general and administrative costs.

NOTE 5. **OTHER OPERATING REVENUE**

	For period from January 1 to June 30, 2010	For period from January 1 to June 30, 2009
Profit from the sale of fixed assets	-	417
Reversal of receivable write-downs	65	51
Damages received	168	70
Subsidies received	-	-
Other	8	72
	241	**610**

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

Other operating revenues also include reversals of receivable and inventory write-downs, as well as write-downs related to property, plant and equipment impairment. Other operating revenues include revenues from the sale of subsidiaries.

NOTE 6. **OTHER OPERATING EXPENSES**

	For period from January 1 to June 30, 2010	For period from January 1 to June 30, 2009
Loss from sales and liquidation of fixed assets	*98*	-
Receivable write-downs	*126*	40
Donations given	*40*	101
Costs of litigious proceedings		
Fines and penalties paid		
Cost of Incentive Scheme	*367*	-
Other	*10*	49
	641	**190**

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 the sale of property, plant and equipment, donations (both in cash and in kind) to other entities, including public benefit entities, costs of litigious proceedings and the costs related to receivable write-downs and impairment write-downs.

NOTE 7. **FINANCIAL REVENUES**

	For period from January 1 to June 30, 2010	For period from January 1 to June 30, 2009
Dividend received and other revenue from share in corporate entities	-	-
Interest on bank deposits	*12*	22
Interest on deferred and overdue payments	*229*	358
Interest on loans	*67*	41
Other	*8*	95
	316	**516**

Revenue from dividends received as well as interest on deposits and investments in various financial instruments are classified as financial revenues. Financial operations also include foreign exchange gains.

NOTE 8. **FINANCIAL EXPENSES**

	For period from January 1 to June 30, 2010	For period from January 1 to June 30, 2009
Interest on bank loans	*313*	510
Interest on overdue payments	*6*	22
Interest on installment payments	*210*	-
FX losses	*823*	3,939
Bank fees	*289*	84
Finance lease costs	*789*	578
Other	-	230
	2,430	**5,363**

Borrowing costs and interest payable under finance lease agreements to which the Company is a party, as well as FX losses are classified as financial expenses.

The terms and conditions pursuant to which the Company has used external sources of funding (bank loans) have been presented in Note 20.

NOTE 9. **INCOME TAX**

	For period from January 1 to June 30, 2010	For period from January 1 to June 30, 2009
Statutory tax rate	*19%*	*19%*
Current income tax		
Current tax expense	*0*	198
Adjustments concerning previous years	-	-
	0	**198**
Deferred income tax		
Related to the origination and reversal of temporary differences	*394*	650
Related to change in the tax rate	-	-
	394	**650**
Tax expense shown in the statement of comprehensive income	*394*	**848**

Current tax expense is calculated on the basis of the tax regulations applicable. 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 the tax rates applicable to the financial 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 Company is subject to general regulations. As at June 30, 2010, Company 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. Both the tax and balance sheet years coincide with calendar years.

Current assets and tax liabilities:

	As of June 30, 2010	As of June 30, 2009
Current tax assets		
Tax refund due	278	80
Tax paid in other countries, to be deducted upon receipt of confirmation	30	30
	308	110
Current tax liabilities		
Income tax to be paid	-	-
	-	-

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

	For period from January 1 to June 30, 2010	For period from January 1 to June 30, 2009
Pre-tax earnings	4,289	5,573
Statutory tax rate	19%	19%
Tax at the statutory rate	815	1,059
Tax impact of revenues not being revenues under tax regulations	(122)	(48)
Tax impact of revenues not being revenues under accounting regulations	35	12
Tax impact of costs not being costs under tax regulations	898	639
Tax impact of costs not being costs under accounting regulations	(1,237)	(814)
Tax impact of tax losses deducted during the period	5	-
Tax impact of tax losses incurred during the period	-	-
Tax at the effective rate	**394**	**848**
Effective tax rate	**9%**	**15%**

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 30.06.2010 and 31.12.2009 results from the items shown in the table below.

	Financial position statement		Statement of comprehensive income	
	End of period, June 30, 2010	End of period, December 31, 2009	For period from January 1 to June 30, 2010	For period from January 1 to December 31, 2009
Deferred tax provision				
Difference between the balance sheet and tax value of fixed assets	3,273	3,103	170	1,244
Recognized service revenues	163	209	(46)	199
Interest accrued	37	25	12	(3)
Financial instrument valuation	-	-	-	(12)
Gross deferred tax provision	**3,473**	**3,337**	**136**	**1,428**
Deferred tax assets				
Deferred payment revenues	90	133	43	122
Inventory write-downs	155	142	(12)	149
Receivable write-downs	89	88	(1)	3
Financial asset write-downs	5	61	56	(6)
Provisions for expenses	328	457	128	220
Subsidies received	15	37	22	(11)
Financial instrument valuation	-	2	2	(2)
Tax losses to be deducted	523	543	20	(543)
Gross deferred tax assets	**1,205**	**1,463**	**258**	**(68)**
Net tax assets (tax provision)	**(2,268)**	**(1,874)**		
Deferred income tax charge on profit			**394**	**1,361**

NOTE 10. EARNINGS PER SHARE AND DIVIDENDS

	For period from January 1 to June 30, 2010	For period from January 1 to June 30, 2009
Weighted average number of shares	*36,343,344*	*36,000,000*
Net profit for 6 months (PLN thousand)	*3,895*	*4,725*
Net earnings per share (PLN)	*0.11*	*0.13*
Diluted net earnings per share (PLN)	*0.11*	*0.13*

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

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

Dividends paid and declared

The dividend policy announced by the Issuer's Management Board in the current report no. 25/2006 of June 8, 2006, stipulated that the dividend amount would depend on prices of shares in the last month of the year upon applying EURIBOR plus 0.5%. In the current report No. 06/2010 of April 14, 2010, the Management Board reported that, in accordance with the rule, the dividend assigned to shareholders from 2009 profit distribution should be PLN 0.16 per share, i.e. PLN 5,814,935 in total. However, the Company plans to perform important investment projects and the cost of capital remains very high. Therefore, just as in the case of 2008 dividend, this year, the Management Board also recommended to the General Meeting to assign the entire 2009 profit to the reserve capital of the Company, and the General Meeting adopted the resolution unanimously.

NOTE 11. INTANGIBLE ASSETS

	End of period, June 30, 2010	*End of period, December 31, 2009*
Costs of development	*13,025*	*14,430*
Concessions and licenses	*2,200*	*1,939*
99-year lease rights	*35,233*	*-*
Other intangible assets	*78*	*55*
	50,536	*16,424*
of which:		
Intangible assets used under finance lease agreements	*273*	*248*

On June 1, 2010, the Company concluded an agreement for the purchase of perpetual usufruct rights together with the ownership of buildings situated on them with related undertakings for the total amount of PLN 34,997,000. Detailed information on those transactions is in Note 26.

Development work is recognized as an asset, and amortized based on the principles described in Note 2.

As at 30.06.2010, development work includes the following projects developed in-house:

An in-house project developed by the Company since 2005 — the development of an Internet TV technology platform to be used for broadcasting live TV programs and the distribution of content in the video on demand and download modes. The signal from the platform developed is to be received by PCs. The platform has been implemented in order to provide commercial services both by the Issuer itself and in collaboration with its subsidiary Cineman sp. z o.o. – the implementation of the video on demand mode was completed in the first quarter of 2007.

The next stage of development involved broadening ATM InternetTV services with a live broadcast mode, and expanding the system with services for mobile telephony operators. In 2008, Centrum Badawczo-Rozwojowe ATM-Lab Sp. z o.o. (now ATM Software Sp. z o.o.) company, which is entirely owned by ATM S.A., started its business activity. It took over the team responsible for ATM InteractiveTV project and continues developing this technology.

In the 1st half of 2010, the Company incurred no expenditure related to development works in the platform.

POS TV Platform under the ATM IndoorTV brand

From August 2005 to May 2006, the Company developed an in-house project called the SSM (Spread Screens Manager). Under this project, an ATM IndoorTV technology platform was developed for the remote management of point-of-sales advertising content broadcasting (POS-TV — Point of Sales Television). ATM S.A. installs terminals (computers with LCD screens and wireless links) at locations agreed with the customer, e.g. near checkout counters at stores or at travel agencies. Subsequently, ATM S.A. receives video content as well as other information from the customer, and agrees the broadcasting scenarios. The content is distributed to terminals via a mobile communications network (GPRS/EDGE/UMTS) or through Internet lines. The terminals are controlled and the proper execution of scenarios is supervised in the same manner. It is a comprehensive service covering the lease of terminals (screens), communications network operation and access to the SSM platform. For the last few quarters technological integration of SSM with the ATM InternetTV service platform has taken place. In the 1st half of 2010, the Company incurred no expenditure related to development works in the platform.

Atmeus

Within the framework of another in-house project that was underway from June to December 2005, ATM S.A. developed the Atmosfera BCP product, later renamed as ATM BCP. The current version is sold and deployed under the Atmeus brand. The functionality of the product is being extended depending on the customers' needs. The product addresses business continuity planning by supporting threat analysis and developing, updating and implementing contingency plans. It meets the demand of the banking sector, assisting banks in satisfying the requirements of banking supervision recommendations related to the so-called New Capital Accord (Basel II). In the 1st half of 2010, the Company incurred no expenditure related to development works in the platform.

Telearchiwum

Since June 2007, Polish law makes it possible to maintain patients' files in electronic format only, provided that certain standards, *inter alia* concerning security, are met. The Issuer's long-standing experience in developing ICT solutions leveraging state-of-the-art security technologies and systems contributed to the creation of a modern remote medical archive and marketing this solution on the Polish medical market.

Telearchiwum (remote archive) enables secure storage of medical images together with associated patient details and examination reports, as well as remote access to the data. It will also provide statistics and search tools. The data are secure, electronic storage is cheaper, and virtually instant access is possible. The unique advantage of this system is the possibility of remote access to examination data by authorized parties using any computer. The remote archive system also enables easy migration, eventually becoming a module of the Electronic Medical File. Apart from disk storage, indexing systems are used that can store any data structures and communicate with other systems via software interfaces. This means that any establishment using the archive will be able to extend its system in any manner, using fully electronic patient files.

In the 1st half of 2010, the Company incurred no expenditure related to development works in the platform.

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. 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 a webpage, and many additional functions, such as conference calls, call forwarding, IVR, etc. The 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 the 1st half of 2010 the Company incurred no expenditure related to development works on this solution.

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 company as 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. This certification allows the Issuer to effectively compete with global suppliers for major deployment projects concerning such systems.

The Atmosfera system operates, *inter alia*, at such companies as Polska Telefonia Cyfrowa Sp. z o. o. (the operator of Era and Heyah mobile networks), Agora SA, PLL LOT SA, Netia SA, Telewizja Polska SA and P4 Sp. z o. o. (the operator of the Play mobile network). The overwhelming majority of system users upgrade it regularly, including subsequent organization processes in its scope. In the 1st half of 2010 the Company incurred no expenditure related to development works on this system.

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 Programme 1.4.1. Within the framework of the project, scenarios with regard to handling various types of payment acceptors were being developed, methods for detecting fraud attempts and protecting against them were being perfected, and the user interface was being designed. In the 1st half of 2010 the Company incurred no expenditure related to development works on this system.

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

As at 31.12.2009, there were no impairment write-downs concerning intangibles.

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

	Costs of completed development works	Concessions and licenses	99-year lease rights	Other intangible assets	TOTAL
Gross value					
As at 01.01.2010	**19,957**	**7,509**	**-**	**55**	**27,521**
Increases:					
- acquisition	41	705	35,233	23	36,002
- developed in-house	-	-	-	-	-
- acquired as a result of business combination	-	-	-	-	-
Decreases:					
- sale	-	55	-	-	55
- liquidation	-	190	-	-	190
As at 30.06.2010	**19,998**	**7,969**	**35,233**	**78**	**63,278**
Write-offs					
As at 01.01.2010	**5,527**	**5,570**	**-**	**-**	**11,097**
Increases:					
- depreciation	1 ,446	433	-	-	1,879
- impairment					
- acquired as a result of business combination					
Decreases:					
- sale and liquidation	-	234	-	-	234
As at 30.06.2010	**6,973**	**5,769**	**-**	**-**	**12,742**
Net as at June 30, 2010	**13,025**	**2,200**	**35,233**	**78**	**50,536**

Movements in the amount of intangible assets during the period from January 1 to December 31, 2009

	Costs of completed development works	Concessions and licenses	99-year lease rights	Other intangible assets	TOTAL
Gross value					
As at 01.01.2009	**18,681**	**7,182**	**-**	**55**	**25,918**
Increases:					
- acquisition	991	427	-	-	1,418
- developed in-house	886	-	-	-	886
- acquired as a result of business combination	-	-	-	-	-
- other (including finance lease)	-	208	-	-	208
Decreases:					
- sale	601	286	-	-	887
- liquidation	-	22	-	-	22
As at 31.12.2009	**19,957**	**7,509**	**-**	**55**	**27,521**
Write-offs					
As at 01.01.2009	**2,189**	**4,529**	**-**	**-**	**6,718**
Increases:					
- depreciation	3,505	1,223	-	-	4,728
- impairment	-	-	-	-	-
- acquired as a result of business combination	-	-	-	-	-
Decreases:					
- sale and liquidation	167	182	-	-	349
As at 31.12.2009	**5,527**	**5,570**	**-**	**-**	**11,097**
Net as at December 31, 2009	**14,430**	**1,939**	**-**	**55**	**16,424**

NOTE 12. **FIXED ASSETS**

	End of period, June 30, 2010	*End of period, December 31, 2009*
Fixed assets		
Land	-	-
Buildings and structures	*91,497*	*86,590*
Machinery and equipment	*38,711*	*31,473*
Means of transportation	*4,242*	*4,123*
Other	*91*	*84*
Fixed assets under construction	*14,085*	*11,590*
Advances for fixed assets under construction	-	
	148,626	***133,860***
of which:		
Fixed assets used under finance lease agreements	*35,841*	*22,572*

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

The Company uses fixed assets under finance lease agreements. The agreements concern:

- machinery and equipment with a value of PLN 33,123 thousand;
- means of transportation with a value of PLN 2,718 thousand;

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 Company sold a property situated in ul. 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 30.06.2010, there were no impairment write-downs concerning fixed assets.

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

	Land	Buildings and structures	Machinery and equipment	Means of transportation	Other	TOTAL
Gross value						
As at 01.01.2010	**-**	**97,305**	**53,626**	**6,324**	**144**	**157,399**
Increases:						
- acquisition	-	7,223	1,681	-	-	8,904
- Financial leasing	-	-	9,401	609	12	10,022
- other	-	-	-	-	-	-
Decreases:						
- sale	-	-	439	436	-	875
- liquidation	-	-	2	-	-	2
- other	-	-	-	-	-	-
As at 30.06.2010	**-**	**104,528**	**64,267**	**6,497**	**156**	**175,448**
Write-offs						
As at 01.01.2010	**-**	**10,715**	**22,152**	**2,202**	**60**	**35,129**
Increases:						
- depreciation	-	2,316	3,596	317	5	6,234
- impairment	-	-	-	-	-	-
Decreases:						
- sale and liquidation	-	-	192	264	-	456
- other	-	-	-	-	-	-
As at 30.06.2010	**-**	**13,031**	**25,556**	**2,255**	**65**	**40,907**
Net as at June 30, 2010	**-**	**91,497**	**38,711**	**4,242**	**91**	**134,541**

Movements in the amount of fixed assets from January 1 to December 31, 2009

	Land	Buildings and structures	Machinery and equipment	Means of transportation	Other	TOTAL
Gross value						
As at 01.01.2009	**-**	**76,564**	**51,666**	**5,827**	**156**	**134,213**
Increases:						
- acquisition	-	20,742	5,896	89	-	26,727
- Financial leasing	-	-	3,975	654	-	4,629
- other	-	-	-	-	-	
Decreases:						
- sale	-	1	7,424	246	12	7,683
- liquidation	-	-	487	-	-	487
- other						
As at 31.12.2009	**-**	**97,305**	**53,626**	**6,324**	**144**	**157,399**
Write-offs						
As at 01.01.2009	-	**7,218**	**17,133**	**1,737**	**49**	**26,137**
Increases:						
- depreciation	-	3,497	6,948	644	12	11,101
- impairment	-	-	4	-	-	4
Decreases:						
- sale and liquidation	-	-	1,933	179	1	2,113
- other		-	-	-	-	-
As at 31.12.2009	**-**	**10,715**	**22,152**	**2,202**	**60**	**35,129**
Net as at 31.12.2009	**-**	**86,590**	**31,474**	**4,122**	**84**	**122,270**

NOTE 13. **FINANCIAL ASSETS**

SHARES IN SUBSIDIARIES

No.	Name	Registered office	Subject of enterprise	Type of relationship	Consolidation method	Date on which control was assumed	Value of shares at acquisition price	Value adjustments (Total)	Shares granted to Company's employees	Balance sheet value of shares	Stake in share capital	Share in overall number of votes at the General Meeting	Other grounds for control
1.	inONE S.A.	Łódź, ul. Łąkowa 29	System integration, outsourcing and consulting	subsidiary	Full consolidation	23.04.2001	304	-	95	399	60.00	60.00	-
2.	mPay International Sp. z o.o.	Warsaw ul. Grochowska 21a	Mobile payment services	subsidiary	Full consolidation	02.02.2006	5,552	-	-	5,552	60.00	60.00	-
3.	mPay S.A.	Warsaw ul. Grochowska 21a	Mobile payment services	subsidiary	Full consolidation	02.02.2006	10,647	-	-	10,647	62.26	62.26	-
4.	Rec-order Sp. z o.o.	Warsaw ul. Grochowska 21a	Online sales	subsidiary	Full consolidation	02.02.2006	24	(24)	-	0	100	100	-
5.	KLK S.A.	Katowice, ul. Pod Młynem 1c	Integration of ICT systems	subsidiary	Full consolidation	31.10.2006	17,813	-	-	17,813	91.38	91.38	-
6.	Sputnik Software Sp. z o.o.	Poznań, ul. Kordeckiego 30b	System integration, systems for administration	subsidiary	Full consolidation	27.03.2007	3,536	-	-	3,536	60.00	60.00	-
7.	ATM Software Sp. z o.o.	Warsaw ul. Grochowska 21a	System integration, multimedia systems	subsidiary	Full consolidation	13.08.2007	500	-	198	698	100.00	100.00	-
8.	Impulsy Sp. z o.o.	Warsaw al. Wilanowska 313	System integration, healthcare systems	subsidiary	Full consolidation	29.10.2007	3,792	-	-	3,792	78.46	78.46	-
9.	ATM Systemy Informatyczne Sp. z o.o.	Warsaw ul. Grochowska 21a	Integration of ICT systems	subsidiary	Full consolidation	6.03.2008	1,000	-	140	1,140	100	100	-
	OTHER FINANCIAL ASSETS						**43,168**	**(24)**	**433**	**43,577**	**X**	**X**	**X**
10.	Linx Telecom-munications	Hullenbergweg 375 1101 CR Amsterdam, the Netherlands	Telecommunications services	affiliate	Consolidation using the equity method	21.08.2007	63,487	-		63,487	21.27	21.27	-
	INVESTMENTS IN AFFILIATE ENTITIES VALUED USING THE EQUITY METHOD						**63,487**	**-**	**-**	**63,487**	**X**	**X**	**X**
	TOTAL	X	X	X	X	X	**106,655**	**(24)**	**433**	**107,064**	X	X	X

	inONE S.A.	mPay International Sp. z o.o.	mPay S.A.	Rec-order Sp. z o.o.	KLK S.A.	Sputnik Software Sp. z o.o.	ATM Software Sp. z o.o.	Impulsy Sp. z o.o.	ATM Systemy Informatyczne Sp. z o.o.	Linx Telecommunications
I. Equity, of which:	2,297	7,011	7,602	4	11,986	4,812	(10)	1,381	9,836	144,457
1. Initial Capital:	500	9,250	17,750	115	533	250	500	130	1,000	536
2. Outstanding share capital contributions	-	-	-	-	-	-	-	-	-	-
3. Capital reserves	1,721	-	-	-	11,399	3,605	-	1,397	2,786	233,570
4. Other equity, of which:	76	(2,239)	(10,148)	(111)	53	957	(510)	(146)	6,050	(89,649)
- profit (loss) from previous years	-	(2,181)	(9,572)	(110)	428	-	72	(142)	-	(93,226)
- net profit (loss)	76	(58)	(576)	(1)	(375)	957	(582)	(4)	6,050	3,578
II. Liabilities and provisions for liabilities, of which:	3,251	2,079	2,632	-	19,458	7,053	1,453	1,944	39,216	*
1. long-term liabilities	205	-	21	-	4,216	1,937	-	-	593	*
2. short-term liabilities	3,046	2,079	2,611	-	15,242	5,116	1,453	1,944	38,623	*
III. Receivables, of which:	3,498	76	215	-	12,921	2,759	1,184	1,072	22,866	*
1. long-term receivables	-	-	38	-	-	19	-	-	-	*
2. short-term receivables	3,498	76	177	-	12,921	2,740	1,184	1,072	22,866	*
IV. Total assets	5,547	9,089	10,234	5	31,444	11,865	1,443	3,325	49,051	*
V. Sales revenue	7,869	-	1,078	-	25,926	6,895	1,536	1,265	77,426	*
VI. Entity share value not paid by the Issuer	-	-	-	-	-	-	-	-	-	-
VII. Dividends received or due by the entity for the last financial year	-	-	-	-	-	-	-	-	-	*

* No data

FINANCIAL ASSETS HELD FOR TRADING

	End of period, June 30, 2010	End of period, December 31, 2009
Loans granted to related undertakings	2,404	2,723
Loans granted to other undertakings	97	94
	2,501	**2,817**

The Company granted loans to three related undertakings and an employee at rates comparable to average interest rates of commercial loans. Additional information on these loans is presented in note 26.

NOTE 14. **OTHER FIXED ASSETS**

	End of period, June 30, 2010	End of period, December 31, 2009
Guarantee deposits	36	33
Trade receivables	2,989	4,837
Prepaid maintenance costs	7	18
Non-realized financial revenues on installment sales	(170)	(294)
	2,862	**4,594**
of which payable within:		
from 1 to 2 years	1,891	2,680
from 3 to 5 years	936	1,881
more than 5 years	35	33

Guarantee deposits include amounts retained by Company customers in relation to the services 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 Company will receive at a date later than 12 months from the balance sheet date.

The receivables recorded as at June 30, 2010 and December 31, 2009 are payable until 2013. They are the result of deferred payment sales whose value has been measured at fair value and is equivalent to the present value of the payment. The installments receivable have been discounted using 12M WIBOR and the market margin based on the Issuer's lending margin. Interest is recognized as financial revenues for relevant periods using the effective interest rate method.

Deferred payment sales (deferred beyond the normal terms and conditions applied by the Company) concern incidental sales transactions. The Company has no policy concerning significantly longer payment terms or installment sale 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 15. **INVENTORIES**

	End of period, June 30, 2010	End of period, December 31, 2009
Materials	705	706
Work in process	-	-
Goods	294	978
Inventory write-downs	(153)	(153)
	846	**1,531**

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 inventories that have been used up.

NOTE 16. **TRADE AND OTHER RECEIVABLES**

	End of period, June 30, 2010	End of period, December 31, 2009
Trade receivables from related undertakings	5,485	14,755
Trade receivables from other undertakings	34,529	31,493
Tax receivables	5,399	-
Payments on account	44	16
Other receivables	197	189
Receivables under litigation	141	218
Non-realized financial revenues on installment sales	(302)	(406)
Inventory write-downs	(471)	(461)
	45,022	**45,804**

Trade terms applicable to related undertakings have been presented in Note 26. Trade receivables do not bear interest and they are usually payable within 14 to 35 days. The Company makes write-downs that fully cover 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.

Age analysis of trade receivables

	End of period, June 30, 2010	End of period, December 31, 2009
Current, of which:		
From affiliates and subsidiaries	3,591	14,587
From other undertakings	29,340	27,383
Overdue, of which:		
From affiliates and subsidiaries	1,894	168
up to 180	1,713	167
180–360	181	1
above 360	-	-
From other undertakings	5,189	4,110
up to 180	4,585	3,745
180–360	350	121
above 360	254	244
	40,014	**46,248**

	End of period, June 30, 2010	End of period, December 31, 2009
Opening balance	**461**	**479**
Increases, of which:	116	125
- Established	116	125
Decreases, of which:	106	143
- Released	69	72
- Used	37	71
Closing balance	**471**	**461**

	End of period, June 30, 2010	End of period, December 31, 2009
From other undertakings		
Above 180 to 360	50	-
above 360	33	113
above 720	58	105
	141	**218**

NOTE 17. OTHER CURRENT ASSETS AND OTHER FINANCIAL RECEIVABLES

OTHER CURRENT ASSETS	End of period, June 30, 2010	End of period, December 31, 2009
Prepaid maintenance costs	136	266
Non-realized foreign exchange gains/losses on lease agreements	5,647	3,862
Prepaid subscriptions, rents, insurance	807	531
Subcontractor services related to future income	361	432
Other	3	1
	6,954	**5,092**

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, income-based, or on the basis of the amount of service, depending on their nature.

As it has been stated in section “Accounting Principles – Foreign Currency Transactions”, the Company, pursuant to IAS 1 §19, as in the 2008 and 2009 financial statements, has partially departed from IAS 21, which consisted in that exchange rate differences arising on foreign currency leasing liabilities have been recognized as financial costs in a given reporting period only to the extent in which they referred to actually paid installments. The remaining amount of FX gains/losses was recognized as prepayments and accruals that will be recognized in financial costs in individual months, in which leasing installments will be paid. Prepayments and accruals are modified by FX gains/losses on leasing liabilities.

Detailed calculations and financial consequences of the applied solution of presenting exchange differences on currency lease liabilities have been presented in Note 24: Other financial liabilities.

OTHER FINANCIAL RECEIVABLES	End of period, June 30, 2010	End of period, December 31, 2009
Valuation of forward transactions open at the end of the period	-	-
	-	**-**

NOTE 18. **CASH AND CASH EQUIVALENTS**

	End of period, June 30, 2010	End of period, December 31, 2009
Cash in hand	5	26
Cash in bank	272	537
Deposits	2,298	1,818
	2,575	**2,381**

Cash in the bank bears interest at floating interest rates, which depend on the interest rate on 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.

As at June 30, 2010, funds in two deposits are blocked to serve as performance bond in the amount of PLN 1,392,178.86. The funds will be blocked until the guarantee expires.

NOTE 19.

Core capital

	End of period, June 30, 2010	End of period, December 31, 2009
Registered share capital	34,526	34,526
Hyperinflationary adjustment	197	197
	34,723	**34,723**

Registered share capital includes:

Series	Number of shares	Face value	Registered date	Dividend rights	Paid for by	Share type
A	36,000,000	34,200,000.00	5.12.2007	*)	Cash	Ordinary
B	343,344	326,176.80	9.09.2009	1.01.2009	Cash	Ordinary
TOTAL	36,343,344	34,526,176.80				

Face value per share (PLN):	0.95

*) all A series shares the same dividend rights

Application of IAS 29 "Financial Reporting in Hyperinflationary Economies"

Pursuant to IAS 29 "Financial Reporting in Hyperinflationary Economies," ATM S.A. introduced a hyperinflationary adjustment based on monthly consumer price indices, amounting to PLN 197,000. The entire share premium account was accrued after the hyperinflationary period, and therefore the hyperinflationary adjustment was not applied to this component of equity.

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

The Scheme is aimed at Company employees and partners, members of Management Boards and other ATM S.A. Group of Companies' employees and partners.

Incentive Scheme participants have 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 is prepared by the ATM S.A. Management Board, and approved by the Supervisory Board.

As at June 30, 2010, the Company held 286,820 treasury shares with the value of PLN 2,335,312.48. These shares are held by the Company pursuant to the guidelines for the Company Incentive Scheme.

In 2008-2009, the following share purchase options were granted as part of the Incentive Scheme:

- 444,400 in 2008;
- 314,100 in 2009.

Unused options of a given period may be subsequently used in the subsequent periods. In justified cases, the number of options determined for a given period may be increased by no more than 15%, with the reservation that the total option limit may not exceed 1,500,000.

Based on the determined share purchase options, shares can be purchased by Incentive Scheme participants pursuant to an agreement concluded with the Company, which includes the following provisions:

-
- ;
- .

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

6)
7)
8)
9)
10) the participant is sentenced for any of the offences mentioned in Art. 585-592 and 594 of the Commercial Companies Code, offences listed in part X of the Act on financial instruments trading of April 29, 2005 (Journal of Laws Dz. U. 2005, No. 183, item 1538), economic offences listed in Articles 296-306 of the Penal Code or any other offence whose committing is directly linked to the performance of his/her obligations as member of the management board of a capital company.

The number of share purchase options shall be applied to Company shares whose face value is PLN 0.95. In the case of a split of Company shares, these amounts will be increased in the same proportion as the mentioned split.

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

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

The Monte Carlo method was used to determine the fair value of the options, for which the following entry data were taken:

Parameter	Base		Comments
	Tranche 2008	Tranche 2009	
Grant date	2008-06-05	2009-05-11	For Tranche 2008, the date of approving the Scheme's Regulations was adopted.
Share price as at grant date	PLN 8.20	PLN 4.90	Based on the quotations of the Warsaw Stock Exchange.
Risk-free rate	The risk-free rate for each part of the individual Tranches was calculated on the basis of quotations of interbank deposits and IRS contracts as at the grant date (source: REUTERS).		
Variability (annualized)	39.23%	41.77%	Based on the quotations of the Warsaw Stock Exchange.
Dividend rate	6.87%	0.00%	Dividend rate calculated on the basis of the Company's policy under which dividend depends on EURIBOR 1Y and stock exchange quotations. The Company did not pay any dividend for 2008.
Exercise price	PLN 0.95	PLN 0.95	
Number of options	439,800	306,100	
Market conditions	NONE		
Non-market conditions	Employment		
Employee resignation rate	0%	0%	
Maturity date			
- Part 1	2008-09-03	2009-08-13	90 days as of the approval of statements for the previous year by the Ordinary General Meeting of Shareholders. For Tranche 2009 May 15, 2009 was set, assuming that as at the grant date the Company formally informed the shareholders about the date of the Ordinary General Meeting of Shareholders.

The value of the scheme was recognized in:

- current period results in the part allocated to the employees of ATM S.A. for the 1st half of 2010 (PLN 367 thousand);
- investments in subsidiaries in the part allocated to the employees of the subsidiaries (PLN 29 thousand ATM Software Sp. z o.o., PLN 24 thousand inONE S.A., PLN 36 thousand ATM Systemy Informatyczne Sp. z o.o.)

The ownership structure of ATM S.A. share capital as at June 30, 2010 was as follows:

Shareholder	Number of shares	%	Number of shares	%
	30/06/2010		31/12/2009	
Tadeusz Czichon – Vice-President of the Management Board	5,956,887	16.39%	5,956,887	16.39%
Polsat OFE	3,603,624	9.92%	3,603,624	9.92%
ING OFE	3,470,517	9.55%	3,470,517	9.55%
Roman Szwed – President of the Management Board	3,387,993	9.32%	3,387,993	9.32%
Amplico TFI (former AIG TFI)*	no data		1,871,376	5.15%
Piotr Puteczny**	1,817,500	5.00%	1,817,500	5.00%
Other shareholders	18,106,823	49.82%	16,235,447	44.67%
	36,343,344	**100.00%**	**36,343,344**	100.00%

The figures above concern shares held by individuals as at the date hereof.

The data concerning POLSAT OFE and ING OFE refer to the number of shares owned by these shareholders on December 31, 2009 based on the "Annual asset structure."

* Number of shares in accordance with the notice from AMPLICO Towarzystwo Funduszy Inwestycyjnych S.A. (former AIG TFI S.A.) as at July 1, 2010 amounted to 1,245,123, which is 3.426% of the share capital. The change in the number of shares occurred as a result of the end of performance of portfolio management operations for Amplico Life S.A. Before the above change, i.e. as at December 31, 2009, AMPLICO TFI S.A., as part of the Funds managed and portfolios handed over for management, held 1 871 376 shares of 36,343,344 of the total number of the Company's shares, which accounted for 5.149% of the total number of votes at the Company's General Meeting and 5.149% of the Company's share capital. The Issuer gave full information on the subject in the current report No. 2/2010 and 3/2010.

** with his wife

Furthermore, the Company's Management Board has not received any other notifications concerning exceeding the 5% threshold by shareholders purchasing shares on the stock market.

The Company establishes a capital reserve pursuant to its articles of association. Company profit, which may be distributed in subsequent periods or allocated to exceptional losses or other expenses, may be allocated to the capital reserve. The Company also established a capital reserve to fund the purchase of treasury shares for the Incentive Scheme — under the resolution No. 11/2008 of the Ordinary General Meeting of June 5, 2008 (created from the transfer of funds from the capital reserve established from profits).

	End of period, June 30, 2010	End of period, December 31, 2009
Capital reserve from profit distribution	28,430	20,689
Capital reserve for funding the Incentive Scheme	8,895	8,895
	37,325	**29,584**

	End of period, June 30, 2010	End of period, December 31, 2009
Retained earnings brought forward, of which:		
Statutory supplementary capital	11,575	11,575
Profit distribution (above the statutory amount)	3,023	2,565
Current period profit (loss)	3,895	7,743
	18,493	**21,883**

Retained earnings brought forward 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 Commercial Companies Code, supplementary capital should be established in order to cover losses. At least 8% of the profit for the financial 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 20. **BANK LOANS AND OTHER LOANS**

	End of period, June 30, 2010	End of period, December 31, 2009

Bank loans	9,056	3,136
Other loans	-	-
	9,056	**3,136**

ATM S.A. uses in BRE Bank S.A. a credit facility of PLN 10 million and in Fortis Bank Polska S.A. a credit facility of PLN 10 million. The Company may use this form of credit as an authorized overdraft.

Currency composition of loans

	End of period, June 30, 2010	End of period, December 31, 2009
PLN loans	9,056	3,136
EUR loans	-	-
	9,056	**3,136**

Average loan interest rates

	End of period, June 30, 2010	End of period, December 31, 2009
Authorized overdrafts	6.48%	6.66%
PLN bank loans	-	-
EUR bank loans	-	-

Detailed information on the debt related to these loans has been presented in tables below.

Specification of liabilities arising from bank loans as at 30.06.2010

	Base loan value			Short-term portion		Long-term portion				
Lender	Loan amount, PLN thousand	Loan amount in loan currency	Currency	Loan amount in PLN	Loan amount in loan currency	Loan amount in PLN	Loan amount in loan currency	Interest rate	Repayment date	Security
Fortis Bank Polska SA (authorized overdraft)	10,000	-	-	-	-	-	-	1M WIBOR plus bank's margin	26.07.2010	- blank promissory note general assignment of existing and future trade receivables statement of submission for enforcement proceedings
BRE Bank SA (authorized overdraft)	10,000	-	-	9,056	-	-	-	ON WIBOR plus bank's margin	26.08.2010	blank promissory note with a promissory note declaration
	20,000	**-**		**9,056**	**-**	**-**	**-**			

NOTE 21. PROVISIONS FOR LIABILITIES

As at June 30, 2010 and as at December 31, 2009, the Company does not have provisions for liabilities.

NOTE 22. LONG-TERM TRADE LIABILITIES AND OTHER LIABILITIES

	End of period, June 30, 2010	End of period, December 31, 2009
Trade liabilities to related undertakings	31,206	-
Trade liabilities to other undertakings	-	-
Subsidies for fixed asset financing	257	376
Other	2	2
	31,465	**378**
of which payable within:		
from 1 to 2 years	3,757	376
from 3 to 5 years	10,501	2
more than 5 years	17,207	-

The subsidies received for fixed asset financing concern the extension and upgrade of telecommunications infrastructure and the Collocation Center in Warsaw.

NOTE 23. SHORT-TERM TRADE LIABILITIES AND OTHER LIABILITIES

	End of period, June 30, 2010	End of period, December 31, 2009
Trade liabilities to related undertakings	28,725	19,680
Trade liabilities to other undertakings	9,062	21,033
Liabilities arising from taxes and social insurance	1,643	784
Advances received	-	-
Payroll liabilities	66	4
Other liabilities and accruals, including:	1,281	1,856
liabilities arising from outstanding leaves	186	186
settlements related to uninvoiced expenses	650	1,072
- subsidies	377	456
deferred income	54	125
other liabilities	14	17
	40,778	**43,357**

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

In 2010, the Group did not rely on a small group of suppliers. Purchases from supplier did not exceed 10% of total purchases. In 2009, this situation applied to Cisco Systems whose share in 2009 amounted to 28.1% and in 2010 dropped to 9.1%.

NOTE 24. OTHER FINANCIAL LIABILITIES

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

	End of period, June 30, 2010	End of period, December 31, 2009
Long-term liabilities arising from lease agreements	21,828	13,015
Long-term liabilities arising from the financing of receivables	271	1,272
Long-term total	**22,098**	**14,287**
Short-term liabilities arising from lease agreements	12,389	8,468
Short-term liabilities arising from the financing of receivables	2,004	2,004
Short-term total	**14,393**	**10,472**
Financial liabilities total	**36,491**	**24,759**

	End of period, June 30, 2010	End of period, December 31, 2009
Amount of liabilities arising from finance leases due within:		
- one year	14,046	9,321
- two to five years	23,876	13,768
- more than five years	-	-
	37,922	**23,089**
Future interest expenses (-)	(3,705)	(1,606)
Present value of future liabilities	**34,217**	**21,483**
of which:		
Amounts due within the next 12 months (included in short-term liabilities)	12,389	8,468
Amounts due after more than 12 months, within:	21,828	13,015
- two to five years	21,828	13,015
- more than five years	-	-

Finance lease agreements concern machinery and equipment, means of transportation and software licenses constituting intangible assets. As at 30.06.2010, the Company was party to 97 agreements, under which it leased fixed assets with a total net value of PLN 36,535 thousand as at that date.

As at 31.12.2009, the Company was party to 90 agreements, under which it leased fixed assets with a total net value of PLN 23,300 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 installments, 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. Concluding agreements denominated in foreign currencies was based on significantly lower interest rates and a – seemingly – stable, strong position of PLN in relation to other currencies in medium term. Owing to lower interest rates and gradual strengthening of zloty from 2004 until the half of 2008, the Company paid smaller leasing installments than in the case of concluded lease agreements denominated in zlotys.

Rapid depreciation of the Polish zloty, which has been progressing since August 2008, resulted in considerable growth of ATM S.A.'s liabilities resulting from lease agreements, expressed in foreign currencies, and converted into zlotys. Although this growth is to some extent mirrored by increased Company's expenditure resulting from current leasing installments, yet – unless the situation on the FX market improves – total debt to be paid until 2013 would be much higher. Not much was changed by the fact that the market value of the lease, comprising imported equipment, also continues to grow along with the increase in currency exchange rates.

In order to demonstrate the impact of costs related to revaluation of leasing liabilities on Company's operations in a reliable and fair manner, ATM S.A. Management Board decided, pursuant to IAS 1 §17, to partially depart from IAS 21, in the manner described in section 2: “Grounds for drawing up the consolidated financial statements and the accounting principles (policy)”.

In 2010 the Company incurred financial costs of PLN 844,032.17 on account of FX gains/losses on financial leasing agreements.

Recognition of part of the costs resulting from exchange rate differences arising on leasing liabilities as prepayments and accruals required calculating, what part of these differences falls into particular quarters in which the Company will pay the leasing installments. Costs in individual quarters have been determined proportionally to amounts of the leasing installments paid, and they are as follows:

Year	Quarter	Amount
2010	3	708,138.05
	4	718,480.78
2011	1	720,981.91
	2	720,127.59
	3	706,719.87
	4	639,974.30
2012	1	258,804.42
	2	262,806.74
	3	260,968.28
	4	255,585.98
2013	1	205,037.02
	2	141,561.12
	3	48,245.28
	4	0.00
TOTAL		**5,647,431.35**

The Issuer will consistently present prepayments and accruals arising from the increase or reduction of leasing installments falling due in subsequent periods.

The application of a partial departure from IAS 21 as at June 30, 2010 resulted in the increase in the value of other operating assets by the above amount of 5,647,431.35, as a result of which gross profit increased by the same amount, which less deferred tax (19% of gross profit) amounting to 1,073,011.91 gave a profit higher by 4,574,419.22. The result was made up of the increase in net profit from 2009 which amounted to 3,128,609.75 and the increase of net profit in the current period amounting to 1,445,809.47.

Similarly, the application of the above departure as at June 30, 2009 resulted in the increase in the value of other operating assets by the above amount of 6,239,334.87, as a result of which gross profit increased by the same amount, which less deferred tax (19% of gross profit) amounting to 1,185,473.00 gave a profit higher by 5,053,861.87. The result was made up of the increase in net profit from 2008 which amounted to 5,397,821.37 and the decrease of net profit in the current period amounting to 343,959.50.

Similarly, the application of the above departure as at December 31, 2009 resulted in the increase in the value of other operating assets by the above amount of 3,862,481.17, as a result of which gross profit increased by the same amount, which less deferred tax (19% of gross profit) amounting to 733,871.42 gave a profit higher by 3,128,609.75. The result was made up of the increase in net profit from 2008 which amounted to 5,397,821.37 and the decrease of net profit in the current period amounting to 2,269,211.62.

	End of period, June 30, 2010	End of period, December 31, 2009
Amount of liabilities arising from receivables financing due within:		
- one year	2,004	2,004
- two to five years	270	1,272

	End of period, June 30, 2010	End of period, December 31, 2009
- more than five years	-	-
	2,274	**3,276**

The receivables financing agreement was concluded with Fortis Bank Polska S.A. and concerns the financing of receivables arising from installment sale.

NOTE 25. OPERATING LEASES

Operating leasing liabilities — ATM S.A. as lessor

With regard to operating leases, the Company is party to no material agreements as a lessor. Lease agreements include mainly agreements concerning the lease of office space to other undertakings.

These are both definite and indefinite term agreements. Every agreement includes a clause enabling each party to terminate it with a contractual period of notice not exceeding three months. The Company 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 agreements concluded, the Company — insofar as it is the lessor with regard to operating lease — is not party to any irrevocable agreements.

Operating leasing liabilities — ATM S.A. as lessee

In the period covered by the financial statement, the Company as the lessee was party to operating lease agreements concerning property leases.

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

Property leasing includes the ATMAN-Grochowska Telecommunications Center situated in Warsaw at Grochowska 21a. Grochowska 21a. Pursuant to the agreement concluded on December 21, 2005 and the annex to the agreement of March 7, 2006, ATM S.A. sold a 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 installments (15 years). The last installment will be payable on January 21, 2021. The total amount of payments during the agreement term will be EUR 9,872 thousand.

The fair value of the leased asset after the expiration of the agreement has been determined to be EUR 5,573 thousand, of which perpetual usufruct of land EUR 1,613 thousand, and the value of buildings EUR 3,961 thousand.

Pursuant to the agreement, after the expiry of the primary term of the lease agreement, the lessee or an undertaking 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 used, 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 thousand

Pursuant to the agreement, the lessee does not have the right to terminate it, except in circumstances where a change concerning lease installments 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, for a price equal to the sum of the portion of the installments outstanding until the end of the lease period and the final value.

The expenses related to minimum lease payments for property leases during individual periods were PLN 2,478 thousand in 2009 and PLN 1,026 thousand in the first half of in 2010.

Minimum lease payments for property lease were as follows:

	End of period, June 30, 2010	End of period, December 31, 2009
up to 1 year	2,727	2,702
from 1 to 5 years	10,907	10,808
more than 5 years	15,225	16,438
	28,859	**29,948**

CONTINGENT RECEIVABLES AND LIABILITIES

Contingent receivables

	End of period, June 30, 2010	End of period, December 31, 2009
Financial receivables under litigation	-	-
	-	**-**

Contingent liabilities

	End of period, June 30, 2010	End of period, December 31, 2009
To related undertakings:		**-**
To other undertakings:		
1. Bank guarantees received:		
- performance bonds and tender bonds	18,684	3,146
2. Promissory notes:		
- endorsements concerning agreements related to EU project financing	2,500	2,500
- Forward transaction execution guarantee	9,000	-
Guarantee of repayment of stand-by loan	18,000	-
3. Other guaranties and sureties		
- trade guarantees	300	-
	48,484	**5,646**

As at 30.06.10, tender bonds and performance bonds included guarantees extended by BRE Bank SA amounting to PLN 2,559 thousand, by Bank Millennium S.A. amounting to PLN 8,463 thousand, and by Bank DnB NORD Polska S.A. amounting to PLN 7,662 thousand.

In 2006 and 2007, ATM S.A. received subsidies from the Polish Entrepreneurship Development Agency in order to finance the development and modernization of its telecommunications infrastructure and the development of its Collocation Center. Two promissory notes for the amount of PLN 1,250 thousand each are to guarantee the repayment of financial means in the case of failure to fulfill the obligations resulting from the co-financing agreement.

Other guarantees are guarantees for the bank and the supplier of performance of obligations incurred by ATM SI Sp. z o.o.

NOTE 26. **INFORMATION CONCERNING RELATED UNDERTAKINGS**

Related undertaking details

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

- A. Chalimoniuk i Wspólnicy, ATM S.J. – related through Mr. Tadeusz Czichon, who is one of the four partners in this undertaking, while also being the Vice-President of the Management Board of the parent undertaking (ATM S.A.), and being among the shareholders who hold more than 5% of shares in ATM S.A. (Note 19);
- ATM PP sp. z o. o. — related through Mr. Tadeusz Czichon, who is the President of the Management Board of this undertaking and at the same time is its shareholder, holding around 25% of shares.

Other Group related entities include members of Parent Undertaking directing and supervisory bodies (including management) and persons who are their close family members (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 parent undertaking Management Board perform management duties or are shareholders.

Sales to and purchases from related undertakings are made at normal arm's length prices. Outstanding liabilities and receivables at the end of the financial year are not secured, and are settled in cash. Receivables from related undertakings are not covered by any guarantees, extended or received.

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;
- loans extended
- purchase of perpetual land usufruct rights

During the accounting period the Company did not conduct any transactions with the related undertaking or with other related persons on conditions other than market conditions.

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

Related undertaking	Year	Sales to related undertakings 1.01–30.06	Purchases from related undertakings 1.01–30.06	Receivables from related undertakings 30.06 2010 31.12.2009	Liabilities to related undertakings 30.06.2010 31.12.2009
ATM Systemy Informatyczne	2010	2,637	2,487	3,326	18,591
	2009	1,314	3,165	12,177	12,330
inONE S.A. (former ATM Service Sp. z o.o.)	2010	1,011	292	566	913
	2009	663	262	676	-
mPay International Sp. z o.o.	2010	-	-	68	-
	2009	17	-	68	-
iloggo Sp. z o.o.	2010	-	-	-	-
	2009	1	12	2	-
mPay S.A.	2010	181	1	22	3
	2009	277	1	24	2
Rec-order Sp. z o. o.	2010	-	-	-	-
	2009	2	-	-	-
Cineman Sp. z o.o.	2010	-	-	-	-
	2009	58	13	2	-
KLK S.A.	2010	1,316	294	13	69
	2009	1,479	1,316	1,296	7,305
ATM PP Sp. z o.o.	2010	84	26,246	31	30,937
	2009	78	873	5	43
A. Chalimoniuk i Wspólnicy, ATM S.J.	2010	-	377	-	-
	2009	-	404	0	0
Sputnik Software Sp. z o. o.	2010	-	-	-	-
	2009	-	-	-	0
ATM Software Sp. z o.o.	2010	787	239	617	-
	2009	1,016	817	36	0
Impulsy Sp. z o.o.	2010	-	-	-	-
	2009	11	-	2	0
Linx Telecommunications B.V.	2010	494	353	842	-
	2009	65	-	467	0
Tadeusz Czichon	2010	-	9,497	-	9,418
	2009	-	-	-	-
TOTAL	2010	6,510	39,786	5,485	59,931
	2009	4,981	6,863	14,755	19,680

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

The table below presents loans granted to related undertakings:

	End of period, June 30, 2010	End of period, December 31, 2009
mPay International Sp. z o.o.	1,191	1,163
mPay S.A.	1,138	1,107
inONE S.A.	75	452
	2,404	**2,722**

In accordance with the above statement, the Issuer concluded with the related undertakings agreements for purchase of the right of perpetual usufruct and ownership of the buildings being part of the real estate at Jubilerska 8a, directly adjacent to the real estate being the registered office of ATM S.A., on which the Issuer plans to conduct an investment connected with the implementation of the ATM IC project. The agreements were concluded on June 6, 2010 between the Issuer and ATM Przedsiębiorstwo Produkcyjne Sp. z o.o. for the purchase of real estate of 12,950 m^2 and Tadeusz and Beata Czichon for the purchase of the real estate of 5,763 m^2.

The properties were owned by the seller since August 31, 2004 and October 5, 2010. The value of the purchased real estate — PLN 25,500,000 and PLN 9,497,000 respectively — was determined based on the average appraisals from real estate appraisal surveys performed by real estate appraisers ordered both by the seller and the buyer. The value and terms and conditions of the transactions were approved by a resolution of the Issuer's Management Board, excluding the decision of Tadeusz Czichon due to a potential conflict of interests. The transaction was approved by the Issuer's Supervisory Board with the resolution of April 7, 2010 adopted with Tomasz Tuchołek, shareholder and Vice President of the Management Board of ATM PP Sp. z o.o. being excluded from the decision making due to a potential conflict of interests.

The price of purchase of both properties was divided into 120 equal monthly installments, where the Issuer is entitled to earlier repayment of the whole of part of the debt on any date and without incurring any additional costs on that account. Due to the arrangement of installments for the payment of the price, ATM S.A. will pay to the seller contractual interest of 8% per annum on the actual debt but not less than the average WIBOR rate plus 3%.

The purchase of real estate by ATM S.A. was vital because of the necessity to regulate ownership of the land on which ATM S.A. has been providing collocation services for a few years (it has, among others, over 2000 m2 of collocation area there, most of which is already filled with clients) and plans to make other investment in that field as part of the ATM IC project worth PLN 321 million with granted government funding under Measure 4.5 of the "Innovative Economy 2007-2013" Operational Programme in the amount of PLN 72.3 million (Current Report No. 32/2009).

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, and has been presented in the table below:

	End of period, June 30, 2010	End of period, December 31, 2009
Short-term employee benefits	1,641	3,072
Benefits after the employment period	-	-
Severance pay	-	-
	1,641	**3,072**

The short-term employee benefits referred to above concern:

	End of period, June 30, 2010	End of period, December 31, 2009
Management Board	648	1,146
Supervisory Board	123	246
Directors and managers	870	1,680
	1,641	**3,072**

Apart from the above remuneration, the directors and management are included in the Incentive Scheme (Note 19). During the periods covered by these financial statements, no loans, guarantees or sureties were granted to it or to its Management Board, or Supervisory Board.

Contracts with the Issuer's Management Board members include non-competition clauses which hold 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 27. **FINANCIAL INSTRUMENTS**

1. Capital risk management

The Company manages its capital in order to ensure that it will be able to continue as going concerns, while at the same time maximizing their profitability by optimizing their 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 the above analysis are:

- bank loans – disclosed in Note 20;
- cash and cash equivalents – disclosed in Note 18;
- equity, including shares issued, capital reserves and retained earnings – disclosed in Notes 19 and 10.

The dividend policy is among the risk management measures. According to this policy, investors should receive an annual dividend of not less than interest on bank deposits. The Company intends to pay an annual dividend in the amount of not less than the EURIBOR rate for annual deposits on the last day of the financial year, additionally increased by 0.5%, and multiplied by the Company's listed value in the last month of the year. Since, the Company plans to implement important investment projects and the cost of borrowing is still very high, the General Meeting decided unanimously to allocate the entire profit for 2008 and 2009 to the Company's capital reserve.

2. Financial risk management objectives

Principal financial instruments used by the Company include bank loans (Note 20), finance lease agreements (Note 24), as well as cash and deposits (Note 18). The main purposes of these instruments include raising funds for 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 14, 16, 22 and 23), which, however, are directly related to its operations.

The main risks arising from Company 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 has been 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 Group does not use hedge accounting, and during the period covered by the financial statements it neither extended loans (apart from subsidiary loans) nor was party to financial guarantee contracts.

During 2009 and 2010:

- no financial instruments were reclassified between categories within the meaning of IAS 39;
- the Group 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 Group received no financial or non-financial assets within the framework of enforcement proceedings concerning security for its financial assets.

3. Material accounting policies

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

4. Financial instrument categories and classes

Financial assets and liabilities broken down into categories (as per IAS 39) were as follows:

	End of period, June 30, 2010	End of period, December 31, 2009

Financial assets		
At fair value through profit or loss	-	-
Derivatives in hedging relationships	-	-
Investments held to maturity	-	-
Own receivables (including cash and cash equivalents)	47,643	55,616
Financial assets available for sale	-	-
Financial liabilities		
At fair value through profit or loss	-	-
Derivatives in hedging relationships	-	-
Financial liabilities	116,509	69,774
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 period, June 30, 2010	End of period, December 31, 2009
Receivables from related undertakings (Note 16)	5,485	14,755
Short-term receivables from other undertakings (Note 16)	34,227	31,087
Long-term receivables from other undertakings (Note 14)	2,855	4,576
Other financial receivables (Note 17)	-	-
Financial assets held for trading (Note 13) — loans granted	2,501	2,817
Cash and cash equivalents (Note 18)	2,575	2,381
TOTAL	**47,643**	**55,616**

With regard to the financial liabilities category

	End of period, June 30, 2010	End of period, December 31, 2009
Long-term liabilities to related undertakings (Note 22)	31,206	-
Long-term liabilities to other undertakings (Note 22)	259	378
Liabilities arising from loans (Note 20)	9,056	3,136
Short-term liabilities to related undertakings (Note 23)	28,725	19,680
Short-term liabilities to other undertakings (Note 23)	10,771	21,821
Liabilities arising from finance leases (Note 24)	34,217	21,483
Other financial liabilities (Note 24)	**2,275**	**3,276**
TOTAL	**116,509**	**69,774**

5. Fair value of financial instruments

According to the estimates of the Management Board, 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 operates 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. Company exposure to the risk 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. There is no risk concentration linked to the existence of a single purchaser or a group of related purchasers from whom the Company would obtain revenues in excess of 10% of the total revenue amount, either.

The Company mitigates credit risk by concluding transactions only with creditworthy undertakings. Before cooperation is initiated, internal preliminary verification procedures are followed. Moreover, since receivable amounts are monitored on an ongoing basis, the Company's exposure to the risk of receivables becoming uncollectible is insignificant.

As concerns 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 June 30, 2010, financial asset impairment write-downs came to PLN 471 thousand (PLN 461 thousand as at December 31, 2009). These write-downs concern own receivables from other undertakings, of which PLN 135,000 are receivables currently under litigation, and PLN 303,000 are receivables which will likely prove uncollectible according to Company estimates.

As of 30.06.2010 and 31.12.2009, 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 the financial assets held by the Company.

7. Foreign exchange risk

As regards foreign exchange risk, the Company is exposed to this type of risk through the sale or purchase transactions concluded in currency other than its functional currency.

The Company concluded forward contracts.

As it has been stated in section “Accounting Principles – Foreign Currency Transactions”, the Group, pursuant to IAS 1.19, in the current financial statements, the Group has partially departed from IAS 21, which consisted in that exchange rate differences arising on foreign currency leasing liabilities have been recognized as financial costs in a given reporting period only to the extent in which they referred to actually paid installments. The remaining amount of FX gains/losses was recognized as prepayments and accruals that will be recognized in financial costs in particular quarters, in which leasing installments will be paid. Prepayments and accruals will be modified by exchange rate differences arising on leasing liabilities (positive and negative) in future periods.

Detailed calculations and financial consequences of the applied solution of presenting exchange differences on currency lease liabilities have been presented in Note 24: Other financial liabilities.

The balance sheet value of Company’s financial assets and liabilities in foreign currencies as at the balance sheet date concerns trade receivables and trade, as well as liabilities arising from lease agreements. These values are as follows:

	Trade liabilities		**Lease liabilities**		**Trade receivables**	
	30/06/2010	**31/12/2009**	**30/06/2010**	**31/12/2009**	**30/06/2010**	**31/12/2009**
Currency – EUR	195	294	4,199	5,340	1,169	670
Currency – USD	868	12,407	-	-	474	11,152
Currency – JPY	-	-	12,391	12,180	-	-
Currency – PLN	67,930	28,012	17,627	3,963	41,360	37,466
TOTAL	**68,993**	**40,713**	**34,217**	**21,483**	**43,003**	**49,288**

The deviation from IAS 21 regarding valuation of lease liabilities has been applied.
If the foreign exchange rate had increased by 10% in relation to the balance sheet F/X valuation rates for EUR, USD and JPY currencies *ceteris paribus*, the Group’s net result for 6 months ending on 30.06.2010, would have been lower by PLN 58 thousand, including PLN 97 thousand arising from assets and financial liabilities denominated in EUR, and PLN 39 thousand arising from assets and financial liabilities denominated in USD.

With full compliance with IAS 21.
If the foreign exchange rate had increased by 10% in relation to the balance sheet F/X valuation rates for EUR, USD and JPY currencies *ceteris paribus*, the Group's net result for 6 months ending on 30.06.2010, would have been lower by PLN 1,601 thousand, including PLN 323 thousand arising from assets and financial liabilities denominated in EUR, PLN 39 thousand arising from assets and financial liabilities denominated in USD, and PLN 1,239 thousand arising from assets and financial liabilities denominated in JPY.

The estimate of the FX risk's impact on the financial result presented above has been calculated using the symmetrical method, assuming that the FX rate gains and losses are closed at an equal level. Consequently, a 10% decrease in the FX rates of the aforementioned currencies will result in the increase of the financial result by a corresponding value.

8. Liquidity risk

The Company has developed an appropriate liquidity risk management system for the purposes of managing short-, medium- and long-term funds of the Company and in order to satisfy liquidity management requirements. The Company manages its liquidity risk by maintaining an appropriate amount of capital reserves, by taking advantage of banking services offered and using reserve credit facilities, by monitoring forecasted and actual cash flows on an ongoing basis and by analyzing 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 followed. Moreover, since receivable amounts are monitored on an ongoing basis, the Company's exposure to the risk of receivables becoming uncollectible is insignificant. As concerns the Company's other 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.

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

NOTE 28. SIGNIFICANT EVENTS DURING THE PERIOD

On January 22, 2010, as a result of procurement procedure for the "Construction and implementation of the Polish country-wide ICT network to service the 112 emergency number", the Company concluded two contracts with the IT Project Center of the Ministry of Interior and Administration.

The object of the first of them was to design, construct, deliver and implement a nation-wide ICT network to service the 112 emergency number (OST 112). The value of the contract amounts to PLN 148,778,652.30 gross, with a possibility to increase up to PLN 151,778,652.30 gross. The date of the performance of the contract was set on December 23, 2011.

The object of the second concluded contract is to assemble the OST112 network and to provide data transmission services in it. The value of the contract amounts to PLN 218,238,650.80 gross, with a possibility to increase up to PLN 220,238,650.80 gross. The contract will be performed to December 31, 2013. The contract provides for conclusion of an annex concerning an extension of the period during which the Issuer will provide data transmission services to the end of 2016.

On May 13, 2010, as part of the implementation of the "Construction and implementation of the Polish country-wide ICT network to service the 112 emergency number" contract, the Company concluded two agreements with Polish country-wide telecommunications operators.

The object of the both concluded agreements is to assemble the OST112 network and to provide data transmission services in it. The maximum value of the first agreement concluded with Telekomunikacja Polska S.A. amounts PLN 104,915,517.26 net, and the maximum value of the second agreement concluded by Exatel S.A. amounts to PLN 71,780,092 net. The agreements will be performed until December 31, 2013.

The agreements provide for a possibility to extend the period of providing data transmission services by Telekomunikacja Polska S.A. and Exatel S.A. (further referred to as the Operator) to the end of 2016.

On June 1, 2010, the Company concluded with ATM Przedsiębiorstwo Produkcyjne Sp. z o.o. an agreement for the transfer to ATM S.A. of perpetual usufruct right to and ownership of buildings covering the real estate situated in Warsaw at Jubilerska 8a, of the area of 12,950 m2 for PLN 25,500,000 net.

The price of purchase of both properties was divided into 120 equal monthly installments, where the buyer is entitled to earlier repayment of the whole of part of the debt on any date and without incurring any additional costs on that account. Due to the arrangement of installments for the payment of the price, ATM S.A. will pay to the seller contractual interest of 8% per annum on the actual debt but not less than the average WIBOR rate plus 3%. The source of financing the purchase of the assets will be the Company's own funds.

ATM S.A. established for the Seller ordinary mortgage on the purchased perpetual usufruct right in the amount corresponding to the purchase price in order to secure the repayment of debt under the sales agreement.

The purchase of the real estate by ATM S.A. was necessary in order to regulate ownership of the land on which ATM S.A. has been providing collocation services (it has over 2000 sq meters of collocation area there which is filled with customers to a considerable extent) and plans further investments in that area as part of the ATM IC project.

NOTE 29. **OTHER SIGNIFICANT INFORMATION**

In 2009 operating activities in the area of integrated IT infrastructure systems was transferred from ATM S.A. to ATM Systemy informatyczne sp. z o.o, which owned in 100% by the Issuer. The table below presents the impact of the above changes on the statement of comprehensive income of ATM S.A. in 2010.

	ATM S.A. (according to the statement of comprehensive income) 30.06.2010	ATM Systemy Informatyczne Sp. z o.o.* 30.06.2010	Consolidated statement of comprehensive income** 30.06.2010	Consolidated statement of comprehensive income** 30.06.2009
Sales revenues	58,123	77,426	130,425	103,406
Cost of goods sold (variable)	29,204	63,290	87,369	62,429
Cost of goods sold (fixed)	6,887	2,701	9,588	7,337
Gross profit (loss) on sales	**22,033**	**11,435**	**33,468**	**33,640**
Other operating revenues	241	169	410	610
General and administrative costs	15,229	6,341	21,570	21,107
Other operating expenses	641	36	677	190
Operating profit (loss)	**6,404**	**5,227**	**11,631**	**12,953**
Financial revenues	316	7,071	7,386	516
Financial expenses	2,430	4,810	7,240	5,363
Net financial activity	**(2,115)**	2,261	146	(4,847)
Profit (loss) before tax	4,289	7,488	11,777	8,106
Income tax	394	1,438	1,831	1,352
Net profit (loss) on continued operations	**3,895**	**6,050**	**9,946**	**6,753**
Net profit (loss)	**3,895**	**6,050**	**9,946**	**6,753**
Other comprehensive revenues (net)	**-**	**-**	-	-
Comprehensive revenues (total)	**3,895**	**6,050**	**9,946**	**6,753**

* based on the financial statements of ATM Systemy Informatyczne for 6 months of 2010 which has not been examined by a statutory auditor

** statements of comprehensive income of ATM S.A. were consolidated with those of ATM Systemy Informatyczne Sp. z o.o., excluding mutual transactions

NOTE 30. **EVENTS AFTER THE BALANCE SHEET DATE**

There were no significant events after the balance sheet date.

NOTE 31. **REMUNERATION OF STATUTORY AUDITORS**

	End of period, June 30, 2010	End of period, December 31, 2009
Auditing of financial statements	-	93
Other certification services	23	23
Other services	5	-
	28	**116**

SIGNATURES OF MANAGEMENT BOARD MEMBERS:

Full name	Role/Position	Date	Signature
Roman Szwed	President of the Management Board	August 31, 2010	....
Tadeusz Czichon	Vice President of the Management Board	August 31, 2010	....
Maciej Krzyżanowski	Vice President of the Management Board	August 31, 2010	....

SIGNATURE OF THE PERSON RESPONSIBLE FOR BOOKKEEPING

Marzena Kuśnierz	Chief Accountant	August 31, 2010	....

INDEPENDENT STATUTORY AUDITOR REPORT ON THE FULL HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 1, 2010 TO JUNE 30, 2010

To the Shareholders and the Supervisory Board of ATM S.A.

We have reviewed the attached full half-year financial statements of ATM S.A. Group of Companies for which ATM S.A. with its registered office in Warsaw at ul. Grochowska 21a is the Parent Undertaking, which consist of consolidated financial position statement prepared as at June 30, 2010, consolidated statement of comprehensive income, statement of movements in consolidated shareholder's equity, consolidated cash flow statement for the period from January 1, 2010 to June 30, 2010 and additional information, including information on the applied accounting policy and other explanatory notes.

The Management Board and the Supervisory Board of the parent undertaking of the Company are responsible for the compliance of these full half-year consolidated financial statements with the requirements of the International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of regulations of the European Commission, with and other applicable laws and regulations. ***Our task was to review these financial statements.***

We have reviewed the statements in accordance with the provisions of national financial review standards issued by the National Board of Statutory Auditors and the International Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity". These standards require that we conduct the review in such a way that would give us moderate certainty that the consolidated financial statements do not have significant irregularities.
The review was conducted in the process of financial statements data analysis, account books audit and use of information obtained from the management and the persons responsible for Group finances and accountancy.

The scope and method of full half-year review of financial statements is significantly different from an audit on which an opinion on compliance of the annual financial statements with the applicable accounting principles (policy) and their reliability and clarity is based. Therefore, we may not give such an opinion about the attached statement.

As in the financial years of 2008 and 2009, in the first half of 2010, a departure from IAS 21 " The Effects of Changes in Foreign Exchange Rates" was applied in relation to liabilities under leasing agreements concluded in foreign currencies. Foreign exchange differences from balance sheet valuation were recognized in accruals and presented in the balance sheet item — "Other current assets" of the consolidated financial position statement and are settled in periods when these liabilities are paid. In our opinion, the Group of Companies should recognize FX differences arising from balance sheet valuation of liabilities under leasing agreements in costs and financial revenue of the period they apply to. The Management Board of the Parent Undertaking used a departure from IAS 21referring to the provisions of IAS 1.19. We think that the application of IAS 1.19 was not justified in this case. If the Group of Companies had recognized FX differences in the presented manner, the amount of other current assets as at June 30, 2010 would be lower by the amount of PLN 5,647 thousand, deferred tax provision would be lower by PLN 1,073 thousand and retained earnings would be lower by PLN 4,574 thousand. The recognition of FX differences in this manner would decrease net profit in the statement of comprehensive income as at June 30, 2010 by PLN 1,445 thousand.

***Apart from the consequences of the departure from IAS 21* “The Effects of Changes in Foreign Exchange Rates” described above, on the basis of the review conducted, we did not identify anything which would prevent us from stating that the full half-year consolidated financial statements were prepared in all the crucial aspects in accordance with the requirements of the International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of regulations of the European Commission.**

....
Radosław Kuboszek
Key statutory auditor
who carried out the review
License No. 90029

....
Persons representing the entity

....
Entity authorized to perform audit
of financial statements registered
on the list of authorized entities
under registration no. 73
maintained by the National Board of Statutory Auditors

Warsaw, August 27, 2010

INDEPENDENT STATUTORY AUDITOR REPORT ON FULL HALF-YEAR FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2010 TO JUNE 30, 2010

To the Shareholders and the Supervisory Board of ATM S.A.

We have reviewed the attached full half-year financial statements of ATM S.A. with its registered office in Warsaw at ul. Grochowska 21a, which consist of financial position statement prepared as at June 30, 2010, statement of comprehensive income, statement of movements in shareholder's equity, cash flow statement for the period from January 1, 2010 to June 30, 2010 and additional information, including information on the applied accounting policy and other explanatory notes.

The Management Board and the Supervisory Board of the Company are responsible for the compliance of these full half-year financial statements with the requirements of the International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of regulations of the European Commission, with other applicable laws and regulations. ***Our task was to review these financial statements.***

We have reviewed the statements in accordance with the provisions of national financial review standards issued by the National Board of Statutory Auditors and the International Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity". These standards require that we conduct the review in such a way that would give us moderate certainty that the financial statements do not have significant irregularities.
The review was conducted in the process of financial statements data analysis, account books audit and use of information obtained from the management and the persons responsible for Company finances and accountancy.

The scope and method of full half-year review of financial statements is significantly different from an audit on which an opinion on compliance of the annual financial statements with the applicable accounting principles (policy) and their reliability and clarity is based. Therefore, we may not give such an opinion about the attached statement.

As in the financial years of 2008 and 2009, in the first half of 2010, a departure from IAS 21 "The Effects of Changes in Foreign Exchange Rates" was applied in relation to liabilities under leasing agreements concluded in foreign currencies. Foreign exchange differences from balance sheet valuation were recognized in accruals and presented in the balance sheet item — "Other current assets" of the financial position statement and are settled in periods when these liabilities are paid. In our opinion, the Company should recognize FX differences arising from balance sheet valuation of liabilities under leasing agreements in costs and financial revenue of the period they apply to. The Company's Management Board used a departure from IAS 21referring to the provisions of IAS 1.19. We think that the application of IAS 1.19 was not justified in this case. If the Company had recognized FX differences in the presented manner, the amount of other current assets as at June 30, 2010 would be lower by the amount of PLN 5,647 thousand, deferred tax provision would be lower by PLN 1,073 thousand and retained profits would be lower by PLN 4,574 thousand. The recognition of FX differences in this manner would decrease net profit in the statement of comprehensive income as at June 30, 2010 by PLN 1,445 thousand.

Apart from the consequences of the departure from IAS 21 **"The Effects of Changes in Foreign Exchange Rates" described above, on the basis of the review conducted, we did not identify**

anything which would prevent us from stating that the full half-year financial statements were prepared in all the crucial aspects in accordance with the requirements of the International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of regulations of the European Commission.

....
Radosław Kuboszek
Key statutory auditor
who carried out the review
License No. 90029

....
Persons representing the entity

....
Entity authorized to perform audit
of financial statements registered
on the list of authorized entities
under registration no. 73
maintained by the National Board
of Statutory Auditors

Warsaw, August 27, 2010